

virtually be a spare ship; and the point is, should she not be stationed at Sydney; otherwise she will be merely one of the Contractors' boats at San Francisco, and not really put apart for the service. I have previously addressed you on this point. Mr. Mackrell attaches importance to the necessity of a proviso binding the steamers to remain a specified number of hours at Auckland. In connection with this, I may remind you of a point about which I previously addressed you: the number of hours appointed for the service between San Francisco and Auckland, as compared with those between San Francisco and Sydney. This becomes more important since the New South Wales Government have stipulated for twenty hours acceleration of the service. The boats will gain little on the contract rate between Auckland and Sydney; and if there is too small a difference between the times to Sydney and Auckland respectively, from San Francisco and *vice versa*, it will follow that when the vessels are in time at Sydney the New Zealand Government will have to pay a heavy penalty. I have already pointed out to you that the telegram from the Contractors, in which the proposed time was mentioned, contained an admitted error of 20 hours: instead of 570 hours, it should have been 550; whilst the time to Sydney was 674 hours. As printed, the difference between the two places would only be 104 hours, and with the amendment 124 hours; whilst if the Sydney time is to be reduced 20 hours, and the Auckland time left intact, the differences would be 84 hours if the mistake is not corrected, and 104 if it is. All these will cause a heavy loss to the Government of New Zealand in the shape of premiums. I have consulted Mr. Mackrell, and he thinks you should insist on being placed in such a position with regard to New South Wales as to leave you the reasonable expectation of not being called upon to pay premiums from which the New South Wales Government will be free. In the particulars and conditions (printed copy enclosed) for the tenders for the Californian Service, there was allowed for the C Service—which is like the service now proposed—an interval of 130 hours at the 11-knot rate, which it was agreed should represent the time between Auckland and Sydney, including the time for stopping at Auckland. I am of opinion that any less interval will entail on the Government of New Zealand unnecessary expense for premiums. Mr. Mackrell thinks we are quite justified in asking for this. Mr. Mackrell attaches great weight to the Postmaster-General handing to the Company the time-tables for the departure of their vessels, as provided by the contract. He seems to think it an essential element of the contract. I think it right to direct your attention to his opinion.

I have, &c.,
 JULIUS VOGEL,
 Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 2.

The Hon. the COLONIAL SECRETARY, Sydney, to Mr. FORSTER.

(Telegram.)

Sydney, 21st April, 1877.

CHANGE of Ministry necessarily delaying decision on proposed modification of 'Frisco Contract. Contractors apply to go *via* Auckland. Pending decision, no objection as a temporary arrangement, if sureties assent under seal to alteration. Please procure such assent, and telegraph when document executed.

Mr. Forster.

COLONIAL SECRETARY.

Enclosure 2 in No. 2.

The Hon. the COLONIAL SECRETARY, Sydney, to Mr. FORSTER.

(Telegram.)

Sydney, 23rd April, 1877.

Re Cunningham. Accept offer ten thousand. Obtain money as soon possible, and stay further proceedings. New Zealand Government concurs.

Mr. Forster.

HENRY PARKES.

Enclosure 3 in No. 2.

Messrs. MACKRELL and Co. to the Hon. Sir J. VOGEL.

(Telegram.)

21 Cannon Street, London, 25th April, 1877.

DEAR SIR JULIUS,—

Mail Service.

We send herewith copy of correspondence which has passed between us and the Agent-General for New South Wales.

Mr. Ure, one of the sureties, has called to-day and informs us that he understands that the Route C is to be adopted, the New Zealand coast service to be taken over by the New Zealand Government, and that a subsidy of £40,000 is to be paid by New South Wales, and a subsidy of £32,500 by New Zealand. He has telegraphed to New York for exact particulars.

The sureties sent a letter to the Governments by the last mail assenting to this arrangement.

If you have any instructions in the matter, kindly inform us of them, and let us know whose name we are to insert as Postmaster-General of New Zealand.

The Agent-General for New Zealand.

We have, &c.,
 JOHN MACKRELL AND Co.

Enclosure 4 in No. 2.

Captain JOPP, R.E., to Messrs. MACKRELL and Co.

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

23rd April, 1877.

GENTLEMEN,—

I am directed by the Agent-General to enclose a copy of a telegram, dated Sydney, 20th