

1876.
NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE,

(FURTHER PAPERS RELATIVE TO).

In continuation of Papers presented on the 15th October, 1875.

No. 1.

Mr. RUSSELL to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,—

London, 29th June, 1875.

I have the honor to enclose a printed copy marked A of the preliminary contract for the San Francisco Mail Service. This form of contract is exactly as printed and submitted to the contractors previously to their tendering. On conferring, however, with them, and before acceptance of their tender, some few alterations were made in the contract, but in order to close the transaction, it was agreed to sign it as originally printed; the signature of the Pacific Mail Company of New York has been affixed by Mr. Charles Clark of this place, who has been authorized thereto by a special power of attorney under the Company's seal, and deposited with our solicitors in New York; it will, however, be more satisfactory, to have the Company's seal to the contract, and the amended form now agreed to will be sent to New York for that purpose. It has already received the signature of all the other parties to it. I enclose a copy of it marked B: the alterations are shown by the ink additions and erasures; they do not affect any important conditions of the contract.

Not printed.

Not printed.

The Contract A will be given up when the Company's seal is attached to the Form B. Should any unforeseen occurrence prevent the Company agreeing to the Contract B, the Contract A will remain the permanent and binding contract.

The Hon. the Colonial Secretary, Wellington.

I have, &c.,

THOS. RUSSELL.

No. 2.

Messrs. JOHN MACKRELL and Co. to the Hon. the POSTMASTER-GENERAL, Wellington.

DEAR SIR,—

21, Cannon Street, London, E.C., 21st September, 1875.

We now learn by cable from New York that the new postal contract with the Pacific Mail Steamship Company has been sealed by that Company as well as having been executed on their behalf here in England, and that the bond has also been executed in like manner by them.

We have requested our agents, Messrs. Foster and Thomson, New York, to whom we forwarded the contracts and bonds for this purpose, to forward to you direct one part of the contract, and one part of the bond by the outgoing mail, to save the loss of time which would arise by the same being sent to us and then forwarded to you.

As you will see, the contract has been executed by Mr. Russell on your behalf, but it is necessary that you yourself should execute the contract; and if the authority of the Governor has not yet been obtained for your doing so, it will be necessary that it should be procured, in order to comply with the provisions of the Post Office Act of 1858.

The Hon. the Postmaster-General, Wellington.

We have, &c.,

JOHN MACKRELL AND CO.

No. 3.

Mr. RUSSELL to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,—

London, 29th October, 1875.

Herewith I have the honor to enclose further correspondence respecting the San Francisco Mail Service.

I have, &c.,

The Hon. the Colonial Secretary, Wellington.

THOS. RUSSELL.

1—F. 3.

Enclosure 1 in No. 3.

Mr. TILLEY to Sir D. COOPER, Bart.

SIR,—

General Post Office, London, 25th August, 1875.

F.—3c., 1875.
Enclosure 1 in
No. 1.

I beg leave to acknowledge the receipt of the letter,* signed by yourself and Mr. Russell as joint special representatives of New South Wales and New Zealand, forwarding copies of the contract which you have entered into on behalf of the two colonies with the Pacific Mail Steam Ship Company of New York, for the conveyance of mails between New South Wales, New Zealand, and San Francisco, commencing in November next. You also enclosed time tables for the outward and homeward services from October next to the end of the year 1876, which have been approved by the Postmasters-General of New South Wales and New Zealand.

Arrangements shall be duly made for the despatch of mails from London on every fourth Thursday evening, commencing on the 21st October next, as laid down by these time tables.

As regards the homeward service, you express your desire that the mail should be despatched from New York by one of the fast boats leaving that port on Saturday, or that if at any time the mail should not arrive in time for the Saturday boat, it should then be held over for the Cunard steamer of the following Wednesday,—that, in fact, the homeward mail should not be sent by any vessels except the Saturday boats of the White Star, Inman, or Cunard lines, or by the Cunard steamer of Wednesday, and you request that a communication to this effect may be addressed to the United States Post Office.

The Postmaster-General will be quite prepared to comply with your wishes in this respect, if upon consideration you still think it would be advisable to limit the conveyance of the homeward mails in the manner proposed.

An instance has just occurred in which, by the special desire of the agents for the two colonies, preference was given to the Cunard steamer "Bothnia" over the Guion steamer "Dakota" in despatching a mail from New York to Queenstown, and, as you are aware, this resulted in a delay of half a day in the delivery of the mails.

If the rule which you propose to lay down should be followed, such instances of delay may recur, and in that case it may be expected that not only would the public complain, but also that the owners of the excluded steamships would challenge an arrangement which, while depriving them of the advantage of carrying a mail, is at the same time detrimental to public interests.

To keep over a mail from Saturday till Wednesday, when other good ships are leaving in the meantime, seems to me a step which it would be difficult to justify; and I think it well, therefore, to invite a reconsideration of this point before making any communication to Washington.

I am, &c.,

J. TILLEY.

Sir D. Cooper, Bart., London.

Enclosure 2 in No. 3.

Sir D. COOPER and Mr. RUSSELL to the SECRETARY, General Post Office, London.

SIR,—

London, 23rd September, 1875.

I beg to acknowledge the receipt of your letter of 25th August last (the delay in replying to which has arisen from my absence from town), and to thank you for the effect you propose giving to the requests preferred by Sir Daniel Cooper and myself on behalf of the Governments of New South Wales and New Zealand. I have also to thank you for the opportunity you have given us of reconsidering the request we made to have the colonial mails sent forward from New York by particular boats only. You refer to the result of sending the mail in August last by the "Bothnia" instead of by the "Dakota," as unfavourable to the proposed change, and you rightly show that it resulted in a loss of time of half a day. The action taken in the case referred to was caused by the writer, and he was induced to do so from his knowledge of the inferior power and speed of the Williams and Guion boats compared with those of the Cunard Company. The homeward mail for the previous month, which was shipped by the New York postal authorities in the "Idaho," one of the Williams and Guion boats, on Tuesday, the 20th July, reached the General Post Office at 8.12 a.m. on the 3rd August, while the mail by the Cunard boat "Algeria," which left New York on Wednesday, 21st July, was delivered in the General Post Office at 7.45 a.m. on the 1st August, or two days before that of the "Idaho," thus making a difference of three days in the passage in favour of the Cunard boat. Several such instances have previously occurred in connection with the transit of our mails from New York, and they appeared and still appear to me to justify the sending of the mail in the "Bothnia" instead of the "Dakota," on the occasion you refer to. You put the question incorrectly when you say it is "to keep over a mail from Saturday till Wednesday, when other good ships are leaving in the meantime." If I am correctly informed, no mail steamships leave New York on Sunday or Monday, and the first departure would be in a Tuesday boat; and the question really is, whether the mail should be despatched in one of the Tuesday boats, or held, as we request, for the Cunard boat on Wednesday. We believe that none of the Tuesday boats are remarkable for speed. The Cunard boats enjoy the highest reputation for safety, power, and speed; and we think, after further con-

sideration, the interests of the colonies we represent will be best served by sending our mails as we have requested, in the boats leaving New York on the Wednesdays and Saturdays only.

The arrangement hitherto in force for sending the colonial mails from New York by the first boat leaving New York, irrespective of the question which vessel is most likely to reach England first, has been attended with delay and disappointment. If we find, after a fair trial, that the plan now proposed is not so good as that hitherto in force, we can but fall back upon the old arrangement.

I have, &c.,

THOMAS RUSSELL,
(for Sir Daniel Cooper and self).

The Secretary, General Post Office.

No. 4.

Copy of DESPATCH from the Right Hon. the Earl of CARNARVON to Governor the Most Hon. the Marquis of NORMANBY, K.C.M.G.

MY LORD,—

Downing Street, 7th September, 1875.

With reference to my despatch of the 23rd of March last, relating to the Fijian postal arrangements, I have the honor to transmit to you, for your information the enclosed copies of a further correspondence on this subject, as noted in the margin.

You will observe that the Governor of Fiji has been desired to communicate with you and with the Governor of New South Wales in reference to the suggestions made in the letter from the General Post Office of the 3rd instant.

I have, &c.,

Governor the Most Hon. the Marquis of Normanby,
K.C.M.G., &c.

CARNARVON.

Enclosure 1 in No. 4.

Mr. HERBERT to the SECRETARY to the GENERAL POST OFFICE.

SIR,—

Downing Street, 19th August, 1875.

With reference to your letter of the 18th of March, I am directed by the Earl of Carnarvon to transmit to you, for the information of the Postmaster-General, a copy of a despatch from the Governor of Fiji, written from Sydney, reporting that he had entered into communication with the Governors of New South Wales and New Zealand on the subject of postal arrangements, and forwarding for the Postmaster-General's approval, specimens of the postage stamps temporarily in use in Fiji.

I am desired to call attention to Sir A. Gordon's request, that letters bearing a sufficient number of these stamps to represent the rate of postage may, for the present, be considered as having been prepaid in the colony.

I have, &c.,

The Secretary to the General Post Office.

R. G. W. HERBERT.

Sub-Enclosure to Enclosure 1 in No. 4.

Sir A. H. GORDON to the SECRETARY of STATE for the COLONIES.

MY LORD,—

Sydney, 14th June, 1875.

I had the honor duly to receive your Lordship's despatch of the 23rd March, 1875, on the subject of Fiji postal arrangements, and have entered into communication with the Governors of New South Wales and New Zealand as therein directed.

I find that by some oversight the postal stamps of the new colony approved and issued by the provisional Governor, Sir Hercules Robinson, K.C.M.G., have not as yet been communicated to the General Post Office in England for the information and approval of the Postmaster-General. I have therefore the honor now to enclose, for submission to the Postmaster-General, specimens of the postage stamps in use in the colony, and to request that letters bearing a sufficient number of them to represent the rate of postage may be considered as having been prepaid in the colony.

These stamps, which are in fact those of the old Fijian Government with a "V.R." impressed upon them in place and in effacement of a "C.R." of the stamps formerly used, are of course only intended to be used temporarily, until proper stamps can be supplied in their place.

I have, &c.,

The Right Hon. the Secretary of State for the Colonies.

A. H. GORDON.

Enclosure 2 in No. 4.

Mr. TILLEY to Mr. HERBERT.

SIR,—

General Post Office, London, 25th August, 1875.

I have laid before the Postmaster-General your letter of the 19th instant, enclosing copy of a despatch from the Governor of Fiji, reporting that, in accordance with the instructions

sent to him by the Earl of Carnarvon on the 23rd March last, he had entered into communication with the Governors of New South Wales and New Zealand, with regard to the conveyance of mails to and from Fiji by means of the colonial mail packets on the line between Sydney and San Francisco.

In his despatch Sir A. Gordon transmits specimens of the postage stamps in use in Fiji, with a request that letters bearing a sufficient number of such stamps to represent the rate of postage to England may be considered as having been duly prepaid in the colony.

The Postmaster-General assumes from this communication that the Government of Fiji has come to an arrangement with the Governments of New South Wales and New Zealand to pay over to the latter, out of the revenue collected from the sale of Fijian postage stamps, so much of the postage as represents the sea rate between Fiji and San Francisco, or otherwise to indemnify the two colonies providing the packet service, so that New South Wales and New Zealand will no longer look to the Imperial Government for payment on account of the mails conveyed by their packets from Fiji.

In order to prevent any misunderstanding on this point, I am to request that Lord Carnarvon will be good enough to address a communication to this effect to the Governor of New South Wales, with reference to this despatch of the 18th November last, and the reply dated the 26th January last, made by this department to the Colonial Office.

In the meantime, Lord John Manners has given orders to treat as prepaid all letters bearing Fijian stamps of sufficient value, reaching this country in the mails from Fiji.

R. G. W. Herbert, Esq., &c., &c., Colonial Office.

I have, &c.,

JOHN TILLEY.

Enclosure 3 in No. 4.

Sir HERCULES ROBINSON to the Earl of CARNARVON.

MY LORD,—

Government House, Sydney, 30th June, 1875.

With reference to your despatch of the 23rd March last, transmitting a copy of a letter from the General Post Office, suggesting that some arrangement be arrived at between this colony and Fiji as to letters prepaid in Fiji by means of local stamps, I have the honor to forward a copy of a letter from the Sydney Post Office, from which it will be seen that an arrangement has already been made between the Post Offices of New South Wales and Fiji, under which correspondence bearing Fijian postage stamps is delivered free of charge in New South Wales.

As the London Post Office has agreed to account in equal proportions to this and the New Zealand Post Office for the postage accruing upon correspondence to and from Fiji, carried by the Colonial Pacific Mail Packets, it is presumed that, as soon as the Fiji Government intimates to the Home Government the description of postage stamps introduced in the new colony, such labels will be recognized in England, and the London Post Office will take the necessary steps to recover the amount so collected in Fiji and payable to the Australian colonies.

The Right Hon. the Earl of Carnarvon.

I have, &c.,

HERCULES ROBINSON.

Sub-Enclosure to Enclosure 3 in No. 4.

Mr. LAMBTON to the PRINCIPAL UNDER SECRETARY, Sydney.

SIR,—

Sydney, 22nd June, 1875.

Adverting to your blank cover minute of the 9th instant, referring, for the Postmaster-General's consideration, a despatch from the Right Hon. the Secretary of State for the colonies, dated the 23rd March last, transmitting copy of a letter from the Imperial Post Office, in which it is suggested that some arrangement might be arrived at between the colonies of New South Wales, New Zealand, and Fiji, in respect to letters prepaid in Fiji by means of local stamps, I am directed to inform you that, so far as this colony is concerned, an arrangement has already been made between the Post Office of New South Wales and Fiji, under which correspondence bearing Fijian postage stamps, and received here in closed mails from that colony, are delivered free of charge in New South Wales; and correspondence from New South Wales for Fiji is delivered free of charge there.

I am to observe that, in a despatch from the Colonial Secretary of Fiji, addressed to this department on the 19th October last, it is stated that "the postal rates of New South Wales are adopted there, the use of the former Fijian postage stamps (now bearing the letters V.R.) being continued for the present;" and that it is possible that the want of a similar communication to the Imperial Postal Authorities has given rise to the practice of collecting postage on correspondence received in England from Fiji, notwithstanding that the same bears Fijian postage stamps.

The Principal Under Secretary, Sydney.

I have, &c.,

S. H. LAMBTON.

Enclosure 4 in No. 4.

Mr. MEADE to the SECRETARY to the GENERAL POST OFFICE.

SIR,—

Downing Street, 30th August, 1875.

I am directed by the Earl of Carnarvon to acknowledge the receipt of your letter of the 25th instant, respecting the Fijian Postal Accounts.

In another letter of this day's date, I have forwarded to you, by Lord Carnarvon's direction, a copy of a despatch from the Governor of New South Wales on this subject; and I am to state that before taking any action on your letter now under acknowledgement, his Lordship would be glad to learn how far this despatch from Sir Hercules Robinson affects the views expressed in your letter.

I have, &c.,

R. M. MEADE.

The Secretary to the General Post Office.

Enclosure 5 in No. 4.

Mr. MEADE to the SECRETARY to the GENERAL POST OFFICE.

SIR,—

Downing Street, 30th August, 1875.

With reference to your letter of the 18th March, and to mine of the 19th instant, respecting the Fijian postal accounts, I am directed by the Earl of Carnarvon to transmit to you, to be laid before the Postmaster-General, a copy of a despatch from the Governor of New South Wales on this subject.

I am also to enclose copies of despatches which were addressed to the Governors of New South Wales, New Zealand, and Fiji on the receipt of your letter above quoted.

I have, &c.,

R. M. MEADE.

The Secretary to the General Post Office.

Enclosure 6 in No. 4.

Mr. TILLEY to Mr. HERBERT.

SIR,—

General Post Office, London, 3rd September, 1875.

I have laid before the Postmaster-General your letter of the 30th ultimo, enclosing copies of despatches which were addressed by the Earl of Carnarvon on the 23rd March last to the Governors of New South Wales, New Zealand, and Fiji, communicating to them the suggestion made by this office that an arrangement should be come to between the three colonies with respect to letters prepaid by means of Fijian postage stamps forwarded to this country by the packets which are employed in the conveyance of mails between Sydney and Auckland and San Francisco, in order that letters so prepaid might be delivered without further charge on their arrival here.

Your letter also encloses copy of a despatch from the Governor of New South Wales, replying to the communication addressed to him on this subject.

The Governor of Fiji has intimated the description of postage stamps which will be used in that colony for the prepayment of letters sent to the United Kingdom; and, as I stated in my letter of the 25th ultimo, Lord John Manners has given orders to treat as prepaid all letters bearing such stamps, provided they are of sufficient value to defray the postage.

But now that the postage on correspondence from Fiji will be prepaid in the colony instead of being levied here on delivery, the Postmaster-General considers that it would be an inconvenient and needlessly troublesome arrangement for this office, which receives no part of the postage on such correspondence, to recover the amount from Fiji and then pay it over to the colonies of New South Wales and New Zealand, as proposed by Sir Hercules Robinson.

The arrangement which, in the opinion of the Postmaster-General, would seem desirable and convenient is, that an understanding should be come to for the payment by Fiji of an annual contribution to the Governments of New South Wales and New Zealand for the use of their packets in the conveyance of Fijian mails, or that the Fijian Post Office should account directly to the other two colonies for so much of the postage collected in Fiji as represents the sea postage on the mails thus conveyed.

As regards mails sent hence to Fiji, this office will of course continue to account to the Post Offices of New South Wales and New Zealand for the postage which has been levied here, less the British inland rate; but the Postmaster-General does not consider that he has anything to do with the postage levied in Fiji on behalf of New South Wales and New Zealand.

I have, &c.,

JOHN TILLEY.

R. G. W. Herbert, Esq., &c., &c., Colonial Office.

Enclosure 7 in No. 4.

The Right Hon. the Earl of CARNARVON to Governor the Hon. Sir A. H. GORDON, K.C.M.G.

SIR,—

Downing Street, 7th September, 1875.

I communicated to the Postmaster-General a copy of your despatch of the 14th June, relating to the Fijian postal arrangements, and forwarding specimens of the postage stamps in use in Fiji.

I enclose, for your information, a copy of a letter received from the Post Office in reply, from which you will perceive that Lord John Manners has given orders to treat as prepaid all letters bearing Fijian stamps of sufficient value reaching this country in the mails from Fiji.

I also enclose a copy of a despatch received from the Governor of New South Wales relating to the postal accounts, together with a copy of correspondence with the Post Office arising thereupon.

With reference to the suggestion made by Sir Hercules Robinson, that, upon the recognition in this country of the Fijian postage stamps, the Imperial Post Office should recover the amount of postage collected in Fiji, and transfer the amount payable to the Australian colonies, you will observe that the Postmaster-General considers that this would be an inconvenient and troublesome arrangement, and that he considers that it would be preferable that an understanding should be come to for the payment by Fiji of an annual contribution to the Governments of New South Wales and New Zealand for the use of their packets in the conveyance of Fijian mails, or that the Fijian Post Office should account directly to the other two colonies for so much of postage collected in Fiji as represents the sea postage on the mails thus conveyed.

You will be so good as to communicate with the Governors of New South Wales and New Zealand in regard to the suggestions of the Postmaster-General, and you will inform me of the arrangement which may be come to upon the matter.

I have communicated copies of the correspondence to the Governors of those colonies, including a copy of this despatch for their information.

Governor the Hon. Sir A. H. Gordon, K.C.M.G.

I have, &c.,
CARNARVON.

No. 5.

Governor Sir A. H. GORDON to His Excellency the GOVERNOR of NEW ZEALAND.

SIR,—

Nasova, Fiji, 13th December, 1875.

I have the honor to request that you will inform me at what rate your Government will undertake to forward mails between this colony and Great Britain, in closed bags, by the San Francisco Service.

I venture to suggest that could the charges be fixed, the amount should be accounted for and paid direct by the Government of this colony to the Postmaster-General's Department of New Zealand rather than through the Postmaster-General's in London.

To His Excellency the Governor of New Zealand.

I have, &c.,
ARTHUR GORDON.

No. 6.

The Hon. JOHN ROBERTSON to the Hon. the COLONIAL SECRETARY, New Zealand.

SIR,—

Colonial Secretary's Office, Sydney, 13th January, 1876.

I have the honor to transmit to you a copy of a letter (to which is appended a copy of its enclosure) from the department of my colleague the Postmaster-General, propounding a plan for the settlement of accounts connected with the carrying of mails to and from the Colony of Fiji by the San Francisco Mail Service.

I have the honor to request that you will have the goodness to inform me whether your Government is willing to adopt this proposal, which it is intended, with the concurrence of New Zealand, to submit for the acceptance of the Imperial and Fijian authorities.

The Hon. Colonial Secretary, New Zealand.

I have, &c.,
JOHN ROBERTSON.

Enclosure in No. 6.

Mr. LAMBTON to the PRINCIPAL UNDER SECRETARY, New South Wales.

SIR,—

General Post Office, Sydney, 4th January, 1876.

Adverting to the subject of Lord Carnarvon's despatch dated the 7th September last, copy of which was received by this department with yours of the 22nd ultimo, and specially with reference to the latter portion of the letter enclosed in such despatch, addressed by Mr. Tilley to the Colonial Office on the 3rd September last (extract herewith), I am directed to inform you that it appears to the Postmaster-General that all that is necessary to be done, as regards the transmission of Fijian mails by way of San Francisco, is to place Fiji upon a precisely similar footing to the non-contracting Australian colonies; the arrangement being, that each colony pays to New South Wales and New Zealand, as responsible for the service, the following sums on account of all mail matter conveyed for such colony to and from San Francisco, viz.,—

Letters . . . . .	..	..	..	..	..	1s. 7d. per oz.
Packets . . . . .	..	..	..	..	..	1s. 6d. per lb.
Newspapers . . . . .	..	..	..	..	..	6d. per lb.

Under this system, the Fijian Office should render statements quarterly to this department, showing the weight of the correspondence of each class conveyed to and from San Francisco.

If such arrangement be agreed to, the London Post Office would probably allow to the Fijian Office the same amounts on the mail matter despatched from London as is allowed to the Australasian colonies, viz.,—

Letters..	..	..	..	..	..	1s. 3½d. per oz.
Packets	..	..	..	..	..	1s. 2d. per lb.
Newspapers	..	..	..	..	..	3½d. per lb.

I am accordingly to suggest that the Honorable the Colonial Secretary may see fit to communicate with the Government of New Zealand, with a view to obtaining its concurrence in the matter, and enabling the foregoing proposal to be submitted to the Imperial and Fijian authorities.

The Principal Under Secretary, Sydney.

I have, &c.,
S. H. LAMBTON.

No. 7.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 15th March, 1876.

I am directed to enclose herewith, for the information of the Postmaster-General of New Zealand, copy of further correspondence relating to the manner in which it is intended to send mails from France for New Caledonia, and to state that Mr. Burns is of opinion that there should be no modification of the terms proposed in the letter from this department to London of the 25th August last, a copy of which has already been forwarded to your office.

I have &c.,
S. H. LAMBTON,
Secretary.

The Secretary, General Post Office, Wellington, N.Z.

Enclosure 1 in No. 7.

Mr. PAGE to the POSTMASTER-GENERAL, Sydney.

SIR,—

General Post Office, London, 10th January, 1876.

On receipt of your letter of the 25th August last, I communicated to the Director-General of the French Post Office the terms on which the Postmaster-General of New Zealand and yourself had agreed to convey by the colonial mail packets between Sydney and San Francisco the closed mails exchanged by France with her colony of New Caledonia; and I also laid before him the plan which you proposed for simplifying the accounts relating to those mails, by arranging that the postal authorities of New Caledonia should account for and pay direct to the New South Wales Post Office the sea rates due for their conveyance between Sydney and San Francisco, leaving any other payments to be settled between France and the American and British Post Offices.

I now transmit to you a copy of the reply made by the French Post Office, from which you will see that the Minister of Marine and Colonies, to whom the matter has been submitted, declines to accept your proposals, and that, consequently, with the view of obtaining lower terms of payment, the French Post Office intends for the future to forward the correspondence from France for New Caledonia in the ordinary mails (*à découvert*) to this country, prepaid as far as Sydney, accounting for it to this office at the same rates as correspondence for New South Wales—namely, 50 c. per 15 grammes for letters, and 1 f. 60 c. per kilogramme for printed papers, &c.

I have informed the Director-General of the French Post Office that it does not rest with this department to fix the rates of charge for foreign correspondence carried by the colonial mail packets between Sydney and San Francisco, and that whatever postage is accounted for to this department on such correspondence, is paid over to the New South Wales Post Office; that this department is unable to say whether your office, after naming its terms, will consent to receive the above rates for correspondence from France addressed to New Caledonia sent *via* San Francisco and Sydney, but that I will communicate to you the purport of his letter.

I have, &c.,
WM. JNO PAGE.

The Postmaster-General, Sydney.

Sub-Enclosure to Enclosure 1 in No. 7.

Mr. LEBON to the SECRETARY, General Post Office, London.

SIR,—

Paris, 30th December, 1875.

On the receipt of the letter that you did me the honor to write to me on the 19th November last, on the subject of the conditions proposed by the Post Offices of New South Wales and New Zealand for the forwarding enclosed mails in the transit between Sydney and San Francisco, correspondence exchanged between France and New Caledonia by the way of San Francisco, I hasten to submit this proposition to the Minister of Marine and Colonies.

I regret to have to inform you that the Department of the Colonies does not accept the proposition in question, and that, in consequence, the correspondence which will be forwarded from France for New Caledonia by the way of San Francisco will be henceforth forwarded under cover postage paid as far as Sydney, conformably with Table C prepared by your department, that is to say, at the rate of 50 c. per 15 grammes for letters, and 1 f. 60 c. per kilogramme for newspapers, printed matter, &c. Nevertheless, with the view of facilitating the work of this correspondence, I should be much obliged by your kindly informing me if you see no objection to the mails being divided into two packets, addressed to the Post Office at Noumea (*via* San Francisco and Sydney), of which one sealed and paid at the rate of its net weight at the scale of 50 c. per 15 grammes, in which all the letters will be enclosed and the other made up, but not sealed, for the purpose of being verified, in which will be comprised the printed matter, &c., and of which the postage will be checked at your office at the rate of 1 f. 60 c. per kilogramme net weight.

The Secretary, General Post Office, London.

I have, &c.,
A. LEBON.

Enclosure 2 in No. 7.

Mr. PAGE to the POSTMASTER-GENERAL, Sydney.

SIR,—

General Post Office, London, 13th January, 1876.

In continuation of my letter of the 10th instant, I beg leave to enclose, for your information, copy of a further letter from the French Post Office respecting the manner in which the correspondence from France for New Caledonia, intended for transmission *via* San Francisco and Sydney, will be forwarded in future.

The Postmaster-General, Sydney.

I have, &c.,
WM. JNO. PAGE.

Sub-Enclosure to Enclosure 2 in No. 7.

Mr. LEBON to the SECRETARY, General Post Office, London.

SIR,—

Paris, 10th January, 1876.

In the letter that you did me the honor to write to me on the 5th January instant, you informed me that your department can only submit to the Postmaster-General of New South Wales, in leaving to him the care of solving the question with his colleague of New Zealand the proposition to cause the correspondence from France for New Caledonia, directed by the way of San Francisco, in mails of which the postage should be paid by net weight according to their nature. In waiting while the question is decided, I am giving orders that, for the future, correspondence from France for New Caledonia, directed by San Francisco and Sydney, should be forwarded under cover to your office separately, and post paid as far as Sydney, conformably with the conditions of the British Table C, concerning correspondence the destination of which is New South Wales, directed by the route mentioned above.

The Secretary, General Post Office, London.

I have, &c.,
A. LEBON.

No. 8.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 11th April, 1876.

I have the honor to acknowledge the receipt of your letter of the 15th ultimo, and to thank you for the copy of further correspondence enclosed, relating to the manner in which it is intended to send mails from France for New Caledonia.

It appears to the Postmaster-General that, instead of the present temporary arrangement being continued, New Caledonia should be required to pay a stated subsidy for the use of the Californian Mail Service—as agreed upon at the recent conference by telegraph.

The Secretary, General Post Office, Sydney.

I have, &c.,
W. GRAY,
Secretary.

No. 9.

The Hon. JOHN ROBERTSON to the Hon. the COLONIAL SECRETARY.

SIR,—

Colonial Secretary's Office, Sydney, N.S.W., 4th October, 1875.

I have the honor to transmit to you a copy of a communication from the department of my colleague the Postmaster-General, with a copy of its enclosure, which is a statement of account showing the special expenditure incurred by the Government of New South Wales in consequence of the failure of Messrs. Hall and Forbes to carry on the temporary service by way of San Francisco, the half of which special expenditure (*viz.* £7,349 1s. 5d.) is chargeable to the New Zealand Government, in terms of the 7th clause of the Russell-Samuel Agreement of 23rd October, 1874.

I have the honor to request that the early attention of your Government may be given to this matter, in order that the amount due to this Government may be paid as soon as possible.

The Hon. the Colonial Secretary, Wellington.

I have, &c.,

JOHN ROBERTSON.

Enclosure in No. 9.

Mr. LAMBTON to the PRINCIPAL UNDER SECRETARY, Sydney.

SIR,—

General Post Office, Sydney, 28th September, 1875.

The Colonies of New South Wales and New Zealand having succeeded in together entering into a new permanent contract for the San Francisco Mail Service, it becomes necessary to take cognizance of the 7th clause of the Russell-Samuel Agreement, dated the 23rd October last, which provides "that, in the event of their establishing a new permanent Service, the two Governments shall bear in equal proportions all special expenditures already incurred by either for the conveyance of mails in consequence of the failure of Messrs. Hall and Forbes to carry on the temporary service, and including the sum of £3,000 advanced to the Contractors by the Government of New South Wales." The Postmaster-General therefore directs me to forward to you the accompanying memorandum of the special expenditure incurred by this department consequent on the failure of Messrs. Hall and Forbes to carry on the temporary mail service *via* San Francisco showing the amount to be £14,698 2s. 10d., one-half of which, £7,349 1s. 5d., is chargeable under the above-quoted clause of the agreement to the Government of New Zealand. I am to request that you will be so good as to move the Colonial Secretary to cause the necessary application to be made to the Government of New Zealand for the liquidation of this claim.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Principal Under Secretary, Sydney.

Sub-Enclosure to Enclosure in No. 9.

SAN FRANCISCO MAIL SERVICE.

STATEMENT of ACCOUNT showing the Special Expenditure incurred by the Government of New South Wales consequent on the failure of Messrs. Hall and Forbes to carry on the Temporary Service, half of which is chargeable to the New Zealand Government, in terms of the 7th clause of the Russell-Samuel Agreement, under date 23rd October, 1874.

	£	s.	d.
"City of Melbourne."—For trip from Sydney to San Francisco and back to Sydney, from 29th August to 9th November, 1874, at £3,000 per lunar month	7,714	5	8
Premium on the above voyage, 95½ hours, at £2 per hour	191	0	0
"Cyphrenes."—Half cost of charter from owners for the period from 20th to 25th September, at £1,500 per month, six days, £300	150	0	0
"Cyphrenes."—From Sydney to San Francisco, 26th September to 29th October, thirty-four days, at £3,000 per lunar month	3,642	17	2
"Cyphrenes."—Amount advanced to H. H. Hall, and specially allowed in the 7th clause of the Agreement above referred to	3,000	0	0
	£14,698	2	10
Half the above amount	£7,349	1	5

No. 10.

The Hon. JOHN ROBERTSON to the Hon. the COLONIAL SECRETARY.

SIR,—

Colonial Secretary's Office, Sydney, N.S.W., 18th December, 1875.

I have the honor to request that I may be favoured with an early reply to my letter of the 4th October, respecting the sum of money due to this Government as the New Zealand Government's share of the special expenditure incurred in consequence of the failure of Messrs. Hall and Forbes to carry on the temporary mail service by way of San Francisco.

I should wish to avail myself of this opportunity to refer also to my letter of the 24th ultimo, in the matter of the offer made of a compromise of the claim which the Governments of New South Wales and New Zealand have upon Mr. Edward Cunningham and other parties to the San Francisco contracts, and to repeat, what I have before taken occasion to suggest, that, should the Government of New Zealand concur in such procedure, the presence of Sir Julius Vogel in this colony would afford a most convenient opportunity for disposing of the above-named or of any similar matters entrusted to his arrangement.

I have, &c.,

JOHN ROBERTSON.

The Hon. the Colonial Secretary, Wellington.

No. 11.

The Hon. C. C. BOWEN to the COLONIAL SECRETARY, Sydney.

SIR,— Colonial Secretary's Office, Wellington, 30th December, 1875.

I have the honor to acknowledge the receipt of your letter of date December 18th instant.

I have to apologize for the delay which has occurred in replying to your letter of the 4th October, and in adjusting the claim of your Government for special expenditure incurred in consequence of the failure of Messrs. Hall and Forbes to carry on the temporary mail service.

I have forwarded to Sir Julius Vogel, at Melbourne, copy of the correspondence on this subject, and also the particulars of a claim made by the New Zealand Post Office Department for expenditure in this colony, amounting to £3,457 10s., in order that upon his visit to Sydney there may be a complete adjustment of accounts for that service.

I had already (on the 24th instant) replied to your letter of the 24th ultimo.

I have, &c.,

C. C. BOWEN,

(in the absence of the Colonial Secretary).

The Hon. the Colonial Secretary, New South Wales.

Vide No. 53.

No. 12.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,— General Post Office, Sydney, 2nd March, 1876.

Referring to the understanding arrived at in the recent conference between Sir Julius Vogel and the Colonial Secretary and Postmaster-General of this colony relative to the outstanding accounts between the two Governments, I am directed to inform you that the account of the New Zealand claim, which has now been received from Sir Julius Vogel, has been examined and found correct. I am accordingly to request that the balance agreed upon as due to New South Wales, viz. £5,620 6s. 5d., subject, as requested, to such further consideration as Mr. Russell may desire, may be forwarded to me as early as convenient. I attach a copy of the telegrams which have passed upon this subject.

Not published.

I have, &c.,

S. H. LAMBTON.

The Secretary, General Post Office, Wellington.

No. 13.

The Hon. W. H. REYNOLDS to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram)

Wellington, 13th October, 1875.

MR. RUSSELL has sanctioned Contractors Frisco Service employing "Mikado" and "Vasco de Gama" for November and December from colonies to Frisco. We approve. Mr. Russell suggests that the mails to be carried by these steamers should close in colonies a day earlier than the dates fixed by time table, in order that the mails reach New York in time for fast steamers. Our mails will close day earlier, as suggested; and I would suggest that you adopt same course. As time is short, please reply by telegram.

WILLIAM H. REYNOLDS.

No. 14.

The Hon. W. H. REYNOLDS to the Hon. the POSTMASTER-GENERAL, New South Wales.

SIR,— General Post Office, Wellington, 13th October, 1875.

I have the honor to forward you copy of a letter received to-day by my colleague the Colonial Secretary from Mr. Thomas Russell, from which you will observe that permission has been given the San Francisco mail contractors, to use the steamships "Mikado" and "Vasco de Gama" in initiating the new service from Sydney and from Port Chalmers.

It having been anticipated that the contractors would require some such concession as that granted by Mr. Russell, I have much pleasure in stating that the Government of this colony readily approves of the action taken by Mr. Russell. No doubt your department has received a similar notification from Sir Daniel Cooper, and I shall be glad to learn that the temporary employment of the "Mikado" and the "Vasco de Gama" is approved of by your Government.

This department has agreed to adopt the suggestion made by Mr. Russell that the mails to be despatched from this colony in November and December next should close a day earlier than the date fixed by the time table; and I would suggest that the same course be pursued with regard to the mails from your colony, as the success of the new service largely depends upon the homeward mails reaching New York in time for despatch by the fast steamers which leave for Liverpool every Saturday.

I have, &c.,

WILLIAM H. REYNOLDS.

The Hon. the Postmaster-General, N.S.W.

F.—3C, 1875,
No. 3.

No. 15.

The Hon. D. POLLEN to the Hon. the COLONIAL SECRETARY, New South Wales.

SIR,—

Colonial Secretary's Office, Wellington, 25th October, 1875.

I have the honor to forward you copy of a Resolution adopted on the 11th instant by the House of Representatives, ratifying the contract made on the 23rd July last by Sir Daniel Cooper and Mr. Thomas Russell, on behalf of the Governments of New South Wales and New Zealand respectively, with the Pacific Mail Steam Company, for the performance of a mail steam service between San Francisco, Sydney, and New Zealand.

At the same time a Resolution, copy of which I also enclose, was adopted, imposing upon this Government the duty of endeavouring to effect such modification of the terms of the contract as will reduce the annual charge for the service to £40,000.

On this subject I shall address you at a future time.

The Hon. the Colonial Secretary, N.S.W.

I have, &c.,
DANIEL POLLEN.

Enclosure in No. 15.

EXTRACT from the Journals of the House of Representatives.

Monday, the 11th day of October, 1875.

Resolved, That this House ratifies the joint contract entered into on the 23rd July, 1875, by Sir D. Cooper, Bart., and Mr. Thomas Russell, on behalf of the Governments of New South Wales and New Zealand respectively with the Pacific Mail Steamship Company of New York, (for whom Messrs. Elder and Co. of Glasgow, and Mr. Macgregor, M.P. for Leith, are sureties,) for a four-weekly Mail Steam Service between San Francisco and Sydney, and between New Zealand and San Francisco.

Resolved, That in the opinion of this House, the annual charge imposed on the revenue of New Zealand for the mail steam service ought not to exceed forty thousand pounds; and that it is the duty of the Government immediately to enter into negotiations to procure such modification of the terms and conditions of the contract as, subject to future ratification by the House, will effect that object.

A true extract.

F. E. CAMPBELL,
Clerk, House of Representatives.

No. 16.

The Hon. W. H. REYNOLDS to the Hon. the POSTMASTER-GENERAL, New South Wales.

SIR,—

General Post Office, Wellington, 25th October, 1875.

I beg to forward you copy of Resolutions agreed to by the House of Representatives on *Vide Enclosure in* the 11th instant, ratifying the San Francisco Mail Service Contract, which was entered into on No. 15. the 23rd July last by Sir Daniel Cooper, Bart. and Mr. Thomas Russell with the Pacific Mail Steamship Company.

I shall do myself the honor of addressing you on an early date on the subject of the desired modifications of the terms and conditions of the contract, as expressed in the second Resolution.

I have, &c.,

WILLIAM H. REYNOLDS.

The Hon. the Postmaster-General, New South Wales.

No. 17.

The Hon. J. ROBERTSON to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,—

Colonial Secretary's Office, Sydney, 11th November, 1875.

I have the honor to acknowledge the receipt of your letter of the 25th ultimo, forwarding copies of Resolutions adopted by the House of Representatives of your colony on the 11th October last, respecting the contract made on the 23rd July last by Sir Daniel Cooper and Mr. Thomas Russell, on behalf of the Governments of New South Wales and New Zealand respectively, with the Pacific Mail Steamship Company, for the performance of a mail steam service between San Francisco, Sydney, and New Zealand.

I have, &c.,

JOHN ROBERTSON.

The Hon. the Colonial Secretary of New
Zealand, Wellington.

No. 18.

Mr. LAMBTON to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 13th November, 1875.

I have the honor to acknowledge the receipt of your letter, dated the 25th ultimo, forwarding therewith a copy of the Resolutions agreed to by the House of Representatives, New Zealand, ratifying the San Francisco Mail Service Contract, which was entered into on the 23rd July last, by Sir Daniel Cooper, Bart., and Mr. Thomas Russell, with the Pacific Mail Steamship Company.

I have, &c.,

S. H. LAMBTON,

The Hon. the Postmaster-General, Wellington, N.Z. (for the Postmaster-General.)

No. 19.

The Hon. the POSTMASTER-GENERAL, Sydney, to the Hon. W. H. REYNOLDS.

(Telegram.)

Sydney, 30th October, 1875.

YOUR telegram, thirteenth, duly reached me. Colonial Secretary also received on twenty-sixth from Sir D. Cooper, London, following telegram, namely:—"Contractors will be unable to perform B service for three (3) months, in consequence of Elder's vessels not being ready. I and Russell have declined to interfere, leaving you and New Zealand to deal with matter and inflict fines. Pacific Company would have been ready with other vessels had they known difficulty sooner." Colonial Secretary on 28th sent to Cooper following reply, viz.,—"We must insist upon Contractors carrying out the Contract B Service, which has been submitted to and sanctioned by Parliament." The following telegram was received by me evening of twenty-eighth from Lawrence, Clark, and Co., to the Postmaster-General, Sydney:—"Owing to withdrawal of 'Mikado,' leaving only one through steamer to Frisco in November, the Contractors, with consent of sureties, are taking upon themselves to send mails by C route, *via* Auckland, for three (3) months, trusting to Government to deal liberally with them. This will necessitate closing mails at Auckland two (2) days later than stated in time table. Driver, Dunedin, has instructions to arrange for collection of mails at Auckland. This arrangement will subsist until February, when new boats will all be on station." My reply, sent afternoon 29th, was as follows:—"Postmaster-General, Sydney, to Lawrence, Clark, of London: This Government declines accepting C service *via* Auckland." Colonial Secretary also sent the following telegram to Sir D. Cooper, London, at the same time, viz.,—"Lawrence, Clark telegraphed Postmaster-General that owing to withdrawal 'Mikado,' Contractors, with consent sureties, taking upon themselves to send mails *via* Auckland for three (3) months, until February, when new boats will be on station. We have replied declining to accept a service *via* Auckland. Please inform Contractors."

Hon. W. H. Reynolds.

POSTMASTER-GENERAL.

No. 20.

Messrs. LAWRENCE, CLARK, and Co. to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

London, 28th October; Melbourne, 29th October, 1875.

OWING to withdrawal of "Mikado," leaving only one through steamer to Frisco in November, Contractors, with consent of sureties, are taking upon themselves to send mails by C route *via* Auckland for three months, trusting to Government to deal liberally with them. This will necessitate closing mails at Auckland two days later than stated in time table. Driver, Dunedin agent, has instructions to arrange collection of mails at Auckland. This arrangement will subsist until February, when new boats will be on station.

Postmaster-General, Wellington.

LAWRENCE, CLARK.

No. 21.

The Hon. W. H. REYNOLDS to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 5th November, 1875.

I HAVE received your telegram of the 30th ultimo. I thoroughly concur in the action taken by your Government in declining Lawrence, Clark's proposal; we also refuse to accept route C. This Government intend, in conjunction with your own, to insist upon contract being carried out to the letter. On Mr Hall's arrival at Auckland he will be given to understand that we intend insisting on the service being carried out in accordance with the contract. Our mails are advertised to close at Port Chalmers on the 16th, and at Auckland on the 21st. This is in accordance with Mr. Russell's suggestion, to which I referred in my telegram of the 13th ultimo.

Postmaster-General, Sydney.

WILLIAM H. REYNOLDS.

No. 22.

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

SIR,—

Sydney, 15th November, 1875.

I have the honor to acknowledge the receipt of your letter, dated the 13th ultimo, forwarding therewith copy of a communication received by the Colonial Secretary, New Zealand, from Mr. Thomas Russell, relative to the permission which has been given to the San Francisco mail contractors to use the steamships "Mikado" and "Vasco de Gama" in initiating the new service from Sydney and Port Chalmers.

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

I have, &c.,
J. F. BURNS.

No. 23.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 21st October, 1875.

We have the honor to inform you that we were instructed by the Contractors for the San Francisco Mail Service to withdraw the "Mikado" s.s. from the temporary service in which she had been employed, and send her to Port Chalmers, there to begin the permanent mail service on the 17th November.

As we have received no advice, however, of the ratification of the contract by New Zealand, and as the withdrawal of the "Mikado" would have been attended with heavy loss to the owners should the contract fail to be ratified, we have considered it expedient to avoid future complications by allowing the "Mikado" to proceed under the temporary service this month, and we have the "Cyphrenes" now here fitted to proceed to Port Chalmers, should we receive instructions to that effect, after we learn of the ratification of the contract by New Zealand.

We annex copy of instructions received from the Contractors, showing the arrangements made for commencing the mail service at each port next month.

We have, &c.,

GILCHRIST, WATT, AND Co.,

(on behalf of Contractors for Mail Service *via* San Francisco).

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 23.

Mr. BACON to Messrs. GILCHRIST, WATT, and Co.

Agency, Pacific Mail Steamship Co.,

San Francisco, 12th September, 1875.

GENTLEMEN,—

The following telegram for your guidance, dated 10th instant, was received on that day from George S. Scott, Esq., Vice-President of this Company. We beg that you will comply with the directions therein given, as far as possible:—"Telegram, New York, 10th September, 1875. To A. P. Bacon, Agent P.M.S.S. Co., San Francisco. Instruct Gilchrist, Watt, and Co., Sydney, per 'Cyphrenes,' to advertise 'Vasco de Gama,' and book freight and passengers at old rates, for November month. Put full complement coal in 'Mikado,' twenty-two hundred tons. Their principal store can be put in at New Zealand. 'Mikado' must leave Dunedin 17th November for San Francisco. (Signed) GEO. S. SCOTT, Vice-President."

The steamer "Vasco de Gama" will sail from San Francisco, 9th October, for Sydney, calling at Honolulu and Auckland.

On the return voyage, she is to leave Sydney 19th November for Kandavau; thence to Port Chalmers (Dunedin), calling at New Zealand ports; thence, 15th December, to Kandavau, calling at New Zealand ports; thence to San Francisco, arriving 13th January, 1876.

Our mail service will commence from San Francisco 10th November, per the steamer "Colima." From Sydney, 19th November, per steamer "Vasco de Gama." From Port Chalmers, 17th November, probably with "Cyphrenes."

The steamer "Colima" leaves here 10th November for Sydney, calling at Honolulu and Kandavau, arriving at Sydney 8th December. Leaves Sydney 17th December for Port Chalmers, calling at Kandavau and New Zealand ports. Leaves Port Chalmers 12th January, 1876, calling at New Zealand ports and Kandavau, and arriving at San Francisco 10th February, 1876.

We expect the "City of San Francisco" to follow the "Colima," sailing hence 8th December, 1876.

Mr. Hall, who I understand is to be agent for this Company at Sydney, is expected to sail hence in the steamer of the 9th proximo, and will arrange further details.

The "Vasco de Gama" will take coal at Sydney, sufficient for her return to San Francisco.

The following rates of passenger fares apply to all points east of this port; say, San Francisco to—

Honolulu	Cabin	\$75	Steerage	\$30
Auckland	"	200	"	100
Sydney	"	200	"	100
Melbourne	"	225	"	110
Brisbane	"	225	"	110
Rockhampton	"	240	"	117-50

Messrs. Gilchrist, Watt, and Co., Sydney, N.S.W.

I have, &c.,
A. P. BACON.

No. 24.

The Hon. W. H. REYNOLDS to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 2nd November, 1875.

I have the honor to acknowledge the receipt of your letter of the 21st ultimo, in which you are good enough to inform me that owing to your not having received advices of the ratification of the San Francisco Mail Service Contract by this colony, you considered it expedient to countermand the instructions given you by the Contractors to despatch the "Mikado" to Port Chalmers for the purpose of opening the new line on the 17th instant, and to withdraw her from the service, for which special permission had been given the Contractors for her employment. You also state that you have the "Cyphrenes" already fitted to proceed to Port Chalmers in the place of the "Mikado," should you receive instructions to that effect, and on learning that the contract with the Pacific Mail Steamship Company has been ratified by New Zealand.

I regret that, on the eve of the inauguration of the new San Francisco service, the Government of this colony should have occasion to take exception to the course you have thought proper to adopt on behalf of the Contractors, in electing to withdraw the "Mikado," and to substitute in her place the "Cyphrenes." The representative of this Government in London was advised of the action taken by the Parliament of this colony in respect of the San Francisco Mail Service contract, and the Contractors, through that gentleman, would be duly informed of the ratification of the contract. It was not incumbent on this Government to advise the agents of the Contractors at Sydney of the ratification of the contract; and I therefore cannot admit your right to invalidate a special arrangement entered into in London between the Contractors and the representatives of the contracting colonies, for the reasons you have alleged; and I now give you notice, that I shall hold the Contractors responsible for any irregularity that may arise through the withdrawal of the "Mikado," from the service for which she was specially appointed; and I reserve to myself the right to take such other action as I am empowered to take under the terms of the contract for a breach of agreement.

The withdrawal of the "Mikado" has created an amount of uncertainty and dissatisfaction in this colony which it would have been advisable to avoid; and it is a matter for sincere regret that you should have decided to allow the "Mikado" to be continued in the temporary service, after having been instructed to withdraw her from such service, for the purpose of despatching her to Port Chalmers to open the permanent service made with the Pacific Mail Company. I altogether object to the employment of the "Cyphrenes;" and I feel sure, if she is appointed as the through boat to San Francisco, she will be unable to perform the voyage within contract time. This will have a most damaging effect to the new line. So impressed were Sir D. Cooper and Mr. Russell with the necessity that the mails should reach San Francisco on the advertised date, that they recommended, when agreeing to the employment of the "Mikado" and "Vasco de Gama" (vessels of far greater speed than the "Cyphrenes), that the mails should close at Sydney and New Zealand a day earlier in the months of November and December than the dates fixed by the time table; and in accordance with this suggestion, this department has decided to despatch the mails from Port Chalmers on the 16th instead of the 17th instant, and on the 14th instead of the 15th proximo. You will perhaps accept this as an official notification of the fact that the steamers appointed to convey the mails from this colony to San Francisco, this month and for the month of December, will be required to leave a day earlier than the dates fixed by the time table.

So satisfied am I that the employment of the "Cyphrenes" as the through boat to San Francisco will act prejudicially to the new service, that I would urge upon you, not only in the interest of the Contractors but also for the good name of the service, to strongly recommend the Contractors to direct that the "Vasco de Gama" be appointed to begin the service from Port Chalmers on the 16th instant. Should any authorized agent of the Contractors reach Auckland by the incoming mail steamer, it is my intention to bring this matter prominently under his notice, and to point out to him the inconvenience and annoyance which has resulted in the withdrawal of the "Mikado," and the proposal to substitute the "Cyphrenes."

I have, &c.,

Messrs. Gilchrist, Watt, and Co.,
Agents for the Pacific Mail Steamship Co., Sydney.

WILLIAM H. REYNOLDS.

No. 25.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 19th November, 1875.

We have the honor to acknowledge receipt of yours of 2nd instant, and regret that the non-withdrawal of the "Mikado" from the temporary service should have caused any difficulty.

A proposal to conduct the service *via* Auckland for three months was transmitted by the Contractors from London, 28th October, which was declined by this Government.

In consequence of the interruption of the telegraphic cable, it has been impossible during the last three weeks to get instructions, or make arrangements in England or America; thus we are driven to do the best we can with the vessels available.

There being no appearance of the "Vasco de Gama" on the 10th instant, we proposed to the Government of this colony to extend the temporary service *via* Auckland for one month, by sending "Cyphrenes" from here this date, which was agreed to, subject to the non-arrival of the "Vasco de Gama," and you were duly advised thereof.

On the 12th instant the "Vasco de Gama" arrived with Mr. Hall on board, who stated that he had seen Dr. Pollen in Auckland on the 6th instant, and promised, as the only course open to him, to send "Vasco de Gama" to Auckland for mails, and at same time he instructed his agents to send all mails and passengers to Auckland to meet "Vasco de Gama," with the intention to send "Vasco de Gama" right through to San Francisco; but after arrival here, and considering that this course would continue next month the difficulty of this month, Mr. Hall decided to adhere to the contract as far as he was able, and chartered "Cyphrenes" to proceed from here to Kandavau direct, and thence to San Francisco, thus setting "Vasco de Gama" free to return in terms of the contract *via* Auckland to Port Chalmers, and be ready to leave that port next month.

Under the circumstances, it is absolutely impossible to adhere to the letter of the contract; but as Mr. Hall is acting loyally in its spirit, and sparing no trouble nor expense to do the best in his power for the contracting colonies, we trust any deviation from the strict letter will be treated with liberal consideration.

We enclose for your information a list of the ships appropriated to the mail service, and

We have, &c.,

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

GILCHRIST, WATT, AND Co.

Enclosure in No. 25.

"Vasco de Gama," to leave here at contract time, 19th November, 1875.

"Colima," left San Francisco contract time, 10th November, 1875.

"City of San Francisco," to leave San Francisco contract time, 8th December, 1875.

"City of New York," to leave San Francisco contract time, 5th January, 1876.

"City of Sydney," to leave San Francisco contract time, 2nd February, 1876; and

"Zealandia," to leave London 15th December, 1875; and

"Australia," to leave London 15th January, 1876.

All the above, with the exception of the first two, are fitted expressly for the service, and are over 3,000 tons burthen.

Sydney, 19th November, 1875.

No. 26.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 22nd November, 1875.

In reply to your letter of the 2nd instant, it is right we should state that until very recently we were not authorized in any way to act for the Pacific Mail Steamship Company. We were agents for the owner of the "Mikado."

That ship was under charter to the Australasian Steam Navigation Company, to run the temporary service, including the October mails. When we learned that she might be required for the permanent service, we endeavoured to arrange with the Australasian Steam Navigation Company to cancel the charter and accept from us another ship in her stead, approved of for the temporary service. This the Australasian Steam Navigation Company declined to do unless a penalty were paid for cancelling the charter, and we had no authority to submit to a loss on behalf of the owner, and we refrained from further action till we knew the contract was actually ratified. This we only learned on 25th October, two days after "Mikado" sailed.

On the 23rd October we took upon ourselves to inform you that we kept "Cyphrenes" available in case of need, and same day telegraphed to London for permission to send her to do the coastal service till another ship should arrive, as we felt that this was the only course open to the Contractors, to tide over the temporary difficulty.

We have, &c.,

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

No. 27.

Messrs. OWEN and GRAHAM to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 11th November, 1875.

BEG to inform you that, judging from the telegrams received by Postmaster-General from Sydney, Mr. Hall thought that the arrangement of sending a steamer to Dunedin from Sydney was set aside this month, and the "Vasco de Gama" would return *via* this port. He could not possibly arrive in Sydney in time to send the "Cyphrenes" to Dunedin; so if she had not left, the Otago agent was instructed to make arrangements, with permission of the Government, to send mails and passengers to Auckland to catch the "Vasco" on the 23rd. So, if "Cyphrenes" does not arrive in Dunedin, we hope one of the Colonial steamers may be permitted to do the work.

W. Gray, Esq., Secretary,
General Post Office, Wellington.

OWEN AND GRAHAM.

No. 28.

Mr. GRAY to Messrs. OWEN and GRAHAM.

(Telegram.)

Wellington, 11th November, 1875.

YOUR telegram was the first intimation Government received of the possibility of through steamer not starting from Port Chalmers.—Mr. Hall must have known that both this Government and that of New South Wales refused to permit Contractors despatching through steamer from Sydney *via* Auckland. While you are advertising "Vasco de Gama" to sail on the 23rd, Mr. Driver is arranging to despatch the mails from Port Chalmers on the 16th. As the contractors have thought fit, without consulting the Government, to depart from the terms of their contract, they will be held liable for breach of agreement. The changing the date of the steamer's departure from Auckland is exceedingly annoying, more particularly as it had been arranged that the steamers for November and December from this end should leave all ports a day in advance of contract time. This was done with the view of insuring the mails reaching Frisco on the proper date, and permitting their being in New York in time to be despatched by fast steamer. The Contractors alone will be responsible for the short-comings of the new service at the very outset.

Messrs. Owen and Graham, Auckland.

W. GRAY.

No. 29.

Messrs. OWEN and GRAHAM to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 12th November, 1875.

MR. HALL's intention was to push to Sydney with a view of despatching "Cyphrenes" to Dunedin, and for her to do the coastal service until a boat of their own arrived; but from telegrams received by Dr. Pollen, he thought the Sydney Government and the Contractors would arrange the service this month *via* Auckland. Still, if he arrived in time he would despatch the "Cyphrenes" either to Dunedin or Auckland, and he trusted to find she had left for Dunedin before his arrival in Sydney, and the only certain instructions he could give us were, "You shall have a boat in Auckland on the 23rd, and get the mails from South in time, in case the "Cyphrenes" arrives a day or two late in Dunedin, when she can come direct to Auckland and await the instructions that will come by the "Vasco de Gama." We might add, the Contractors fully believe in keeping to their contract, but the withdrawal of the "Mikado" appears to have upset their plans; and we think, unless the New South Wales Government have agreed for the "Vasco" to come to Auckland, the "Cyphrenes" will certainly go South.

W. Gray, Wellington.

OWEN AND GRAHAM.

No. 30.

The POSTMASTER-GENERAL, Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Hokitika, 17th November, 1875.

SYDNEY, November 11th.—"Vasco de Gama" not arrived yet, and Mr. Watt, Company's Agent, says she cannot be got ready to leave on eighteenth. Have arranged, subject to approval of Cabinet this afternoon, for "Cyphrenes" or "City of Melbourne" to take mails out, leaving here twentieth, and returning from Frisco in January. But the arrangement for the "Cyphrenes" will be with Watt individually, and we shall probably have to pay four thousand for outward trip. Please arrange to have your mails collected at Auckland by twenty-sixth. "Macgregor" has Frisco mails on board.

Postmaster-General, Wellington.

POSTMASTER-GENERAL, Sydney.

No. 31.

The POSTMASTER-GENERAL, Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Bluff, 18th November, 1875.

SYDNEY, 13th November.—Referring to my telegram 11th, the arrival of "Vasco de Gama" has caused an end to be put to negotiations for "Cyphrenes" or "City of Melbourne."

Postmaster-General, Wellington.

POSTMASTER-GENERAL.

No. 32.

The POSTMASTER-GENERAL, Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Bluff, 18th November, 1875.

SYDNEY, 13th November.—Received last night your telegram and duplicate of 5th. "Vasco de Gama" arrived yesterday evening. Hall this morning produced letter from Secretary, Pacific Mail Company, notifying that he had on September, 14th, 1875, been appointed General Agent of the Company for the Australian, New Zealand, and Fijian Colonies, and that he is authorized to act for Company in all matters relating to the details of the contract. This morning sent me following letter:—"I have to request, as Agent of the Pacific Mail Steamship Company, contractors for the New South Wales, New Zealand, and Californian Mail Service, that I may be permitted to send the 'Vasco de Gama' via Auckland with the November mails on the 20th of the present month, instead of via Kandavau." We at once replied that Government cannot sanction any departure from contract.

Postmaster-General, Wellington.

POSTMASTER-GENERAL.

No. 33.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 22nd November, 1875.

After writing you on 19th instant, Mr. Hall received notice from this Government that they objected to the "Cyphrenes" proceeding through to San Francisco.

We therefore instructed the "Vasco de Gama" to proceed through to San Francisco, and "Cyphrenes" to effect a junction at Kandavau with "Colima," take on board the New Zealand mails for Auckland, and with your permission proceed down the coast to Port Chalmers; leave there on the 15th December, in accordance with time table, and then via ports to Kandavau; there connect with January incoming mail, and again return with New Zealand mails, after which we trust we may have another contract ship available.

We regret exceedingly the necessity to ask any relaxation from the strict letter of the contract, but in the circumstances under which we are placed no other course is open to us.

We have, &c.,

GILCHRIST, WATT, AND Co., Agents.

The Hon. the Postmaster-General, Wellington.

No. 34.

The Hon. D. POLLEN to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 6th December, 1875.

In acknowledging the receipt of your communication of the 22nd ultimo, in which you request that the contract with the Pacific Mail Company may be so relaxed as to permit the s.s. "Cyphrenes" for the conveyance of the mails between New Zealand and Kandavau, during the month of December instant, and January proximo, I have the honor to inform you that this Government decline to authorize any departure from the terms of the contract.

I have, &c.,

DANIEL POLLEN,

Acting Postmaster-General.

Messrs. Gilchrist, Watt, and Co.,
Agents for the Pacific Mail Steamship Co., Sydney.

No. 35.

Mr. GRAY to Messrs. OWEN and GRAHAM.

(Telegram.)

Wellington, 24th November, 1875.

In advising you that Government has decided to forward the New Zealand mails by "Vasco de Gama," I have been directed to give you notice that this action of the Government in no way relieves the Contractors of their liability for failure to commence service from Port Chalmers on proper date. You will please understand that Postmaster-General holds Contractors liable for

breach of agreement, and reserves to himself the right to recover the penalties for which the Contractors have rendered themselves liable under the eighth clause of the contract.

W. GRAY,
Secretary, General Post Office.

(Above telegram was repeated to Captain Rice, commander s.s. "Vasco de Gama," Auckland.)

No. 36.

Mr. GRAY to MESSRS. OWEN and GRAHAM.

(Telegram.)

Wellington, 25th November, 1875.

KINDLY inform me what arrangements Contractors have made for delivering incoming San Francisco mails at New Zealand ports. Has "Colima" sailed from San Francisco? This department has been informed that the "Macgregor" sailed from San Francisco with the mails. If this is correct, what has become of "Colima"? I take it for granted that "Vasco de Gama" proceeds through to San Francisco. Reply fully. Reply free.

Owen and Graham, Auckland.

W. GRAY.

No. 37.

MESSRS. OWEN and GRAHAM to Mr. GRAY.

(Telegram.)

Auckland, 25th November, 1875.

THE "Vasco de Gama" left this port 12 o'clock noon for Fiji. Captain Rice informs us that he expects to receive the N.Z. portion of the incoming mail from the "Colima" at Kandavau. Will return with it direct to Auckland, thence to Dunedin, calling at intermediate ports. The wires across Australia being down when "Vasco" left, can your information about "Macgregor" be reliable? We are informed by the same authority that "Colima," after delivery of N.Z. mails, will sail from Kandavau direct for Sydney. The "Vasco de Gama" may be expected here about the 5th December.

W. Gray, Esq., Wellington.

OWEN AND GRAHAM.

No. 38.

MESSRS. OWEN and GRAHAM to Mr. GRAY.

(Telegram.)

Auckland, 26th November, 1875.

THE "Colima" left Frisco at contract time, 10th November. The Contractors have arranged for the "Vasco de Gama" to wait her arrival at Kandavau, receive the English mails for New Zealand and deliver them at Auckland and other ports. This steamer will then leave Dunedin on December 15th, and Auckland December 20th, with the outward English mails, and proceed to Kandavau, where she will take the mails from Sydney and go on to Frisco. The "Colima" awaits at Kandavau the arrival of the "City of San Francisco" with English mails, and comes on to New Zealand to deliver the same in January. The through boat this month is the "Cyphrenes," now waiting the arrival of the "Vasco de Gama" at Kandavau. We know nothing of the "Macgregor"; believe any mails coming by her are under old contract. Should the "Vasco de Gama" arrive at the same time as the "Macgregor," we shall be happy to carry the mails down the coast, but we fully expect she will bring the English mails from the "Colima."

W. Gray, Esq., Wellington.

OWEN AND GRAHAM.

No. 39.

Mr. GRAY to MESSRS. OWEN and GRAHAM.

(Telegram.)

Wellington, 26th November, 1875.

HAVE received your two telegrams, for which I thank you. I desire to point out that the fact of "Vasco de Gama" proceeding only as far as Kandavau, and there transshipping mails to "Cyphrenes," is a distinct breach of contract. Government hold Contractors liable for this further breach of agreement. It is needless to state that department was not consulted in the matter by Contractors. New South Wales Government advised this department on the 13th that "Macgregor" left San Francisco with mails, and *Sydney Morning Herald* of the 16th states that she left on the 9th. This is confirmed by Auckland Agent of A.S.N. Co., who states that "Macgregor" comes to Auckland from Honolulu direct, and that she will reach Auckland about the 4th proximo.

Owen and Graham, Auckland.

W. GRAY.

No. 40.

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

SIR,—

Auckland, 27th November, 1875.

We have the honor to acknowledge the receipt of your telegram complaining of a further breach of contract by the "Vasco de Gama" proceeding only as far as Kandavau. We presumed every information had been supplied from Sydney, and trust that it has not been considered uncourteous that full particulars were not wired by us immediately on her arrival.

While we deplore the unfortunate commencement of this service, we trust to show you the Contractors had a right to believe they were capable, and would have carried out their engagement this month, but for the very antagonistic action of the Australian Steam Navigation Company, who took forcible possession of the "Mikado," and refused the "Cyphrenes," placed at their disposal by Messrs. Gilchrist, Watt, and Co., although this steamer has been constantly employed by them, clearly showing they were actuated by a desire to cause trouble, and possibly a break-down in the despatch of the New Zealand mails.

The next arrangement was for the "Cyphrenes" to go to Auckland and meet the "Vasco de Gama" at Kandavau, and then return with the English mails to New Zealand, but no doubt, being already late, the speed of the "Vasco de Gama" induced the agents to send her here, and for the "Cyphrenes" to be through boat to San Francisco, believing that such a course of action would be most conducive to the proper working of the line; and we think we may be permitted to say it was the only course open to save the service from disrepute and constant annoyance to both Governments. Had a different course been pursued, and the "Vasco de Gama" proceeded through, we should have been in the same unenviable position every month until one of the steamers from England arrived.

While acknowledging a breach of contract, we trust you will credit the Contractors and the Sydney agents with the desire to fulfil their engagements; and we trust not only that the mails may arrive to their due date, but that everything is now in order, and that in future the line will be worked in such a manner as cannot fail to give every satisfaction.

We have, &c.,

The Hon. the Postmaster-General, Wellington.

OWEN AND GRAHAM.

No. 41.

The POSTMASTER-GENERAL, Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Hokitika, 27th November, 1875.

SYDNEY, 20th November.—"Vasco" sailed at 7 p.m. yesterday, 19th instant. Suspect that, notwithstanding my correspondence with Hall, that she will proceed *via* Auckland. No New Zealand mails put on board, relying on assurance in Hall's letter of 18th that she would proceed according to the contract. "Cyphrenes" is advertised to leave for Kandavau direct, at 4 p.m. to-day.

I have, &c.,

Postmaster-General, Wellington.

POSTMASTER-GENERAL.

No. 42.

Mr. LAMBTON to POSTMASTER-GENERAL, Wellington.

(Telegram.)

Hokitika, 27th November, 1875.

SYDNEY, November 20th.—On 13th, after my first refusal to sanction Hall's proposal to send the "Vasco de Gama" *via* Auckland, he repeated his request, stating the ship would be ready to proceed to sea on the date fixed by the time table, namely 19th, and would, if required by New South Wales Government, proceed *via* Kandavau in conformity with the contract, but asked Contract for that trip that ship might, without prejudice to contract, call at Auckland also. Said delay of New Zealand in reply ratifying contract cause of his not having boats ready to carry out service completely. I immediately replied Government could not sanction any departure from the contract. Gilchrist Watt next, on 16th, offered with Hall's concurrence, to send "Cyphrenes" special trip *via* Auckland to San Francisco, leaving "Vasco" and "Colima" to commence B service next month. On same day I declined this proposal. I wrote Hall on 17th requesting to be informed if he would be prepared to despatch an approved vessel this month with the mails this colony to Fiji and San Francisco in terms of the contract. On same day received a letter from Hall stating he would despatch "Vasco" to Kandavau *via* Auckland, and would rely upon Contractors being treated with fair consideration by Governments of both colonies. I replied on 18th I could not send the mails as under contract, and that if he should despatch the "Vasco" as he stated he intended doing, the mails could only be delivered to her as if she were a private vessel. On same day Hall wrote stating would be prepared to despatch "Vasco" at 6 p.m. 19th to Fiji and San Francisco. I accordingly issued notice for the first time of intention to despatch mails this month. On morning 19th I received a letter from Hall as follows:—

“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

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).

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.)

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

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.

Enclosure in No. 48.

Mr. LAMBTON to the CROWN SOLICITOR, Sydney.

SIR,—

General Post Office, Sydney, 17th November, 1875.

I am directed by the Postmaster-General to request that you will have the goodness to take the necessary steps to recover from Mr. H. H. Hall, as one of the Contractors for the San Francisco Mail Service under the temporary contract entered into in London on the 27th November, 1873, the sum of £3,279 9s. 1d. overpaid to him by the Government of this colony in connection with the mail service in question.

The following papers are forwarded herewith :—

1. Original bond and contract for temporary service.
2. A statement showing the particulars of the overpayment.
3. An order given by Mr. Hall on the Government of New Zealand for the sum of £3,000 advanced to meet the cost of repairs to the "Macgregor," which order was returned from New Zealand dishonored.
4. Printed papers on the subject of this mail service: at pages 31 to 39, and 101 to 110, of you will find further particulars of the circumstances connected with the overpayment of the sum referred to.

The Crown Solicitor, Sydney.

I have, &c.,
S. H. LAMBTON.

Sub-Enclosure to Enclosure in No. 48.

MEMORANDUM of ACCOUNT between Contractors, HALL AND FORBES, and the POSTMASTER-GENERAL, New South Wales.

		DR.	£	s.	d.
1873.	Dec. 31.	Australasian Steam Navigation Company, 1st instalment on account of "Governor Blackall"	1,500	0	0
1874.	Jan. 31.	Australasian Steam Navigation Company, 2nd instalment on account of "Governor Blackall."	1,500	0	0
	Feb. 28.	Australasian Steam Navigation Company, on account of "City of Melbourne"	7,000	0	0
	May 4.	Australasian Steam Navigation Company, charter money for "City of Melbourne"	2,380	0	0
	June 2.	Australasian Steam Navigation Company, services performed by steamer "City of Adelaide"	1,800	0	0
	June 26.	H. H. Hall	3,000	0	0
	June 29.	Australasian Steam Navigation Company, charter money for "City of Adelaide"	1,800	0	0
	July 29.	Australasian Steam Navigation Company, charter money for "City of Adelaide"	1,607	2	10
			<u>£20,587</u>	<u>2</u>	<u>10</u>

NOTE.—The payments to the Australasian Steam Navigation Company were made on Hall's order, and were guaranteed by the Government, the Company having declined to charter the vessels to Hall without such guarantee.

CR.

By amount earned as follows :—

		£	s.	d.	
"Macgregor" arrived at San Francisco	24th January, 1874	1,153	16	11	
"City of Melbourne"	17th February, "	1,153	16	11	
"Macgregor"	10th March, "	1,153	16	11	
"Tartar" (for "Mikado")	17th March, "	1,153	16	11	
"City of Melbourne"	6th April, "	1,153	16	11	
"Tartar"	13th April, "	1,153	16	11	
"Mikado" (for "Mongol")	5th May, "	1,153	16	11	
"Cyphrenes" (for "Mikado"),	21st May, "	1,153	16	11	
"Tartar"	27th May, "	1,153	16	11	
"City of Adelaide" (for "Cyphrenes")	13th June, "	1,153	16	11	
"Mikado"	1st July, "	1,153	16	11	
"Tartar"	8th July, "	1,153	16	11	
"Cyphrenes" (for "City of Adelaide")	24th July, "	1,153	16	11	
"Macgregor"	8th August, "	1,153	16	11	
"Mikado"	30th August, "	1,153	16	11	
	Balance against Contractors	3,279	9	1	
			<u>£20,587</u>	<u>2</u>	<u>10</u>

W. A. RING,
Acting Accountant.

17th November, 1875.

No. 49.

Mr. ROSE to the Hon. the POSTMASTER-GENERAL, New South Wales.

SIR,—

General Post Office, Wellington, 6th December, 1875.

I have been directed to acknowledge, with thanks, the receipt of your communication of 23rd ultimo, forwarding copy of a letter, together with its enclosures, addressed by your department to the Crown Solicitor of New South Wales, instructing that gentleman to take steps to recover an amount of £3,279 9s. 1d., overpaid to Mr. H. Hall by your department on account of the San Francisco Mail Service, in which sum you state is included the item of £3,000 referred to in the 7th clause of the Russell-Samuel Agreement, dated the 23rd October, 1874.

I have, &c.,

THOMAS ROSE,

(for the Secretary).

The Hon. the Postmaster-General, New South Wales.

No. 50.

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

SIR,—

Sydney, 23rd November, 1875.

I have the honor to state that as it would appear, up to the present time, that no proceedings have been instituted in England for the recovery of the £25,000 penalty for the default of the contractors, Hall and Forbes, under the permanent bond, and considering moreover the circumstances of Mr. H. H. Hall himself being now in Sydney, the Government of this colony is of opinion that some steps should be taken here against Mr. Hall to enforce the bond.

With this object in view I have already communicated with our Crown Law Department; but as your concurrence in any proceedings that may be taken in this matter is requisite (*vide* copy of the Attorney-General's opinion herewith), I shall be glad if you will intimate this to me at your earliest convenience.

I have, &c.,

J. F. BURNS.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 50.

OPINION of the ATTORNEY-GENERAL.

REFERRING to the letter of the Secretary to the Post Office (to which the Crown Solicitor has called my attention), I perceive that the Postmaster-General suggests concerning the proposed proceedings against Mr. H. H. Hall, under the permanent contract, that any action in the matter should be instituted by New Zealand as well as this colony.

On looking at the bond, a copy of which has been forwarded to this office, I see that it is given to the Postmasters-General of New South Wales and of New Zealand conjointly; and as a similar copy has doubtless been also forwarded to the Government of New Zealand, it is possible that they may have already taken proceedings, although it is hardly probable that they have done so without communicating with this Government.

Clearly it would be as uncourteous for this Government to take proceedings without an intimation to the Government of New Zealand.

It seems to me, therefore, the more desirable course to write to Mr. Hall applying for the payment of the £25,000 due under the bond, and to defer further proceedings until we have heard from the Government of New Zealand.

I presume that nothing will be lost by the delay, as we have good reason to believe that nothing, as far as Mr. Hall is concerned, can be gained by our proceeding.

WILLIAM B. DALLEY,

Attorney-General.

No. 51.

The Hon. D. POLLEN to the POSTMASTER-GENERAL, New South Wales.

SIR,—

General Post Office, Wellington, 18th December, 1875.

I have the honor to acknowledge the receipt of your letter of the 23rd ultimo, stating that as no proceedings appear to have been instituted in England for the recovery of the £25,000 penalty for default of the contractors, Hall and Forbes, under the permanent bond; and that your Government is of opinion that some steps should be taken against Mr. Hall, who is now in Sydney, with a view to the recovery of the amount, and asking the concurrence of this Government in the proposed proceedings:

In reply, I have to inform you that the Hon. Sir Julius Vogel, Postmaster-General of this colony, will, in all probability, visit Sydney during the coming month, when he will confer with you, and deal with the subject on behalf of this colony.

I have, &c.,

DANIEL POLLEN,

Acting Postmaster-General.

The Hon. the Postmaster-General,
New South Wales.

No. 52.

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

SIR,— Sydney, 22nd November, 1875.

I have the honor to forward for your information copies of correspondence (including the copies of the telegrams exchanged between us) that has taken place from the date of my letter to you of the 28th August last up to the present time, concerning the arrangements of the Pacific Mail Steamship Company for the performance of their contract for the mail service between San Francisco and the Colonies.

I have, &c.,
J. F. BURNS.

The Hon. the Postmaster-General,
Wellington, New Zealand.

Enclosure 1 in No. 52.

The COLONIAL SECRETARY, Sydney, to Sir D. COOPER, Bart., London.

(Telegram.) 29th September, 1875.

WILL owners "Macgregor" and "Mikado" take vessels on arrival Frisco twenty-eighth October and twenty-five November, if charterers consent?

COLONIAL SECRETARY.

Enclosure 2 in No. 52.

Sir D. COOPER, Bart., London, to the COLONIAL SECRETARY, Sydney.

(Telegram.) 10th October, 1875.

* * Can do nothing with Macgregor.—He answers you through Watt.

D. COOPER.

Enclosure 3 in No. 52.

Sir D. COOPER, Bart., London, to the COLONIAL SECRETARY, Sydney.

(Telegram.) 6th October, 1875.

ELDER'S ships will be finished later than was expected. Only way to stop "Mikado" and "Macgregor" returning is to allow Pacific Company do service for three months with fast steamers *via* Auckland, time to Sydney 28 days. Shall I try to arrange this? Answer immediately.

D. COOPER.

Enclosure 4 in No. 52.

The COLONIAL SECRETARY, Sydney, to Sir D. COOPER, Bart., London.

(Telegram.) 15th October, 1875.

WHAT you propose will not meet case. Australian Company want four thousand pounds in lieu of "Macgregor" and "Mikado" returning from Frisco November and December. We think no further concessions should be given new Contractors.

COLONIAL SECRETARY.

Enclosure 5 in No. 52.

Sir D. COOPER, Bart., London, to the COLONIAL SECRETARY, Sydney.

(Telegram.) 25th October, 1875.

* * * * *

Contractors will be unable to perform B service for three months in consequence of Elder's vessels not being ready. I and Russell have declined to interfere, leaving you and New Zealand to deal with matter and inflict fines. Pacific Company would have been ready with other vessels had they known difficulty sooner.

Hon. J. Robertson.

D. COOPER.

Enclosure 6 in No. 52.

The Hon. JOHN ROBERTSON, Sydney, to Sir D. COOPER, Bart., London.

(Telegram.) 28th October, 1875.

WE must insist upon Contractors carrying out the contract (B service) which has been submitted to and sanctioned by Parliament.

JOHN ROBERTSON.

Enclosure 7 in No. 52.

The POSTMASTER-GENERAL, Sydney, to Messrs. LAWRENCE, CLARK, and Co., London.
(Telegram.) 29th October, 1875.

THIS Government declines accepting C service *via* Auckland.

POSTMASTER-GENERAL.

Enclosure 8 in No. 52.

The COLONIAL SECRETARY, Sydney, to Sir D. COOPER, Bart., London.

(Telegram.)

4th November, 1875.

If Contractors not prepared to perform service according contract, cause notice be sent postal authorities, Frisco, by telegram, deliver mails due there tenth to steamer "Macgregor."

COLONIAL SECRETARY.

Enclosure 9 in No. 52.

Sir D. COOPER, London, to the COLONIAL SECRETARY, Sydney.

(Telegram.)

6th November, 1875.

SERVED Mail Contractors with notice as you directed. Both Contractors claim to carry October mails from Frisco on tenth. Post Office requested to know which boat was to carry mail. I selected temporary service, so as not to vitiate notice, in which I am confirmed by your telegram just received.

D. COOPER.

Enclosure 10 in No. 52.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 10th November, 1875.

We were advised that Messrs. Lawrence, Clark, and Co., of London, on behalf of the Contractors of the new mail service, telegraphed to you on 27th ultimo that the Contractors were not ready to begin the B service in November, and would, with the consent of the representatives of this colony and New Zealand in England, send three months' mails *via* Auckland, trusting to liberal consideration of the Colonial Governments; and we called on you to learn how far this would meet the views of the Governments.

After a conference with you, we telegraphed to our Mr. Gilchrist, now in London, under date 1st instant, as follows:—

"Tell Lawrence this Government might concede according to message of 27th of last month, provided New South Wales payment from Frisco only begins with January departure. Authority must be sent at once. Reply by wire immediately."

And this morning we have the reply, dated London, 5th instant, as under:—

"Referring to your telegram of first of this month, Contractors accept proposal and authorize you to arrange accordingly. Telegraph confirmation sharp."

We now propose, subject to your approval, to despatch the "Cyphrenes" *via* Auckland on 19th instant with the San Francisco mails, and we propose that this special trip shall be paid for on the terms of the present temporary service, as the steamer will bring back the January mails from San Francisco.

This arrangement would place two steamers in the colony next month, and thus begin from this end the B service, while the B service would in like manner begin in San Francisco with the February mail.

The enclosed cut from the *Times* will show you that Elder's boats built specially for the service are about ready, and the first of them has probably left London by this time.

We have, &c.,

GILCHRIST, WATT, AND Co.,

(on behalf of the Mail Contractors).

The Postmaster-General, Sydney.

Sub-Enclosure to Enclosure 10 in No. 52.

ADVERTISEMENT FROM "TIMES."

STEAM from London to Melbourne, Sydney, and New Zealand.—The magnificent new steamships "Zealandia" and "Australia," of 3,000 tons register, now being completed in the Clyde by the eminent builders Messrs. John Elder and Co., for the Sydney, New Zealand, and San Francisco Mail Service, will be despatched from London in November and December next respectively. These fine steamers are fitted with every scientific appliance. They are bound to speed under Government contract, and are expected to make the passage to Melbourne within forty-three days. The state-rooms are spacious and well ventilated, and will be found second to none in luxury and comfort. For freight or passage apply in Leith to Donald R. Macgregor and Co., or in London to Lawrence, Clark, and Co., Windsor Chambers, Great St. Helens, E.C.

Enclosure 11 in No. 52.

Mr. LAMBTON to the ASSISTANT MANAGER, Australasian Steam Navigation Company, Sydney.

DEAR SIR,— General Post Office, Sydney, 11th November, 1875.

Mr. Burns would be glad to be informed, to-day, on what terms you would be prepared, if required, to send the "City of Melbourne" (not the "Cyphrenes") to San Francisco and back, leaving Sydney, say, on the 20th instant.

I have, &c.,

S. H. LAMBTON,
Secretary.

The Assistant Manager, A.S.N. Co., Sydney.

Enclosure 12 in No. 52.

Mr. WILLIAMS to the SECRETARY, General Post Office, Sydney.

Australasian Steam Navigation Company,
Sydney, 11th November, 1875.

DEAR SIR,—

In reply to your note of this morning, I beg to say we are prepared to despatch the "City of Melbourne" with the mails to San Francisco on the 20th instant, provided timely intimation be given to enable us to make the necessary arrangements to outfit the ship, and prevent our sending her to Melbourne as contemplated.

We will require also to know, before naming terms for the voyage, whether we are to run our boat in competition with the steamers of any other line under subsidy by the Government, as we find that the returns of the late voyage of the "City of Melbourne" exhibit a great falling off compared with the average of former trips, owing to the "Vasco de Gama," one of the boats of the assumed permanent contractors, sailing from San Francisco two days before the "City of Melbourne" with the prestige of the American mails.

In view of the fact of the agents of the Pacific Mail Ship Company advertising boats for the outward trip for this month with Her Majesty's mails, both in this colony and New Zealand, it is clear we shall get no passengers or cargo; and therefore, before naming terms for a voyage of the "City of Melbourne," we should like to have some assurance from the Postmaster-General respecting the opposition we are likely to expect, and we will offer accordingly.

I have, &c.,

WM. WILLIAMS,
Assistant Manager.

The Secretary, General Post Office, Sydney.

Enclosure 13 in No. 52.

Mr. LAMBTON to the MANAGER, Australasian Steam Navigation Company, Sydney.

SIR,—

General Post Office, Sydney, 11th November, 1875.

With reference to the last paragraph of your letter of this day's date, in reply to mine asking on what terms your Company would be prepared to convey mails to and from San Francisco by the "City of Melbourne," to leave here on the 20th instant, I am directed to inform you that Mr. Burns regrets he can give you no assurance respecting the opposition your Company is likely to have to encounter in the event of your entering into a contract with him for the "City of Melbourne."

I have, &c.,

S. H. LAMBTON.

The Manager, A.S.N. Co., Sydney.

Enclosure 14 in No. 52.

Mr. HALL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 13th November, 1875.

I take the earliest opportunity to intimate to you that I have arrived here as the agent *Vide Enclosure 2* and representative of the Contractors for the San Francisco Mail Service, whose authority, dated in No. 77. 14th September, I now enclose.

I will be glad that you grant me an early interview, that I may lay before you the arrangements for at once carrying out the mail contract.

I have, &c.,

H. H. HALL.

The Postmaster-General, Sydney.

Enclosure 15 in No. 52.

Mr. HALL to the POSTMASTER-GENERAL, New South Wales.

SIR,—

Sydney, 13th November, 1875.

I have to request, as agent of the Pacific Mail Steamship Company, Contractors for the New South Wales, New Zealand, and Californian Mail Service, that I may be permitted to send

the "Vasco de Gama" *via* Auckland with the November mails on the 20th of the present month, instead of *via* Kandavau.

The Postmaster-General,
Sydney.

I have, &c.,
H. H. HALL,
General Agent, Pacific Mail Steamship Company.

Enclosure 16 in No. 52.

Mr. LAMBTON to Mr. HALL, Sydney.

SIR,—

General Post Office, Sydney, 13th November, 1875.

I am directed by the Postmaster-General to inform you, in reply to your letter of the 13th instant, requesting, as Agent of the Pacific Mail Steamship Company, that you may be permitted to send the "Vasco de Gama" *via* Auckland with the November mails on the 20th of the present month, instead of *via* Kandavau, that the Government cannot sanction any departure from the contract.

H. H. Hall, Esq., Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 17 in No. 52.

Mr. HALL to the POSTMASTER-GENERAL, New South Wales.

SIR,—

Sydney, 13th November, 1875.

I have the honor to inform you of the arrival here on the 12th instant of the s.s. "Vasco de Gama," to enter on the mail contract commencing on the 15th instant.

The ship will be ready to proceed to sea on the date fixed by the time table, 19th instant, and will, if required by the Government of New South Wales, proceed *via* Kandavau in conformity with the contract; but I must respectfully ask that the Government consent for this trip that the ship may, without prejudice to the contract, call at Auckland.

You are aware that the contract was made subject to ratification by the Parliaments of the contracting colonies. It was promptly ratified by the Parliament of New South Wales, and consequently the Contractors made all necessary arrangements to begin the service at all points this month, the "Mikado" being set aside for the service at and from Port Chalmers. In consequence, however, of the delay in ratification of the contract by New Zealand, it was impossible to arrange to withdraw the "Mikado" from the temporary service, and the ratification by New Zealand was only known in this colony on the 25th ultimo, two days after the "Mikado" had sailed from here. This I learned in Auckland on the 6th instant, and the same day I met Dr. Pollen, the Premier of New Zealand, and explained to him the difficulty, and stated my intention that the "Vasco de Gama" should call at Auckland for the New Zealand letters, being the best arrangement I could make; and I arranged that the letters from the Southern Island should be sent to Auckland for this month, which I confirmed by telegram from here last night.

Under these circumstances, I trust that you will sanction the "Vasco de Gama" calling at Auckland to pick up the New Zealand mail, otherwise I must send the ship *via* Kandavau—greatly, I fear, to the loss and inconvenience of New Zealand.

The Hon. the Postmaster-General,
New South Wales.

I have, &c.,
H. H. HALL,
General Agent, Pacific Mail Steamship Co.

Enclosure 18 in No. 52.

Mr. LAMBTON to the GENERAL AGENT, Pacific Mail Steamship Company.

SIR,—

General Post Office, Sydney, 15th November, 1875.

I am directed by the Postmaster-General to inform you, with reference to your letter of the 13th instant, in which you reiterate your proposal to be permitted to send the "Vasco de Gama" *via* Auckland, that the Government adheres to its former decision as conveyed to you in my letter of the 13th idem, that the Government cannot sanction any departure from the contract.

The General Agent P.M.S.S. Co., Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 19 in No. 52.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 16th November, 1875.

We must now decide definitely on the employment of the "Cyphrenes," and as, in the event of her proceeding to Hong Kong, there may be no second ship available to begin B service

next month, we offer to send "Cyphrenes" a special trip *via* Auckland to San Francisco, leaving this 19th instant, which will place the "Vasco de Gama" and "Colima," the one at this port, and the other at Port Chalmers, to begin B service in December, without any break in the communication, only extending the temporary service by one month.

After full consideration, the representative of the Pacific Mail Steamship Company concurs in this course as the best that can be adopted in the present circumstances.

We have, &c.,

GILCHRIST, WATT, AND Co.,
Agents for "Cyphrenes."

The Postmaster-General, Sydney.

Approved—H. H. HALL, General Agent of the
Pacific Mail Steamship Company.

Enclosure 20 in No. 52.

Mr. LAMBTON to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Sydney, 16th November, 1875.

In reply to your letter of this date, offering, with the concurrence of the representative of the Pacific Mail Steamship Company, to send the "Cyphrenes" a special trip *via* Auckland to San Francisco, leaving on the 19th instant, I am directed by the Postmaster-General to state that he regrets that he cannot accept your proposal.

I have, &c.,

S. H. LAMBTON,
Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

Enclosure 21 in No. 52.

Mr. LAMBTON to the GENERAL AGENT, Pacific Mail Steamship Company.

SIR,—

General Post Office, Sydney, 17th November, 1875.

I am directed by the Postmaster-General to inquire whether you will be prepared, on behalf of the Pacific Mail Steamship Company, to despatch this month an approved vessel with the mails of this colony to Fiji and San Francisco, in terms of the contract with that Company, and in accordance with the time table served on you in London by Sir Daniel Cooper, Bart., and Mr. Thomas Russell, respectively, on behalf of this colony and New Zealand.

I have, &c.,

S. H. LAMBTON,
Secretary.

The General Agent, P.M.S.S. Co., Sydney.

Enclosure 22 in No. 52.

Mr. HALL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 17th November, 1875.

I regret that the Government have not concurred in the proposal to send "Cyphrenes" with this month's mails *via* Auckland, and thus insure having two vessels available for the B service in the month of December.

Looking to the fact that there are two contracting colonies, I feel it my duty to do my utmost to avoid inconvenience to either, and, as the only course now open to me, there being no vessel approaching the requisite tonnage procurable in the colonies except the "Cyphrenes," I will despatch the "Vasco de Gama" at 6 p.m. on the 19th instant to Kandavau *via* Auckland, relying on the Contractors being treated with fair consideration by the Governments of this colony and of New Zealand, as I have used every effort in my power for the due performance of the service.

I have, &c.,

H. H. HALL, General Agent,
Pacific Mail Steamship Company.

The Postmaster-General, Sydney.

Enclosure 23 in No. 52.

Mr. LAMBTON to the GENERAL AGENT, Pacific Mail Steamship Company, Sydney.

SIR,—

General Post Office, Sydney, 18th November, 1875.

I am directed to inform you, in reply to your letter of yesterday stating your determination to despatch the "Vasco de Gama" at 6 p.m. on the 19th instant to Kandavau, *via* Auckland, that the Postmaster-General cannot send mails under the circumstances, as if that vessel sailed in accordance with the contract; and that, therefore, if you carry out your intention of despatching the "Vasco de Gama" in the manner you indicate, mails can only be delivered to her as if she were a private vessel.

I have, &c.,

S. H. LAMBTON,
Secretary.

The General Agent, P.M.S.S. Co., Sydney.

Enclosure 24 in No. 52.

Mr. HALL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 18th November, 1875.

I have the honor to acknowledge the receipt of your letter of yesterday, which was anticipated by mine of same date crossing yours, but, as a more formal reply, I beg to state that I am prepared to despatch the "Vasco de Gama," an approved vessel, at the time appointed by the time table—viz., 6 p.m. 19th instant, with mails to Fiji and San Francisco.

I take this opportunity of stating that the vessels enumerated below, except the two last on the list, are all on their way out to their respective stations, notwithstanding that the Contractors had at time of despatching these ships no advice of the ratification of contract by New Zealand.

I have, &c.,

H. H. HALL, General Agent,

Pacific Mail Steamship Company.

The Postmaster-General, Sydney.

"Vasco de Gama," to leave here at contract time, 19th November, 1875.

"Colima," left San Francisco contract time, 10th November, 1875.

"City of San Francisco," to leave San Francisco contract time, 8th December, 1875.

"City of New York," to leave San Francisco contract time, 5th January, 1876.

"City of Sydney," to leave San Francisco contract time, 2nd February, 1876. And

"Zealandia," to leave London 15th December, 1875; "Australia," to leave London 15th January, 1876.

All the above, with the exception of the first two, are fitted expressly for the service, and are over 3,000 tons burthen.

Enclosure 25 in No. 52.

Mr. LAMBTON to the GENERAL AGENT, Pacific Mail Steamship Company.

SIR,—

General Post Office, Sydney, 19th November, 1875.

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.

I have, &c.,

S. H. LAMBTON,

Secretary.

The General Agent, P.M.S.S. Co., Sydney.

Enclosure 26 in No. 52.

Mr. HALL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 20th November, 1875.

I am in receipt of your letter of yesterday, intimating that the employment of the "Cyphrenes" from Kandavau to San Francisco would be regarded as a breach of contract.

I need not repeat that sending on the "Cyphrenes" (at a considerable additional cost to the Contractors) is the only course open to me, to place the B service on a proper footing with the least possible delay. There is no ship of the requisite tonnage to be procured in the Australian colonies. The circumstance of there being only one contract ship available here is not caused by any wilful neglect of the Contractors.

I enclose a copy of the programme arranged by the Contractors, which you will see involved the employment of the "Mikado." That ship, with the "Cyphrenes," was employed in the temporary service with the approval of the Government under charter to the Australasian Steam Navigation Company, and it was assumed by the Contractors that she would be available for the permanent service.

The agent for the owners of the "Mikado" endeavoured to arrange with the Australasian Steam Navigation Company to release the "Mikado" by substituting the "Cyphrenes" for the temporary service. This the Australasian Steam Navigation Company declined to do; and as the contract had not been ratified by New Zealand, the agents for the owners of "Mikado" did not feel themselves warranted in paying the Australasian Steam Navigation Company a penalty for cancelling the charter, and "Mikado" accordingly sailed on the temporary service, and it was

only after her departure that the ratification of the contract was known here. This was at once telegraphed to London, and immediately a proposal was made to you to prolong until other steamers could be placed on the line the temporary service with the large steamers, and at the reduced cost of the permanent contract. This was declined, and on my arrival here I found the difficulty which I have done all in my power to overcome, and have advised you of every step I have taken, and I hoped to meet with some consideration and relaxation of the strict letter of the contract from the Government in my effort to put the service on a proper footing as speedily as possible. I have been much embarrassed by the interruption of the telegraph cable to London, and up to this time am without any reply to telegram despatched from this on the 12th instant, the day of my arrival here.

I have, &c.,

The Postmaster-General, Sydney.

H. H. HALL, General Agent,
Pacific Mail Steamship Company.

Sub-Enclosure to Enclosure 26 in No. 52.

INSTRUCTIONS OF PACIFIC MAIL COMPANY.

San Francisco, 12th September, 1875.

THE steamer "Vasco de Gama" will sail from San Francisco October 9th, for Sydney, calling at Honolulu and Auckland.

On the return voyage she is to leave Sydney November 19th for Kandavau; thence to Port Chalmers (Dunedin), calling at New Zealand ports; thence, December 15th, to Kandavau, calling at New Zealand ports; thence to San Francisco, arriving January 13th, 1876.

Our mail service will commence from San Francisco, November 10th, per the steamer "Colima;" from Sydney, November 19th, per steamer "Vasco de Gama;" from Port Chalmers, November 17th, steamer "Mikado."

The steamer "Colima" leaves here November 10th for Sydney, calling at Honolulu and Kandavau, arriving at Sydney December 8th; leaves Sydney December 17th for Port Chalmers, calling at Kandavau and New Zealand ports; leaves Port Chalmers January 12th, 1876, calling at New Zealand ports and Kandavau, and arriving at San Francisco February 10th, 1876.

We expect the "City of San Francisco" to follow the "Colima," sailing hence December the 8th.

No. 53.

Mr. BISS to the SECRETARY, General Post Office, Wellington.

(Telegram.)

SIR,—

Auckland, 26th December, 1875.

The "City of Melbourne" arrived here at 10 o'clock to-day, and by her I have received a request from the Postmaster-General of New South Wales to communicate with you as follows:—1. That the "City of Melbourne" has been chartered by the New South Wales Government to proceed to San Francisco *via* Auckland and Honolulu on terms of old arrangement with the Australian Steam Navigation Company. 2. That this was done in consequence of Pacific Mail Company having failed to provide a boat to take outward mails (the "Macgregor" was submitted, but not approved of). 3. That feeling assured "Cyphrenes" would not be recognized as a mail boat, and New Zealand mails would not be sent by her, the "City of Melbourne" was despatched *via* Auckland. 4. That to meet possibility of New Zealand mails having been sent by "Cyphrenes," it was arranged, if directed by the Postmaster-General of New Zealand, "City of Melbourne" would proceed to Kandavau to pick up New Zealand mails. 5. Should Captain Brown not be instructed by you to proceed to Kandavau, he will proceed to San Francisco *via* Honolulu. 6. Copies of correspondence with Contractor are enclosed, also copy of a telegram sent to Postmaster-General, Wellington, on the 18th, which I am having repeated in case you have not yet received it. Please instruct me as early as possible to-night, as Captain Brown wishes to leave at daylight and not later than noon to-morrow, if requested to go to Kandavau. I have arranged with telegraphist to wait for your reply.

I have, &c.,

S. B. BISS,

Chief Postmaster.

The Secretary, General Post Office, Wellington.

No. 54.

Mr. ROSE to Captain BROWN.

(Telegram.)

Wellington, 26th December, 1875.

THE Acting Postmaster-General of this colony directs that, in accordance with arrangement made by New South Wales Government, you will proceed to Kandavau, Fiji, and pick up New Zealand mails and the Mail Agent sent there per s.s. "Cyphrenes," which you will convey to San Francisco *via* Honolulu.

I have, &c.,

THOMAS ROSE,

(for Secretary G.P.O.)

Captain Brown, s.s. "City of Melbourne," Auckland.

No. 55.

Mr. ROSE to Mr. PRICE.

(Telegram.)
 THE "City of Melbourne" will take on New Zealand mails and yourself to San Francisco. Have mails transhipped to "City of Melbourne," and proceed in charge accordingly.

W. H. Price, Esq.,
 New Zealand Mail Agent, Kandavau.

Wellington, 26th December, 1875.
 I have, &c.,
 THOMAS ROSE,
 (for Secretary G.P.O.)

No. 56.

Mr. PRICE to the SECRETARY, General Post Office, Wellington.

SIR,—

Levuka, 31st December, 1875.

I have the honor to report that after waiting five days at Kandavau for the Sydney and San Francisco boats, and neither having appeared, the agent of the "Cyphrenes" decided to send her to Levuka to be re-surveyed. The report, which has just been furnished, fully confirms the report of the Engineers at Lyttelton and Auckland, and states that it is impossible for the "Cyphrenes" to go to San Francisco. The mails will therefore remain under my charge at Kandavau until either the San Francisco or Sydney boat arrives. If neither call at Kandavau, or should the "Cyphrenes" have left Levuka for Sydney, I shall keep them until the boat comes through next month.

I have, &c.,
 W. H. PRICE,
 Mail Agent.

W. Gray, Esq., Secretary, General Post Office.

No. 57.

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

SIR,—

Sydney, 20th December, 1875.

I have the honor to inform you, in continuation of my advices on the subject of the arrangements made by the Pacific Mail Steamship Company for the performance of their San Francisco Mail Contract, that on the 14th instant Mr. H. H. Hall applied for permission to substitute the "Macgregor" for the conveyance of the New South Wales outward mails of this month, owing to the non-arrival of the "Colima."

On the following day I informed him that I declined to accede to this proposal, and I took the opportunity to allude to the violation of the contract that had occurred through the "Vasco de Gama" proceeding last month *via* Auckland instead of direct to Fiji.

On the morning of the 18th instant (the day after the proper date of the sailing of the "Colima" from here), I gave Mr. Hall notice that, unless he provided a vessel by noon of that day, I should be compelled to charter one to perform the service. As he did not provide a vessel, I concluded negotiations with the Australasian Steam Navigation Company on Saturday (of which you were advised by telegram *via* Melbourne on the same day), for the "City of Melbourne" to perform a trip to San Francisco and back *via* Auckland, leaving here this day at 10 p.m., on similar terms to those of the temporary contract.

Feeling assured, after mature consideration of your telegram of the 1st instant, that you would not recognize the "Cyphrenes" as a mail ship, and hence would not forward the New Zealand mails by her, as before stated, the Government determined to despatch the "City of Melbourne" by way of Auckland instead of direct with the New South Wales mails to Kandavau; but to meet the possibility of your having sent mails by the "Cyphrenes" (treating her as a private ship), I have arranged with the Australasian Steam Navigation Company that, if directed by you to do so, the "City of Melbourne" is, after receiving your regular mails at Auckland, to go on to Kandavau with a view of picking up the former vessel at the latter place, and taking from her such mails. In the absence of instructions to this effect from you, Captain Brown will proceed direct to San Francisco *via* Honolulu.

As you will no doubt readily understand, I was unable to make any arrangement to meet the emergency without involving the engagement of the vessel for the return trip also; but I purpose, with your concurrence, insisting on the Pacific Mail Steamship Company foregoing their right to bring the return mails in order that the "City of Melbourne" may do so. This, it seems to me, we can fairly do, seeing that the necessity for her employment has arisen through their default.

I enclose copies of correspondence that has taken place since the date of my last communication dated the 22nd ultimo, including copy of the telegram I sent to you *via* Melbourne on Saturday last.

The Hon. the Postmaster-General, Wellington.

I have, &c.,
 J. F. BURNS.

Enclosure 1 in No. 57.

Mr. HALL to the POSTMASTER-GENERAL.

SIR,—

Sydney, 14th December, 1875.

The non-arrival of the "Colima" leads me to fear some disaster has befallen her; and to avoid interruption of the mail service, I ask your permission, on behalf of the New South Wales Government, to despatch the "Macgregor" on the 17th instant, in case the "Colima" does not arrive, and to get her to take the mails through to San Francisco; calling at Kandavau, where she will receive and take on the New Zealand mails.

The Contractors will, if this arrangement be sanctioned, be liable for time penalties in case mails are not delivered in their contract time.

It is desirable that I should learn as speedily as possible your decision in this matter, that the vessel may be got ready for the voyage.

The Hon. the Postmaster-General, Wellington.

I have, &c.,
H. H. HALL.

Enclosure 2 in No. 57.

Mr. LAMBTON to the GENERAL AGENT, Pacific Mail Steamship Company.

SIR,—

General Post Office, Sydney, 15th December, 1875.

I am directed to acknowledge the receipt of your letter of yesterday's date, intimating the improbability of the "Colima" being able to proceed with the mails for San Francisco on the 17th instant, and proposing to despatch the "Macgregor" with the view of meeting the emergency.

In reply, I am to state that the Postmaster-General cannot accede to your proposal; and I take the opportunity to express his regret that, contrary to the understanding under which this department forwarded the mails on the 19th ultimo, viz. that the "Vasco de Gama" was to proceed direct to San Francisco *via* Fiji, that vessel made a detour to Auckland, involving a delay of some days in the delivery of the New South Wales mails at San Francisco and London.

The General Agent, Pacific Mail Steamship
Company, Sydney.I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 3 in No. 57.

Mr. HALL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, New South Wales, 15th December, 1875.

I have the honor to acknowledge receipt of your letter of this date, and note you will not sanction the employment of the s.s. "Macgregor" in the event of the non-arrival of the "Colima."

The remark "that, contrary to the understanding under which this department forwarded the mails on the 19th ultimo, viz. that 'the 'Vasco de Gama' was to proceed direct to San Francisco *via* Fiji, that vessel made a detour to Auckland, involving a delay of some days in the delivery of the New South Wales mails at San Francisco and London," I regret to notice in your letter.

Allow me to call your attention to my letter of 17th November, in which I stated that the "Vasco de Gama" would be despatched the 19th for Kandavau *via* Auckland, and stated the reason for this course.

My letter of the 18th in no way deviated from this, but was a mere official notification, which had not previously been given, that the ship would receive mails for Fiji and San Francisco. In the same day's paper, and again in that of the 19th, the "Vasco de Gama" was publicly advertised to proceed *via* Auckland.

Whatever penalties, therefore, the Contractors may incur for prolongation of voyage, there has been no attempt in any way to mislead or depart from any understanding.

The Postmaster-General, Sydney.

I have, &c.,
H. H. HALL.

Enclosure 4 in No. 57.

The Hon. J. F. BURNS to Mr. HALL.

SIR,—

Sydney, 18th December, 1875.

I desire to call your attention to the fact that the time for the departure of the mail steamer expired yesterday, and that you failed to provide an approved vessel, and also to your not having made any intimation to me, up to this time, of your intention to provide such a vessel. As it is imperative that immediate action should be taken, I beg to inform you that, unless you give me a satisfactory reply at or before noon this day, I shall feel compelled to employ a vessel to perform the service.

H. H. Hall, Esq., General Agent, Pacific Mail
Steamship Company, Sydney.I have, &c.,
J. F. BURNS.

Enclosure 5 in No. 57.

Mr. TROUTON to the POSTMASTER-GENERAL, Sydney.

Australasian Steam Navigation Company,
Sydney, 18th December, 1875.

SIR,—

Understanding that the Government requires a vessel for the conveyance of this month's mail to San Francisco, I do myself the honor to offer the "City of Melbourne" for the service, and for the return trip from San Francisco, on precisely similar terms to those under which she was engaged by the Government on her last voyage in the same service, and beg to add that the vessel will be ready to be despatched on Monday evening at 10 o'clock.

I have, &c.,

F. H. TROUTON,
Manager.

The Postmaster-General, Sydney.

Enclosure 6 in No. 57.

Mr. LAMBTON to the MANAGER, Australasian Steam Navigation Company, Sydney.

SIR,—

General Post Office, Sydney, 18th December, 1875.

I am directed to acknowledge the receipt of your letter of this date, and to inform you that the Postmaster-General accepts the offer which you therein made to despatch the "City of Melbourne" to San Francisco and back to Sydney, on similar terms to those under which she was engaged to the Government on her last voyage in the same service.

I am to add that it is not improbable that the New Zealand Government will require the "City of Melbourne" to proceed *via* Fiji, in which case allowance will be made for the extra service.

I have, &c.,

S. H. LAMBTON,
Secretary.

The Manager, A.S.N. Co., Sydney.

Enclosure 7 in No. 57.

Mr. HALL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 18th December, 1875.

I am in receipt of your favour of this date.

The "Colima" was the vessel appointed to receive the mails at San Francisco on the 9th ultimo, and proceed here to take the return mails of this month.

As the mails were refused to "Colima" at San Francisco, some delay may have arisen in her despatch, or some disaster may have happened to her at sea.

The "Cyphrenes" should be at Kandavau on 24th, and would remain there three days, after which, failing the arrival of a steamer from Sydney, she will probably proceed to San Francisco with the New Zealand mails. If a vessel were despatched from here on Monday up to 12 o'clock midnight she would find "Cyphrenes" at Kandavau, where she could tranship her mails to "Cyphrenes," and then return here or take New Zealand mails from the "City of San Francisco" and proceed therewith to Auckland, allowing "City of San Francisco" to come on here direct; otherwise "City of San Francisco" may have to proceed *via* Auckland.

If any arrangement of this kind be made, I will forego the right to despatch the "Colima" this month as a late ship, and will consent to a fair proportion of the subsidy being paid the steamer that conveys mails to Kandavau.

I have, &c.,

H. H. HALL.

The Postmaster-General, Sydney.

No. 58.

The Hon. E. RICHARDSON to the Hon. the POSTMASTER-GENERAL, New South Wales.

SIR,—

General Post Office, Wellington, 3rd January, 1876.

I have the honor to acknowledge the receipt of your communication of the 20th December last, in which you state that you had refused permission to Mr. H. H. Hall to substitute the "Macgregor" for the conveyance of the December outward San Francisco mail from New South Wales, and that, in consequence of his failure to provide a suitable vessel for the service, you chartered, on the 18th December, the "City of Melbourne," on similar terms to those of the temporary contract, and that this arrangement involved the employment of that vessel for the return trip also, under which circumstances the Pacific Mail Company should be insisted upon to forego their right to bring the return mails.

In reply, I have to intimate to you that this Government fully concurs in the steps which your Government have taken in the matter, and also coincide in your opinion that the Pacific Mail Steamship Company should forego their right to bring the return mails, in order that the "City of Melbourne" may do so, for the reason that the necessity for the employment of the

“City of Melbourne” arose through their default. I have therefore to ask that you will be so good as to take the necessary action with a view to the proper authorities being made acquainted with the decision which has been come to in regard to the transmission of the return mails by the “City of Melbourne.”

With reference to the fourth paragraph of your letter, touching on the question of the “Cyphrenes” having been substituted for the “Mikado” for the conveyance of the December outward mails from this colony, I have to state that this Government failing to perceive any other means by which the outward mail *via* San Francisco could be conveyed hence, and feeling assured that your Government would be in a position to arrange for the conveyance of your outward mail *via* Kandavau, the opinion of the Solicitor-General of this colony was taken as to the effect which the sending of the mails by the “Cyphrenes” would have in regard to the penalty for breach of agreement, and, acting on his advice, special notices (copies attached) were served on the agents for the Company at Dunedin and Auckland before the mails were put on board the vessel at the respective places. The “Cyphrenes” left Auckland for Kandavau on the 19th December, with New Zealand mails and Mail Agent on board, and it is believed it was not the intention of the Company for her to proceed beyond that place. On receipt of your telegram of the 18th December, which reached Wellington through the Chief Postmaster of Auckland on the 26th December, Captain Brown, of the “City of Melbourne,” was instructed to proceed *via* Kandavau and pick up New Zealand mails and Mail Agent sent thence by the “Cyphrenes,” and he proceeded on the voyage the following day.

I enclose copies of all correspondence which has taken place since the date of my last letter of the 6th December last. The Solicitor-General’s opinion, and copies of the notices served on the agents, will be found attached.

The Hon. the Postmaster-General,
New South Wales.

I have, &c.,

EDWARD RICHARDSON,
(for the Postmaster-General).

No. 59.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 8th February, 1876.

I am directed to acknowledge the receipt of the letter from the Postmaster-General of New Zealand, dated the 3rd ultimo, with reference to the steps taken by his Government in the matter of the Pacific Mail Steamship Company’s arrangements for the performance of their San Francisco mail contract, and intimating his concurrence in the same.

I am also to acknowledge his courtesy in furnishing information of the course adopted by the Government of New Zealand, together with the copies of correspondence relating thereto, in connection with the sending of the mails of your colony to Kandavau by the s.s. “Cyphrenes” on the 19th December last.

I have, &c.,

S. H. LAMBTON,
Secretary.

The Secretary, General Post Office, Wellington.

No. 60.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 20th December, 1875.

We have the honor to enclose copy of a letter addressed to the Postmaster-General, here, by Mr. Hall.

The unfortunate non-arrival of the “Colima” has caused us much annoyance.

On the 16th instant the Postmaster-General here was offered the “Macgregor” to convey mails from here *via* Kandavau to San Francisco, but declined, the Government fearing legal complications if accepted in connection with Pacific Mail Steamship Company.

On the 17th we offered her on behalf of the owners outside the contract, and she was accepted to leave this evening. Some fastening of her screw shaft, however, was found defective; and as this will require to be forged, trifling as it is, some days will be lost in its replacement.

The Postmaster-General then directed his attention to the “City of Melbourne;” and in reply to an official communication from him, the proposal enclosed was made, to which no reply has been received, and we learn the Government have chartered the “City of Melbourne” to proceed *via* Auckland and Kandavau to San Francisco.

We fear she may not overtake “Cyphrenes,” and, if not, another hitch may take place in carrying on the coastal service, which the proposal of 18th would have prevented.

If “Colima” arrive shortly, we will have her put right at once, and in place of despatching her to San Francisco we will send her to take up her position in New Zealand, so as, as early as possible, to put the service on a right footing. Failing this, and if “Cyphrenes” has gone to San Francisco before “City of Melbourne” reaches Kandavau, we must again have recourse to conveyance of mails from southern ports to Auckland, there to be picked up by large steamer.

We hope to have “City of San Francisco” and “Mikado” available here for next month’s mails, independently of “Colima,” and “Zealandia” should be here early in February.

Trusting you will recognize that in the emergency which has arisen we have done all that the means at our disposal would enable us to do to maintain the service,

We have, &c.,

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

Enclosure in No. 60.

MEMORANDUM.

OFFER to despatch "Macgregor," Monday 4 p.m., with mails direct to Kandavau, Honolulu, and San Francisco, returning with mails by same route. If accepted as an emergency ship on behalf of Pacific Mail Steamship Company, then taking penalties for overtime on voyage, but exempt from penalty for delay in starting.

If accepted as a ship altogether outside the contract, then on the conditions of the temporary contract with A.S.N. Co., except that payment shall be at the reduced rate of the permanent contract. Permission, if "Colima" arrives in time, to be despatched on Monday to substitute her for "Macgregor," and permission to substitute steamer under permanent contract to convey mails from San Francisco to the colonies.

If either offer accepted, "Colima" will not be sent from this end this month, so as to create complication or claim for double payment in respect of work to be done by "Macgregor."

Sydney, 17th December, 1875.

GILCHRIST, WATT.

No. 61.

The Hon. E. RICHARDSON to MESSRS. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 3rd January, 1876.

I have the honor to acknowledge the receipt of your communication of the 20th December last, enclosing copy of a letter which had been forwarded by Mr. Hall to the Postmaster-General at Sydney, and referring to the refusal by the New South Wales Government to allow the "Macgregor" to be substituted for the "Colima," adding, that the "City of Melbourne" had been chartered, and that it was doubtful whether she would catch the "Cyphrenes" at Kandavau, in which case another hitch in the service might occur. You further state that, failing the arrival in Sydney of the "Colima" shortly after the date of your letter, and if the "Cyphrenes" had gone to San Francisco, you would be compelled to again have recourse to the conveyance of the southern New Zealand mails to Auckland.

In reply, I have to thank you for the information given, and to state that, as previously intimated, no departure from the terms of the contract can be authorized; and I may add, that this Government fully concurs in the action which has been taken by the New South Wales Government.

With reference to that portion of your letter in which you express the hope that the "City of San Francisco" and the "Mikado" would shortly be available for a proper performance of the contract independent of the "Colima," I have to state that, considering the manner in which attempts have hitherto been made to carry out the contract, it does not seem at present desirable to rely on any programme which may be announced.

Looking, however, at the fact of the "City of San Francisco" and the "Mikado" having arrived in Auckland yesterday, that they are expected to leave for Sydney immediately, and that it is believed that the "Colima" will also be available, there seems reason to believe that the Company will this month be in a position to carry out the terms of the contract, and I beg to express the hope that such may be the case.

I have, &c.,

EDWARD RICHARDSON,
(for the Postmaster-General).

Messrs. Gilchrist, Watt, and Co.,
Agents for the Pacific Mail Steamship Company.

No. 62.

MESSRS. LAWRENCE, CLARK, and Co. to the POSTMASTER-GENERAL, Wellington.

Windsor Chambers, Great St. Helens, E.C.,

SIR,—

London, 29th October, 1875.

We have the honor to inform you that on the 28th instant we telegraphed to you as follows on behalf of the Pacific Mail Steamship Company, viz. :—*

We may state for your information, that the "Zealandia," the first of Messrs. Elder's boats, was successfully launched on the 18th instant, and will be despatched from London about the 15th December. The "Australia" will follow about a month later.

The Pacific Mail Company's new steamer "City of San Francisco" sailed from New York on 21st September for San Francisco, whence she is to take down the mails of 8th December. The "City of New York" and the "City of Sydney" were to follow at intervals of about four weeks.

* For telegram see No. 20.

We are informed that the trial trip of the "City of San Francisco" showed conclusively her ability to steam 360 miles per day without any forcing.

We have, &c.,

The Postmaster-General, Wellington. LAWRENCE, CLARK, AND Co.,
Agents for Pacific Mail Steamship Co.

No. 63.

The Hon. E. RICHARDSON to Messrs. LAWRENCE, CLARK, and Co.

GENTLEMEN,— General Post Office, Wellington, 11th January, 1876.

I have the honor to acknowledge the receipt of your communication of the 29th October last, quoting copy of a telegram which you addressed to the Postmaster-General of this colony on the 28th October last, intimating the intention of the Pacific Mail Steamship Company to perform the San Francisco contract for three months by the service known as the C route, and notifying the dates fixed for the departure to their several stations of the vessels to be employed in the performance of the contract.

In reply, I have to state that, on receipt of your telegram, this colony, in conjunction with New South Wales, declined to accept C service *via* Auckland. The New South Wales Government telegraphed to you to this effect, and on the arrival in New Zealand on the 5th November last of Mr. Hall, the General Agent for the Pacific Mail Steamship Company, this decision was speedily communicated to him.

I have, &c.,

Messrs. Lawrence, Clark, and Co., EDWARD RICHARDSON,
Agents for the Pacific Mail Steamship Company, (for Postmaster-General).
Windsor Chambers, London.

No. 64.

MESSRS. OWEN and GRAHAM to the Hon. D. POLLEN.

SIR,—

Auckland, 21st January, 1876.

We have the honor to advise you that we are instructed by the General Agent of the Pacific Mail Steamship Company that the "City of San Francisco" will bring the London December mails to New Zealand, and, in accordance with the letter of the contract, leave Port Chalmers on 9th February for San Francisco *via* New Zealand ports, Kandavau, and Honolulu. We feel gratified at receiving this intelligence, and trust the service starting next month from Sydney and New Zealand with powerful boats, may continue with uninterrupted punctuality.

We now beg to bring under your favourable consideration—1st, The pilotage and port dues that have been charged on the steamers "Colima" and "Cyphrenes," and 2ndly, the services of the "Cyphrenes." As we are informed that the Hon. the Postmaster-General has been petitioned with respect to the subsidy that this steamer may be fairly entitled to, and as we feel sure the Contractors will receive an equitable adjustment at the hands of your Government, it only remains for us to point out that while, on the one hand, the "Cyphrenes" was called upon to pay all charges to the Customs Department, being unrecognized as a contract mail boat, yet on the other hand, when we applied to the Chief Postmaster for permission to go South without calling at Napier, we were instructed that no such permit could be allowed; therefore, looking on her as bound by contract, and apparently recognized by the Postal Department, we feel ourselves, as agents, bound to instruct the captain to call at all the ports as specified, thereby entailing dues at every place.

The steamship "Colima," you are aware, was on her way from San Francisco to carry on the mail service from this end; the accident to her machinery, her arrival and detention here, are doubtless all familiar to you.

We would now respectfully solicit that the "Cyphrenes" and the "Colima" may be entitled to the privileges of the contract service, and be exempted from the charges, which we paid under protest.

We have, &c.,

The Hon. D. Pollen, Government Offices, Auckland. OWEN AND GRAHAM.

No. 65.

The Hon. D. POLLEN to Messrs. OWEN and GRAHAM.

GENTLEMEN,— General Government Offices, Auckland, 1st February, 1876.

I have the honor to acknowledge the receipt of your communication of the 21st January ult., and in reply to inform you that I will forward the same to the Postmaster-General.

I have, &c.,

Messrs. Owen and Graham, Auckland. DANIEL POLLEN.

No. 66.

Mr. DOWLING to the Hon. the POSTMASTER-GENERAL.

SIR,—

Bank of New Zealand, Wellington, 8th December, 1875.

I have the honor of enclosing a letter from the agent of the Pacific Mail Steamship Company, authorizing you to pay all subsidies as they become due to them to the Inspector of this Bank, attached to which, under cover addressed to Sir Julius Vogel, are Mr. Hall's credentials from the Company in New York.

I have, &c.,

EDWARD J. DOWLING,
(*pro* Manager).

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 66.

Mr. HALL to the Hon. the POSTMASTER-GENERAL.

SIR,—

Sydney, 23rd November, 1875.

I have the honor to enclose letter from the Contractors authorizing me to treat with your Government on all matters relating to the mail contract between New South Wales and New Zealand.

On behalf of the Contractors, I hereby authorize you to pay all subsidies as they fall due to D. L. Murdoch, Esq., Inspector of the Bank of New Zealand, or to his order, until further notice.

I take this opportunity to inform you that I have made the following appointments as agents of the Pacific Mail Steamship Company at the under-mentioned ports, viz.,—

Messrs. Owen and Graham, agents at Auckland, N.Z.; Messrs. Wilson, Sawtell, and Co., agents at Lyttelton, N.Z.; Henry Driver, Esq., agent at Dunedin, N.Z.; W. G. Turnbull, Esq., agent at Wellington, N.Z.; Messrs. Osborn, Cushing, and Co., agents at Melbourne, Victoria; Messrs. Gilchrist, Watt, and Co., agents at Sydney, N.S.W.

I have, &c.,

H. H. HALL,

General Agent of the Pacific Mail Steamship Company.

The Hon. the Postmaster-General, Wellington.

Enclosure 2 in No. 66.

Mr. BACON to Sir JULIUS VOGEL.

SIR,—

Office of Pacific Mail Steamship Company, Pier-foot of Canal Street,
North River, New York, 14th September, 1875.

We have the honor to inform you that Mr. H. H. Hall has this day been appointed general agent of this Company for the Australasian, New Zealand, and Fiji colonies.

He is authorized to act for us in all matters relating to the details of the contracts made with your Government for carrying the mails, and to receive all subsidies earned by the vessels of this Company.

I have, &c.,

JOHN BACON,

(for Secretary).

Sir Julius Vogel,
Postmaster-General of New Zealand, Wellington.

No. 67.

The Hon. D. POLLEN to the MANAGER, Bank of New Zealand, Wellington.

SIR,—

General Post Office, Wellington, 17th December, 1875.

With reference to your letter of the 8th instant, enclosing a communication addressed to the Postmaster-General, together with a letter from the Secretary of the Pacific Mail Company at New York, stating that Mr. Hall had been appointed general agent for the Company in the Australasian colonies, and authorizing him to receive all subsidies earned by the vessels of the Company, which letter was acknowledged on the 13th instant, I have now the honor to inform you that I am advised that the notification conveyed by the letter of the Secretary of the Pacific Mail Steamship Company of the appointment of Mr. Hall as their general agent, and Mr. Hall's letter to the Postmaster-General, do not sufficiently authorize Mr. Murdoch to receive payment of and give discharge for subsidies accruing due to the Company on account of their contract.

Pending the receipt of proper authority, if any payment of subsidy should become due, the money will be placed to credit of the Pacific Mail Steamship Company with the Bank of New Zealand, upon receiving Mr. Murdoch's acknowledgment as agent for such payments.

I have, &c.,

DANIEL POLLEN.

The Manager, Bank of New Zealand, Wellington.

No. 68.

Mr. MURDOCH to the Hon. the POSTMASTER-GENERAL.

SIR,—

Bank of New Zealand, Wellington, 17th December, 1875.

I have the honor to request you will pay to the Manager of the Bank of New Zealand, in Wellington, all subsidies which by the letter addressed to you by Mr. H. H. Hall, general agent of the Pacific Mail Steamship Company, I am authorized to receive.

I have, &c.,

D. L. MURDOCH,

Inspector.

The Hon. the Postmaster-General, Wellington.

No. 69.

Mr. KANE to the Hon. the POSTMASTER-GENERAL.

SIR,—

Bank of New Zealand, Wellington, 24th January, 1876.

On behalf of the Pacific Mail Steamship Company, I have the honor to hand you herein memorandum of account amounting to £1,729 16s. 2d., being subsidy due as per contract for the conveyance of mails from San Francisco to Dunedin by the s.s. "Colima," to which I beg the favour of your early attention.

I have, &c.,

R. H. KANE,

(pro Manager).

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 69.

The POSTMASTER-GENERAL, New Zealand, to the PACIFIC MAIL STEAMSHIP COMPANY.

SUBSIDY as per contract for conveyance of mails from San Francisco to Dunedin, £1,729 16s. 2d.

Time begins from midnight of 10th November, 1875, terminating 3.45 p.m., 13th December.

The ship was detained by breaking her crank shaft, which was caused by an internal flaw in the iron, there being no apparent external flaw or fracture, and no means known by which such an internal defect can be discovered until the iron be actually broken.

The cause of detention therefore being caused by something beyond the control of the Contractors, the latter respectfully claim to be entitled to the full subsidy, inasmuch as until the accident took place the ship had been making her course at a speed exceeding that fixed by the contract.

Sydney, 31st December, 1875.

H. H. HALL,

General Agent.

No. 70.

Mr. ROSE to the MANAGER, Bank of New Zealand.

SIR,—

General Post Office, Wellington, 31st January, 1876.

I have the honor, by direction of the Acting Postmaster-General, to acknowledge the receipt of your letter of the 24th instant, forwarding memorandum of account from Mr. H. H. Hall, general agent of the Pacific Mail Company, for subsidy claimed for services performed by the s.s. "Colima."

In reply, I am to inform you that, as the mail service was not performed by the "Colima" in accordance with the terms of the contract, the amount claimed cannot be paid.

I have to add that, with a view to a satisfactory settlement of the claim, a copy of the account has been forwarded to Sir Julius Vogel, who, on visiting Sydney shortly, will deal with the matter.

I have, &c.,

THOMAS ROSE,

(for the Secretary).

The Manager, Bank of New Zealand, Wellington.

No. 71.

Mr. TOLHURST to the POSTMASTER-GENERAL.

SIR,—

Bank of New Zealand, Wellington, 7th February, 1876.

On behalf of the Pacific Mail Steamship Company, I have the honor to hand you herein memorandum of account, amounting to £1,729 16s. 2d., being subsidy due as per contract for the conveyance of mails from San Francisco to Auckland by the steamship "City of San Francisco," to which I beg the favour of your early attention.

I have, &c.,

GEORGE E. TOLHURST,

Manager.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 71.

The POSTMASTER-GENERAL, New Zealand, to the PACIFIC MAIL STEAMSHIP COMPANY.
 FOR conveyance of mails from San Francisco to Auckland as per contract, £1,729 16s. 2d.
 Time commences at 1.7 p.m. on 11th December, 1875, terminating 5.50 p.m., 1st January, 1876. Whole time from San Francisco to Auckland, including detention at Honolulu, 508 hours 43 minutes.

Sydney, 15th January, 1876. H. H. HALL,
 General Agent, Pacific Mail Steamship Company.

No. 72.

Mr. TOLHURST to the POSTMASTER-GENERAL.

SIR,— Bank of New Zealand, Wellington, 9th March, 1876.
 On behalf of the Pacific Mail Steamship Company, I have the honor to hand you herein memorandum of account amounting to £1,729 16s. 2d., being subsidy due as per contract for the conveyance of mails from Auckland to San Francisco by the s.s. "Vasco de Gama."

I also beg to hand you herewith letter received from the Company's agents in Sydney, Messrs. Gilchrist and Watt, and shall be much obliged by your favouring me with an early reply, in order that I may advise our Sydney office by the mail leaving per "Arawata" on Saturday next.

I have, &c.,
 GEORGE E. TOLHURST,
 Manager.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 72.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL.

SIR,— Sydney, 24th February, 1876.
 We have the honor to enclose claim for subsidy in respect of conveyance of mails per "Vasco de Gama" from Auckland to San Francisco.

There was no other contract steamer available in the colonies to commence the service, and the only course open to the representatives of the Contractors, in fairness to both the contracting colonies, was to send the "Vasco de Gama" *via* Auckland, after the refusal of permission to send the "Cyphrenes" a special trip.

The mails were conveyed from the southern ports to Auckland at the cost of the Contractors.

In consequence of the "Vasco de Gama" proceeding *via* Auckland, the Postmaster-General of this colony has, up to this time, declined to recognize the claim to subsidy, notwithstanding that we despatched the "Cyphrenes" from this direct to Kandavau with later mails, which were there transhipped to "Vasco de Gama," while "Cyphrenes" proceeded to perform the New Zealand coastal service, pending the arrival of another ship.

We were aware when the "Vasco de Gama" proceeded *via* Auckland that the Contractors imperilled the payment of subsidy by this colony under the strict letter of the contract, but we trusted to the liberal consideration of both Governments for the difficulties attending the initiation of a new service, and the course taken we think was, under the circumstances, the only proper course in the interests of the two contracting colonies; and we venture to ask, not only that the Government of New Zealand will recognize the claim for the conveyance of their mails, in consideration of the deviation having been made in the interest of New Zealand, but that you will suggest to this Government that a liberal view should be taken of the claim for the New South Wales subsidies.

To the Postmaster-General. We have, &c.,
 GILCHRIST, WATT, AND Co.

Enclosure 2 in No. 72.

The POSTMASTER-GENERAL, New Zealand, to the PACIFIC MAIL STEAMSHIP COMPANY.
 FOR conveyance of mails per "Vasco de Gama," from Auckland to San Francisco, as under, £1,729 16s. 2d.

NOTE.—Time commenced p.m., 25th November, 1875 (precise hour not known), and terminated 3.40 a.m., 21st December, 1875, bringing the time within 591 hours.

Sydney, 24th February, 1876. GILCHRIST, WATT, AND Co.

No. 73.

Mr. GRAY to the MANAGER, Bank of New Zealand.

SIR,— General Post Office, Wellington, 11th March, 1876.
 I have been directed by the Postmaster-General to acknowledge receipt of your communication of the 9th inst., forwarding a letter addressed to the Postmaster-General of this

colony by Messrs. Gilchrist, Watt, and Co., of Sydney, covering a memorandum of account amounting to £1,729 16s. 2d., alleged to be due to the San Francisco Mail Contractors by this colony for the carriage of mails from Auckland to San Francisco by the s.s. "Vasco de Gama," in November last.

The Postmaster-General has directed me to inform you, in reply, that the two contracting Governments do not consider the Contractors were carrying out the contract on the occasion for which subsidy has been claimed. The Government of New South Wales is now in communication with the Contractors on the matter. This colony is therefore unable to recognize the claim rendered by Messrs. Gilchrist, Watt, and Co.

I have, &c.,
W. GRAY,
Secretary.

The Manager, Bank of New Zealand, Wellington.

No. 74.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 12th January, 1876.

We have now the honor to advise that, the break-down of the "Colima" having delayed the commencement of the regular service, we have taken the earliest opportunity for placing the service on the proper footing.

The "Mikado" proceeds from this to Auckland, there to receive the Southern mails from "Cyphrenes," or if that ship has proceeded to San Francisco, having failed to be joined by a steamer from this port, then from such vessel as the Pacific Mail Steamship Company Agent has arranged with for the conveyance of mails to Auckland.

"Mikado," after having received the mails, will proceed to Kandavau, and thence through to San Francisco.

The "City of San Francisco" leaves this 14th instant for Kandavau, there to junction "Grenada" from San Francisco, and proceed to Auckland and thence to Port Chalmers, and be the through ship to San Francisco for February.

We must leave to your equitable consideration the subsidy to be paid for the services of the "Cyphrenes." We have availed of the only means at our disposal to maintain the continuity of the service; and although the ship is not up to contract tonnage and speed, she has done the work. If she proceeded through to San Francisco, we trust the full subsidy will be paid for her trip, and the other advantages in remission of port charges be made in favour of the Contractors.

If she has transferred her mails to "City of Melbourne" at Kandavau, then we trust you will recognize that the Contractors are fairly entitled to a *pro rata* remuneration for the work done.

The Government of New South Wales, having chartered the "City of Melbourne" to convey their mails hence to San Francisco, intimated that that ship would be available for the February mails from San Francisco. The General Agent thereupon offered to telegraph to San Francisco to arrange for the non-despatch of a Pacific Mail Steamship Company's ship for February, so as to avoid complication with the ship chartered by the Government of New South Wales, provided that the non-despatch of a Pacific Mail Steamship Company's steamer from San Francisco concurrently with the "City of Melbourne" would not be held as breach of contract by New Zealand or New South Wales, and that the Contractors would be exonerated from all consequences that would flow from such non-despatch. This proposal was not accepted, and the matter must remain for arrangement in San Francisco.

We hope to have the "Colima" ready for next month, and the "Granada" should also be here.

We have, &c.,
The Hon. the Postmaster-General of New Zealand,
Wellington, New Zealand. GILCHRIST, WATT, AND Co.

No. 75.

Mr. ROSE to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 31st January, 1876.

I have been directed by the Acting Postmaster-General to acknowledge the receipt of your letter of the 12th instant, respecting the San Francisco Mail Service, and to inform you in reply that a copy of your communication has been forwarded to Sir Julius Vogel, who will shortly visit Sydney.

I have, &c.,
THOMAS ROSE,
(for the Secretary).

Messrs. Gilchrist, Watt, and Co., Sydney.

[For proceedings of Conference by telegraph, referred to in subsequent letters, see F.—3A.]
6—F. 3.

No. 76.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

21st February, 1876.

OUR congratulations on cablegraphic communication. "Granada" sailed 11th inst., with instructions to remain four days at Kandavau for "City of Melbourne," which left San Francisco 6th inst., but we have no definite information whether she comes *via* Kandavau or Auckland.

Sir Julius Vogel, Wellington, N.Z.

GILCHRIST, WATT, AND Co.

No. 77.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

25th February, 1876.

THANKS for your congratulations. I am unaware of what use to send "Granada" to Fiji to wait four days, when, according to date you give, incoming steamer cannot reach Kandavau before "Granada" leaves. I protest most strongly against course adopted last month. We contract for getting our mails from San Francisco to Port Chalmers by way of Kandavau and Auckland. We did not get a semblance of that to which we were entitled. We hold that the Company contract to carry our mails from Frisco to Auckland and Port Chalmers by way of Kandavau in a stated number of days, and it is their business to have steamer at Kandavau. The three days' restriction applies only to up-service.

Messrs. Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

No. 78.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

24th February, 1876.

It is stated that "City of Melbourne" left Frisco on 6th. Does she come on direct to Auckland or branch at Kandavau?

Postmaster-General, Sydney.

JULIUS VOGEL.

No. 79.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

26th February, 1876.

No information further than communicated in question three of conference. Foster and Cooper having been requested inform Contractor available for return mails. Presume in absence of anything to contrary will come *via* Fiji. I understand Company have arranged "Granada" connects there.

The Hon. Sir J. Vogel, Wellington.

POSTMASTER-GENERAL.

No. 80.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

26th February, 1876.

THE reason I asked you about "City of Melbourne" was because Gilchrist, Watt, telegraphed "Granada" had gone to Fiji to wait four days, and so I thought you might have varied the arrangement previously made with "City of Melbourne." In your letter of 20th December you said you had chartered "City of Melbourne" to and fro *via* Auckland, and again in your telegram of the 18th December you said charter was in terms precisely similar to late temporary service. By your telegram received to-day you seem to expect "City of Melbourne" to go to Kandavau. This is contrary to terms of former letter and telegram, and you must see we should never have joined in her charter if we knew we had to rely on the Contractors doing part of the service. The "Granada" will not wait "City of Melbourne's" arrival, and if "Melbourne" does not come on to Auckland we shall sustain a great wrong. In respect to this point, at Telegraph Conference I said I knew nothing of the circumstances, but now that I do know them I protest against the "City of Melbourne" performing any but the route you originally announced.

The Hon. the Postmaster-General, Sydney.

JULIUS VOGEL.

No. 81.

The COLONIAL SECRETARY, New South Wales, to the Hon. Sir J. VOGEL.

(Telegram.)

27th February, 1876.

BURNS and I overlooked, in our telegraphic conversation with you on 29th January last, that our predecessors in office somewhat committed this colony to carry Fiji mails for postage only. Copy of the correspondence per next mail.

The Hon. Sir J. Vogel, Wellington.

COLONIAL SECRETARY.

No. 82.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

29th February, 1876.

ARRANGEMENTS stated letter 20th December not carried; but "City" having been placed at Contractors' disposal for return mail, I assumed she had been availed of. Contractors to return *via* Fiji under contract, making proper connection there with New Zealand. If "City" has not got mails she will, of course, return *via* Auckland; and if she has mails, but misses connecting boat at Kandavau, I entertain no doubt captain will proceed *via* Auckland. Whilst offering "City" so as to avoid another overlapping and possible double payment, it appeared to me unadvisable to give Contractors formal permission to adopt Auckland route if they could have fulfilled contract as regard route with the "City." Moreover, A.S.N. Co. and captain were made aware before "City" left that in all probability she would be taken by Contractors for return mails. Am disappointed at no reply from Cooper; looked anxiously for one up to date of "City's" departure from Frisco, and the absence of this affords another reason for my supposing that they have worked the "City" into the contract without prejudice thereto, as our telegram Cooper stated that her employment for return mails must be without prejudice to contract.

The Hon. Sir Julius Vogel, Wellington, N.Z.

POSTMASTER-GENERAL.

No. 83.

The Hon. Sir J. VOGEL to the Hon. the POSTMASTER-GENERAL, Sydney.

SIR,—

General Post Office, Wellington, 28th February, 1876.

Referring to what took place at the recent conference by telegraph, respecting changes *vide* F.—3A. in the nature of the San Francisco Mail Service, I desire to call your attention to Mr. Robertson's and your remark,—“If you desire any change, it may be better to leave the matter till you can write from New Zealand.”

Although, as I said during the conference, if you succeed in getting £10,000 from Fiji and New Caledonia, it will meet the requirements of the House of Representatives that our share of the cost should be reduced by £5,000, it seems to me desirable to further elicit your views as to changes in the service.

It may be that our Parliament would be inclined, in consideration of a reduced cost, to modify the present coastal service, or (as I said at the conference) to consent to a branch boat from Fiji. There are three modifications, any one of which the Contractors might be willing should be made:

- (a.) That the main boats should not proceed further than Auckland, we arranging for the service to other ports.
- (b.) That the main boats should not proceed further than Wellington, we arranging for the service to ports other than Auckland, Hawke's Bay, and Wellington.
- (c.) That the main boats should proceed to and from Sydney *via* Kandavau, and that we should arrange to bring our mails to and from Fiji, and to deliver and collect them at the various New Zealand ports.

The last suggested modification would obviously be much to your advantage, as it would give you each way a through boat to and from Sydney, whereas at present you have only a branch boat for the up-service. The other two modifications would also be evidently, though less directly, to your advantage, inasmuch as, by necessitating less work from the contract boats collectively, there would be less liability to derangement of the service through accident. For example, if the down boat did not proceed further than Auckland, there would, in the event of an accident to the boat going from Kandavau to Sydney, be less difficulty in remedying it than there would if the boat coming to New Zealand had to proceed to Port Chalmers.

I have, therefore, to ask, whether you have any objection to our putting ourselves into communication with the Contractors, to ascertain what reductions they would be disposed to make in each of the three cases I have suggested. Supposing the Contractors to be prepared to make a substantial reduction, would you object to our having the whole benefit of it?—we, of course, paying for any local service which might be rendered necessary. In making the suggested inquiries, we should inform the Contractors that we could not conclude any arrangement with them without the consent of the New Zealand Parliament. I am not at all certain that our Parliament would be willing to forego the coastal service or the main boat for any concession the Contractors are likely to make. Nevertheless, from what passed last Session, it seems very desirable we should elicit from the Contractors as far as possible what modifications they would be prepared to make, in order that we may submit the question to the Assembly next Session.

In asking you to forego any participation in reductions the Contractors may be willing to make on account of a modified service, I need only further say that any such modifications would be wholly to the disadvantage of New Zealand, and to the advantage of New South Wales.

Since the above was written, I have received a telegram from the Hon. Mr. Robertson, copy of which I enclose. I understand from this that your Government consider the conditions with Fiji are somewhat affected by the action of the preceding Government; but I do not understand Mr. Robertson to consider the question so settled as to preclude your negotiating as

agreed upon at the recent conference by telegraph. Possibly, Fiji might prefer paying a stated sum; and any understanding with the late Government could scarcely have been so definite as to preclude consideration of this fact, which arose after that Government's retirement, that the Contractors are willing to take £15,000 less if the calling at Fiji is abandoned. The correspondence which was sent to us from your colony on the subject, together with that in our own offices, does not lead to the conclusion that the consideration of the subject is closed. Writing of that arrangement on the 26th January, 1875, Mr. Tilley, the Secretary to the London Post Office, spoke of it as a temporary measure. Mr. Samuel, in his memorandum of the 31st July, 1874, which was forwarded to us by the Hon. Mr. Parkes, stated that it would "be necessary to obtain, before any decision can be arrived at," the consent of New Zealand to his proposal. To this we replied, "We concur in the recommendation made by the Hon. Mr. Samuel in regard to the carriage of Fiji mails as a temporary arrangement; but suggest that if after a year or so Kandavau should continue to be a port of call for the Pacific mail steamers, the Fiji Government should be required to pay a subsidy for "the advantage conferred upon those islands." Since then Fiji has become a British colony, and the extra cost of calling there is £15,000. Surely the time has arrived when the temporary arrangement should be superseded. Recent letters from the Colonial Office treat the question as open, and there was also an invitation to postpone dealing with it till after Sir A. Gordon's arrival. I am under the impression your predecessors retired before the Governor of Fiji took office, so that in all ways it seems to me you are free to act; and this colony decidedly desires a fixed contribution from Fiji.

I have, &c.,
JULIUS VOGEL.

The Hon. the Postmaster-General, New South Wales, Sydney.

No. 84.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 8th February, 1876.

Not published.

I am directed to acknowledge the receipt of your letter dated the 31st ultimo, enclosing copy of further correspondence which has been exchanged with your department on the subject of the San Francisco service.

I am to take this opportunity to forward for your information a copy of the communications which have passed between Messrs. Gilchrist, Watt, and Co. and this department relative to the mails for New Zealand from San Francisco having been brought on to Sydney by the "Granada," which vessel arrived here on the 6th instant.

The Postmaster-General desires me to add that he is much concerned at the inconvenience which will be sustained by the New Zealand public in this matter.

I have, &c.,
S. H. LAMBTON,
Secretary.

The Secretary, General Post Office, Wellington.

Enclosure 1 in No. 84.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 7th February, 1876.

We have the honor to inform you of the arrival of the "Granada," having on board the mails for New South Wales and New Zealand.

The former were landed about midnight of the 5th instant. The latter are now on board the "Granada," and will be forwarded per "Hero" to Auckland to-morrow.

We annex memo. of the movements of the contract steamers, and have, &c.,

GILCHRIST, WATT, AND Co.,
Agents.

The Hon. the Postmaster-General, Sydney, N.S.W.

Sub-Enclosure to Enclosure 1 in No. 84.

MEMORANDUM for the Hon. the POSTMASTER-GENERAL, Sydney.

THE English mail reached San Francisco late on the 8th, or early on the morning of the 9th January. "Granada" shipped mails, and proceeded to sea 4.15 p.m. same day. "City of San Francisco" arrived at Kandavau on morning of 21st January, having proceeded under easy steam from Sydney. Waited for mails per "Granada" till 25th, remaining there four and a half days in place of three days, as per contract; then proceeded to Auckland, where she arrived on the morning of the 29th.

"Mikado" arrived at Kandavau on 22nd January, and proceeded to San Francisco early on the 23rd idem, carrying mails from New South Wales and New Zealand.

Enclosure 2 in No. 84.

Mr. LAMBTON to MESSRS. GILCHRIST, WATT, and Co.

GENTLEMEN,—

Sydney, 8th February, 1876.

I am directed to acknowledge the receipt of your letter dated the 7th instant, intimating the arrival of the "Granada" from San Francisco, and also that she had brought on to

Sydney the mails for New Zealand, owing to there being no vessel at Kandavau to take them on as required by the contract.

The Postmaster-General of New Zealand, as the party immediately concerned in the detention of mails for that colony, will of course deal with the matter; but Mr. Burns desires me to point out, with reference to your representation that the "City of San Francisco" remained at Kandavau "four and a half days in place of three days as per contract," that he is unaware of any provision in the contract limiting the detention at Kandavau of the branch boat for New Zealand to only three days in the event of the non-arrival of the mail from San Francisco, although such provision is very properly included as regards the packet from New Zealand for San Francisco waiting at Kandavau for the branch mail from Sydney.

I am also to mention that, according to the time table published by the Contractors, the date of arrival at Kandavau of the mail from San Francisco is the 24th January, while the "City of San Francisco" left Kandavau on the 25th January, or only allowing one day after the expected arrival of the packet from San Francisco. Now, seeing that the Company had the means of telegraphing to their agent here the fact that the "Granada" had started from San Francisco four days late, and could not therefore reasonably be expected to reach Kandavau until four days after the time specified in the table, it must at once be apparent to you that the departure of the "City of San Francisco" for New Zealand after waiting one day only for the "Granada" was premature, and has resulted in what Mr. Burns conceives will be considered by the Postmaster-General of New Zealand as a gross breach of contract.

I am to add that if no better arrangements be made as regards connecting at Kandavau, it would seem likely that the New Zealand mails will be brought on to Sydney on every occasion when the vessel may be late in leaving San Francisco.

I have, &c.,

S. H. LAMBTON,
Secretary.

Messrs. Gilchrist, Watt, and Co.

No. 85.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

SIR,—

General Post Office, Wellington, 28th February, 1876.

Mr. Lambton's letter of the 8th instant to the Secretary to the General Post Office has been submitted to me, as has also the letter which, by your direction, Mr. Lambton addressed to Messrs. Gilchrist, Watt, and Co., in which he complains of the New Zealand mails due at Auckland on January 30th having been carried by way of Sydney, and expressed your opinion that the course adopted would be considered by the Postmaster-General of this colony to be a gross breach of contract.

I entirely adopt the views expressed in these letters, and I am much obliged to you for having caused the Contractors to be promptly informed of your opinion on the subject.

The evident meaning of the contract is, that the Contractors shall so arrange their boats as to bring on the New Zealand mails from San Francisco by way of Kandavau, to Auckland, and thence to the intervening ports and Port Chalmers, within a stated number of hours, and it is their business to provide the boats, and to insure that they shall be at the necessary ports. As it is, the last mail from England for this colony was simply carried to Sydney and there put on board a vessel for Auckland, whence by ordinary coasting steamer it was carried to other ports.

The utter disregard which the Contractors show for the requirements of the contract inclines this Government to ask you to concur in giving notice, under the 24th clause, to terminate the contract. It is certain that this Government will not consent to make payments unless the mails are carried in the manner provided for by the contract; and if the Contractors assume that they have the right to keep the boats at Kandavau for the mails from England such time only as suits their convenience, breaches of the contract may be constantly expected.

I am not certain what action you have taken in consequence of the agreement we came to at the recent conference by telegraph, to urge the Contractors to regard the service as being commenced with the departure of the last outgoing mails. As far as we are concerned, I can say that the service mentioned was the first as to which there was even a prospect of its being performed in accordance with the contract. We suppose that the "City of Francisco," which left Auckland on the morning of the 15th instant, will proceed through to San Francisco. Not one of the Contractor's steamers has yet performed a service in compliance with the contract, so that the result is this:—The Contractors must consent to assume that they began under the contract only with the departure of the last outgoing mail, or we must hold that up to that time they had wholly failed to perform what they have undertaken. When there is a reasonable resemblance between that which is done and that which is contracted for, the enforcement of penalties for breaches of contract meets the justice of the case; but where there is no resemblance between the two, it appears to me that it is idle to speak of deducting penalties from payments provided for by the contract, and that such cases can only be dealt with by altogether refusing to make payments.

I have, &c.,

The Hon. the Postmaster-General, New South Wales.

JULIUS VOGEL.

No. 86.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL.

SIR,—

Sydney, 10th February, 1876.

Vide No. 75.

We are in receipt of your letter of 31st ultimo, intimating that the question of subsidy claimed on behalf of the Pacific Mail Steamship Company had been referred to Sir Julius Vogel, who intended to visit Sydney; but we regret exceedingly that ill health prevented his doing so, as the questions connected with the mail service are complicated, and, having two contracting colonies to deal with, they are extremely difficult of solution.

We look forward to the speedy completion of the telegraphic communication betwixt our colonies remedying this in a great measure in the future; but we have to ask your equitable consideration of the proceedings up to this time, and particularly of the last unfortunate failure of the "City of San Francisco" to junction with the "Granada" at Kandavau.

With the desire to provide against the New Zealand mails being brought on here on any future repetition of this difficulty, we addressed the Postmaster-General here under date 8th instant (copy enclosed), and received a reply (copy enclosed) to which we replied (copy enclosed), pointing out that the present difficulty had in fact occurred by a rigid adherence to the terms of the contract, and the same rigid adherence would again lead to the same result.

We trust the matter may be arranged betwixt the two Governments, so that clear instructions may be given to the masters of the steamers how to act in the event of their not finding a branch steamer at Kandavau to carry on the New Zealand mails.

Since the service began, we have done all in our power to fulfil the terms of the contract; and as our letters have from time to time shown you the various steps we have taken to do so, we refer to them, and ask, on behalf of the Contractors, that they be liberally met in the matter of subsidies.

Why the early steamers were sent *via* Auckland, we are not in a position definitely to say; but we believe the contractors arranged to commence the service in November instead of February, under the idea that the C route would be acceptable to the contracting colonies for three months, seeing that the colonies would be getting, during these three months, the superior steamers stipulated for in the contract, at a cost of £1,000 per month less than they were paying for the provisional service by C route; and as the decision of the colonies to reject the C route for three months was only known in London early in November, and the cable was interrupted during that month and part of December, it was impossible to alter the arrangements earlier than has been done, and the only possible means of meeting the difficulty were adopted by the General Agent of the Company in despatching the "Vasco de Gama" *via* Auckland, sending "Cyphrenes" from here to Kandavau direct with supplementary New South Wales mails, and subsequently employing that ship in the New Zealand coastal service until the regular contract ships reached the colony.

We may state that this Government refused to sanction the "Vasco de Gama" proceeding by way of Auckland, as being a departure from the letter of the contract; and we are not aware whether our having despatched the "Cyphrenes" two days after her direct with a supplementary mail will be accepted as condoning the departure from the letter of the contract. In sending the "Vasco de Gama" *via* Auckland, we acted as we considered was required by good faith towards and in the interests of both the contracting colonies.

We take the liberty to enclose copy of a letter received by us by last mail from San Francisco, which will show you the spirit of good faith in which the Contractors have entered on this service, and desire to carry it on.

We have, &c.,

GILCHRIST, WATT, AND Co.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 86.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 8th February, 1876.

The "Granada," having been detained at San Francisco waiting the arrival of the English mails, left that port on the 9th ultimo for Honolulu and Kandavau, arriving at the latter port 30th January, where she should have connected with the "City of San Francisco," but that ship, after waiting four and a half days, had proceeded to New Zealand to take her station at Dunedin with the outward mails of 9th inst.

As the ships from San Francisco are bound to wait the arrival of the English mails for seven days, a similar difficulty may occur again. We therefore take leave to ask that in such a case this Government will sanction the mail steamer proceeding to Auckland, there to land her New Zealand mails and then come on to Sydney; and we will be obliged if this permission be accorded in time for us to advise it by the mail leaving for Kandavau on 11th inst.

We have, &c.,

GILCHRIST, WATT, AND Co.

The Hon. the Postmaster-General, Sydney.

Enclosure 2 in No. 86.

Mr. LAMBTON to MESSRS. GILCHRIST, WATT, and Co.

GENTLEMEN,—

Sydney, 9th February, 1876.

I am directed to acknowledge the receipt of your letter of yesterday's date, referring to the detention of the s.s. "Granada" at San Francisco awaiting the arrival of the English mails last month, and to the departure of the s.s. "City of San Francisco" from Kandavau to Auckland on the 25th of the same month without the New Zealand mails; and also requesting that permission may be given, in the event of any similar case occurring in future, for the through boat to proceed with the mails to Auckland, and thence on to Sydney.

In reply, I am to state that the Postmaster-General declines to accede to your request, and, at the same time, your attention is directed to the 5th clause of the contract, providing for a vessel to be ready at Kandavau to receive and convey therefrom the New Zealand mails.

Mr. Burns desires me to say that he deeply regrets the inconvenience to which the New Zealand Government has been subjected, and his great anxiety to do anything in his power which would obviate such inconvenience; but he is deeply impressed, in the interests of New Zealand as well as in those of this colony, with the necessity of enforcing a strict adherence to the terms of the contract.

I have, &c.,

S. H. LAMBTON,

Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

Enclosure 3 in No. 86.

MESSRS. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 10th February, 1876.

We are in receipt of your letters of 8th and 9th instant, and in reply beg to point out that in the time table of which you have been good enough to hand us a copy, the arrival of the steamer from Sydney at Kandavau is fixed for 21st January. She arrived there early on the 21st, and left on the evening of the 25th, remaining four and a half days at Kandavau.

The date of arrival at Kandavau of steamers from San Francisco is not fixed by time table, but the departure is fixed for the 24th. A provision exists for the delay of the through steamer for seventy-two hours, waiting the arrival of the branch steamer; and in the absence of any express provision for the delay of the branch steamer waiting the through steamer, we think it is fair to assume it at the same—namely, seventy-two hours.

The contract provides for the employment of five ships in the service, and this allows for four ships at sea and one in port undergoing the necessary overhaul; and to maintain the service with five ships, it is absolutely necessary that there must be a limit to the detention of the branch steamer at Kandavau, and this is a point on which we hope we will have the opinion of the two contracting Governments.

You will see the present hitch in conveyance of mails to New Zealand has arisen in consequence of a strict adherence to the terms of the contract; and we regret exceedingly that you do not permit any deviation therefrom, in case of need, in the interests of the people of New Zealand.

We have, &c.,

GILCHRIST, WATT, AND Co.

The Hon. the Postmaster-General, Sydney.

Enclosure 4 in No. 86.

EXTRACT of A. P. BACON'S Letter, dated San Francisco, 8th January, 1876.

WHEN our Company assumed the contract, it was under the apprehension that we would meet friendly co-operation at every point and from every officer of the Colonial Governments, and also from the citizens.

We are certainly aiming to carry out our understanding in the best and most simple good faith; and in the end, if we are dealt with in the manner we anticipated when we entered into the transaction, the colonies will soon have a line of the finest boats on any ocean, and accommodations which will compare favourably with any in the world.

No. 87.

The Hon. Sir J. VOGEL to MESSRS. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 28th February, 1876.

It appears by the general tenor of your letter of the 10th instant that you consider the Contractors have a right to expect that as long as they are anxious to do the best with the means at their disposal the Governments should be satisfied, and you enclose me an extract from a letter you have received from San Francisco, in which this view is explicitly put forth.

I have, in reply, to say that the Contractors were always given to understand that they would be expected to carry out the terms of their contract, and this Government will be content with nothing less, until and unless any of such terms are modified or altered. Up to the

present time it appears to the Government that there has been nothing provided in the nature of a resemblance to the contract: the Contractors have been running certain boats in the manner which pleased them, but not in accordance with the contract terms.

I take this opportunity of informing you that if you claim that the contract has been in operation for the past few months, we are so thoroughly dissatisfied with the way in which it has been carried out that we are disposed to give notice of ending it, on account of the gross breaches already committed.

Messrs. Gilchrist, Watt, and Co., Sydney.

I have, &c.,
JULIUS VOGEL.

No. 88.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL.

SIR,—

Sydney, 15th March, 1876.

We have the honor to acknowledge receipt of your letter of 28th ultimo.

We are unfortunate in having conveyed to you the erroneous impression that we "consider the Contractors have a right to expect that, as long as they are anxious to do the best with the means at their disposal, the Governments should be satisfied."

We are deeply impressed with the importance of adhering to the terms of the contract, but when we learned that the London agents of the Contractors had telegraphed they would send three mails *via* Auckland and trust to the liberal consideration of the Colonial Governments, and that this proposal had been rejected, the only possible means of approaching the terms of the contract were adopted, viz., detailing the "Cyphrenes" temporarily for the coastal service; and, in doing so, the Contractors trusted to the liberal consideration of the Colonial Governments.

We referred to the letter of the San Francisco agents as showing the spirit of good faith in which the work was being entered upon, in aid of the appeal for liberal consideration, and which, we trust, will not be wanting.

The "Vasco de Gama" carried the mails from Auckland to San Francisco, the intercolonial conveyance to Auckland being provided by the Contractors, and for two months the "Cyphrenes" carried on the coastal service of New Zealand, services which we trust the New Zealand Government will not wholly decline to recognize.

The Hon. the Postmaster-General.

We have, &c.,
GILCHRIST, WATT, AND Co.

No. 89.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 11th February, 1876.

We have the honor to enclose you copy of correspondence of this date with Postmaster-General here, in conformity with which the captain of the "Granada" is instructed to wait at Kandavau till 26th instant for "City of Melbourne," which we trust will meet with your approval.

We have, &c.,
GILCHRIST, WATT, AND Co.

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

Enclosure 1 in No. 89.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 11th February, 1876.

Will you kindly advise us whether the s.s. "City of Melbourne" comes by way of Kandavau or by way of Auckland, so that we may instruct the captain of the "Granada" how to act at Kandavau? We instruct him, in case of need, to wait at Kandavau seventy-two hours from date fixed for departure of incoming steamer at Kandavau, which will imply a delay of seven days from her arrival at Kandavau.

In making this arrangement, to avoid a repetition of the hitch that occurred with "Granada's" mails, we trust you will exercise your influence to free us from any blame by the New Zealand and this Government, in case such delay should involve a slight detention in the despatch of the outward mails.

The Hon. the Postmaster-General, Sydney.

We have, &c.,
GILCHRIST, WATT, AND Co.

Enclosure 2 in No. 89.

Mr. LAMBTON to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

Sydney, 11th February, 1876.

In reply to your note of to-day, I am directed by the Postmaster-General to state that he has no special intimation made to him as to the route the "City of Melbourne" will return

by. Mr. W. Forster was informed of the engagement of the vessel for the service, and was requested to intimate the fact to the Contractors in England, and to notify to them that the "City of Melbourne" would be available to bring the return mails appointed to leave San Francisco on the 2nd instant. This no doubt he has done; and Mr. Burns considers that the Pacific Mail Steamship Company should have informed you of the arrangements made for bringing on these mails.

I am to state that this office is advised that the "City of Melbourne" left San Francisco on the 6th instant, so that, if she does proceed *via* Kandavau, she will in all probability be four days late in reaching there. We are not informed whether she has the mails on board.

I have, &c.,

S. H. LAMBTON,
Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

Enclosure 3 in No. 89.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

DEAR SIR,—

Sydney, 11th February, 1876.

We have your favour of this date in reference to "City of Melbourne," and as that ship was four days late in leaving San Francisco, the captain of the "Granada" will be instructed to remain four days at Kandavau after date fixed per time table for departure of incoming steamer, say until 26th February, being a detention of eight days of "Granada" at Kandavau, on the understanding that you will use your influence with the Governments of both colonies to hold the Contractors harmless from any penalties that may be incurred by consequent delay in the outward mails, the more so as it is possible the "City of Melbourne" may proceed to Auckland direct without calling at Kandavau at all.

Your reply before "Granada" leaves will much oblige.

We have, &c.,

GILCHRIST, WATT, AND Co.,
Agents for Contractors.

The Hon. the Postmaster-General, Sydney.

Enclosure 4 in No. 89.

Mr. LAMBTON to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Sydney, 11th February, 1876.

In reply to your further letter of this date, I am directed to inform you that, as the Contractors in England must be presumed to know what arrangements have been made as regards the "City of Melbourne," and whether or not she is bringing on the mail from San Francisco, it appears to be their duty, and not that of the Postmaster-General, to advise their agents here as to the best arrangement to be made as respects the movements of the vessels, so as to secure their making proper connections *en route*.

I have, &c.,

S. H. LAMBTON,
Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 90.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

General Post Office,

Wellington, 28th February, 1876.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your communication of the 11th instant, enclosing copies of letters which had been exchanged between yourselves and the Postmaster-General of New South Wales on the matter of the Contractors' liability for the detention of the branch boat at Kandavau, awaiting the arrival of the through steamer from San Francisco.

I learn from the correspondence that you had instructed the commander of the "Granada" to remain at Kandavau until the 26th instant, for the arrival of the "City of Melbourne," but on the understanding that the Postmaster-General of New South Wales should use his influence to relieve the Contractors from penalties which may be incurred through the said detention preventing the "Granada" from taking her departure from Port Chalmers with the outward mails on the appointed date. Although I do not know to what extent the special circumstances of the "City of Melbourne's" charter may affect the question raised by you in your letter to the Postmaster-General of New South Wales, I think it but right to give you the earliest intimation that this Government considers the contract binds you to deliver any mails you take at San Francisco for New Zealand to the various New Zealand ports in the times specified, and by the route and the steamers provided for by the contract. The onus of keeping a

vessel at Kandavau, for the purpose of insuring the delivery of our mails, rests with you ; and we expect that our mails shall be brought on from Kandavau in accordance with the terms of the contract.

Messrs. Gilchrist, Watt, and Co.,
Agents for the Pacific Mail Steamship Co., Sydney.

I have, &c.,
JULIUS VOGEL.

No. 91.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 15th March, 1876.

We have the honor to acknowledge your letter of 28th February. With reference to the instructions given to the captain of the "Granada" to delay for four days at Kandavau, we are advised that such detention made her available for carrying the mails of the "City of Melbourne" down the New Zealand coast.

We have perused the contract carefully ; and the ninth clause, while it holds the Contractors liable for delay by the branch boat not reaching Kandavau in time to receive and deliver mails, appears to us to negative the idea that a steamer shall be kept there indefinitely waiting the arrival of the through steamer, which might possibly, from perils of the sea, never arrive at all ; and the other provisions of the contract, as to the number of vessels and the dates fixed for despatch from New Zealand, require the branch steamer to proceed from Kandavau after a reasonable delay.

As the matter now stands, if a through steamer fail to find a branch steamer awaiting her at Kandavau, she must after seventy-two hours' delay proceed to Sydney, either bringing the New Zealand mails here with her or landing them at Kandavau. This is a contingency not unlikely to occur from the numerous ports the branch steamer has to call at on the coast of New Zealand, and the ordinary perils of the sea attending so many ports of arrival and departure ; and we sought to guard against delay of the New Zealand mails by asking permission from both Governments, that in such an event the through steamer should proceed to Auckland, and the New Zealand Government should there receive the mails, subject, of course, to deduction for cost of conveyance to Southern ports, while the New South Wales Government should in such an emergency sanction the detour in the interests of the co-contracting colony.

Permit us to assure you that the most anxious desire of the Contractors, and of us as their agents, is to carry out faithfully all the provisions of the contract ; but we cannot close our eyes to the unavoidable difficulties attending the numerous ports of call.

The Hon. the Postmaster-General, Wellington.

We have, &c.,
GILCHRIST, WATT, AND Co.

No. 92.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 15th February, 1876.

I am directed to forward you the accompanying copy of correspondence which has taken place between this department and Messrs. Gilchrist, Watt, and Co., of Sydney, in reference to the despatch of the s.s. "Granada" to Kandavau with this month's mails.

The Secretary, General Post Office, Wellington.

I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 1 in No. 92.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 8th February, 1876.

We have the honor to intimate to you, that, subject to your approval, the "Granada" is the ship appointed to carry the mails of this month to Kandavau, there to be transhipped to the "City of San Francisco," which will then proceed to San Francisco.

The Postmaster-General, Sydney.

We have, &c.,
GILCHRIST, WATT, AND Co.

Enclosure 2 in No. 92.

Mr. LAMBTON to MESSRS. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

Sydney, 9th February, 1876.

I am directed to acknowledge the receipt of your letter of yesterday's date, intimating that, subject to the approval of the Postmaster-General, the "Granada" is the ship appointed

to carry the mails of this month hence to Kandavau, there to be transhipped to the "City of San Francisco," which will then proceed to San Francisco.

In reply, I am to state that the President of the Marine Board has been requested to cause the necessary survey to be made as to the suitability of the "Granada," under the Postal Contract, to undertake the service to Kandavau, as proposed.

Messrs. Gilchrist, Watt, and Co., Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 3 in No. 92.

Mr. LAMBTON to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—
Sydney, 11th February, 1876.
Adverting to my letter on the subject, dated the 9th instant, I am directed to inform you that the Postmaster-General approves of the "Granada" proceeding hence to Kandavau with this month's mails, as proposed in your letter of the 8th idem.

Messrs. Gilchrist, Watt, and Co., Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

No. 93.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—
General Post Office, Wellington, 9th March, 1876.
I have to acknowledge the receipt of your communication of the 15th ultimo, and beg to thank you, on behalf of the Postmaster-General, for the copy of correspondence which had taken place between your department and Messrs. Gilchrist, Watt, and Co., with respect to the despatch of the s.s. "Granada" to Kandavau with last month's mails.

The Secretary, General Post Office, Sydney.

I have, &c.,
W. GRAY.

No. 94.

Mr. DALGARNO to the SECRETARY, General Post Office, Wellington.

SIR,—
Sydney, 26th February, 1876.
I am directed to enclose herewith, for the information of the Hon. the Postmaster-General of New Zealand, a copy of further correspondence which has taken place between this department and Messrs. Gilchrist, Watt, and Co., on behalf of the Pacific Mail Steamship Company. *Vide Enclosures in No. 89.*

The Secretary, General Post Office, Wellington.

I have, &c.,
JAMES DALGARNO,
(for Secretary).

No. 95.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—
General Post Office, Wellington, 25th March, 1876.
I have been directed to acknowledge the receipt of your letter of the 26th ultimo, and to thank you for the copy of further correspondence which has taken place between your department and Messrs. Gilchrist, Watt, and Co., on the matter of the San Francisco Mail Service.

The Secretary, General Post Office, Sydney.

I have, &c.,
W. GRAY,
Secretary.

No. 96.

The AGENT-GENERAL to the HON. the COLONIAL SECRETARY.

SIR,—
7, Westminster Chambers, Victoria Street, Westminster, S.W.,
10th February, 1876.
I have the honor to enclose, for the information of the Government, copies of a correspondence concerning a proposal made by the Lords Commissioners of Her Majesty's Treasury, to raise the rates of postage on newspapers and other printed matter *via* San Francisco.
In compliance with Lord Carnarvon's desire, I waited on his Lordship at the Colonial Office on the 4th instant, in company with Sir Daniel Cooper and Mr. Forster representing the Government of New South Wales; and I very fully and plainly expressed on that occasion the grounds

upon which I altogether objected to the course proposed to be taken by my Lords. As I have embodied these grounds in the letter since addressed by his desire to Lord Carnarvon, I need not recapitulate them here. In my interview with his Lordship, as in my letter since addressed to him, I have declined, as you will observe, to enter upon any of, what I may call, the secondary aspects of the question, but have dealt with the proposal as amounting, if it were to be carried into effect, to a breach of the agreement entered into between the Australasian colonies and the Imperial Government on the subject of the various mail services in 1873.

I have, &c.,

The Hon. the Colonial Secretary, Wellington.

I. E. FEATHERSTON,
Agent-General.

Enclosure 1 in No. 96.

Mr. HERBERT to the AGENT-GENERAL.

SIR,—

Downing Street, 29th January, 1876.

I am directed by the Earl of Carnarvon to transmit to you a copy of a letter from the Treasury, with its enclosures, on the subject of an increase in the transit charges across the American continent on the Australian and New Zealand mails conveyed *via* San Francisco, which, as the Postmaster-General of the United States has informed Her Majesty's Government, is to commence on the 1st of this month.

His Lordship desires me to invite your immediate consideration on this subject, and to state that he proposes to invite you to meet him at this office at an early day, in order that he may consider any observations which you may have to offer on the question.

A similar letter has been addressed to the Agent-General for New South Wales.

I have, &c.,

The Agent-General for New Zealand.

ROBERT G. W. HERBERT.

Enclosure 2 in No. 96.

Mr. LAW to Mr. HERBERT.

SIR,—

Treasury Chambers, 21st January, 1876.

I am directed by the Lords Commissioners of Her Majesty's Treasury to request that you will invite the attention of the Secretary of State to a question which has been raised by the Postmaster-General of the United States of America, with regard to the transit charges on the Australian and New Zealand mails conveyed *via* New York or Boston and San Francisco. Up to the present time the charge made by the American Post Office has been 3½ cents an ounce on letters, and 6 cents a pound on newspapers and printed matter. It is now found that these rates result in a serious loss to the American Government, and they have given notice that from the 1st instant they shall claim from Her Majesty's Postmaster-General repayment at a rate sufficient to reimburse their outlay. This they calculate will amount to as much as 33 cents per pound, which they propose to charge both on letters and printed matter.

I am to enclose, for Lord Carnarvon's information, copies of a correspondence on the subject between the United States and the Imperial Post Offices.

The effect of this change is expected to be an immediate increase of at least £12,000 a year in the cost of the conveyance of the colonial mails across the North American Continent; and my Lords are anxious to endeavour, with the assistance of Lord Carnarvon, to devise some means by which the Imperial Exchequer may be spared from having to bear the whole weight of this additional charge.

You will remember that the arrangements at present in force with respect to the Australian and New Zealand Mails were the result of correspondence that took place in 1873, and that the terms agreed to by Her Majesty's Government were communicated to the Colonies in Lord Kimberley's telegram of the 16th May, 1873, confirmed by circular of the 13th June, 1873.

They were, substantially, that the Imperial Government would bear all charges for the conveyance of mails as far as Galle or Singapore, *via* Southampton, on the Eastern route, and as far as San Francisco on the Western; but that on mails sent *via* Brindisi the additional charge imposed on account of continental transit should belong to the British Post Office.

It may be observed that in the earlier letters of the correspondence in 1873 between the departments of the Colonial Office, the Treasury, and the Post Office, it was evidently the intention to adopt with respect to the mails *via* San Francisco a course similar to that taken with the Brindisi mails, and to stipulate that the Imperial Post Office should claim so much of the postage as might be applicable to the transit payments to the United States Government; but, for some reason which does not appear in the correspondence, this intention was subsequently abandoned. Possibly this may be accounted for by the fact that the charges made by the United States Government were at that time little more than nominal.

That condition of affairs is now, however, changed, so much so as to inflict serious loss on the Imperial Exchequer, unless steps are taken to remedy the evil. For instance, on every 4 oz. of newspaper sent to or from this country, somewhat more than 4d. will have to be paid to the United States Government, although the whole postage charged is 1d. (*sic*), and on homeward mails no part even of that 1d. is received by the Imperial Post Office.

It must be borne in mind that no stipulation was made either on the part of the Imperial or Colonial Governments with regard to the rates of postage to be charged, and it is therefore open to either side to revise the rates at present in force. Looking to the altered circumstances detailed above, my Lords are of opinion that they would be fully justified in imposing, at all events on outward newspapers, a postage which would cover the transit charges of the United States Post Office.

For the homeward mails they would be content not to disturb the existing arrangement under which the colonies retain the postage they impose on the mails arriving in England *via* San Francisco; but it would appear only reasonable that the English Post Office should be at liberty to demand a postage on newspapers on delivery which would be sufficient to cover the transit charges of the United States Government.

My Lords propose, with Lord Carnarvon's concurrence, to fix the rate of postage on outward newspapers, &c., at 4d. the 4 oz., the charge, however, not to take effect until the 1st May, in order that the colonies may have ample notice; at the same time it must be understood that the question will be reconsidered as a whole when the term for which the present arrangement was made expires, viz. on the 1st January, 1879.

R. G. W. Herbert, Esq., Colonial Office.

I have, &c.,
WILLIAM LAW.

Enclosure 3 in No. 96.

Mr. JEWELL to Lord JOHN MANNERS.

MY LORD,—

Post Office Department, Washington, 28th December, 1875.

I have the honor to again invite your Lordship's attention to the necessity of increasing the United States territorial transit rates, accounted for by your department on the correspondence transmitted in closed mails *via* San Francisco between the United Kingdom, New Zealand, and Australian Colonies, which formed the subject of my letter 10th August last, to which a reply was made under date of 10th September last, and also of my further communication of 30th September last, to which no reply has yet been received.

I also enclose for your information an advance copy in pamphlet form of the text of my last Annual Report to the President, in page 28 of which is a statement in tabular form giving the actual cost per pound for transporting the mails on ten of the leading railway routes of the country, calculated from the latest returns of the weight of mails and rates of pay fixed on those returns. Your Lordship will observe from this statement that the cost of transporting mails between New York and San Francisco, a distance of 3,357 miles, is 33 $\frac{1}{2}$ cents per pound, instead of 28 cents as stated in my previous communications above referred to, the first calculation having been erroneously made on the basis of six instead of seven days per week.

I deem it unnecessary to recapitulate the reasons which justify the claim of this department for an equitable re-adjustment of the rates now paid by your office for the transportation of these mails across the American Continent, further than to state that the amount actually paid for their transportation should be reimbursed by your office, in order to save the revenues of this department from loss; and therefore I consider it necessary to inform you that, in lieu of the existing rates, this department will claim a credit on the British closed mails transported, on and after the 1st of January next, of 33 cents per pound on both the letter and printed matter, closed mails, which may be conveyed by the railway between the Atlantic and Pacific Coasts *via* San Francisco.

I have, &c.,

MARSHALL JEWELL,
Postmaster-General.

Lord John Manners, &c., &c., London.

Enclosure 4 in No. 96.

EXTRACT of a Letter from the POSTMASTER-GENERAL of the UNITED STATES to the POSTMASTER-GENERAL, London, dated Washington, 10th August, 1875.

"I am, however, to observe in this connection, that, as the actual cost to this department of transshipping the English closed mails by rail between Boston or New York and San Francisco, not including any estimate of expenses of handling and transfer at the terminal and intermediate points, is 577 dollars per ton, the transit rate of 6 cents per pound for the printed matter forwarded in said mails, now accounted for by your department, is wholly inadequate to defray the cost of transportation, involving a loss to the revenues of this department of 457 dollars a ton, or 50,000 dollars per annum on the printed matter portion of the British closed mails for and from New South Wales, New Zealand, &c., &c., transported to and from San Francisco. The Postmaster-General deems it proper, therefore, to draw your attention to the manifest insufficiency of the transit rate now accounted for on the printed matter forwarded in closed bags *via* San Francisco between the United Kingdom and those colonies, and to inquire whether your department is not willing to increase the rate to be credited to this department, on this portion of the closed mails in question, to an amount which will defray the actual cost of railway transportation, which exceeds 28 cents a pound."

Enclosure 5 in No. 96.

Mr. TILLEY to the POSTMASTER-GENERAL of the UNITED STATES.

SIR,—

General Post Office, London, 10th September, 1875.

In your letter of the 10th ultimo on the subject of the transit rates due to the United States Post Office on the closed mails sent through the United States territory, you state that the actual cost of conveying between Boston or New York and San Francisco the English mails to and from Australia and New Zealand, greatly exceeds the amount of transit postage accounted for by this department on account of such conveyance. You add that this cost is 577 dol. per ton, and that the loss to the United States Post Office is 457 dol. per ton, and you inquire whether this department is not willing to increase the rate of 6 cents per pound, which, in conformity with the provisions of the Postal Convention of 7th–24th November, 1868, is now accounted for by the British to the United States Office on the printed matter comprised in the mails in question, to an amount which will cover the cost of transportation.

This application has taken the Postmaster-General completely by surprise.

The rate of postage established for the correspondence exchanged between the United Kingdom and the United States has for many years applied equally to letters to and from San Francisco and to letters to and from towns on the Atlantic seaboard; and the transit rates paid to the United States on closed mails to or from British Columbia have not exceeded in amount those paid on closed mails which were only conveyed to or from the frontier towns of New Brunswick or Canada. In like manner, the British transit rates on United States closed mails for the Continent of Europe, whether they were conveyed from Queenstown or from Southampton to Dover, have been uniform.

In May, 1870, when it was announced by this department to the United States Post Office that the British mails to and from Australia and New Zealand were about to be forwarded by the route of San Francisco, and that payment for the transit through the United States territory would be made at the rates fixed by the Postal Convention then in force, no intimation was given to this department that those rates were not sufficient to cover the cost of railway conveyance, and that a demand for an increased payment might at a future time be made.

On the faith, therefore, that the existing transit rates would be maintained, two contracts have been entered into by the Governments of New South Wales and New Zealand for the conveyance from San Francisco to Sydney and Auckland of the English mails to those colonies; and a third contract, which is to continue in force for eight years, is about to take effect.

Such a demand as that now made will, if entertained, most seriously disturb all the calculations upon which that contract has been entered into.

A payment of 28 cents per pound (though I may here observe that 577 dol. per ton is equivalent to 25½ cents, and not 28 cents per pound) would make the charge for American transit at least 3d. for an ordinary English newspaper, independent of the postage chargeable for the British and Colonial territorial and sea services; while, according to the Table C, transmitted in your letter of the 20th May last, the postage to be accounted for to the United States Post Office on an English newspaper addressed to New South Wales or New Zealand, if sent from hence in the ordinary mail for the United States, would be ten centimes or two cents only.

It is further believed that the postage levied on a United States newspaper posted in New York, addressed to New South Wales or New Zealand, does not exceed that sum.

Under these circumstances the Postmaster-General, before communicating with the Governments of New South Wales and New Zealand on the subject, has desired me to request that the whole question may be reconsidered; and he trusts that the result of such reconsideration will be that the demand for an increased payment may not be persisted in.

The Postmaster-General, United States.

I have, &c.,

JOHN TILLEY.

Enclosure 6 in No. 96.

Mr. BLACKFAN to the POSTMASTER-GENERAL, London.

Post Office Department, Washington, D.C.,
30th September, 1875.

SIR,—

The Postmaster-General has received your letter of the 10th instant, in relation to a proposed increase of the transit rate accounted for by your department under the provisions of the Postal Convention of 7–24th November, 1868, on the printed matter portions of the closed mails for and from Australia and New Zealand sent through the United States territory between Boston or New York and San Francisco; and he directs me to inform you in reply, that, in calling your attention to the insufficiency of the existing transit rate of 6 cents per pound, he presumed that a simple statement of the facts in the case would of itself be sufficient to show the propriety of an equitable readjustment of the transit rate established by that Convention, which was fixed as the basis of half the domestic postage charges prior to the forwarding of the Australian mails by way of the United States, and when the correspondence transported over the overland route *via* San Francisco was small in bulk, comprising only the closed mails for and from British Columbia.

It is true that uniform rates of postage are levied in the United States on correspondence of all kinds without regard to distance, and it has been the policy of this department to maintain like uniformity of rates for the correspondence which it exchanges under postal arrangements with foreign countries. There is no purpose now to depart from that principle, although the distances traversed by the mails far exceed those of other countries, except, perhaps, Russia. This department is also willing to accept uniform transit rates, without regard to distance, for the closed mails transported over all its routes of territorial transit, the lengths of which vary only a few hundred or even a thousand miles; but with respect to the great overland railway route between the Atlantic and Pacific Oceans, which by reason of its unparalleled length of over 3,300 miles, and consequently heavy expenses of mail transportation, amounting on 1st July, 1875, to 1,347,427 dollars per annum (being at the rate of 577 dollars per ton of 2,000 pounds), an exceptional adjustment of transit rates would appear to be demanded by every principle of justice. The propriety of excepting this route from the ordinary transit rates established for the territorial conveyance of closed mails was recognized by the postal delegates of the countries represented by the Berne Congress, and for that reason the transit rates established by the Treaty of Berne were not applied to the mails transported by the railways between New York and San Francisco.

If the Australian mails forwarded by way of the United States were small in bulk, it would not be a matter of any very great importance if the transit rate was insufficient to defray the cost of railway transportation; but in view of their great bulk of weight—averaging several tons per each despatch—the financial aspect of it has attracted the notice of the Postmaster-General, inasmuch as the payments made to the Railway Companies under the Act of March 3rd, 1873, are based upon the actual weights of the mails transported, which weights are accurately taken at stated periods, and the payments for mail transportation re-adjusted in accordance therewith. The cost of the railway mail service taken at New York and San Francisco has increased nearly half a million of dollars per annum since the 1st of July, 1870, and this increase is, of course, due, to a greater or less extent, to the heavy Australian mails transported over that route.

It is also true, as stated in your letter, that according to Table C, which was furnished your department under date of 20th May last, the postage to be accounted for on an English newspaper addressed to New South Wales or New Zealand, when sent in the open mail to this country, is 10 centimes, or 2 cents, that being the postage chargeable under the postal conventions with those colonies on newspapers posted in the United States and addressed to them, which postage, for newspapers exceeding 2 oz. in weight, is less than our domestic transient rate. This rate on newspapers, pamphlets, books, and other articles of printed matter, is one cent for each ounce or fraction of an ounce, so that the domestic postage on transient printed matter of all kinds, including newspapers, transported any distance in the mails of the United States, is never less than sixteen cents per pound.

In regard to the high rates of transit from ocean to ocean as compared with domestic rates, it is perhaps but just to state that the domestic prepaid rates on newspapers from known offices of publication to regular subscribers are but 2 cents per pound for dailies and weeklies, and 3 cents per pound for monthlies, which rates cause a very large loss to this department on the long distances. The average distance, however, of transporting such postal matter is but a few hundred miles.

The expenditures of this department, as is well known, exceed its revenues by something over seven millions of dollars annually. This results, in great part, from the policy of supplying the more remote and sparsely-settled sections of our country with adequate mail facilities, as a means of developing their resources, and our citizens are willing to submit to the taxation necessary to accomplish that object; but these considerations do not apply to foreign mails transported over our territory for the benefit of citizens of other countries, and which transportation, in the case of the New South Wales and New Zealand closed mails, is not for the shorter distances, but always for the great distance of 3,300 miles from ocean to ocean.

The fact adverted to in your letter, that when notice was given by your department in May, 1870, of its intentions to forward the Australian mails by way of the United States, nothing was said about the insufficiency of the transit rates established by the Convention of 9-24th November, 1868, was doubtless owing to the circumstance that at that time the payments made for mail service performed on the Union Pacific and Central Pacific Railways was a fixed annual compensation, without regard to the weights of the mails transported. Moreover, this department had at the time no accurate information in regard to the weight of these mails; and although it was supposed that they would be quite large, the Postmaster-General was not disposed to offer objections to the rates so recently established by Postal Convention. But since that time the situation has greatly changed. The different Acts of Congress regulating the mail pay on railroad routes, particularly the Act of March 3rd, 1873, which was demanded by the railway interests in consequence of the very rapid increase of the weight and bulk of mails consequent on the growth and development of the country, and which largely increased the rates of compensation to be paid on the basis of weights, have resulted in making still more manifest the inadequacy of the transit rate for printed matter adopted by the Convention of 1868.

The Postmaster-General regrets that the suggestion made in his letter of the 10th ultimo, for what appeared to him an equitable adjustment of the transit rate on printed matter mails sent across the American Continent *via* New York and San Francisco, should have occasioned any surprise, and also that the proposed increase of the transit rate will disturb the calculations

under which contracts have been made by your department with the Governments of New South Wales and New Zealand. He simply performed what he considered his duty as an Executive Officer of the Government in inviting your attention to the loss in fact incurred by this department in transporting those closed mails between New York and San Francisco, and he trusts that you will not hesitate, under the circumstances, to take into consideration such a re-adjustment of the present rate of transit as will save the revenues of this department from actual losses in transporting the mails of other countries through its territory.

I am further directed by the Postmaster-General to observe that the statement of 577 dollars per ton, made in his letter of the 10th ultimo, was for a ton of 2,000 pounds, as this department actually pays 28 cents per pound on all descriptions of mail matter transported by rail between New York or Boston and San Francisco.

I have, &c.,

JOSEPH H. BLACKFAN,
Superintendent of Foreign Mails.

The Postmaster-General, London.

Enclosure 7 in No. 96.

The AGENT-GENERAL to the Right Hon. the SECRETARY of STATE for the COLONIES.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

8th February, 1876.

MY LORD,—

In compliance with the wish which you were so good as to express when I had the honor of having an interview with your Lordship on the 4th instant, in company with Sir Daniel Cooper and Mr. Foster, Treasurer of New South Wales, regarding a proposal made by the Lords Commissioners of Her Majesty's Treasury to raise the postage on newspapers addressed to the United Kingdom to the Australasian colonies *via* San Francisco from one penny to fourpence, I have now the honor to submit to your Lordship a statement of my reasons for regarding this proposal as a manifest contravention of the arrangements made for the conduct of the various Australasian mail services in the year 1873. I have at the same time the honor to acknowledge the receipt of Mr. Herbert's letter of the 29th ultimo, enclosing by your Lordship's direction a copy of Mr. Law's letter of the 21st, intimating the intention of the Treasury to take this unexpected step, with a correspondence between the Postmasters-General of the United Kingdom and the United States appended thereto.

Your Lordship is no doubt aware of the circumstances under which the Treasury, in May, 1873, arrived at the decision expressed in those words of the telegram which Mr. Lowe then requested Lord Kimberley to despatch to the colonies—"We have determined to carry mails to and from Galle, Singapore, San Francisco, and this country, free of charge." I need only glance at the circumstances which decided the Treasury to make this proposal. At that date the service to Australia *via* Galle was largely subsidized. The claims of the San Francisco route to a subsidy had been often pressed upon the consideration of the Imperial Government, and with at least a fair prospect of success. The Queensland Government already claimed a subsidy for the service it was starting by way of Torres Straits. The Lords Commissioners of Her Majesty's Treasury, after long consideration of these competing claims, arrived at a decisive resolution. They determined to stop subsidies all round, and instead to carry the mails (I again repeat the words of the telegram) "to and from Galle, Singapore, and San Francisco and this country, free of charge." These words certainly seem sufficiently free from any element of ambiguity. They were understood at the time, by the various Colonial Governments concerned, in their obvious literal sense, as an undertaking on the part of the Imperial Government, in lieu of subsidizing steamboat services, to execute the postal service, both by land and sea, to certain points, one of which was San Francisco, absolutely free of charge. Upon the faith of this undertaking, the Colonial Governments adjusted their rates of postage, settled their respective contributions to the various lines of mail steamers, thenceforth to be maintained entirely at their charge; and entered into contracts, sustained by heavy subsidies, in some cases extending beyond the five years limit assigned to its share of contribution by the Imperial Government. The Government of New Zealand is now, however, it appears, expected by my Lords so to construe the words "free of charge" as to admit that they reserve the right of quadrupling the rate of postage on one class of mail matter addressed to the colony, and of charging a similar rate on its delivery here. I confess I cannot see it. I am sure that the words "free of charge" were not merely otherwise understood, but were otherwise intended at the time they were adopted. I think I shall be able to satisfy your Lordship on this point. I am sure that, if it had been supposed that such a reservation as is expressed in the following passage of Mr. Law's letter,— "It must be borne in mind that no stipulation was made on the part of the Imperial or Colonial Governments with regard to the rates of postage to be charged, and it is therefore open to either side to revise the rates at present in force,"—had been contemplated as by possibility underlying the very distinct and definite terms of Lord Kimberley's telegram, the colonies would have declined the proposal. They could not have seen their way to entering upon the costly and risky contracts which the Treasury imposed upon them, if the rates of postage to be charged on their correspondence were not to be regarded as a fixed quantity, for at least the five years during which the telegram said the arrangements then made were to last.

That the words "free of charge" were in particular intended to convey an undertaking of exemption from any liability for the land transit charge through the United States, is, I submit with great respect, explicitly proved by the correspondence between the Treasury and Post Office which immediately preceded the final settlement of the terms of the telegram despatched by Lord Kimberley. On the 14th of May, 1873, Mr. Stronge wrote to Mr. Monsell, informing him that "it was the intention of my Lords to propose to carry the mails to Galle, Singapore, and San Francisco free of charge,"—that, "If a service is established by any one or more of the Australasian colonies from Galle, they will be prepared to pay to each colony contributing to such service the postage received on outward mail matter conveyed by such route to the colony so contributing, less transit charges and inland British postage, provided that steamers touch each way at a port in Western Australia,"—and that "My Lords will also be prepared to make a similar payment in case of the establishment of a service from Singapore or from San Francisco, and to continue such arrangement for five years." Mr. Monsell replied next day, and the terms of his reply show that all the conditions of the proposal had been carefully considered by him. After noting the fact that the arrangements were to last for five years, he proceeds naturally to the rate of postage. He views the effect of the whole scheme on the assumption that the then existing rate of postage was to be regarded as a fixed quantity in the calculations of the Post Office. "Under the proposed system," he says, "each colony will receive fivepence on each half-ounce letter conveyed to England *via* Galle or *via* Singapore, whether by the Southampton or by the Brindisi route." But he continues, "being under an impression, not unreasonable, considering the somewhat vague terms of the letter from the Treasury, that the land transit charges through the United States would be dealt with in the same way as the similar charges on the mails sent *via* Brindisi. But in the case of letters sent *via* San Francisco, the colony will have to pay out of these sums the United States territorial transit charge for the conveyance from New York to San Francisco of a letter from this country, and the United States territorial and sea transit rates on a letter sent to this country." "As regards newspapers, printed papers, and patterns sent to the Australasian colonies, this office will retain that portion only which represents the British inland rate and any charge for transit, and will account to the colonies for the rest of the postage collected, and the colonies will account to this office for the transit postage collected on homeward newspapers, printed papers, and patterns, sent *via* Brindisi, for the United States land transit on all newspapers, printed papers, and patterns sent to the colonies *via* San Francisco, and for the United States land and sea transit of all newspapers, printed papers, and patterns sent from the colonies *via* San Francisco." The attention of the Treasury having been thus drawn to the two questions now under discussion, the rate of postage and the charge for land transit through the United States, I request your Lordship's particular attention to my Lords' reply. On the 2nd June, Mr. Stronge writes to Mr. Monsell, communicating to him a copy of the telegram which Lord Kimberley had been requested to send to the colonies on the 15th May. He said, "You will perceive that, under the terms of this telegram, the proposal communicated to you in my letter of the 14th of May has been somewhat extended, and the offer made by their Lordships is that the mails from this country to Australia and New Zealand shall be carried free of charge, other than foreign charge for land transit where the Brindisi route is used, not only to Galle and Singapore, but also to San Francisco, and that the homeward mails shall in like manner be brought to this country from each of those places without charge beyond that for land transit by the Brindisi route." "On all outward correspondence, therefore, the Imperial Post Office shall account to the Colonial Post Office for all the postage collected except that portion which represents the British inland rate; and in the case of the Brindisi route, the amount paid for foreign land transit and on the homeward correspondence, the Colonial Post Office shall retain all the postage collected except that portion which represents the charge for land transit *via* Brindisi." "Under this plan the colonies will not be required to account for the United States sea rate on letters or newspapers, printed papers, or patterns sent to this country *via* San Francisco." I cannot, I confess, conceive how an arrangement so carefully considered, and so explicitly worded, can be treated as it is treated in the Treasury letter now addressed to your Lordship.

In conclusion, I have to state, with every respect, that I must regard the undertaking conveyed by Lord Kimberley's telegram, to carry our mails to San Francisco free of charge, as constituting an agreement on the part of the Imperial Government, which it is bound to fulfil for the specified term of five years; and that I cannot see, either in the terms of that telegram, or in the correspondence on the subject, any reservation of a right to the Imperial Government to alter or modify the terms of the agreement thus entered into, and to impose new and prohibitory rates of postage without even a reference to the other Governments who were parties to the arrangements then made, and who have faithfully fulfilled their share of the undertaking. I do not think it necessary, under the circumstances, to discuss several points of considerable but secondary importance which are referred to in the course of the correspondence.

I have, &c.,

The Right Hon. the Earl of Carnarvon,
Secretary of State for the Colonies.

I. E. FEATHERSTON,
Agent-General for New Zealand

No. 97.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 7th April, 1876.

The Colonial Secretary has referred to me your letter of 10th February, respecting the increased payment demanded by the United States Post Office from the Imperial authorities for the trans-continental conveyance of the colonial mails, and the intention of those authorities to increase the rates of postage on printed matter.

I entirely approve of, and support, the very able letter which you addressed to Lord Carnarvon on the subject.

Under the terms of the arrangement which the Imperial Post Office made with the colonies, I am of opinion that, even if the increased rate were charged, the amount would be payable to the colonies. As I understand it, the Imperial authorities renounced all claim upon receipts in excess of those required for inland postage, and were content to regard it as their duty to pay the cost of transmitting mails to and from San Francisco and England, and to and from Galle and England. Had the English Government succeeded in reducing the cost of transport in either case, it is not likely they would have therefore offered the colonies any advantage.

Supposing the increased demand of the United States Government to be enforced, I think it would still be found that the cost to the Imperial authorities for mails *via* San Francisco would not be so heavy as the cost of correspondence between England and Galle.

I have, &c.,

JULIUS VOGEL.

The Agent-General for New Zealand, London.

No. 98.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 8th March, 1876.

I am directed to transmit a statement showing amount claimed by the Australasian Steam Navigation Company for demurrage, for the detention at San Francisco of the "City of Melbourne" and "Mikado" for a longer period than twelve days, calculated from the respective dates of arrival of the packets at that place, notwithstanding that such dates of arrival have been before the dates stipulated in the time table approved for the regulation of the mail service.

I am also to forward herewith copies of correspondence (as per schedule attached) on the subject, from which you will gather that it has been considered desirable to agree to the claim being settled by arbitration.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington.

Enclosure 1 in No. 98.

STATEMENT showing the Amount claimed by the Australasian Steam Navigation Company as Demurrage, and the Amount admitted as due by the Department; the balance giving the amount in dispute.

Ship.	Total Amount claimed by the A.S.N. Co.	Amount admitted as due.	Balance in Dispute.
	£ s. d.	£ s. d.	£ s. d.
"City of Melbourne"—Arrived San Francisco, 14th February; due under time table, 18th February; left San Francisco, 3rd March; ought to have left under time table, 1st March. Company claims five days; Government admit one day	535 14 3	107 2 10	428 11 5
"Mikado"—Arrived San Francisco, 11th April; due under time table, 16th April; left San Francisco, 1st May; ought to have left under time table, 25th April. Company claims eight days; Government admit four days	857 2 10	428 11 5	428 11 5
"City of Melbourne"—Arrived San Francisco, 6th June; due under time table, 10th June; left San Francisco, 21st June, date under time table. Company claims three days; Government admit no claim	321 8 7	...	321 8 7
"Mikado"—Arrived San Francisco, 2nd August; due under time table, 5th August; left San Francisco, 16th August, date under time table. Company claiming two days; Government admit no claim	214 5 9	...	214 5 9
£	1,928 11 5	535 14 3	1,392 17 2
Total amount in dispute	...	...	£1,392 17 2

Enclosure 2 in No. 98.

Mr. PHILLIPS to the SECRETARY, General Post Office, Sydney.

Australasian Steam Navigation Company, Sydney,
7th July, 1875.

SIR,—

Referring to the accounts due to this Company for premium for detention of steamers at San Francisco, in connection with mail service, I do myself the honor to inform you that the Board of Directors are prepared to leave the question in dispute to the sole arbitration of Mr. Alexander Stuart, if the Hon. the Postmaster-General be willing to adopt that course, and that in the meantime we are agreeable to take as a payment on account such sum as the Postmaster-General admits to be due to the Company.

I have, &c.,
FREDK. PHILLIPS,
Secretary.

The Secretary, General Post Office, Sydney.

Enclosure 3 in No. 98.

Mr. TROUTON to the COLONIAL TREASURER, Sydney.

Australasian Steam Navigation Company, Sydney,
23rd July, 1875.

SIR,—

I shall feel obliged by your paying the bearer, Mr. J. U. C. Colyer, the sum of £535 14s. 3d., being the amount admitted by the Government as due to this Company in respect to the detention of the "City of Melbourne" March last at San Francisco, £107 2s. 10d., and of the "Mikado" at same port in April last, £428 11s. 5d., leaving for future settlement the difference between the amounts now stated and those claimed by the Company—namely, £535 14s. 3d., and £857 2s. 10d., respectively.

I have, &c.,
FRED. H. TROUTON,
Manager.

The Colonial Treasurer, Sydney.

Sub-Enclosure to Enclosure 3 in No. 98.

Demurrage for Detention at San Francisco.

"City of Melbourne."—Arrived at San Francisco on 14th February, due date as per time table 18th; left San Francisco on 3rd March, ought to have left as per time table 1st March.

Company claim for five days	£535 14 3	
Government admit one day .. .. .	..	£107 2 10
"Mikado."—Arrived at San Francisco 11th April, due date as per time table 16th; left San Francisco on 1st May, ought to have left as per time table 25th April ..	£535 14 3	
Company claims for eight days	857 2 10	
Government admit .. .. .	..	428 11 5
	<hr/>	<hr/>
	£1,392 17 1	£535 14 3
	<hr/>	<hr/>

Enclosure 4 in No. 98.

Mr. PHILLIPS to the SECRETARY, General Post Office, Sydney.

Australasian Steam Navigation Company,
Sydney, 14th October, 1875.

SIR,—

Referring to the claim of this Company upon the Government for premiums earned by vessels engaged in the San Francisco Mail Service, I do myself the honor, under instructions from the Directors, to inquire whether the Hon. the Postmaster-General is willing to proceed to arbitration, and, if so, when it will suit his convenience.

I am also to add that the Company is willing to leave the matters in question to the sole arbitration of Alexander Stuart, Esq.

I have, &c.,
FREDK. PHILLIPS,
Secretary.

The Secretary, General Post Office, Sydney.

Enclosure 5 in No. 98.

Mr. PHILLIPS to the SECRETARY, General Post Office, Sydney.

Australasian Steam Navigation Company,
Sydney, 13th December, 1875.

SIR,—

With reference to the claim which this Company have upon the Government for

premiums in connection with the San Francisco Mail Service, I have the honor, at the instance of my Directors, to request the favour of a reply to my communications on the subject under date of 7th July and 14th October, copies of which are enclosed herein, and to say that the Board will feel much obliged by the Hon. the Postmaster-General's early decision thereon.

I have, &c.,

FREDK. PHILLIPS,
Secretary.

The Secretary, General Post Office, Sydney.

Enclosure 6 in No. 98.

Mr. LAMBTON to the Hon. SAUL SAMUEL, C.M.G., M.L.C., Sydney.

SIR,—

General Post Office, Sydney, 6th December, 1875.

I am directed to inform you, that the Directors of the Australasian Steam Navigation Company are urging the settlement of a claim they have made under the eleventh clause of the agreement entered into by them on the 9th February, 1875, copy of which I enclose, for demurrage on all occasions when it has happened that the mail packet has been detained at San Francisco a longer period than twelve days calculated from the respective dates of *arrival of the packets at that place*, notwithstanding that such dates of arrival have been before the dates stipulated in the time table approved for the regulation of the mail service.

Mr. Burns desires me to state that the eleventh clause of the agreement in question does not appear to him to be open to the construction put upon it by the Australasian Steam Navigation Company, and that he is not disposed to sanction the payment of this claim. But as it has been represented by the Company that the right to demand demurrage in the manner now claimed was a subject-matter of discussion with you as Postmaster-General when the contract was negotiated, and that you specially pointed out to the Company that an incentive to the making of quick passages would be afforded by the operation of the eleventh clause permitting a claim to be made for demurrage for the period that intervened between the time of the *actual* arrival and the time of the arrival *specified* in the time table, Mr. Burns will be glad if you will, at your early convenience, kindly inform him whether these representations are correct.

I have, &c.,

The Hon. Saul Samuel, C.M.G., M.L.C.,
Sydney.

S. H. LAMBTON,
Secretary.

Enclosure 7 in No. 98.

The Hon. SAUL SAMUEL to the SECRETARY, General Post Office, Sydney.

SIR,—

Sydney, 17th December, 1875.

I have the honor to acknowledge the receipt of your letter dated the 6th December, and, in reply, request that you will be good enough to inform the Postmaster-General that I conceive it is scarcely within my province to express an opinion as to the precise legal bearing of the written agreement made with the Australasian Steam Navigation Company for the temporary mail service between this colony and San Francisco. The document having been prepared in the Crown Laws Department, the legal interpretation of clause 11 can, I think, be better ascertained by its being referred to the Crown Law Officers for their opinion. I beg, however, to state that the agreement in question was arrived at after numerous interviews and much discussion between the Manager—one of the Directors of the Australasian Steam Navigation Company—and myself, and that I am quite unconscious of any such understanding with regard to the demurrage being calculated as stated to you by the Australasian Steam Navigation Company. I considered, and still consider, that the twelve days allowed for detention at San Francisco were those provided for in the time table, and I am confirmed in this belief by the fact that I perfectly recollect that the Company refused to submit to any penalties for late arrivals, and I consequently refused to allow any premiums for arrival before time to be inserted in the agreement, stipulating that the voyage should be performed with the utmost despatch possible.

I can only look upon the claim made by the Company as one for premiums for early arrivals, to which I consider they are not entitled.

I have, &c.,

The Secretary General Post Office, Sydney.

SAUL SAMUEL.

Enclosure 8 in No. 98.

Mr. TROUTON to the POSTMASTER-GENERAL, Sydney.

Australasian Steam Navigation Company, Sydney,

12th January, 1876.

SIR,—

As several communications to your department respecting this Company's claim for premiums in connection with the San Francisco Mail Service remain unanswered, I do myself the honor, under instructions from my Board, respectfully to beg the favour of a reply thereto, as early as possible.

I have, &c.,

The Postmaster-General, Sydney.

FRED. H. TROUTON,
Manager.

Enclosure 9 in No. 98.

Mr. LAMBTON to the MANAGER, Australasian Steam Navigation Company, Sydney.

SIR,— General Post Office, Sydney, 11th February, 1876.

I am directed to acknowledge the receipt of your letter on the subject, dated the 12th ultimo; and to state that the Postmaster-General cannot accede to the claim of your Board for demurrage in respect of the detention of the Company's vessels at San Francisco while under contract for the conveyance of mails, excepting for the time the vessels were detained for mails beyond the period of twelve days from the specified date of arrival at San Francisco.

The Manager, Australasian Steam Navigation
Company, Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 10 in No. 98.

Mr. WILLIAMS to the POSTMASTER-GENERAL, Sydney.

Australasian Steam Navigation Company, Sydney,
10th February, 1876.

SIR,—

As all the Company's efforts to effect an amicable settlement of the claim which it has upon the Government for demurrage, at San Francisco, of the steamers "Mikado" and "City of Melbourne," have proved unavailing, I am directed most respectfully to request permission to sue the Government therefor; at the same time, however, I am to assure you that this course would be extremely distasteful to the Directors, who are still prepared to abide by the sole arbitration of any gentleman whom the Government and this Company may select, and, with this view, my Directors would be glad if the Government would nominate some person for the purpose.

The Postmaster-General, Sydney.

I have, &c.,
WM. WILLIAMS,
Assistant Manager.

Enclosure 11 in No. 98.

Mr. LAMBTON to the MANAGER, Australasian Steam Navigation Company, Sydney.

SIR,— General Post Office, Sydney, 19th February, 1876.

I am directed to acknowledge the receipt of your letter dated 10th instant, further on the subject of the claim of your Company for demurrage in respect of the detention, at San Francisco, of the steamers "Mikado" and "City of Melbourne" while under contract for the conveyance of mails to and from that port.

In reply, I am to inform you that the Postmaster-General considers that the least objectionable course to be pursued is to submit the case to arbitration in the usual manner. I am to state, however, that in consenting to the proposal for arbitration, the Government must distinctly exclude the inference that the claim which has been made is in any way admitted.

The Manager, Australasian Steam Navigation
Company, Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

Enclosure 12 in No. 98.

Mr. TROUTON to the POSTMASTER-GENERAL, Sydney.

Australasian Steam Navigation Company, Sydney,
23rd February, 1876.

SIR,—

I have had the honor to receive your letter of the 19th instant, and beg to thank you for your acquiescence in the submission to arbitration of the Company's claim for demurrage of the steamers "City of Melbourne" and "Mikado."

I am encouraged to suggest that the agency of the Chamber of Commerce be employed in this matter, as their decisions are favourably viewed by the mercantile public, and, from the arbitrators being chosen by their own body, there can be no possibility of favour being shown.

The Postmaster-General, Sydney.

I have, &c.,
FRED. H. TROUTON,
Manager.

Enclosure 13 in No. 98.

Mr. LAMBTON to the MANAGER, Australasian Steam Navigation Company, Sydney.

SIR,— General Post Office, Sydney, 8th March, 1876.

I am directed to acknowledge the receipt of your letter of the 23rd ultimo, and, in reply, to inform you that the Postmaster-General has approved of your claim for demurrage of

the "City of Melbourne" and "Mikado" being referred for arbitration, in the manner proposed in your letter above quoted.

The Manager, Australasian Steam Navigation
Company, Sydney.

I have, &c.,
S. H. LAMBTON,
Secretary.

No. 99.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 20th April, 1876.

I am directed to acknowledge the receipt of your letter of the 8th ultimo, enclosing a statement showing amount claimed by the Australasian Steam Navigation Company for demurrage for the detention at San Francisco of the "City of Melbourne" and "Mikado" for a longer period than twelve days. I have also to acknowledge the receipt of copies of correspondence on the subject referred to above.

The Secretary, General Post Office, Sydney.

I have, &c.,
W. GRAY,
Secretary.

No. 100.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 8th March, 1876.

We have the honor to inform you that we yesterday received from Mr. A. P. Bacon, the General Agent of the Pacific Mail Steamship Company, San Francisco, a letter dated 4th February, 1876, to the following effect:—

"Appointment of Agents.

"The underwritten telegram from the Home office of this Company came to our hands at 4.26 o'clock this p.m. :—

"New York, 4th February, 1876.

"To A. P. Bacon, General Agent Pacific Mail S.S. Co., San Francisco.

"Write letter to Gilchrist and Company telling them they are appointed Managers of the Pacific Mail Steamship Company in Australia and New Zealand, and not for Sydney alone. Tell them power of attorney will be sent by next steamer.

"J. B. HOUSTON,

"Second Vice-President."

This appointment has been confirmed to us direct by telegrams from the Pacific Mail Steamship Company in London; and Mr. Hall having been recalled, it is his intention to proceed to America by the mail steamer leaving this on the 10th instant. We are also invested with full powers from the owners of the "Zealandia" and the "Australia," which are chartered by the Pacific Mail Steamship Company.

The Hon. the Postmaster-General, Wellington.

We have, &c.,
GILCHRIST, WATT, AND CO.

No. 101.

Mr. GRAY to MESSRS. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 25th March, 1876.

I have been directed to acknowledge the receipt of your communication of the 8th instant, apprising the Postmaster-General of this colony that you had been appointed Managers for the Pacific Mail Steamship Company in Australia and New Zealand, in the room of Mr. H. H. Hall recalled.

Messrs. Gilchrist, Watt, and Co.,
Managers Pacific Mail Steamship Company, Sydney.

I have, &c.,
W. GRAY,
Secretary.

No. 102.

Mr. LAMBTON to Mr. GRAY.

SIR,—

Sydney, 16th March, 1876.

*Vide Enclosure in
No. 100.*

I am directed to enclose herewith, for the information of the Postmaster-General of New Zealand, copy of a communication which has been received from Messrs. Gilchrist, Watt, and Co., of this city, notifying their appointment as agents, to the Pacific Mail Steamship

Company in Australia and New Zealand; and also that they are invested with full powers from the owners of the "Zealandia" and "Australia," which are chartered to the Company in question.

The Secretary, General Post Office, Wellington.

I have, &c.,
S. H. LAMBTON,
Secretary.

No. 103.

MR. GRAY to MR. LAMBTON.

SIR,—

General Post Office, Wellington, 4th April, 1876.

I have the honor to acknowledge the receipt of your letter of the 16th ultimo, enclosing copy of a communication addressed to the Postmaster-General of New South Wales by Messrs. Gilchrist, Watt, and Co., of your city, notifying their appointment as General Agents to the Pacific Mail Steamship Company in Australia and New Zealand; and, in thanking you for the same, I have to state that Messrs. Gilchrist, Watt, and Co. had already apprised the Postmaster-General of this colony of the appointment in question.

The Secretary, General Post Office, Sydney.

I have, &c.,
W. GRAY,
Secretary.

No. 104.

The COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

23rd March, 1876.

URGENT. Watt has received following telegram from the Pacific Mail Company, London:—"Have run line since November first at loss of two hundred thousand dollars. The Company unwilling to proceed further unless prompt payment made for past services. Answer fully cable." What do you think best to be done under circumstances? Reply.

COLONIAL SECRETARY.

The Hon. Sir Julius Vogel, Wellington.

No. 105.

The Hon. Sir J. VOGEL to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

23rd March, 1876.

In reply to to-day's telegram, how can I advise about payment to Company when I have no knowledge what steps you have taken consequent upon agreement by telegraph that you would propose to Company not to consider past services part of contract? Understood you took this negotiation completely in hand. If Company insist upon rights, so I think should we. In that case, we should pay such services as may be considered within contract, deducting penalties, whilst for those not considered within contract refuse payment, or make payment we consider justifiable.

The Hon. the Colonial Secretary, Sydney.

JULIUS VOGEL.

No. 106.

MEMORANDUM by the Hon. the POSTMASTER-GENERAL of NEW ZEALAND.

THE Postmaster-General has had the subjoined statement prepared in order to afford the grounds for judging whether or not it is desirable to continue to make efforts to maintain the San Francisco Service. The new Contractors have failed to perform the service in accordance with the contract, and the two Governments have as yet withheld all payments. The New South Wales Government are to propose, in accordance with the arrangement agreed upon at the conference by telegraph, that the service shall only be considered to commence with the February mails. Supposing the Company decline to accede to this, and press for payments, the question is, should they be dealt with strictly?

The statement subjoined shows, in the opinion of the Postmaster-General, that the interests of the colony require that no effort should be spared to keep up the service. The net cost of the two services is estimated to be £31,277; whilst, supposing the Suez were the only service, the estimate shows a net cost of £15,896—in other words the additional cost of the Californian Service is only £15,381. But, as Mr. Gray very properly points out, this difference is a continually diminishing one as the number of letters increases, since by the Californian Service the colony keeps the postages, whilst under the arrangement with Victoria the payment to that colony for the Suez Service is always in excess of the postages received. Every letter by Suez increases the net cost to the colony, every letter by California diminishes it. The Postmaster-

General is also of opinion that the extra cost of the Californian Service is less than appears by the estimate, since he thinks the services between Australia and New Zealand would cost more than the estimate. Mr. Gray indeed points out this, on the ground that the steamship owners would increase the cost when the colony was dependent on only one line. There is besides this additional reason for expecting increased cost, that if there were only one line a much faster intercolonial and interprovincial service would be required than at present is found satisfactory with the bulk of the mails being carried by San Francisco.

It may be argued that, if the colony employed only one service, Victoria might agree to less onerous terms. This, however, would be a slender reed to depend on, when it is considered how entirely the cost of the service between Victoria and New Zealand has been left to the latter colony to pay over a series of many years, notwithstanding the commercial advantages the former has gained by the means of communication.

These circumstances should be well considered in deciding on the leniency with which it is desirable to treat the Contractors for the Californian Service.

27th March, 1876.

JULIUS VOGEL.

Enclosure in No. 106.

MEMORANDUM for the Hon. the POSTMASTER-GENERAL.

THE following figures, based on the correspondence exchanged between the United Kingdom, &c., and New Zealand, during the year 1875, will show, approximately, the relative cost to this colony for the use of the San Francisco and Galle Mail Services :—

SAN FRANCISCO SERVICE.

Dr.				
Subsidy to Pacific Mail Company	...	...	...	£45,000
Interprovincial Services	...	...	...	2,000
Mail Agents	...	...	...	1,000
				<u>£48,000</u>
Cr.				
Postages from London Post Office	...	...	...	£10,600
Postages collected in New Zealand	...	...	...	11,232
Recoveries from non-contracting Colonies...	...	...	...	1,500
				<u>23,332</u>
Net cost	...	...	...	<u>£24,668</u>

SUEZ SERVICE.

Dr.				
Payments to Victoria	...	...	...	£8,490
Intercolonial Service	...	...	...	5,000
Gratuities, &c.	...	...	...	510
				<u>£14,000</u>
Cr.				
Postages from London Post Office	...	...	...	£3,711
Postages collected in New Zealand	...	...	...	3,680
				<u>7,391</u>
Net cost	...	...	...	<u>£6,609</u>

In the event of the colony deciding to abandon the San Francisco Service and to rely solely on the Galle Service, our payments and receipts would be,—

Dr.				
Payments to Victoria	...	...	...	£34,119
Intercolonial Service (Melbourne, Bluff, and Wellington)	...	...	...	5,000
Intercolonial Service (Sydney and Auckland)	...	...	...	3,000
Interprovincial Services	...	...	...	2,000
Mail Agents	...	...	...	1,000
				<u>£45,119</u>
Cr.				
Postages from London Post Office	...	...	...	£14,311
Postages collected in New Zealand	...	...	...	14,912
				<u>29,223</u>
Net cost	...	...	...	<u>£15,896</u>

The sum of £3,000 is put down as the cost of the carriage of mails between Sydney and Auckland; but I think the estimated cost of the Intercolonial and Interprovincial Services is considerably under the mark. Once it were settled that this colony intended to make use of the Galle Service for the carriage of our mails and to give up the San Francisco Service, steamship owners would, not unnaturally, demand larger subsidies.

Assuming, merely for comparative purposes, that this colony forwarded and received the whole of its mails by the San Francisco Service, the result would work out thus :—

Dr.			
Subsidy to Pacific Mail Company	..	..	£45,000
Interprovincial Services	..	..	2,000
Mail Agents	..	..	1,000
			£48,000
Cr.			
Postages from London Post Office	..	..	£14,311
Postages collected in New Zealand	..	..	14,912
From non-contracting Colonies	..	..	2,000
			31,223
Net cost	..	..	£16,777

or £881 in favour of the Galle Service. But it should be remembered that as our correspondence increases so will our payments to Victoria for the use of the Galle Service; while in the case of the San Francisco Service, increased correspondence means a decrease in the cost of this service to the colony. In a few years hence, it is not unreasonable to suppose that the cost of the San Francisco Service to the colony will be a mere bagatelle; while, on the other hand, the Galle Service receipts would not nearly meet the payments.

27th March, 1876.

W. GRAY.

No. 107.

The COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

30th March, 1876.

No communication from London to us respecting subsidies. Gilchrist, Watt, awaiting information to send reply their telegrams and letter from Company. We are of course anxious to settle fairly with Company, but wish your concurrence in our reply to Gilchrist, Watt. "Colima," first overlapping boat, left Frisco November. Came unauthorized route, and arrived Sydney seventeen days late. The claim for subsidy for this vessel seems some similarity to "City San Francisco." "City San Francisco," second overlapping boat, left Frisco December. Came unauthorized route, but within contract time. At Telegraph Conference you suggested to give half subsidy for "City San Francisco," to which we agreed. Do you see sufficient difference in cases "Colima" and "City Frisco" refuse altogether any allowance? We have paid for "Granada's" trip from Frisco January, but as no boat at Kandavau to take on your mails, the amount payable by New Zealand is for your consideration. "Vasco" hence, November, having taken mails to proceed *via* Kandavau, and having in our despite taken them to Auckland, we think, as far as we are concerned, postage sufficient. What do you intend?

The Hon. Sir Julius Vogel, Wellington.

COLONIAL SECRETARY.

No. 108.

The COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

30th March, 1876.

I FORWARD you copy of a letter from Pacific Company to Gilchrist, Watt, handed to us very confidentially. By first mail, I will also forward other lengthy and important documents same subject. Letter attached:—"Office of Pacific Mail Steamship Company, Pier-foot of Canal Street, North River, New York, 31st February, 1876.—Messrs. Gilchrist, Watt, and Co., General Agents, Sydney.—Gentlemen,—We send by this mail your power of attorney and other papers authorizing you to act for us in the colonies. Your communication by the 'Mikado' does not give us much cause for congratulation. We were informed from London that the services by way of Auckland would be satisfactory, and received nothing to the contrary until after the 'City of San Francisco' had sailed. We feel that, while everything was being done in our power to give the colonies a service that would compare favourably with any in the world, we have been met in a spirit not likely to cause us to persevere in it. To show how unjust has been the manner of the treatment we have received at the hands of the Government, and causeless their complaints of us, we will state the case of the 'City of San Francisco.' That ship arrived in Sydney in the time by the contract, although she had stopped at Auckland, and yet they complain of her having done so. If we had not sent her there, the people of New Zealand would not have received their mails for nearly a month later. Again, to make up the full measure of our agreement, we sent the 'Colima' down, and she unfortunately happens to meet with an accident. She delays the mail, but at the same time involves an expense of about £15,000 to this Company and the use of one of their best vessels for three months. Under such circumstances we had a right to look for something like sympathy, but instead of that we are informed that the charter money of the 'City of Melbourne,' £8,000, will be charged to us. The contract says that our vessel failing to be on hand on the day of sailing we shall be fined £150, and the further sum of £50 for every successive twenty-fours which shall elapse between the time appointed for sailing and the time she may sail, but that the Postmaster-General may remit even this fine if the delay is in consequence of circumstances over which we had no control. Certainly here is good ground for clemency, but instead of it we find the Government piling on a penalty so

greatly in excess of the charter, that it would be certain ruin for us to submit or to subject ourselves in the future to it. We are anxious to do all in our power to meet the wishes of the Government and people of the colonies, but if they meet us in such a spirit as this it is impossible. Our ships are the finest in the whole world, and we will perform the service to their satisfaction if they wish; but if they do not, we are perfectly willing to withdraw. You will please send this letter to the Hon. Postmaster-General, claiming pay under our contract for the service of the 'Vasco da Gama,' Sydney to San Francisco; for the 'Colima,' San Francisco to Sydney, with deductions for delay provided in the contract, if they insist upon it; for the trip of the 'City of San Francisco'; for the trial of the 'Granada.' If not paid please notify it by cable, as we will not probably despatch another steamer from San Francisco until we have information that this matter is settled with us.—Very respectfully yours, J. B. HOUSTON."

The Hon. Sir Julius Vogel, Wellington.

COLONIAL SECRETARY.

No. 109.

The Hon. Sir J. VOGEL to the COLONIAL SECRETARY, Sydney.

30th March, 1876.

RECEIVED your two telegrams. As you do not tell me anything of negotiations, which, at conference with you, it was agreed you should undertake to arrange for service to commence only in February, I conclude that nothing has been done, and that you now wish to know what we are willing to pay rather than that the service should stop. No doubt, to the Company, at a distance, it seems they have been hardly treated. They are quite unable to understand the intense annoyance their irregularities have caused. By the letter you send us, they seem indeed to have been kept in ignorance of such irregularities having occurred. They should be telegraphed to, that proposal to run by Auckland temporarily was not accepted. Your colony objected, and we loyally supported you. Mr. Scott, the President or Vice-President of the Company, when in London, well understood this, and agreed that no charge should be made for first two months. The thing seems in a tangle; and though we admit hardly any liability, as the contract terms have been so wholly disregarded, we are willing to make payments described below, if they are accepted in full discharge, and you are assured the Contractors will now carry out service in accordance with contract.

Inward Services.—The "Colima" did not bring mails, and it was understood in London, by Mr. Scott, she was not to be paid, therefore we decline to pay for her. The "City of San Francisco" also brought no mail, and for her also we are not called on to pay, as it was understood in London we would not pay or give her the mails because she was not prepared to go the contract route: still, as we agreed in conference with you, we will pay one-half for her trip from San Francisco—viz., eight hundred and sixty-four pounds (£864). The "Granada" took our mails to Sydney, whence they were brought by "Hero," and the Contractors did not perform coastal service. There was thus no performance of contract, and we think we are liberal on being ready to pay one-half—viz., eight hundred and fourteen pounds (£814). Last month the Contractors carried the "City of Melbourne's" mails from Auckland to Port Chalmers, for which we are willing to pay two hundred and twenty-five pounds (£225), the price Government paid the local Company, of which you will have to pay half.

For the "Mikado-Colima" service (this month's), we are willing to pay full amount earned—viz., one thousand five hundred and twenty-nine pounds (£1,529).

Now, in regard to outward services, the "Vasco" took mails from Auckland, leaving two days late, and not performing coastal service. We are willing to pay two-thirds, one thousand and nineteen pounds (£1,019), for this, if it be distinctly understood not to form a precedent, as we regard the coastal service as part of the essence of the contract, and will insist on it unless otherwise arranged.

For the "Cyphrenes" we have already declined to make payment, and we think it is enough that for this trip we had to pay the "City of Melbourne" enormous subsidy.

The "Mikado" took up the service from Auckland only, but the Contractors arranged for the carriage of the mails from Port Chalmers to Auckland in a coast boat. We will give three-quarters, one thousand two hundred and thirty-seven pounds (£1,237), for this service, but on the understanding about precedent that I already have referred to—viz., that we will insist on coastal service as per contract. For the "City of San Francisco" and "Granada," we will pay in full, subject to penalties or premiums, as the case may be.

To sum up, we will pay for inward services: "City of San Francisco," eight hundred and sixty-four pounds (£864); "Granada," eight hundred and fourteen pounds (£814); "Granada" coastal service, two hundred and twenty-five pounds (£225); "Mikado-Colima," one thousand five hundred and twenty-nine pounds (£1,529). Outward services: "Vasco da Gama," one thousand and nineteen pounds (£1,019); "Mikado," one thousand two hundred and thirty-seven pounds (£1,237); "City of San Francisco," one thousand seven hundred and twenty-nine pounds (£1,729). Total proposed payments, seven thousand four hundred and seventeen pounds (£7,417).

The Hon. the Colonial Secretary, Sydney.

JULIUS VOGEL.

No. 110.

Mr. TOLHURST to the POSTMASTER-GENERAL, Wellington.

SIR,—

Bank of New Zealand, Wellington, 1st April, 1876.

On behalf of the Pacific Mail Steamship Company, I have the honor to hand you herein memorandum of account amounting to £765 16s. 2d., being their claim for the conveyance of mails from San Francisco to Auckland per "Granada" and "Hero."

I also beg to enclose relative letter addressed to you by Messrs. Gilchrist and Watt, the Company's Agents in Sydney, to which I ask the favour of your attention and early reply.

I have, &c.,

GEORGE E. TOLHURST,
Manager.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 110.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 16th March, 1876.

We have the honor to enclose claim for subsidy in respect of mails from San Francisco to Auckland per "Granada" and "Hero."

We regret exceedingly that the mails were unavoidably conveyed *via* Sydney, but the alternative was to leave them at Kandavau, in which case they would not have reached Auckland for three weeks later.

The "City of San Francisco," which was intended to connect with "Granada," waited three days for her arrival, and then proceeded to Auckland without the mails. The "Granada," in consequence of detention to receive mails in San Francisco, did not reach Kandavau till 30th of January, or six days late. Had the "City of San Francisco" waited for the arrival of "Granada," it would have made "City of San Francisco" six days late in arrival at Port Chalmers, say 11th February; and the date of her departure per time table being 9th February, the whole service would have been disorganized.

We have, &c.,

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

Enclosure 2 in No. 110.

The POSTMASTER-GENERAL, New Zealand, to the PACIFIC MAIL STEAMSHIP COMPANY.

FOR conveyance of mails from San Francisco to Auckland as under, as per contract:—

Clause 11	£1,529 16 2
Less deduction for 191 hours late delivery, £4 per hour ..	764 0 0

£765 16 2

NOTE.—Time commenced 11.30 a.m., 9th January, 1876, and terminated 8 a.m., 14th February, 1876. Whole time from San Francisco to Auckland, 836 hours and 30 minutes.

These mails were too late for the branch steamer, and were conveyed *via* Sydney at the cost of the Contractors, and the claim is subject to further deduction for conveyance of mails to southern ports.

Sydney, 15th March, 1876.

GILCHRIST, WATT, AND Co.

No. 111.

Mr. GRAY to the MANAGER, Bank of New Zealand.

SIR,—

General Post Office, Wellington, 7th April, 1876.

The Postmaster-General has directed me to acknowledge the receipt of your communication of the 1st instant, enclosing a letter from Messrs. Gilchrist, Watt, and Co., of Sydney, Agents for the Pacific Mail Steamship Company, together with a memorandum of account amounting to £765 16s. 2d., being the Company's claim for conveyance of mails from San Francisco to Auckland per "Granada" and "Hero."

I am to inform you, in reply, that the whole question of payments has recently been discussed, and the Postmaster-General has forwarded a statement to the New South Wales Government of the sums this colony is willing to pay the Contractors since the commencement of the service in November last.

In respect of the service for which subsidy is now claimed, I am further directed to add that this department has intimated its willingness to pay the sum of £814 18s. 1d.

I have, &c.,

W. GRAY,
Secretary.

The Manager, Bank of New Zealand, Wellington.

No. 112.

Messrs. GILCHRIST, WATT, and Co. to the Hon. Sir J. VOGEL.

SIR,—

Sydney, 31st March, 1876.

We have the honor to request that the subsidy accrued in respect of mails conveyed per "Mikado" to and from San Francisco, and per "Granada" from New Zealand, may be placed to our credit with the Bank of New Zealand as Agents for and on behalf of the Contractors for the San Francisco Mail Service.

We are not in possession of the data, &c., and therefore cannot render the claim, but, as you are in possession of the way-bill, we respectfully request that the claims may be made up therefrom by your department, and the money paid in forthwith to our credit as aforesaid. We ask this as the service involves heavy expenditure, and any delay in payments entails a loss in the interest account. If the vouchers are sent to us, we will discharge them and return them to your department, or the Bank of New Zealand will do so on our behalf on the money being lodged.

May we ask that this arrangement may be carried out with future subsidies as they accrue, leaving it open to us, however, where penalties are imposed, to appeal to you for remission of the same.

We have, &c.,

GILCHRIST, WATT, AND Co.

The Hon. Sir Julius Vogel, K.C.M.G., Postmaster-General, Wellington.

No. 113.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 25th April, 1876.

I have the honor to acknowledge the receipt of your letter of the 31st ultimo, requesting that the subsidy accrued in respect of the late voyage of the "Mikado" to and from San Francisco, and also that of the "Granada," from New Zealand in February last, be placed to your credit with the Bank of New Zealand.

I may here state that, with respect to the inward voyage of the "Mikado," this department has paid the sum of £1,529; but I am unable at present to authorize payment for the "Granada's" outward service, as this department has not yet been advised that the vessel has reached San Francisco.

Vide No. 149.

From my telegram of the 18th instant, you would learn that the question of making payments to the Contractors had been discussed by the two contracting Governments, and that the Government of New South Wales had been informed of the payments this colony was willing to make, and the conditions under which payment would be made. I also informed you of the total amount this colony was inclined to pay; but, in order that you may better understand the position taken up by this colony in the matter, I enclose, for your information, copy of the telegram I addressed to the Hon. the Colonial Secretary of New South Wales on the 30th ultimo.

Vide No. 109.

On the 22nd instant the sum of £1,729 in respect of the "City of San Francisco's" outward service in February, and also £1,529 in payment of the inward service performed by the "Mikado" and "Colima" last month—a total of £3,258—were lodged with the Bank of New Zealand on your account; and to-day a further sum of £814, being payment of the inward service of the "Granada" in February, was also placed to your credit with the above Bank. The other sums this colony proposed to pay will likewise be lodged with the Bank of New Zealand on my receiving an assurance that the Contractors will accept the payments as a full discharge for the services which the payments are intended to cover.

I have, &c.,

JULIUS VOGEL.

Messrs. Gilchrist, Watt, and Co.,

General Agents, Pacific Mail Steamship Company, Sydney.

No. 114.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 20th March, 1876.

I am directed to forward herewith, for the information of the Postmaster-General of New Zealand, copy of a report obtained from the Marine Board of this colony in reference to the suitability of the s.s. "Colima" to undertake the conveyance of mails under the conditions of the contract respectively between New Zealand and New South Wales and the Pacific Mail Steamship Company.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON.

Enclosure in No. 114.

Messrs. HIXON, BRODERICK, and JOHNSON to the POSTMASTER-GENERAL.

SIR,—

Sydney, 10th March, 1876.

In reply to your letter of the 7th instant, we have the honor to inform you that we have

surveyed the s.s. "Colima," and consider her suitable under the conditions of the postal contract for conveyance of the mails.

We have, &c.,

FRANCIS HIXON, President.

H. BRODERICK, Engineer Surveyor.

RICHARD JOHNSON, Shipwright Surveyor.

The Hon. the Postmaster-General.

No. 115.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 26th April, 1876.

I am directed to acknowledge, with thanks, the receipt of your letter of the 20th ultimo, forwarding copy of a report obtained from the Marine Board of your colony with respect to the suitability of the s.s. "Colima" to undertake the conveyance of mails under the conditions of the contract respectively between New Zealand and New South Wales and the Pacific Mail Steamship Company.

I have, &c.,

W. GRAY.

The Secretary, General Post Office, Sydney.

No. 116.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 5th April, 1876.

I am directed to forward herewith, for the information of the Postmaster-General of New Zealand, a copy of communications which have passed between this office and the Agents of the Pacific Mail Steamship Company, relative to the mail and sorting accommodation provided on board the steamships "Zealandia" and "Australia."

I have, &c.,

S. H. LAMBTON.

The Secretary, General Post Office, Wellington.

Enclosure 1 in No. 116.

Messrs. GILCHRIST, WATT, and Co., to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 14th March, 1877.

We have the honor to request that you will have the sorting accommodation for mails on board the "Zealandia" and "Australia" inspected, and advise us if all necessary and suitable accommodation is provided in accordance with the 16th clause of the postal contract.

We have, &c.,

GILCHRIST, WATT, AND CO.

The Hon. the Postmaster-General, Sydney.

Enclosure 2 in No. 116.

Mr. LAMBTON to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Sydney, 31st March, 1876.

With reference to your letter dated 14th instant, I am directed to inform you that the places required to be provided, under the 15th clause of the contract between this colony and New Zealand and the Pacific Mail Steamship Company, for the deposit of mails on board the steamships "Australia" and "Zealandia," meet with the satisfaction of the Postmaster-General.

I am to add that the Government of New Zealand is more immediately concerned in respect of the sorting accommodation alluded to in the 16th clause of the contract, as at present this colony has made no provision for sorting the mails on board the packets.

I have, &c.,

S. H. LAMBTON,

Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 117.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 24th April, 1876.

I am directed to acknowledge the receipt of your letter of the 5th instant, forwarding copies of communications which have passed between your office and the Agents of the Pacific Mail Steamship Company relative to the mail and sorting accommodation provided on board the steamships "Zealandia" and "Australia."

I have, &c.,

W. GRAY,

Secretary.

The Secretary, General Post Office, Sydney.

No. 118.

Mr. D. T. RICH to the Hon. the POSTMASTER-GENERAL.

(Telegram.) Lyttelton, 4th April, 1876.
 "COLIMA" broken down off Banks Peninsula. I have come on in "Maori" to make arrangements to get her towed in here, and see Agents to make arrangement to procure another boat to take mails to Fiji.
 D. T. RICH,
 The Hon. the Postmaster-General, Wellington. Pilot.

No. 119.

Mr. GRAY to Captain RICH.

(Telegram.) Wellington, 5th April, 1876.
 POSTMASTER-GENERAL is obliged for your telegram *re* breaking down of "Colima." Please do not make any arrangements for forwarding mails to Kandavau.
 Captain Rich, Lyttelton. W. GRAY.

No. 120.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.) 5th April, 1876.
 "COLIMA" broken down. Best plan to allow Sydney boat to call at Auckland this month. Reply soon as possible. If you meet Agents in this way, I think they should undertake not to employ "Colima" as mail boat, even when repaired. She is not suitable.
 The Postmaster-General, Sydney. JULIUS VOGEL.

No. 121.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. Sir J. VOGEL.

(Telegram.) 5th April, 1876.
 CONSEQUENT ON "Colima's" accident, we ask this Government authorize, subject to your sanction, "Zealandia" leaving this 7th *via* Auckland for Frisco, and "City of San Francisco" inwards, diverting to Auckland with New Zealand mails. If approved, Driver, Dunedin, will arrange coast conveyance. Trusting to consideration of both Governments in this emergency. Waiting your reply.
 The Hon. Sir Julius Vogel. GILCHRIST, WATT, AND Co.

No. 122.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.) 5th April, 1876.
 If Sydney Government agree, we will concur, subject to you paying all expenses of coastal services. We think also you should arrange not to use "Colima" when repaired. However repaired, unfit for mail service.
 Messrs. Gilchrist, Watt, and Co. JULIUS VOGEL.

No. 123.

The Hon. Sir J. VOGEL to Mr. DRIVER, Dunedin.

(Telegram.) 5th April, 1876.
 In case we agree to "Zealandia" taking mails from Auckland, how would you propose to arrange coastal services? Should not be willing to send our letters on Friday, to wait several days in Auckland. Will you arrange for "Hawea" to wait here till arrival of "Rangatira" on Saturday afternoon from Napier? Reply immediately—free.
 Henry Driver, Esq., Dunedin. JULIUS VOGEL.

No. 124.

Mr. DRIVER to the Hon. Sir J. VOGEL.

(Telegram.) Dunedin, 5th April, 1876.
 I HAVE only just now been able to see the Directors of the "Hawea." They demand £200 to keep at Wellington until Saturday. Do you consider it worth the expense for all the time it will save? In ordinary course, she will arrive Auckland Monday, and "Zealandia" should be there on Wednesday. Of course we are in your hands, and must do as you wish, but I respectfully submit, under circumstances, short delay should not be considered serious. Please intimate to me your approval of "Zealandia" calling at Auckland, as passengers at Lyttelton, and those on board "Hawea" from here, are most anxious to know. Kindly reply to-night.
 The Hon. Sir J. Vogel, Wellington. HENRY DRIVER.

No. 125.

The Hon. Sir J. VOGEL to Mr. DRIVER, Dunedin.

(Telegram.)

Wellington, 6th April, 1876.

NECESSARY "Hawea" wait till Saturday to enable Napier mails arrive. Sydney Government not yet consented steamer call at Auckland. You might arrange for another steamer, if you like, to reach Manukau in time, if Sydney Government agree to "Zealandia" coming to Auckland.

Henry Driver, Esq., Dunedin.

JULIUS VOGEL.

No. 126.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

6th April, 1876.

THANKS for prompt reply. Sydney Government reserve decision till to-morrow. Meantime arrangements made to carry mail and passengers to Auckland, trusting to Sydney's concurrence. Transmit head-quarters your suggestions *re* "Colima."

The Postmaster-General, Wellington.

GILCHRIST, WATT, AND CO.

No. 127.

Mr. DRIVER to the Hon. Sir J. VOGEL.

(Telegram.)

6th April, 1876.

THANKS for telegram. Have you given consent to "Zealandia" calling at Auckland? "Wellington" leaves here on Saturday. Could you not keep "Zealandia" at Auckland until her arrival. Please reply.

The Hon. Sir J. Vogel, Wellington.

HENRY DRIVER.

No. 128.

The Hon. Sir J. VOGEL to Mr. DRIVER.

(Telegram.)

Wellington, 6th April, 1876.

OUR consent to "Zealandia" calling at Auckland was subject to concurrence of New South Wales. Not yet heard whether Sydney Government agrees. I could not agree to detain New South Wales mails for even an hour unnecessarily. "Zealandia" should reach Auckland Tuesday afternoon or early Wednesday morning. If "Wellington" does not leave Port Chalmers until Saturday, she cannot reach Manukau in time. Had you not better re-arrange?

Henry Driver, Esq., Dunedin.

JULIUS VOGEL.

No. 129

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

6th April, 1876.

No answer about steamer calling at Auckland. If Company not to be helped when break-down not their fault, performing contract impossible. "Colima" should not have been allowed to leave Sydney. Have mails left Frisco? What are you doing about payments to Company?

The Postmaster-General, Sydney.

JULIUS VOGEL.

No. 130.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

6th April, 1876.

IN consequence of break-down of the "Colima," we are prepared to sanction "Zealandia" proceeding by way Auckland, there to receive New Zealand mails, and convey them *via* Kandavau to Frisco, and the inward steamer coming from Kandavau to Auckland with New Zealand mails and Frisco. Then Sydney subject to penalties for overtime. Have seen Watt respecting "Colima," who has telegraphed to New York our objection to her employment in the service. On receipt reply, we shall at once communicate with you.

The Hon. Sir J. Vogel, Wellington.

POSTMASTER-GENERAL.

No. 131.

Messrs. GILCHRIST, WATT, and Co. to the Hon. Sir J. VOGEL.

(Telegram.)

6th April, 1876.

"ZEALANDIA" proceeds to Auckland to-morrow, with this Government's approval.

The Hon. Sir J. Vogel, Wellington.

GILCHRIST, WATT, AND CO.

No. 132.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

6th April, 1876.

THE "Colima" was approved in England, and, pending the placing of the new boats on the line, I had her surveyed by the Marine Board's Engineers. Before she left Sydney they reported they considered she was suitable under the conditions of the postal contract.

The Hon. Sir Julius Vogel, Wellington.

POSTMASTER-GENERAL.

No. 133.

Mr. DRIVER to the Hon. Sir J. VOGEL.

(Telegram.)

6th April, 1876.

THE only arrangement I can make is to give "Hawea" £200 to wait until Saturday. Although an excessive charge, will give it if you say I must. Pray wire Sydney urging Government to allow steamer to call at Auckland. At present it is in dreadful state with mails and passengers going up coast at heavy cost, and uncertainty as to boat being there. Please reply to-night.

The Hon. Sir J. Vogel, Wellington.

HENRY DRIVER.

No. 134.

Mr. DRIVER to the Hon. Sir J. VOGEL.

(Telegram.)

7th April, 1876.

I HAVE arranged for "Hawea" to wait at Wellington until to-morrow afternoon.

The Hon. Sir J. Vogel, Wellington.

H. DRIVER.

No. 135.

The Hon. Sir J. VOGEL to Mr. DRIVER.

(Telegram.)

Wellington, 7th April, 1876.

ASSUMING you have completed arrangements with Union Company, we have advertised Frisco mail to close by "Hawea" to-morrow (Saturday). "Hawea" not yet signalled from Lyttelton.

Henry Driver, Esq., Dunedin.

JULIUS VOGEL.

No. 136.

MESSRS. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

7th April, 1876.

WITHDRAWING "Colima" deprives us of available steamer. Will you sanction next month's inward and outward mails being conveyed *via* Bay of Islands, omitting Fiji, thus avoiding risk and delay? Would proposal for similar permanent modification be entertained? We are strongly impressed with desirability of alteration, and, if likely to be entertained, will ask Contractors' authority to negotiate.

The Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

No. 137.

The Hon. Sir J. VOGEL to MESSRS. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

7th April, 1876.

WOULD not agree to temporary calling at Bay of Islands you propose. "Colima" was accepted only temporarily. I doubt whether proper officers will report her fit for mail service. Company has new vessels ready, but, instead putting them in service, we are informed they are being run to Panama. As to suggested permanent modification, do you mean one boat to run through from Frisco to Sydney *via* Bay Islands with a branch boat, or to carry out present contract, merely substituting Bay Islands for Kandavau?

Messrs. Gilchrist, Watt, and Co.

JULIUS VOGEL.

No. 138.

MESSRS. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

8th April, 1876.

WE mean C route, substituting Bay of Islands for Auckland testing route with Australia. Mort's superintending engineer, who is in Lyttelton, reports:—"Made careful examination of 'Colima.' Shafts and machinery in perfect order; spare propeller will be fitted in Dunedin." Company have now five ships on service. "Colima" and "Granada" were taken from Panama

trade, and this being the active season it is possible their places filled temporarily with Australian ships, which will replace "Colima" and "Granada" on return.

The Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

No. 139.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

10th April, 1876.

If New South Wales does not object, I see no objection to your making proposals of the kind you indicate, though prefer Auckland if C route adopted. It is right I should say, changes proposed great loss to New Zealand. We should lose main boat one way. New South Wales would have main boats both ways. You would save immensely, we only losers. We should require, therefore, very great reduction, and, before final acceptance, would submit to Parliament. For your own interest, I consider change necessary. Fiji route cannot be made commercially successful or thoroughly safe.

Messrs. Gilchrist, Watt, and Co.

JULIUS VOGEL.

No. 140.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

12th April, 1876.

REFERENCE letter, Gilchrist, Watt, 6th April, forwarded you per "Zealandia." We are willing, *Vide* No. 158. consequence "Colima's" breakdown, and to avoid use of "Mikado," which is not up to service, to let next outward and inward boats proceed *via* Auckland or Bay Islands, subject to penalties for overtime.

The Hon. Sir J. Vogel, Wellington.

POSTMASTER-GENERAL.

No. 141.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

12th April, 1876.

SEE Postmaster-General, Sydney. Your telegram not clear.

Messrs. Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

No. 142.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

12th April, 1876.

WE are satisfied with contract as at present carried out. If Contractors find they cannot continue they should submit proposal for reconstruction. Watt has telegraphed New York for instructions.

The Hon. Sir J. Vogel, Wellington.

COLONIAL SECRETARY.

No. 143.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

12th April, 1876.

GILCHRIST asks permission run C service outgoing and incoming boats. Contractors tendered for C service at reduction £15,000, including fifteen-hundred-ton boat to run on coast. They now propose arrange with coastal boat for small subsidy. If we agree to what they ask, the rate of subsidy for the two boats should be much reduced, say at rate fifteen to twenty thousand per year. Let me know your view soon as possible.

The Postmaster-General, Sydney.

JULIUS VOGEL.

No. 144.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

13th April, 1876.

HAVE received your telegram of yesterday. Will endeavour arrange for C service for next boats outwards and inwards, without prejudice to contract.

The Hon. Sir J. Vogel, Wellington.

POSTMASTER-GENERAL.

No. 145.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

12th April, 1876.

SUBJECT your concurrence, May mails inwards and outwards proceed C route, with the Government's sanction. Notify Driver. Have asked Contractors' authority permanent modification.

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

No. 146.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

15th April, 1876.

INFORMED Gilchrist and Watt that I was prepared, without prejudice to the contract, to concede to the Company permission to do the C service, outwards and inwards, next month on the terms proposed by the Contractors in their tender for that route—namely, at the rate of £74,950 per annum. They have replied that their suggestion to send "Australia" by C route was from a desire to meet wishes New Zealand reference non-despatch "Colima" with mails, and they hoped this permission would induce Company's sanction non-employment "Colima." They say that under circumstances, all expenses for B route having been incurred, no abatement subsidy will be asked in event non-despatch "Colima" with mails. Also, from Engineer's report, at present they know nothing to prevent "Colima" leaving Dunedin at appointed date B route for San Francisco. They draw attention to notice issued under authority Marine Board, Wellington, for guidance ships making Dunedin. They say "Zealandia" left here drawing 21 feet aft and 19 feet forward, being less than authorized under Plimsoll load-line, and "Australia" will do the same.

The Hon. Sir Julius Vogel.

POSTMASTER-GENERAL.

No. 147.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

15th April, 1876.

PARTIAL examination "Colima" at Lyttelton not unsatisfactory. If examination in dock satisfactory, better let her go. Believe chief reason behaving so badly, overloaded when left Sydney. Passengers suffered dreadfully. Sydney passengers at Kandavau hooted her. Pray prevent overloading.

The Postmaster-General, Sydney.

JULIUS VOGEL.

No. 148.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

15th April, 1876.

"COLIMA," unless disapproved by you, will perform May service *via* Kandavau. If disapproved, hope you will sanction "Australia" proposal without reduction in subsidy. Contractors' loss severe under any circumstances. Wellington Marine Board notice cause of anxiety. "Australia" will draw, leaving here, 21 feet aft, and not submerged to Plimsoll's load-line. What amount of subsidies are available to us to provide "Colima" disbursements and other outlay?

The Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

No. 149.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

18th April, 1876.

IF survey now being held of "Colima" satisfactory, I will agree to her performing May service. When discussing question of payments, I informed Colonial Secretary, New South Wales, that this Government were willing to pay Contractors up to date of "City of San Francisco's" arrival at Frisco, on 9th ultimo, the sum of £7,417. To this will now have to be added subsidy for "Mikado's" inward service, £1,430; total now available, say £8,847. But several of these payments, I consider, you are not strictly entitled to, and they should be made only on condition you accept them in full discharge, and that you intend carrying out service in accordance with contract. I am still without reply from Colonial Secretary, N.S.W., to whom matter of payments referred. See him. The notice issued by Marine Board gives depth of water on outer and inner bars Port Chalmers, at low-water spring tides. I find the rise is 7 feet at springs and 5 feet at neaps.

JULIUS VOGEL.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 150.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

18th April, 1876.

THIS Government has paid to date, reserving "City Frisco" and "Vasco de Gama," inward, until proposed payment for these services be authorized by Pacific as full discharge. Is not "Mikado," £1,430, added in error? We know of no intention to depart from contract, although sanction asked to negotiate modification. Please advise result "Colima" survey and decision as to money.

The Postmaster-General, Wellington.

GILCHRIST, WATT, AND CO.

No. 151.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

19th April, 1876.

RE subsidies. We have already paid for "Granada," arrived Sydney February; "City Frisco," arrived Frisco March; "Mikado," arrived Frisco February; and "Mikado" arrived Sydney March. Total, £6,669. Delay replying to yours 30th March consequence doubt paying "Frisco" inwards in January, and "Vasco" outward November.

The Hon. Sir Julius Vogel, Wellington.

POSTMASTER-GENERAL.

No. 152.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

19th April, 1876.

"MIKADO" fourteen thirty mistake. As described in telegram to Sydney Government, only two services are according to contract, and for these we will pay at once to Bank for you—namely, "Mikado"—"Colima" inward fifteen twenty-nine pounds, and "City of San Francisco" outward seventeen twenty-nine pounds. We are willing besides to pay for following services, on receiving discharge in full:—Inward—"City of San Francisco," eight sixty-four; "Granada," eight fourteen; and for "Granada" conveying "City of Melbourne's" mails from Auckland to Port Chalmers, two twenty-five. Outward—"Vasco de Gama," ten nineteen, and "Mikado," twelve thirty-seven. Please send us evidence of your authority, under seal of Company, to receive subsidies.

Messrs. Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

No. 153.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

20th April, 1876.

PLEASE pay Bank thirty-two hundred fifty-eight, with "Granada" eight hundred and fourteen, and further payment is to account. "Colima" requires our six thousand New Zealand disbursements.

Postmaster-General, Wellington.

GILCHRIST, WATT, AND CO.

No. 154.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

22nd April, 1876.

PAYMENT three two five eight pounds, "Mikado" inwards and "City Francisco" outwards, authorized. Will pay for "Granada" eight one four pounds if you will accept it as payment in full. Same applies to other payments we offer.

Messrs. Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

No. 155.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

24th April, 1876.

WILL accept "Granada" eight one four, payment in full; please lodge Bank. Hope you will pay other sums without prejudice, as Contractors' expenses have been so heavy. Are sending you evidence of our authority.

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND CO.

No. 156.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

24th April, 1876.

WILL pay eight one four on account of "Granada." Decision regarding other desired payments will be communicated in few days.

Messrs. Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

No. 157.

Captain GIBSON to the SECRETARY of CUSTOMS.

SIR,—

Harbour Office, Lyttelton, 6th April, 1876.

In accordance with your instructions by telegram, I have surveyed the s.s. "Colima" now lying at anchor disabled in Lyttelton harbour.

Before proceeding to report, I wish to explain this survey is necessarily of a most superficial character, for, with the vessel fully coaled and afloat, it is obviously impossible to report fully on the state of the hull, or the exact nature of the recent accident to the steamer's propeller. In the absence of Mr. Crowle, the Government Engineer Inspector, I requested Mr. Bannatyne, chief engineer of the s.s. "Hawea," to assist me in making as close an inspection as circumstances would allow.

The "Colima" was built at Chester, Delaware River, by John Roach, in 1873. She is at the present time commanded by a master holding both English and American steamship certificates, and her crew consists of a certificated first officer, also second and third mates, boat-swain, carpenter, four quartermasters, three cadets, and seventeen deck hands.

The hull, as far as could be seen, is in good order, although the stern is indented about three inches out of line on the starboard side, through the s.s. "Granada" fouling her at Kandavau. This is of no importance whatever to the safety of the ship. One of the bulwark stays was also twisted at the same time, and a bow port broken. These are also trivial matters, and can easily be repaired. From examination of the ship's log since this mishap, I found by the pump-well soundings that the ship made no water.

The "Colima" carries twelve boats which are in good order and properly equipped, besides a life-raft and sixty fine life-belts. The vessel is amply supplied with steam and hand pumps, hose, and buckets, in case of fire—namely, on the main and steerage decks three large and one small steam pumps, besides a hand pump and two large and one small steam pumps on the hurricane or awning deck, with 450 feet of large and 300 feet of small hose.

On examination of the passenger accommodation, I observed, in state-rooms No. 11 and A, the dead-lights were not watertight, and required attention; also cabins B, Nos. 1-6 and 10, leak slightly from the deck; and on further examination I found the seams of the main deck cabins Nos. 41, 47, 53, and 54 showed signs of straining, and requiring to be caulked.

The spars, sails, and gear of the vessel were complete and serviceable.

Although vessels of the "Colima's" description of build may be suitable for trans-oceanic purposes, she is not, in my opinion, at all adapted for the coastal mail service of this colony, the vessel's great draft of water of itself being an insuperable objection.

The engineer department is under the control of four certificated engineers and an ample staff. So far as could be seen, the machinery and boilers were in good order. The crank, cylinder cover, piston, and part of engine seat, recently replaced in Sydney, is of first-class workmanship. The one disadvantage of compound engines is their racing in a heavy sea, even though provided with governors (which the "Colima" is not), and probably this led to the loss of her propeller.

The "Colima" was under easy steam, only making fifty-three revolutions at the time she broke down, and as she is not supposed to have struck anything, most likely the propeller boss became fractured during the heavy weather encountered between Auckland and Wellington on the passage down the coast, which fracture gradually increased until she finally lost her screw.

I have, &c.,

FREDK. D. GIBSON,
Inspector of Steamers.

The Secretary of Customs, Marine Branch,
Wellington.

No. 158.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 6th April, 1876.

We only learned on the morning of the 5th instant of the break-down of the "Colima," and as our Postmaster-General and most of the Ministry were out of town, we at once telegraphed to you asking your sanction to the "Zealandia" proceeding *via* Auckland, and "City of San Francisco" calling at Auckland on her way here, provided this Government authorized the divergence. Copy of our telegram to you was sent to our Postmaster-General, and also of your

reply, which reached us same day about 3.30 p.m. The Ministers returned in the evening, and we saw the Premier and Postmaster-General at 7 p.m., and, although willing to concur with your views, they delayed giving an official reply until after a Cabinet meeting to-day. Last night we telegraphed to you to this effect; but that, relying on the concurrence of this Government, the arrangements had been made to avoid delay, and further, that we would transmit your suggestion *re* "Colima" to head-quarters (New York), as it would be beyond our power, if the "Colima" were put in a thorough state of efficiency, to send her back without employing her in the service. If she be sent away we shall be short of a boat, and have, therefore, asked permission to send "Australia" *via* Auckland next month, and incoming boat to take same route. And we further ask sanction to omit Fiji, so as to enable the steamer to keep contract time.

We have the "Mikado" here, but we understand her employment in the service was specially sanctioned for one trip only, and without your permission we would not again put her in the service.

The Postmaster-General, Wellington.

We have, &c.,
GILCHRIST, WATT, AND CO.

No. 159.

Mr. GRAY to MESSRS. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 26th April, 1876.

I am directed to acknowledge the receipt of your letter of the 6th instant, informing this department of the action taken by you on receipt of the intelligence that the s.s. "Colima" had broken down.

I have, &c.,

Messrs. Gilchrist, Watt, and Co., Sydney.

W. GRAY, Secretary.

No. 160.

Mr. CRAWFORD to the SECRETARY of CUSTOMS, Marine Board, Wellington.

(Telegram.)

Port Chalmers, 25th April, 1876.

EXAMINED hull of s.s. "Colima," and found it in first-class order. Machinery very satisfactory. Examined boilers as far as practicable, and found them in good order; boats and equipment complete.

ALEX. CRAWFORD,

Inspector of Steamers.

The Secretary of Customs, Marine Board, Wellington.

No. 161.

Mr. GRAY to MESSRS. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

25th April, 1876.

RESULT second survey "Colima" satisfactory. Postmaster-General agrees to her taking up outward service next month.

W. GRAY.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 162.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

25th April, 1876.

SECOND survey "Colima" satisfactory. Agents notified that I approve of her performing outward service next month.

JULIUS VOGEL.

The Postmaster-General, Sydney.

No. 163.

Mr. GRAY to Mr. DRIVER.

(Telegram.)

25th April, 1876.

RESULT of second survey of "Colima" just received. It is satisfactory, and Postmaster-General now approves of "Colima" taking outward mails next month.

Henry Driver, Esq., Dunedin.

W. GRAY.

No. 164.

Mr. CRAWFORD to the SECRETARY of CUSTOMS.

Office of Inspector of Steamers, Dunedin,

27th April, 1876.

SIR,—

I have the honor to forward to you the following report of survey of s.s. "Colima," in the graving dock, Port Chalmers, held on Tuesday last. I examined the hull carefully all

round and found it in first-class order, not the slightest signs of straining or weakness being apparent anywhere. The hull is divided into three water-tight compartments with collision compartments, the bulkheads being fitted with cocks connected with the main deck. There is a slight indentation in the stem towards the port side, about 26 feet from the keel, but not causing any material damage to the ship. The cables are of $1\frac{1}{2}$ iron, with length of ninety fathoms to each cable. The anchors are of 32 cwt., which with stock will weigh about 40 cwt. The boats are 13 in number altogether; one being of wood, the rest are of iron all fitted with air chambers; two are fitted with patent lowering apparatus; four are fitted with masts and sails complete. They are all fitted with every requisite for immediate use. The boilers are four in number, well made and well stayed, and in good order. There is a separate superheater with four flues running through, also well stayed. Iron of boilers, shell, 13-16; furnaces, 9-16; iron of superheater, $\frac{5}{8}$; carrying a pressure of 63 lbs. per square inch. The engines are compound, with cylinders of 51 and 88 inches respectively. The repairs done in Sydney are of a first-class character,—the after cranks having been likewise strengthened by shrunk straps of iron 3 x 4 inches, two on each crank. I examined the line of shafting carefully, and found no traces of any flaws therein. The propeller shaft on the outside of the ship, where the propeller ships on, was corroded a little at the large end, from which I would judge that the old propeller had not been a very good fit; possibly it might even have been slack a little, and, if so, it would have been detrimental to the working of the engine. The new propeller boss has been very carefully fitted, and is now (being finished to-day), in my opinion, a good job, and will render the "Colima" quite sufficient for all sea-going purposes.

I have, &c.,

ALEXANDER CRAWFORD,
Inspector of Steamers.

The Secretary of Customs, Marine Branch, Wellington.

No. 165.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 7th April, 1876.

I am directed to enclose, for the consideration of the Postmaster-General of New Zealand, a copy of a communication which has been received from the Agents of the Pacific Mail Steamship Company, asking for permission to perform the service next month, both inwards and outwards, *via* Auckland or the Bay of Islands, and omitting to call at Fiji.

I have, &c.,

S. H. LAMBTON,
Secretary.

The Secretary, General Post Office, Wellington.

Enclosure in No. 165.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 6th April, 1876.

The withdrawal of "Colima" from San Francisco Mail Service, as desired by New Zealand Government, will leave us temporarily short of a steamer.

The "Mikado," now in port, was placed on the line by special permission for one trip only, and we may not put her in the service again without special permission from both contracting colonies.

We have to ask your sanction and that of the New Zealand Government to performing the service next month, inwards and outwards, *via* Auckland or Bay of Islands, and omitting the call at Fiji.

We have, &c.,

The Postmaster-General, Sydney.

GILCHRIST, WATT, AND CO.

No. 166.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 26th April, 1876.

I am directed to acknowledge the receipt of your letter of the 7th instant, enclosing, for the consideration of the Postmaster-General of this colony, a copy of a communication which has been received from the Agents of the Pacific Mail Steamship Company, asking for permission to perform the service next month, both inwards and outwards, *via* Auckland or the Bay of Islands, omitting to call at Fiji. I am to thank you for the communication referred to.

I have, &c.,

W. GRAY,
Secretary.

The Secretary, General Post Office, Sydney.

No. 167.

Mr. BISS to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 27th April, 1876.

IN view of probable arrival of "City of San Francisco" to-night, would you please inform me as to disposal of mails; also, whether "Taranaki" will leave to-morrow if mails arrive in time? "Taranaki" advertised for Saturday. No opportunity for Napier before 5th or 6th May.

The Secretary, General Post Office, Wellington.

S. B. BISS.

No. 168.

Mr. GRAY to the CHIEF POSTMASTER, Auckland.

(Telegram.)

27th April, 1876.

CONTRACTORS have to arrange for bringing on mails, and I believe Agents are now arranging for "Taranaki" to convey mails to Port Chalmers. It is quite time arrangements were completed. Send all mails by "Taranaki."

The Chief Postmaster, Auckland.

W. GRAY.

No. 169.

Mr. GRAY to MESSRS. OWEN and GRAHAM, Auckland.

(Telegram.)

27th April, 1876.

I AM much disappointed you have not yet completed arrangements for sending on without delay "City of Francisco's" mails. Please inform Mr. Biss of your arrangements, and telegraph me to-morrow morning.

Messrs. Owen and Graham, Auckland.

W. GRAY.

No. 170.

MESSRS. OWEN and GRAHAM to Mr. GRAY.

(Telegram.)

Auckland, 28th April, 1876.

ARRANGEMENTS completed yesterday for "Taranaki" to convey mails. Postmaster duly informed of such.

The Secretary, General Post Office, Wellington.

OWEN AND GRAHAM.

No. 171.

Mr. BISS to Mr. GRAY.

(Telegram.)

Auckland, 28th April, 1876.

AGENTS just informed me arrangements have been made for "Taranaki" to convey mails South. She will leave as soon as mails can be shipped, and, if necessary, will be detained until Monday.

The Secretary, General Post Office, Wellington.

S. B. BISS.

No. 172.

The Hon. Sir J. VOGEL to Mr. DRIVER.

(Telegram.)

29th April, 1876.

I HOPE you have arranged that "Taranaki" comes on rapidly. She ought merely to call without stopping at all ports, to enable Otago to reply to letters. Lateness this month wholly fault of Contractors.

Henry Driver, Esq., Dunedin.

JULIUS VOGEL.

No. 173.

Mr. DRIVER to the Hon. Sir J. VOGEL.

(Telegram.)

Dunedin, 30th April, 1876.

I WAS not aware of engagement "Taranaki" until too late to interfere, but it would have been scarcely possible to have got mails down in time for Otago to reply. "Colima" will leave here in splendid condition, both as to ship and provisions. I am sparing no expense. Paterson and McLeod are putting on board the best of everything.

Sir Julius Vogel, Wellington.

HENRY DRIVER.

No. 174.

MEMORANDUM for Mr. R. S. LEDGER.

Wellington, 29th April, 1876.

As it is of the utmost importance "Taranaki" should deliver San Francisco mails at Wellington on Monday, and at Port Chalmers on Wednesday forenoon, I hereby agree, on behalf of the Postmaster-General, to pay your Company the sum of £50 in the event of the mails being delivered as above. The Contractors for the San Francisco Service will be liable for this payment, but the sum is to be considered guaranteed to your Company by Government.

The Manager, N.Z.S.S. Co. (Limited), Wellington.

W. GRAY.

No. 175.

The Hon. Sir J. VOGEL to Mr. DRIVER.

Wellington, 1st May, 1876.

As the incoming mail arrived late entirely through default of the Contractors, I have the honor to instruct you to detain the "Colima" to the latest possible hour on Thursday next, to enable her to take replies from Port Chalmers. The delay in delivering the mails will, under any circumstances, entail great loss upon this Government, inasmuch as the bulk of the replies will be sent *via* Suez, thus costing the colony a considerable sum of money. I do not think it should be necessary for the "Colima's" departure from Auckland to be later than her contract date. She must endeavour to make up the day between Otago and Auckland.

Henry Driver, Esq., Dunedin.

JULIUS VOGEL.

No. 176.

The Hon. Sir J. VOGEL to Mr. DRIVER.

Wellington, 6th May, 1876.

(Telegram.) I HAVE omitted to advise you earlier that, finding arrangements were not made to expedite the passage of the mails along the coast, I had to authorize a payment of £50, in consideration of which the "Taranaki" went from port to port without stopping, and delivered mails very quickly. Of course this will be charged to your Company: considering the permission given to go down coast by local boat, the Company should have spared no expense. The delay of the mail arriving was owing to unwarrantable detention of mails at Frisco. The short time for replies at Dunedin will lead to heavy mail from there to Suez, involving extra cost. In reference to coasting service and other matters, the Company should have a head agent in the colony. We never know whom to look to.

Henry Driver, Esq., Dunedin.

JULIUS VOGEL.

No. 177.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 5th May, 1876.

I am directed to forward herewith, for the information of the Postmaster-General of New Zealand, copy of a letter received from Messrs. Gilchrist, Watt, and Co., of this city, in which it is requested, in consequence of the detention of the s.s. "Colima" at Dunedin, by order of your Government, that the departure of the "Australia" may be deferred until the 6th instant, and to state that, under the circumstances, the Postmaster-General has detained that steamer here, as desired, in order to enable replies to be sent to correspondence received per "City of San Francisco."

I have, &c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington.

Enclosure in No. 177.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 2nd May, 1876.

We have the honor to enclose a telegram just to hand from Mr. Driver, of Dunedin, advising that the "Colima" "is detained there until the 4th instant by order of the Government, to enable replies to inward mail due there to-morrow."

Under these circumstances we would suggest that, if the "Australia" is detained until Saturday, it will afford this colony similar advantages in enabling them to reply to inward mails due per "City of San Francisco," and we shall be glad to have your instructions on the subject.

We have, &c.,

GILCHRIST, WATT, AND Co.

The Hon. the Postmaster-General, Sydney.

Sub-Enclosure to Enclosure in No. 177.

Mr. DRIVER to Mr. GILCHRIST, Sydney.

(Telegram.)

“COLIMA” detained until 4th by order Government, to enable replies to inward mail due here Wednesday. Estimate thirty-five passengers from New Zealand.

Gilchrist, Sydney.

Dunedin, 1st May, 1876.

DRIVER.

No. 178.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 22nd May, 1876.

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 5th instant, enclosing copy of a communication addressed to the Postmaster-General of your colony by Messrs. Gilchrist, Watt, and Co., requesting authority to detain the “Australia” one day at Sydney in consequence of the detention for one day of the “Colima” at Port Chalmers.

The Postmaster-General of this colony considered it advisable that the “Colima” should be detained twenty-four hours, so as to admit of replies being sent to the letters brought by the “City of San Francisco” and which only reached Port Chalmers on the 3rd instant. The Postmaster-General further considered that, as the late arrival of the mails was wholly due to the action of the Contractors, they should use every effort, notwithstanding the detention at Port Chalmers, to despatch the “Colima” from Auckland on her due date. The “Colima” sailed from Auckland at 2 a.m. of the 9th, only a few hours late.

I have, &c.,

W. GRAY,

Secretary.

The Secretary, General Post Office, Sydney.

No. 179.

The Hon. Sir J. VOGEL to MESSRS. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 20th April, 1876.

In enclosing for your perusal an extract from the report of the Mail Agent of this colony, who arrived at Kandavau by the s.s. “Mikado” on the 21st ultimo, and in which marked reference is made to the conduct of Mr. Woods, the agent of your Company at that place, I have to suggest that it seems desirable Mr. Woods should be informed that all official requests, preferred by officers of this department, must receive prompt and courteous consideration at his hands.

Messrs. Gilchrist, Watt, and Co.,
Agents for the Pacific Mail Steamship Co., Sydney.

I have, &c.,

JULIUS VOGEL.

EXTRACT REFERRED TO.

* * * * *

Ten hours after our arrival at Kandavau, Mr. Woods hailed us from a boat, and informed Capt. Moore that he would have to discharge mails, &c., on board the “Colima” at another harbour about thirty miles off; but Captain Moore refused to comply with his request, as he was of opinion it would cause great delay to the mails, and told him that unless he transhipped at Kandavau he would proceed to New Zealand. I also told Mr. Woods that I was the Mail Agent representing the New Zealand Government, and requested that he would be good enough to have the mails transhipped at once; but he took no notice of me whatever.

In the course of half an hour, Captain Moore received a letter from Mr. Woods stating that he would do all in his power in getting the vessels away that evening; but unfortunately, in taking the “Granada” out of the harbour, Mr. Woods fouled the “Colima,” which caused a detention of all three vessels until the following day—the “Granada” leaving at 5 a.m., and the “Mikado” and “Colima” at 6.30 p.m.

You will probably ask, Sir, where the pilot was? He was not allowed to leave the “Mikado” after boarding her outside the reef, and we had to bring him on to Auckland in the “Colima,” by order of Mr. Woods.

Mr. Woods came on board the “Mikado” with the pilot; but as soon as he heard that we had had the measles on board, he went ashore and reported it to the Health Officer, but did not mention to that gentleman that he had boarded us.

* * * * *

No. 180.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 5th May, 1876.

We have the honor to acknowledge receipt of your letter of 20th April, with its enclosure.

11—F. 3.

We regret that there should have been any cause of complaint of Mr. Woods' conduct. We have given Mr. Woods copies of the letter enclosed by you; and we trust that in future there may be no cause for dissatisfaction with the Company's official.

We have, &c.,
The Hon. the Postmaster-General, Wellington. GILCHRIST, WATT, AND Co.

No. 181.

Messrs. GILCHRIST, WATT, and Co. to Sir J. VOGEL.

SIR,—

Sydney, 6th April, 1876.

We have the honor to enclose copy of a letter received from Fiji, being answer to a letter addressed by Mr. H. H. Hall, late General Agent of the Pacific Mail Steamship Company, to the Government there, urging upon them the necessity for properly lighting the passages into Kandavau.

The "Mikado" on her last trip to San Francisco was detained 8½ hours waiting for daylight, and on her return trip eight hours at the Nahuka passage, and about the same time off Kandavau; and similar delays seem to be inevitable under the present arrangement, besides the risk to life and property attendant on having unlighted channels; and we respectfully urge the importance of the question on your immediate attention.

We have, &c.,
The Hon. the Postmaster-General, Wellington. GILCHRIST, WATT, AND Co.

Enclosure in No. 181.

Mr. HAVELOCK to Mr. HALL.

SIR,—

Colonial Secretary's Office, Levuka, 10th March, 1876.

I am directed by the Governor to acknowledge the receipt of the 11th ultimo, and to inform you that it will be transmitted by his Excellency to the Secretary of State for the Colonies, without whose sanction so considerable an expenditure as that contemplated by you cannot be proposed to the Legislature of the Colony.

I am also directed to remark that the contract between the Company which you represent and the Governments of New South Wales and New Zealand is a contract to which this colony is not a party, and with respect to the provisions of which it was not consulted. Nor does his Excellency understand how its performance can be rendered conditional on the erection by this colony of works with respect to which that contract contains no stipulation.

If the Government of Fiji consents to incur a large expenditure on this account, it will probably require the right to make some conditions as to the point in the group which should be selected as port of call.

I have, &c.,
H. H. Hall, Esq., A. E. HAVELOCK,
General Agent, Pacific Mail S.S. Co., Sydney. Colonial Secretary.

No. 182.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 26th April, 1876.

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 6th instant, drawing attention to the detention the s.s. "Mikado" suffered on approaching Kandavau on the last voyage to and from San Francisco, in consequence of the channels being unlighted.

I have also to thank you for the copy of a letter from the Colonial Secretary of Fiji, in reply to a communication addressed by Mr. H. H. Hall, late General Agent of the Pacific Mail Steamship Company, urging upon the Government of Fiji the necessity of properly lighting the passages leading into Kandavau without delay.

The attention of the Postmaster-General of New South Wales has been directed to this important question, and a copy of your letter and enclosure forwarded for his information.

I have, &c.,
Messrs. Gilchrist, Watt, and Co., W. GRAY,
General Agents, Pacific Mail Steamship Company, Sydney. Secretary.

No. 183.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

SIR,—

Wellington, 29th April, 1876.

I have the honor to forward herewith copy of correspondence received from Messrs. Gilchrist, Watt, and Co., relative to the imperfect lighting of the passages by which the Sar

Francisco line of steamers approach Kandavau, and the consequent risk to life and property, and liability to detention, the Contractors have to contend against.

I am of opinion that the Contractors have good grounds for drawing attention to this important matter, and asking for relief. It seems to me dangerous to continue calling at Kandavau; and so long as the vessels are subject to such risks and detentions, it is out of the question to expect that the service can be performed either with regularity or safety. It would appear that the Government of Fiji do not consider they should be expected to defray the cost of lighting the channels; but in the event of their deciding to incur large expenditure on this account, it is stated they would probably require the right to determine the port which should be selected as the point of call for the mail steamers. I am not inclined to accept the position desired to be assumed by the Government of Fiji. The two Governments are already subjected to an expenditure of £15,000 per annum for calling at Fiji. I do not ask the Government of that colony to meet the cost of lighting the channels, for I am in hopes you will soon agree to abandon that part of the contract which provides for calling at Fiji.

I shall be glad if you will favour me with your views on this matter.

The Hon. the Postmaster-General, Sydney.

I have, &c.,
JULIUS VOGEL.

No. 184.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 24th April, 1876.

We have the honor to enclose copies of telegrams received from you, and our replies thereto, since 8th inst.

We also enclose copy of letter of 9th November, 1875, from Vice-President Scott, appointing us as Agents; and we beg to refer you to our letter of 8th March (in which we enclosed copy of notification received from A. P. Bacon, General Agent at San Francisco, to the same effect), and to the following extracts from the power of attorney from the Company:—

“Know all men by these presents, that we, the Pacific Mail Steamship Company, a corporation duly incorporated, &c., &c., have made constituted and appointed, and by these presents do make constitute and appoint, Messrs. Gilchrist, Watt, and Co. our true and lawful attorney for us, and in our name place and stead, to represent and transact all matters and moneys pertaining to and accruing from the contract made between the said Pacific Mail Steamship Company and the Governments of New South Wales and New Zealand, and bearing date 23rd July, 1875, to adjust all matters or moneys with the said Governments of New South Wales and New Zealand, receiving and receipting for all subsidy payments, premiums, and all dues, and to settle all penalties deductions and indebtedness for and in the place and name of the said Pacific Mail Steamship Company.

(Signed) “SYDNEY DILLON,
“President.”

(Company's Seal.)

We also hold the fullest powers of attorney from the sureties, Messrs. John Elder and Co. and D. R. Macgregor, to conduct and settle all matters in connection with the contract.

The power of attorney from the P.M.S.S. Co. we are not satisfied with, and we have asked them for a further one; but the present powers are sufficient for all immediate purposes, and we will hold them at your disposal for the inspection here of any agent you may appoint for that purpose.

We have received the sum of £3,258 on account of “City of San Francisco” and “Mikado;” and we hope you will pay the balance, without prejudice, as expenses have been very heavy, and interest is still running on.

We have, &c.,
GILCHRIST, WATT, AND Co.,
General Agents for the Contractors, San Francisco
Mail Service.

The Hon. the Postmaster-General,
Wellington.

Enclosure in No. 184.

Mr. SCOTT to Messrs. GILCHRIST, WATT, and Co., Sydney.

DEAR SIRS,—

London, 9th November, 1875.

You are hereby appointed Agents of the Pacific Mail Steamship Company, and authorized to represent the Company in all matters connected with its business in New Zealand, New South Wales, Australia, and Fiji.

Fuller power will be duly forwarded by mail from New York.

Very respectfully yours, &c.,

The Pacific Mail Steamship Company,

By THOS. S. SCOTT,
Vice-President,

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 185.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 17th May, 1876.

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 24th ultimo, forwarding copies of certain telegrams exchanged between yourselves and this department. Also, copy of a letter dated 9th November, 1875, from Mr. Vice-President Scott, of the Pacific Mail Steamship Company, appointing you General Agents of the Company, as well as extracts from the power of attorney authorizing you to receive all moneys payable under the contract between the Pacific Mail Steamship Company and the Governments of New South Wales and New Zealand.

In thanking you for the information contained in the extracts from the power of attorney, I am to inform you that this department has been advised that it is necessary a copy of the whole power of attorney, certified by statutory declaration, should be lodged with the Postmaster-General before payments can be legally made to you as Agents for the Company. I have therefore to request that a copy of the power of attorney, duly attested, be transmitted to this office by return mail.

I have, &c.,

W. GRAY,

Secretary.

Messrs. Gilchrist, Watt, and Co., General Agents, P.M.S.S. Co., Sydney.

No. 186.

Mr. GRAY to the MAIL AGENT, Auckland.

(Telegram.)

29th April, 1876.

In your written report go into matter of the detention of our mails at Frisco very fully, and let me know at once whether, at any time after the mails were shipped on board "City of San Francisco," you requested the commander to proceed on his voyage, and, if so, what reply was made.

The Mail Agent, Auckland.

W. GRAY.

No. 187.

Mr. WILKIN to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Onehunga, 29th April, 1876.

I GAVE notice to commander and General Agent, of mails being on board, and stated that Postmaster-General of New Zealand would hold the Contractors liable for failure to despatch the steamer on contract date. In reply to letter asking cause of detention of steamer, Agent informed me that she was detained by permission of Sir Daniel Cooper.

The Secretary, General Post Office, Wellington.

JOHN W. WILKIN,

Mail Agent.

No. 188.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

29th April, 1876.

"CITY OF SAN FRANCISCO" arrived last night; leaves for Sydney noon. Mails detained on board from 28th March to 3rd April at Frisco. This is very serious. What are we to do to mark our sense of it? Why have you not replied to my letter of February 28?

The Postmaster-General, Sydney.

JULIUS VOGEL.

No. 189.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

1st May, 1876.

DELAY "City of Frisco" unfortunate, and Contractors must, of course, be requested to explain. I have received your private note April nineteenth. Propose meeting you when Parliament prorogues. Letter February twenty-eight not replied to consequence expectation proposal for modification from Contractors. Watt leaves for Frisco by "Australia" Friday.

Sir Julius Vogel, Wellington.

POSTMASTER-GENERAL,

Sydney.

No. 190.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

8th May, 1876.

PLEASE lodge inward subsidy "City of San Francisco" to our credit Bank of New Zealand, and advise amount. The vessel was detained by Sir Daniel Cooper until 3rd April, and is entitled to full subsidy.

GILCHRIST, WATT, AND Co.

The Hon. the Postmaster-General, Wellington.

No. 191.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

12th May, 1876.

RECEIVED your telegram of 8th. Sir Daniel Cooper had no power to detain steamer at Frisco, and I believe you are mistaken in supposing he did so. Shall exact full penalties. Consider detention most unwarrantable, and has occasioned us great expense, as replies from Otago principally sent by Suez. "City of Frisco" earned £1,744 16s. 2d., against which we claim £500 for Frisco detention, and £50 we paid for having mails delivered Port Chalmers prior to departure "Colima." We will therefore pay £1,194 16s. 2d. If detention satisfactorily explained, penalty will be remitted. Very desirable you appoint Chief Agent in this colony. These telegraph communications occasion great expense.

Messrs. Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

No. 192.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 4th May, 1876.

We have the honor to inform you that we have advices from the General Agent of the Pacific Mail Company at San Francisco, that the "City of San Francisco" was ready to start from San Francisco on the 29th March, but was detained until 3rd April by request of Sir Daniel Cooper.

We enclose a copy of the General Agent's letter on the subject.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

We have to request that you will lodge the subsidy due to the "City of San Francisco" for her trip just completed, to our credit, Bank of New Zealand, Wellington, in accordance with the time certificate that has been signed at Auckland by the Captain and your Mail Agent.

G. W. AND Co.

Enclosure in No. 192.

Mr. BACON to Messrs. GILCHRIST, WATT, and Co., Sydney.

Agency, Pacific Mail S.S. Co., San Francisco,

3rd April, 1876.

DEAR SIR,—

The underwritten telegram reached our hands on the 1st instant:—

"New York, 1st April, 1876.

"A. P. BACON, General Agent, P.M.S.S. Company, San Francisco.

"Write a letter to Postmaster-General, Sydney, and to Sir Julius Vogel, Wellington, and sign it for Sir Daniel Cooper, as follows:—

"'City of San Francisco' has been detained beyond her date of starting, and I have promised, if she starts not later than morning of 4th instant and picks up as much time as possible by extra speed, that you will not deduct penalty for being behind time. I come on by steamer of 26th instant, and will explain matters on my arrival. Send same to Postmaster-General of New Zealand, but add to Sydney afterward 26th."

Our reason for placing in your hands the foregoing copy will be obvious. We bespeak your powerful influence in having our undertaking with Sir Daniel Cooper sanctioned and confirmed by the various heads of the Colonial Postal Departments. A copy has been sent out by this mail addressed to the Hon. the Postmaster-General, Sydney; also to Sir Julius Vogel, Wellington, the Postmaster-General of New Zealand.

I have, &c.,

A. P. BACON,

General Agent.

Messrs. Gilchrist, Watt, and Co.,
Agents, Pacific Mail Steamship Company, Sydney.

No. 193.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 30th May, 1876.

I am directed to acknowledge the receipt of your letter of the 4th instant, stating you have advices from the General Agent of the Pacific Mail Company at San Francisco that the "City of San Francisco" was ready to sail from San Francisco on 29th March last, but was detained until the 3rd ultimo by request of Sir Daniel Cooper. I am also to acknowledge the receipt of a copy of the General Agent's letter on the subject.

I have, &c.,
W. GRAY,
Secretary.

Messrs. Gilchrist, Watt, and Co.,
General Agents, Pacific Mail Steamship Co., Sydney.

No. 194.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

Sydney, 15th May, 1876.

SIR,—

Subsidy per "City of San Francisco."

Vide Nos. 190 and
191.
Vide Enclosure in
No. 192.

With reference to telegrams of 8th and 12th instant, we have the honor to wait upon you with copies of letters from the General Agent of the Pacific Mail Steamship Company at San Francisco, showing our grounds for stating that the above-named vessel was detained until 3rd April by Sir Daniel Cooper.

The vessel had been in San Francisco for three weeks, and was ready for sea on 29th March. The Contractors therefore could have had no object in delay.

We presume you have paid £1,194 16s. 2d. to our credit in Bank of New Zealand; but we beg on behalf of the Contractors to protest against your arbitrary deduction of £550, a deduction which it appears to us is neither warranted by the 8th clause of the contract, nor equitable in view of the evidence you have of the cause of the delay.

The Postmaster-General of New South Wales has paid us the full amount earned by the vessel under the contract, without demur.

We take due note of your suggestion regarding the appointment of Chief Agents in Wellington, but at present we are not in a position to delegate our powers. The expense of telegraphing would, however, be trifling, if, on the arrival of each mail, you lodge the amount of subsidy earned according to the official time bill agreed on by the Commander and your official, and when we get advice by wire of the arrival of any vessel at San Francisco you also lodge the estimated amount of subsidy earned, leaving any bonus to be afterwards settled by you, or penalty paid by us (and for which we would give you an undertaking), in accordance with the time bill which will be returned in due course.

The cost of maintaining the service is very heavy, and it is a matter of importance that the Contractors should not suffer in interest by delay in payment of subsidies earned.

We have, &c.,

GILCHRIST, WATT, AND Co.,
General Agents for the Contractors, San Francisco
Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 195.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 5th June, 1876.

I have the honor to acknowledge the receipt of your letter of the 15th ultimo, enclosing copies of letters from the General Agents of the Pacific Mail Steamship Company at San Francisco, which you allege show that the detention of the "City of San Francisco" at San Francisco, until the 3rd April, was authorized by Sir D. Cooper.

I have to point out that Mr. Houston's telegram does not justify the statement made by you that Sir D. Cooper detained the steamer. The telegram merely stated that the "City of San Francisco" had been detained beyond her appointed date of sailing, and that Sir D. Cooper promised to recommend that penalties should be waived for late arrival in the event of efforts being made on the voyage to gain as much time as possible by "extra speed." This is further confirmed by letters I have received from Sir D. Cooper. I am at present in communication with that gentleman on the matter, and, should he advise that the full subsidy be paid the Contractors, the penalties deducted will be refunded.

I observe that you say, "The Postmaster-General of New South Wales has paid us the amount earned by the vessel under the contract *without demur*." The correspondence received in this office from the New South Wales Post Office shows that the sum you claimed for the "City of San Francisco's" voyage from San Francisco was not recognized, and the payment eventually made was made with the reservation that, if the detention at San Francisco was

through any fault of the Contractors, they would of course be liable for penalties. You were at the same time reminded that your claim was for a sum considerably in excess of the amount really earned by the vessel. Although, it is true, you speak of the "amount earned," the natural inference is that you speak of the amount claimed. In future, any reference to the action of the New South Wales Government, which you wish this Government to consider, should be supported by the correspondence, your view of which might be different from that which would be adopted there.

With regard to the question of payments, we will pay as promptly as possible after the arrival of each steamer at San Francisco and New Zealand. We are arranging for the receipt of telegraph advices announcing the arrival of the steamers at San Francisco, and on the receipt of such advices payment will be made on an estimate of the duration of the voyage, leaving final adjustment to be settled on the return of the steamer.

Messrs. Gilchrist, Watt, and Co., General Agents for the
Pacific Mail Steamship Company, Sydney.

I have, &c.,
JULIUS VOGEL.

No. 196.

Sir D. COOPER, Bart., to the Hon. Sir J. VOGEL, Wellington.

SIR,—

S.S. "City of New York," 12th May, 1876.

On my way to Sydney, I devoted some of my time to postal matters, and I have the honor to enclose you a copy of what I report to the Sydney Government, which, if you approve, you can consider as addressed to your Government also.

I have, &c.,
DANIEL COOPER.

The Hon. Sir Julius Vogel, Postmaster-General, Wellington.

Enclosure 1 in No. 196.

Sir D. COOPER to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

S.S. "City of New York," 1st May, 1876.

I had promised before leaving London to do something towards trying to bring about an arrangement that would prevent any claim being made by the United States on the British Government by reason of the cost of carrying the Australian and New Zealand closed mail between New York and San Francisco.

During my stay in New York, I had some consultations on the subject with General James, the Postmaster, and he strongly urged me to see Mr. Marshall Jewell, the Postmaster-General, who is a clear-headed man of business, and well able to understand the matter in all its bearings.

After visiting Philadelphia on Exhibition business, I went on to Washington, but unfortunately Mr. Jewell was away, and I only saw Mr. Blackfan, the first-assistant postmaster, and I returned to New York, in the hope of intercepting Mr. Jewell there, but on his return to Washington through New York he only passed from one railway station to the other.

General James, however, saw him, and explained to him the business upon which I wished to confer with him. I also wrote to Mr. Jewell, explaining that it was quite impossible to increase the rate on any portion of the mail matter going to or coming from Australia and New Zealand, as the same rates only could be charged as those by the eastern route *via* Galle. Any attempt to increase the charges would be merely prohibitory, and the mail *via* San Francisco would thereby be limited to light letters only, for the carriage of which the two colonies would not subsidize any line of steamers.

I proposed to Mr. Jewell that he should call together the representatives of the Central Pacific and Union Pacific and other railways over which these mails passed, and to try and induce them to make a special arrangement so that no loss should be incurred by the United States Government for the carriage of these mails.

I believe, if this course is taken, such an arrangement can be made, and no more will be heard of a demand on the British Government, or any increase on the rate of postage on any portion of the mail matter. The interest of the railways in this service is clearly indicated in my other letter which accompanies this.

I explained my points to Mr. Blackfan, at Washington, and also to Sir Edward Thornton, the British Ambassador; and I wrote to the latter asking him to see Mr. Jewell unofficially, and to talk the matter over with him.

I had previously explained this matter to Mr. Sidney Dillon, the President of the Union Pacific Railway, who seemed surprised that any such demand had been made; and on my arrival at San Francisco, I talked the subject over with Governor Stanford, the President of the Central Pacific Railway, and he expressed equal surprise at the claim.

It seems that the railway companies have great power both in the Senate and in Congress, and various Acts have been passed which take nearly all power out of the hands of the Postmaster-General.

The railways are paid for mails as follows, viz.,—

For every 200 lbs.	..	..	..	..	\$50 per mile.
„ 500 „	..	..	..	..	\$75 „
„ 1,000 „	..	..	..	..	\$100 „
„ 1,500 „	..	..	..	..	\$125 „
„ 2,000 „	..	..	..	..	\$150 „
„ 3,500 „	..	..	..	..	\$175 „
„ 5,000 „	..	..	..	..	\$200 „

And \$25 additional for every additional 2,000 lbs.

These are ordinary rates, but for special express trains higher rates are charged.

The weights of mails are taken two or three times each half-year, and the average weight is thus estimated that passes over each line; and the railway representatives meet and adjust their claims, and then send in their demands on the Government. Several expensive trains, I am informed, leave New York, especially one newspaper train called the “White Mail;” and if the cost of these is included, the average cost for carrying the mails over these lines must be greatly increased by them, whilst the Australian and New Zealand mails receive no benefit from them, and ought not to be charged with any such extra cost. I could not obtain the particulars as to how the demand on the British Government could be made up, and it was therefore impossible to satisfy myself as to details, at which I could only guess.

The Australian closed mail is part and parcel of the British mail directly it is landed at San Francisco homewards, and until it is put on board the steamer outwards. To separate it, therefore, from the rest of the British mail is unjust, for if there is a loss in carrying it in consequence of the great distance, by separating it from the shorter-distance letters which reduce the average cost of all British letters an injustice is done. The first principle of cheap postage is, that the short-distance letters help to pay for the long-distance ones, and to give up or alter this principle is to abandon all ideas of cheap postage, and we must revert to the old system of charging by distance as well as by weight.

On my return to England in September, I trust that I shall be able to see Mr. Jewell, and to find that some amicable arrangement has been made.

I regret that I have not more to report on this subject, but hope that what I have done so far will be deemed satisfactory.

The Hon. the Colonial Secretary, Sydney.

I have, &c.,
DANIEL COOPER.

Enclosure 2 in No. 196.

Sir D. COOPER to the Hon. the COLONIAL SECRETARY, Sydney.

Sir,—

S.S. “City of New York,” 1st May, 1876.

In a former communication to you, I promised that on my journey to Sydney *via* the United States of America, I would devote some of my time and attention to mail contract and postal matters.

I sailed from Liverpool on the 18th March, and arrived at New York on 28th, when I immediately commenced my work. I had seen Mr. Scott, the deputy chairman in London, with Mr. Ure and Mr. Donald Macgregor, and I now saw Mr. Sydney Dillon, the chairman, most of the directors, and Mr. Houston, the manager of the Pacific Mail Steam Company.

I was candidly informed that none of these gentlemen understood the contract or the service to be performed before the contract was signed. The whole matter had been left to Mr. Scott, the deputy chairman, a stockbroker, who knows nothing about such matters, and he relied entirely on the information and advice of Mr. H. H. Hall, and to a certain extent on Mr. Ure and Mr. Macgregor, who had some experience of the service required.

I had a long interview with Mr. Houston, the manager at New York, and I found that he had been greatly misinformed on many points, and held erroneous views on others, all of which I did my best to correct or modify; and in an interview with Mr. Dillon and some of the directors, I found that they were equally misinformed. This so paralyzed the action of the Company that, although the “City of San Francisco” was coaled, and nearly ready to start on her due date of sailing, the 29th March, if I had not opportunely arrived and given explanations she might not have sailed at all, and thus the contract would have dropped through.

To confirm my explanations, a telegram very fortunately came to hand from Messrs. Gilchrist, Watt, and Co., stating that you had paid the January subsidy, and were to try and arrange what should be paid for November and December. The propeller of the “City of San Francisco” had to be changed, and, as soon as this was done, she started on 3rd April; and I telegraphed a message to you, requesting, if the steamer arrived a day or two late, that you would not inflict fines if an attempt had been made on the voyage to lessen the time she was behind at starting, and I now beg to request that you will confirm my action in this matter.

I placed some of my views in writing before Mr. Dillon, and had further interviews with him and other directors, and with Mr. Jay Gould, the largest and most influential of the shareholders, and from what passed, I think they came to understand well enough the advantages and disadvantages of the service generally, and the present service particularly.

It was admitted that the Company was not in a position to lose money, as it was doing by performing the present contract, and they begged that it might be changed without delay to the C service. I explained that I could do nothing beyond placing their request before your Government, and that I would support it.

Whilst this was going on, the second accident to the "Colima" was reported, and then your proposition was telegraphed that you were willing to treat for a change to service C.

I was appealed to to telegraph to you for powers to negotiate this change, but I declined, as I had not time to stay longer at New York, and I considered it was more advantageous for you to keep the negotiations in your own hands, as you would know better than I could what would be approved by your own and the New Zealand Government. I therefore advised them to place themselves in the hands of Messrs. Gilchrist, Watt, and Co. I trust that you were able to come to terms, for I feel that unless the New Zealand coast service be abandoned, and also the concentration of the three steamers at Fiji each month, the contract must break down.

I had much talk with the directors about the transcontinental passage of the mails between San Francisco and New York and *vice versa*,—Mr. Sidney Dillon, being president of the Union Pacific Railway, and Mr. Jay Gould, the largest shareholder,—and I pointed out to them how desirable it was for that undertaking that this mail contract should be faithfully and properly carried out, as it would thereby give them increased passenger and goods traffic, which would go on increasing from year to year. I also pointed out how necessary it was to accelerate the rate of speed of the mail trains, and to instruct their officers that no avoidable delay should ever occur with the Australian mails. I brought these points also before the notice of Governor Stanford, the chairman of the Central Pacific Railway, and their importance was admitted, and promised every attention.

I also explained to these authorities and all other persons of influence I came in contact with, how important it was to reduce the duties on Australian wools, which, so far from competing with their own home-grown wools, would, by their great value in mixing, increase the value of their lower-class wools, which mixed with ours would be used for much finer quality goods than they are used for by themselves, and thus, by enabling us to ship to the United States our leading raw production, the establishment of the mail service on a self-supporting basis would be made certain. By pointing out this fact, and the certain increase of goods and passenger traffic, I think I did some good, and I am certain that I put spirit in and gave greater interest to the present undertaking.

Governor Stanford and the directors of the Central Pacific Railway are men of great enterprise and energy, and have displayed great administrative abilities in building up their line, which is held by a few original and wealthy proprietors and is a most prosperous undertaking. The Union Pacific Railway, if well handled, may in a few years become equally prosperous; and as these two lines cover 1,900 miles out of the 3,400 miles between New York and San Francisco, they are greatly interested in increasing the passenger and goods traffic over their lines by supporting the steam services between San Francisco and the Australian colonies, as well as to China and Japan.

It was this interest which caused myself and Mr. Russell to advocate the contract being given to the Pacific Mail Steam Company, many of the directors and shareholders of which are directors and shareholders in these railways; and we felt that the steam line without the interest of the railways being bound up in it was only part of a contract, whereas with this interest it was a complete undertaking. Should the Pacific Mail Steam Company succumb under its difficulties, I trust that the Central Pacific and Union Pacific Railway Companies will continue the contract as part and parcel of their lines.

I believe a move is being made in this direction to combine the China and Japan line with the Australian, and Captain Bradbury, an experienced and able man, has been appointed joint manager of both companies. The other railway companies between New York and Chicago and Omaha are now fully alive to the importance of the increased traffic given by these steam lines; and, if necessary, will no doubt give their aid in establishing them permanently.

During my stay in New York I saw the Postmaster, General James, many times, and he assured me most earnestly that he took a personal interest in the forwarding of our Australian mails. I talked over the whole matter with him, explaining that the key or pivot of the whole matter was to get the mails into the first "White Star" steamer on Saturday, and that to do this the mail was timed to reach San Francisco on a Thursday, so that it could leave there on Friday at 7 a.m., and arrive at New York on the following Friday, or at the latest on Saturday morning, and in the latter case the steamer could be detained down the river until the mail was put on board. He said that he had always tried to do this, and would continue to do so, but he pleaded not to be bound to send the mails always by the Cunard boats on Wednesday when they missed the "White Star" boats on Saturday, as there was often a faster boat on Monday or Tuesday, and sometimes on Thursday. I therefore took upon myself, so far as New South Wales was concerned, to give him permission to exercise a choice of vessels on any day except Saturday, but, all other things being equal, he was to give a preference to the steamers calling at Queenstown. I wrote to Mr. Russell asking him to agree to this.

General James is a most energetic and systematic man, and one of the best Postmasters that has held office in New York. He gave me letters to the Postmasters at Chicago, Omaha, and San Francisco, and on my way over to the latter place I remained a day at Chicago, and

saw the Postmaster, General Macarthur, and explained to him the necessity of urging on the Australian mails, and to see that they did not miss the "White Star" steamer on Saturday if there was any possibility of getting them to New York in time. He assured me of his personal interest in the matter, that no delay had ever occurred within his jurisdiction, nor should it if he could help it. I stayed a day also at Omaha, where the Union Pacific Railway commences, and the same conversation took place between the Postmaster (Mr. Yost) and myself, and he gave me similar assurances and promises. Mr. Dillon had given me letters to the Chief Inspector (Mr. Clark) of his railway, and to the Traffic Manager (Mr. Kimball), and they both assured me of their personal interest in forwarding the mails, which were always telegraphed from San Francisco to Ogden, from Ogden to Omaha, and from Omaha to Chicago, and from Chicago to New York. The Central Pacific Railway being managed at San Francisco, I did not stay at Ogden, where it joins the Union Pacific Railway.

At San Francisco I saw the Postmaster, Mr. Coey, and explained to him the absolute necessity of getting the mails to New York in time for the Saturday steamer, and he said he was quite aware of the necessity, and that no effort on his part should be wanting. I stated that I had been informed that the mail, instead of being taken from the steamer to the railway, was always taken to his office. He said that was so, but no delay had ever occurred thereby, as he could prove by the time of arrival of each steamer and the transmission of its mails. He explained that a complaint had been made of a delay of twelve hours in one mail, but as there is only one through train a day, which starts at 7 a.m., any delay must have been for twenty-four hours, not twelve.

I pointed out to him that in October last I had seen three envelopes, one of a letter posted at Sydney, one brought by private hand and posted at San Francisco, and a third posted at Honolulu, and all coming by the same steamer to San Francisco, yet the two latter were delivered in London on the Monday, but the former not until the following Friday. He said that the mails must have got separated somewhere on the railway lines between there and New York, for all the bags left San Francisco together. I had made this complaint at Chicago, Omaha, and New York, but it was repudiated at those places. I believe Mr. Coey was not to blame, and have no doubt the mail got split somewhere after it left San Francisco, and it was not noticed at New York. Having drawn attention to the matter, I trust such a thing will not occur again.

I have impressed on Mr. Houston, the Manager of the Pacific Mail Steam Company, the absolute necessity of starting their steamers always to the day and hour fixed, and I was equally impressive on the same point with Captain Bradbury at San Francisco. The latter says that it shall not be his fault if they do not start to time in future, as he sees the necessity of it, and how irregularities and doubts about starting must deter passengers coming by the San Francisco route.

Many points cropped up and were discussed, but I need not weary you with them; and I only hope that what I have said and done may meet with the approval of yourself and your colleagues, and that the information I give may be found of some service.

My visit to the United States, the information I have obtained, and the conversations I have had with intelligent people of all classes, have more than ever impressed me with the necessity and the wisdom of keeping up this mail service. As it becomes more perfect, the present fine steamers must induce travel and traffic, and the transportation of passengers and goods must rapidly increase in volume. The colonies cannot have constant communication through a community of 40,000,000 without trade being promoted, especially when that community is allied to us by blood and bone, as well as by a common language.

A few years ago the steamer "Great Western" made her first voyage across the Atlantic, and was the first steam link between Great Britain and the United States, and now steamers start daily, and some days almost hourly. Why should not steam make equal progress in bridging over the beautiful Pacific?

The Hon. the Colonial Secretary, Sydney.

I have, &c.,
DANIEL COOPER.

No. 197.

The Hon. Sir J. VOGEL to Sir D. COOPER, Bart., Sydney.

SIR,—

General Post Office, Wellington, 7th January, 1876.

I have to acknowledge the receipt of your letter of the 12th ultimo, and beg to thank you for the enclosures you were good enough to forward me, which I shall use as you have given me permission to do.

Sir Daniel Cooper, Bart., Sydney.

I have, &c.,
JULIUS VOGEL.

No. 198.

The Hon. Sir J. VOGEL to Sir D. COOPER, Bart., Sydney.

SIR,—

General Post Office, Wellington, 5th June, 1876.

In making payment to the San Francisco Mail Contractors in respect of the "City of San Francisco's" late voyage from San Francisco, this Government exacted the full penalty for

the Contractors failing to despatch the steamer on the appointed date, and for having detained our mails at San Francisco five days beyond the proper date of sailing. The Contractors' Agents have repeatedly urged in explanation of the delay that the detention was sanctioned by you; and my object in now addressing you is to ascertain whether you authorized the detention from the 29th March to the 3rd April, or whether you only condoned the detention, as seems to have been the case, judging from Mr. Houston's telegram and the correspondence you were good enough to forward me. The statement that you authorized the detention seemed to me unreasonable, and I accordingly decided to deduct the full penalty. But as you appear, in a measure, to have condoned the delay, I shall be glad if you would apprise me whether, in your communication with the Contractors, you in any way undertook to bind this colony when agreeing to recommend that penalties should not be inflicted for the vessel's late arrival. I observe that, in your telegram to the Hon. the Colonial Secretary of New South Wales, your recommendation not to exact penalties was contingent on efforts being made on the voyage to make up a portion of the time lost through the detention at San Francisco. No such efforts seem to have been made, and it would also appear that the commander of the "City of San Francisco" had distinct instructions not to allow the speed of his vessel to exceed eleven knots per hour. I would also point out that your recommendation had special reference to the steamer arriving behind time, and not to the fact of her detention at San Francisco for five days, and for which this colony has deducted penalties amounting to £500. I should, therefore, be glad to be informed whether, after considering all the circumstances of the detention and also the nature of the instructions issued to Captain Waddell, you are of opinion this colony should refund the amount deducted by way of penalty for the late departure from San Francisco.

Sir Daniel Cooper, Bart., Sydney.

I have, &c.,
JULIUS VOGEL.

No. 199.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 15th May, 1876.

I am directed to forward herewith, for the information of the Postmaster-General of New Zealand, copy of a communication from Messrs. Gilchrist, Watt, and Co., Agents for the Pacific Mail Steamship Company, and of the reply thereto from this department, relating to the amount of subsidy for the conveyance of mails from San Francisco per s.s. "City of San Francisco," which arrived here on the 4th instant.

I have, &c.,

S. H. LAMBTON,
Secretary.

The Secretary, General Post Office, Wellington, N.Z.

Enclosure 1 in No. 199.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Sydney.

SIR,—

Sydney, 8th May, 1876.

We have the honor to enclose account for subsidy earned by the mail steamer "City of San Francisco" for conveyance of mails from San Francisco to Sydney, amounting to £1,729 16s. 2d.

As this vessel was detained in San Francisco until 3rd April by request and authority of Sir Daniel Cooper, as Commissioner of this colony, and instructions were given to the commander that she should not exceed eleven (11) knots speed, we think the vessel is entitled to the full subsidy claimed.

Please send us the usual certificate accordingly for payment.

We have, &c.,

GILCHRIST, WATT, AND Co.,
General Agents for the Contractors, San Francisco Mail Service.

The Postmaster-General, Sydney.

Enclosure 2 in No. 199.

Mr. LAMBTON to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Sydney, 10th May, 1876.

I am directed to acknowledge the receipt of your letter, dated the 8th instant, enclosing an account for subsidy earned by the mail steamer "City of San Francisco" for the conveyance of mails from San Francisco to Sydney, amounting to £1,729 16s. 2d.

In reply, I am to point out that, the voyage having actually occupied more than 708 hours, there is no power under the contract to pay more than the minimum schedule amount, according to which the attached voucher has been prepared—namely, £1,529 16s. 2d., and this subject to adjustment hereafter for the eleven hours occupied in excess of the 708 specified in the Schedule.

The Postmaster-General desires me also to observe that beyond the intimation conveyed in your letter, and also from the Contractors, there is no evidence at present that Sir Daniel Cooper detained the vessel on this occasion, and that your reference to some instructions relative to the speed being limited to eleven knots is not understood. If the vessel was detained at San Francisco through any fault of the Contractors after the mails were placed on board, the Contractors are of course liable to a penalty; but as Sir Daniel Cooper appears to be aware of the circumstances of the detention, Mr. Burns is quite willing to let this question stand over until that gentleman's arrival. Supposing, however, the vessel was detained upon the instructions of Sir Daniel Cooper, this cannot possibly affect the amount of subsidy, which is calculated according to the time actually consumed on the voyage, such time on the present occasion having amounted to 719 hours.

I am to add, that it would facilitate the payment of the subsidies if, as the same became due, you will be good enough to render accounts only for the amount payable under the contract.

I have, &c.,

S. H. LAMBTON,
Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 200.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 5th June, 1876.

I have to acknowledge the receipt of your letter of the 15th ultimo, enclosing, for the information of the Postmaster-General of this colony, copy of correspondence between your department and Messrs. Gilchrist, Watt, and Co., relating to the amount of subsidy for the conveyance of mails from San Francisco by the s.s. "City of San Francisco," which arrived at your port on the 4th instant; for which I have to thank you.

I have been desired by the Postmaster-General to state, for the information of the Postmaster-General of New South Wales, that this colony deducted the sum of £500 from the subsidy due the Contractors for the "City of San Francisco's" inward service, on account of that vessel not having sailed from San Francisco until the 3rd April—five days beyond the appointed date for sailing. It appears that Sir D. Cooper condoned to a certain extent the detention in question, and agreed to recommend that penalties should not be inflicted on account of the steamer's late arrival, if it were proved that attempts had been made on the voyage to reduce the loss of time caused by the late departure from San Francisco. The steamer did not, so far as we are informed, attempt to make up lost time—rather the contrary—and the penalty we have inflicted is not for late arrival, but for failure to start in time.

Under these circumstances the Postmaster-General would be glad to be informed whether, in the opinion of the Postmaster-General of New South Wales, the penalties recoverable under the 8th clause of the contract should be waived.

I have, &c.,

W. GRAY,
Secretary.

The Secretary, General Post Office, Sydney.

No. 201.

The Hon. Sir J. VOGEL to Mr. CREIGHTON, Auckland.

SIR,—

General Post Office, Wellington, 5th May, 1876.

Understanding that you have decided to take up your permanent abode in San Francisco, I desire to avail myself of your services, and have the honor to appoint you Resident Agent at San Francisco for this department, at a nominal salary of £30 per annum.

As Agent for this department, you will be required to telegraph me the arrival and departure of each mail steamer with our mails at and from San Francisco, commencing with the arrival of the "Colima." The telegrams should be despatched immediately on the arrival or departure of the steamers, as the case may be. I should also expect you to inform the Government of any circumstance of an unusual character affecting either the Contractors or the service; indeed, all matters in which the interests of this colony are involved should be communicated by you without delay. You would also be required to advise and confer with the Mail Agents in cases of emergency, or whenever joint action seemed desirable or necessary. It should be clearly understood, however, that the Mail Agents are independent officers and will act as such. And finally, you may be asked to make representations to the United States Postal Authorities or the Contractors on matters affecting the transport of our mails or the performance of the contract.

Enclosed you will find copy of a code to be used by you when telegraphing the arrival and departure of the steamers, and I will arrange that the Mail Agents place you in sufficient funds each month to cover cost of the telegrams.

In order that you may have an official status on board the "Colima," I have also appointed you assistant Mail Agent for the upward voyage, and I shall be glad if you will give the Mail Agent such assistance as he may require.

I have, &c.,

JULIUS VOGEL,
Postmaster-General.

R. J. Creighton, Esq., Auckland.

No. 202.

Mr. CREIGHTON to the Hon. Sir J. VOGEL, Wellington.

SIR,—

Kandavau, 13th May, 1876.

I have the honor to acknowledge the receipt of your letter of May 5th, 1876, intimating that you had appointed me Resident Agent at San Francisco for the Post Office Department, at a salary of £30 per annum; also instructing me generally regarding the duties of that office.

In reply, I have to state that I have noted your instructions, and shall do my utmost to carry them out to the letter. In any other way I possibly can be of use, it will always be a pleasure to me to forward the interests of New Zealand.

The Hon. Sir J. Vogel, K.C.M.G.,
Postmaster-General, Wellington.

I have, &c.,
ROBT. J. CREIGHTON.

No. 203.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 4th May, 1876.

We have the honor to enclose to you an important letter we received from Messrs. John Elder and Co., Donald R. MacGregor, and Lawrence, Clark, and Co., dated London, 15th March, and received by us on 2nd instant.

We trust that the earnest desire evinced throughout to meet the wishes of the Governments and their representatives in London, and the fact that the interruption of the cable was the cause of much of the trouble, will entitle these gentlemen's claims to your most favourable consideration in the decision your telegram of 24th ultimo promises. We have handed a similar copy to the enclosed to the Postmaster-General here.

We have, &c.,
GILCHRIST, WATT, AND CO.

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

Enclosure in No. 203,

MESSRS. ELDER and Co., MR. D. R. MACGREGOR, and MESSRS. LAWRENCE, CLARK, and Co.,
to MESSRS. GILCHRIST, WATT, and Co., Sydney.

DEAR SIRS,—

London, 15th March, 1876.

A copy of your letter to the Pacific Mail Company, of 20th December last, has been handed to us, and we have considered very carefully the remarks contained in that letter as having been made by the Governments, to the effect that the Contractors had been endeavouring to force upon the Governments the Auckland service instead of the service contracted to be performed; and moreover, that the Contractors had shown a desire to exact the full letter of the contract wherever it happened to be in their own interest.

It is very far from our desire to say anything that might be construed to give the idea that we do not consider that the Governments were perfectly candid in stating these views on their part; but we are quite sure that we have only to bring under their notice the facts as they actually occurred, in order to convince them that they had wrongfully judged the Contractors in these matters.

The history of the transaction was this:—The contract for the "B" service was entered into on 24th of June, 1875, after much preliminary discussion. At that time we had the very long days of our summer, and were most undoubtedly in a position to enable us to commence the complete service in November, had no obstacle arisen. A very serious obstacle did, however, arise; the English lawyers for the Governments having formed an opinion, after the contracts were signed, that the Pacific Mail Company of New York had no power under their charter to enter into a contract jointly with other parties.

Although the American lawyers entertained a different opinion, this point was so strongly pressed by the London representatives of the Governments that they decided that it was absolutely necessary that a new contract should be made, which was signed on the 23rd July, 1875. At the time of the signature of the second contract, it was pointed out to the representatives of the Governments that a new contract would entail a completely new arrangement between the Pacific Mail Company and their sureties, who were to conduct two-fifths of the service, and that Mr. Ure, of Messrs. John Elder and Co., would have to proceed to New York to endeavour to complete the necessary arrangements with the Pacific Mail Company. This was a topic which was discussed with regret by all parties concerned, including the Government representatives, who expressed themselves as very desirous of having Messrs. John Elder and Co. and their ships engaged in the contract.

It was stated at the time that it was somewhat uncertain whether Mr. Ure would be successful in making satisfactory arrangements in America, in which case it was agreed that Messrs. Elder and Co. and Mr. Macgregor were to be relieved entirely from all obligations under

the contract. At that time it was also understood that the delay would make it extremely difficult, if not impossible, to commence the "B" service in November, and the Contractors were assured that the whole of the circumstances would be so favourably represented by the Commissioners to their respective Governments that there could be no doubt whatever that every reasonable consideration would be shown to them in commencing such an important enterprise under such difficult circumstances.

These representations we have no doubt have been made, or are being made; and we have every confidence that the Governments will do all that their representatives promised they would.

Mr. Ure proceeded to New York on the 28th July, only five days after the contract was signed; and on arrival there, in consequence of the serious difficulties which surrounded the new position of matters as between the parties (the arrangements requiring to be made, not simply within the scope of the Company's charter, but also within the interpretation put thereon by the Government lawyers in London), that it was only on the 9th of September that the arrangements were finally concluded, and the charter-party entered into between the Pacific Mail Company and Messrs. John Elder and Co. and Mr. Macgregor.

It will thus be seen that two months and a half of time had been lost through no fault of the Contractors; and no ships have ever, it is believed, been completed with the same rapidity, and despatched so promptly, as the vessels sent from the Clyde to perform their share of the contract. We beg also to point out very specially, that the same uncertainty which was originally created in consequence of the difficulties raised by the lawyers in London led to some confusion in regard to the employment temporarily of steamers at the outset and your good selves have drawn our attention to the fact that you received notice of the confirmation of the contract by the Legislature of New Zealand on the 25th day of October, only three weeks before it was expected that the Contractors should commence this gigantic enterprise with five large steamers to be gathered together from Europe and America.

We would respectfully ask the Governments to consider what would have been the position of the Contractors had either Legislature refused to confirm the contract. This consideration of itself, apart from what we have said about the difficulties created by the lawyers, should in our opinion procure for us the warmest sympathy of the Colonial Governments. We trusted implicitly to them, and to the very honorable gentlemen whom they deputed to represent them, and whom it was impossible to meet without feeling assured that we were justified in relying upon them; and now the Governments see that if we have made any mistakes at the commencement they have been very unintentional, and that we have been very ready and very prompt to rectify them, we feel satisfied that all the kindly consideration promised to us will be frankly and heartily accorded.

There is only one point we wish to recur to, and that is that the Governments have put upon our shoulders all the troubles that have arisen from the stoppage of cable communication between the colonies and this country in November and December last, and are evidently under the impression that we were disposed to be exacting on the one hand, while we wished to be generously dealt with on the other. With respect to the complaint that all the remonstrances and endeavours of the Governments to arrange so as not to have to pay a double subsidy from San Francisco in November and December were unheeded, we may say, so far as regards ourselves, that the moment our attention was drawn to this matter, which was not until we had requested permission to go temporarily *via* Auckland, we saw the propriety of giving up on the one hand as well as asking on the other. On the 27th October, Lawrence, Clark, and Co. telegraphed to the Postmaster-General, Sydney, as follows:—

"Owing to withdrawal of 'Mikado,' leaving only one through steamer to Frisco in November, the Contractors, with consent of sureties, are taking upon themselves to send mails by C route *via* Auckland for three months, trusting to Governments to deal liberally with them."

On 2nd November Mr. Scott arrived at Liverpool from New York; that same evening Mr. Clark went to Liverpool to meet him. Mr. Scott being unable to go to Glasgow, Mr. Ure and Mr. Macgregor arranged to meet him in London on the morning of the 5th, which they did. On Mr. Clark's return from Liverpool on the forenoon of the 4th, he found your telegram of the 1st November, namely,—

"Tell Lawrence this Government might concede 27th October, provided new payment from Frisco only begins with January departure. Authority must be sent at once by wire."

To this Lawrence, Clark, and Co. immediately replied,—

"Full authority will be sent you to-morrow from Pacific to arrange with Government for November-December mails: 'Cyphrenes,' provisionally chartered to run Sydney, Fiji, Dunedin, sending 'Vasco' sharp to Auckland, thence Fiji and Frisco."

On the next morning (5th November), immediately the meeting before referred to took place, the following telegram accepting your suggestion of the 1st was forwarded to you, viz.,—

"Contractors accept proposal contained in your telegram of 1st instant, and authorize you to arrange accordingly. Telegraph confirmation sharp." The breakdown which took place at this time in the telegraph cable we of course could not control. By the tenor of your correspondence we gather that this arrangement was actually concluded, and was about to be reduced to legal form when Mr. Hall arrived. As Mr. Hall is now on his way home, we need not further remark on that point; but your Mr. W. O. Gilchrist will have already told you that it was from a desire

to do what we had been led, no doubt erroneously, to believe would be an action gratifying to the colonies, that we were parties to the appointment of that gentleman, who certainly took a very active part here, with the interest of the colonies at heart, in getting a contract made for the running of a different style of steamers from anything that had previously been seen on the Pacific.

Had our friends across the Atlantic acted with the same promptitude on this subject that Mr. Scott and we did, the error would have been rectified before Mr. Hall's arrival in Sydney; but a Board is proverbially slow, and they had not the same means of judging which we possessed.

We have, &c.,

JOHN ELDER AND CO.

DONALD R. MACGREGOR.

LAWRENCE, CLARK, AND CO.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 204.

The Hon. Sir J. VOGEL to MESSRS. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 31st May, 1876.

I am in receipt of your communication of the 4th instant, enclosing a letter received by you from Messrs. John Elder and Co., D. R. MacGregor, Esq., and Messrs. Lawrence, Clark, and Co., in which they urge certain circumstances in connection with the inauguration of the present San Francisco Mail Service, which, in their opinion, seem to entitle the Contractors to favourable consideration in the matter of payments.

I have to point out to you that, in their dealings with the Contractors, the Government have decided to make as large payments as it seemed to them they were justified in doing. It should be remembered that the Contractors, through their failure to carry out their obligations, entailed upon the contracting Governments considerable additional expenditure through their being compelled to make temporary provision for carrying on the service. During the past six years the Government have persistently endeavoured to establish and maintain a permanent line of mail steamers between San Francisco and New Zealand; and the time has now arrived when I can only judge of the efforts of contractors by the actual results of the service. This colony can no longer make concessions to the Contractors, or permit them to continue to perform only so much of their contract as may appear to them convenient. In the matter of proposed payments, the decision conveyed to you in my telegram of the 24th ultimo, cannot but be considered liberal, and the several sums agreed to be paid for past services are only held over until I receive an assurance that they will be accepted by the Contractors in full discharge of the services they are intended to cover.

Messrs. Gilchrist, Watt, and Co., Sydney.

I have, &c.,

JULIUS VOGEL.

No. 205.

Messrs. GILCHRIST, WATT, and Co. to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 1st June, 1876.

WE have the honor to make application to change route to Sydney, Bay Islands, Honolulu, San Francisco, and *vice versa*, and have written to you fully on the subject, but in view of present interrupted cable communication are unable at present to make any fresh contract. We respectfully commend the application to your most favourable consideration, as experience shows Fiji navigation not unattended with danger, and coastal service unsuitable for such large steamers.

The Postmaster-General, Wellington.

GILCHRIST, WATT, AND CO.

No. 206.

The Hon. Sir J. VOGEL to the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 2nd June, 1876.

NEVER received answer from you respecting change route. Agents now ask us negotiate. Following are our views, which would like communicated to them, if you do not object. We are willing negotiate change terms contract, provided clearly understood that arrangement proposed be subject approval Parliament. Agents should make distinct proposals, or send some one empowered to act, with knowledge of your views. We are agreeable dispense with Fiji, which consider unnecessary, dangerous, and productive delays. Question altering coastal service is one about which we are uncertain of views our Parliament. Agents might state their views, and amount subsidy they propose deduct. By making Zealand mere calling-place for main boats, you gain immense advantage as sole terminus. Should you insist retaining Fiji route, we would be inclined recommend Parliament following plan:—Branch boat Chalmers and Fiji and back, not

less than 2,000 tons. Better probably, use one present boats. Our share present payment to be reduced by £20,000. You would have main boat both ways, and might see way to pay £5,000 more than present. We should have mere branch.

The Colonial Secretary, Sydney.

JULIUS VOGEL.

No. 207.

The Hon. Sir J. VOGEL to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

Wellington, 2nd June, 1876.

Re your telegram. Have communicated with your Government. They will probably inform you our views.

Gilchrist, Watt, and Co., Sydney.

JULIUS VOGEL.

Price 3s. 3d.

By Authority: GEORGE DIDSBUXY, Government Printer, Wellington.—1876.