

1877.

NEW ZEALAND.

# SAN FRANCISCO MAIL SERVICE

(FURTHER PAPERS RELATIVE TO).

(In Continuation of Papers presented on the 21st October, 1876.)

*Presented to both Houses of the General Assembly by Command of His Excellency.*

## No. 1.

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

SIR,— Colonial Secretary's Office, Sydney, 24th November, 1875.

I have the honor to transmit to you copies of two letters received by me—the one from the firm of R. Towns and Co., of Sydney; the other, of earlier date, from Mr. Alexander Stuart of that firm—proposing 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 late San Francisco Mail Contracts.

I have the honor to request that the attention of the New Zealand Government may be given to these communications, and that its views may be communicated to this Government.

I have the honor to add that it appears to this Government that a very convenient time for dealing with this matter will be on the arrival here of Sir Julius Vogel.

I have, &c.,  
JOHN ROBERTSON.

The Hon. the Colonial Secretary, Wellington.

## Enclosure 1 in No. 1.

Mr. ALEX. STUART to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,— Sydney, 29th May, 1875.

I have the honor to address you on behalf of Edward Cunningham, Esq., of Boston, one of the sureties to the bond of Hall and Forbes, in the unfortunate San Francisco Mail Contract.

I understand that the united Governments have commenced proceedings against Mr. Cunningham for the recovery of the bond penalties of £25,000.

My object in writing you is to ask you to suspend these proceedings with a view to coming to some amicable settlement with Mr. Cunningham. It may be perfectly true that Mr. Cunningham has, through an act of imprudence, rendered himself legally liable to the combined Governments in the penal sum of £25,000; but there are many extenuating circumstances which should be taken into consideration in mitigation of these severe penalties.

When Mr. Forbes entered into the contract he was possessed of considerable means, and possessed also nearly as unbounded faith in the ability of Mr. H. H. Hall as did the Government of New South Wales itself—faith very much heightened indeed by the very credentials with which the Government had armed him.

Mr. Forbes has for many years taken a prominent interest in the development of ocean steam communication, and, with his usual enterprise, took up the Australian line with the full intentions of carrying it to a successful issue.

Owing partly to the natural difficulties attending the opening up of a new line of communication, and partly to the rapid succession of a series of disasters which no prudence could have foreseen, the result has been most disastrous and disappointing to the colony in the delay and trouble which has been caused, but disastrous in the highest degree to Mr. Forbes, who has sunk upwards of £40,000 in attempting to establish this service on a permanent and satisfactory footing. This is of itself a fearful penalty, and one which entitles him to ask forbearance and sympathy on the part of the Governments, rather than a pushing to the extreme of the heavy penalties involved in the payment of another £25,000, a sum which it is utterly beyond his power to pay, and which must therefore fall upon his friend and surety, Mr. Cunningham, who has already suffered heavily by having to assist Mr. Forbes in paying up the heavy demands which came in upon him when the temporary service was broken up.

Mr. Cunningham had no pecuniary benefit in the contract; he became very unwillingly a surety to the bond, being strongly urged thereto by his old friend, who represented that without his aid the whole matter would fall through, and who, before signing, had interviews with the Government special representatives from Sydney and New Zealand, whose faith in the route bore out the sanguine expectations propounded by Mr. Hall and adopted by Mr. Forbes.

Mr. De Bussche having become insolvent, Mr. Hall being financially utterly worthless, and Mr. Forbes having exhausted all his property, Mr. Cunningham remains as the only person able, in any degree, to meet the demands of the two Governments.

It seems quite within the range of argument that Mr. Cunningham might successfully plead to the claim made against him in such a way as to harass the Government, and ultimately force them either to abandon the claim or adopt entirely new proceedings.

Mr. Cunningham, however, is averse to taking any steps that will further complicate this unpleasant matter, or cause further annoyance to the Governments, if the Governments will take a reasonable view of the whole matter and accept some compromise, which, although severely felt, might yet be met by him without the utter ruin which would attend the persistence of the Governments, if successful, in finally establishing their claim.

I am not authorized at present to pay any sum on behalf of Mr. Cunningham, but I would ask the Government to suspend legal proceedings pending my communicating with him, and receiving from him power to make a definite offer.

I am aware that it would require the concurrence of both the Governments, but that can be arranged by telegram, if you favourably entertain my suggestions.

Mr. Cunningham being at the present time, as I believe, on a voyage from China, I am unable to communicate with him until his arrival in America, but I will use all the expedition in my power in getting him to make a definite proposal.

I might have urged that had not Mr. Forbes's £40,000 been expended in the preliminary contract, it is not improbable that a heavy loss would have fallen upon the Governments in getting quit of the many claims which would have arisen. It can hardly be held that if Mr. Forbes had not entered into the contract some one else would, who either would have carried it on successfully, or who would have been ready to stand a still heavier loss had it been necessary.

The reply to this is that there was no one else willing to enter upon it, and that had the Governments undertaken it by chartering for the service direct, it must inevitably have involved a larger expenditure of public money.

The Hon. the Colonial Secretary, Sydney.

I have, &c.,

ALEX. STUART.

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### Enclosure 2 in No. 1.

Messrs. R. TOWNS and Co. to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Sydney, 28th October, 1875.

We have the honor to address you on behalf of Mr. Edward Cunningham, of Boston, United States, America, one of the sureties to the bonds in connection with the late postal contracts *via* San Francisco, commonly known as the "Hall-Forbes Service."

Proceedings have been, we understand, commenced on the part of the Governments of this colony and New Zealand against all parties to these contracts both in England and in the United States. These proceedings lead to lawsuits which, if carried on, are likely to be of a most protracted and expensive character, and it is with the view of coming to some amicable settlement that we now address you.

We do so, however, without prejudice to our client, resting to the fullest extent which he may be advised as his legal position in resisting the demands made on him, in the event of our negotiation not leading to a settlement.

We beg to refer you to a letter addressed to you on 29th May last by Mr. Stuart, which gave in detail some of the grounds which are urged by Mr. Cunningham in support of an equitable consideration for final settlement; and we would only urge, in addition thereto, that Mr. Forbes has been mainly instrumental in getting the Pacific Mail Company to take up the contract on terms more favourable than any other was willing to enter upon it.

The loss to Mr. Forbes—and in meeting which his friend Mr. Cunningham has materially assisted him—is over £50,000, an enormous sum to lose in the establishment of a mail route from which he can now derive no pecuniary benefit.

The offer which we now make is, that on behalf of Mr. E. Cunningham we pay the sum of £5,000 sterling for a release from both the New South Wales and New Zealand Governments of the penalty bonds in connection with these contracts—a release to all parties concerned.

We trust that you will take the whole premises into your favourable consideration, and

We have, &c.,

The Hon. the Colonial Secretary, Sydney.

R. TOWNS AND CO.

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### No. 2.

The Hon. D. POLLEN to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Colonial Secretary's Office, Wellington, 24th December, 1875.

I have the honor to acknowledge the receipt of your letter of the 24th ultimo, with reference to a proposal to compromise the claim which the Governments of New South Wales and New Zealand have upon Mr. Edward Cunningham and other parties to the late San Francisco Mail Contracts.

As the policy of acceding to such an arrangement can be discussed more conveniently at a personal interview than by letter, the papers will be forwarded to the Postmaster-General, Sir Julius Vogel, in order that he may place himself in communication with the Government of New South Wales on the subject.

The Hon. the Colonial Secretary, Sydney.

I have, &c.,  
DANIEL POLLEN.

### No. 3.

EXTRACT from PAPERS in connection with the Conference by telegraph between the Hon. J. ROBERTSON, the Hon. J. F. BURNS, and the Hon. Sir J. VOGEL, held at Sydney, on the 29th January, 1876.

#### COMPROMISE WITH CUNNINGHAM.

*Sir Julius Vogel*: I think Cunningham can influence Forbes, and I would try and compromise with both at once, giving them both a discharge for £15,000—half cash, half bills, indorsed by Russell and Co., Shanghai.

*Answer*: The only offer we have is from R. Towns and Co., as follows:—"The offer which we (R. Towns and Co.) now make is that, on behalf of Mr. E. Cunningham, we pay the sum of £5,000 sterling for a release from both the New South Wales and New Zealand Governments of the penalty bonds in connection with those contracts—a release to all parties concerned."

*Sir Julius Vogel*: I have seen the letters, and I suggest to tell Towns, without prejudice, we will take what I have said, and refuse offer he has made.

*Answer*: We adopt your suggestion, and will act upon it.

MEMO.—I have seen the original telegram in reference to this matter. I believe we said something about any compromise being subject to the approval of Parliament, but this does not appear.—J. F. B., 9/2/76.

The letter written to R. Towns and Co., almost immediately after the telegraph communication, sets out what I understood to have been what was said. Letter herewith.—J. R.

The PRINCIPAL UNDER SECRETARY to Messrs. R. Towns and Co.

GENTLEMEN,—

Colonial Secretary's Office, Sydney, 1st February, 1876.

In reply to your letter of the 29th January, in which you refer to your proposition of the 28th of October last, as to a compromise of the claims which the Governments of New South Wales and New Zealand have upon Mr. Edward Cunningham and other parties to the late San Francisco Mail Contracts, I am directed by the Colonial Secretary to inform you that the Government of New Zealand has communicated to him, through Sir Julius Vogel, its willingness to accept the sum of £15,000 (£7,500 in cash, and £7,500 by bills bearing the indorsement of Messrs. Russell and Company, of Shanghai), in complete satisfaction of the claims above mentioned.

2. I am desired to inform you further that with this proposition the Government of New South Wales concurs, the concurrence being subject to the approval of Parliament, and I am to add that this offer is made without prejudice.

Messrs. R. Towns and Co., Sydney.

I have, &c.,  
HENRY HALLORAN.

### No. 4.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 3rd March, 1876.

*Re* Cunningham and others' compromise: Ten thousand pounds offered for final settlement. Shall we accept, condition Parliaments respectively approve.

The Hon. Sir J. Vogel, Wellington.

COLONIAL SECRETARY.

### No. 5.

The Hon. Sir J. VOGEL to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 3rd March, 1876.

WE will agree ten thousand, subject Parliamentary approval, if you desire it, but think you could get more by insisting upon fifteen thousand.

The Hon. the Colonial Secretary, Sydney.

JULIUS VOGEL.

### No. 6.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 7th March, 1876.

*Re* Cunningham business: Please be more specific in this matter. Perhaps it would be better that the negotiation should be completed by you. We shall be content with any arrangement of yours, subject to the approval of our Parliament.

The Hon. Sir J. Vogel, Wellington.

COLONIAL SECRETARY.

## No. 7.

The Hon. Sir J. VOGEL to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram)

Wellington, 7th March, 1876.

I THINK it best cable Mackrell, and if he advises it take ten thousand from Cunningham; do so at once, without referring to Parliament. Advice of lawyer would justify Government's action.

The Hon. the Colonial Secretary, Sydney.

JULIUS VOGEL.

## No. 8.

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

(Telegram.)

London, 21st March, 1876.

SYDNEY Government are offered ten thousand pounds final settlement all claims against all parties concerned with regard Forbes-Cunningham-Hall contract, and are favourable accept. Do you authorize acceptance? Should be exclusive De Bussche's settlement and costs.

The Hon. Sir J. Vogel, Wellington.

JOHN MACKRELL AND Co.

## No. 9.

The Hon. Sir J. VOGEL to the Hon. J. ROBERTSON.

(Telegram.)

Wellington, 21st March, 1876.

Re Cunningham's offer: Have you telegraphed Mackrell; suppose you have, for he has telegraphed asking my advice? You had better wire me your message to him. Following is telegram received by me.\*

The Hon. J. Robertson, Sydney.

JULIUS VOGEL.

## No. 10.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 22nd March, 1876.

My telegram to Agent-General was in these words: "See Mackrell. We are offered ten thousand pounds final settlement all claims against all parties concerned with regard Forbes-Cunningham-Hall contract. We favourable. New Zealand will concur.—10th March."

The Hon. Sir Julius Vogel, Wellington.

COLONIAL SECRETARY.

## No. 11.

The Hon. Sir J. VOGEL to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 24th March, 1876.

Re Cunningham: Your telegram overlooked that object telegraphing Mackrell was to ask his advice. Better commence afresh. Shall I telegraph following:—"Two Governments want your advice—shall they accept ten thousand offered by Cunningham or try for more?"

The Hon. the Colonial Secretary, Sydney.

JULIUS VOGEL.

## No. 12.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, March 25, 1876.

TELEGRAPH as you suggest to Mackrell, if you please.

The Hon. Sir J. Vogel, Wellington.

COLONIAL SECRETARY.

## No. 13.

The Hon. Sir J. VOGEL to Messrs. JOHN MACKRELL and Co.

(Telegram.)

Wellington, 28th March, 1876.

Two Governments want your advice. Shall they accept ten thousand offered by Cunningham, or try for more?

Messrs. John Mackrell and Co., London.

JULIUS VOGEL.

## No. 14.

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

(Telegram.)

Wellington, 3rd July, 1876.

My telegram to Mackrell, re Cunningham, must have reached him incorrectly, since I have no reply. Have you any? What do you propose to do about Cunningham's offer?

The Hon. the Postmaster-General, Sydney.

JULIUS VOGEL.

## No. 15.

The Hon. Sir J. VOGEL to the Hon. the Postmaster-General, Sydney.

(Telegram.)

Wellington, 9th August, 1876.

TELEGRAPHED you July 3rd asking if you had received information from Mackrell respecting Cunningham's compromise on what you proposed. Have no answer. May I ask you be kind enough reply?

The Hon. the Postmaster-General, Sydney.

JULIUS VOGEL.

## No. 16.

The Hon. J. F. BURNS to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 9th August, 1876.

SURPRISED Mackrell has not communicated with you. We have nothing from him since date of our telegram to you March 25th. I intend consulting colleagues again to-morrow respecting compromise.

J. F. BURNS,

The Hon. Sir J. Vogel, Wellington.

Postmaster-General.

## No. 17.

MESSRS. JOHN MACKRELL and Co., to the Hon. Sir J. VOGEL.

Re *Old Postal Contracts.—Samuel and Another v. Hall and Others.*

DEAR SIR JULIUS,—

21, Cannon Street, London, 7th July, 1876.

We beg to report that on the 13th March we received from the Agent-General for New South Wales a letter inviting us to see him upon a telegram he had received from his Government, of which the following is a copy:—

“See Mackrell. We are offered ten thousand pounds final settlement all claims against all parties concerned with regard Forbes-Cunningham-Hall.”

Not having received any instructions from you upon the subject, we conferred with the Agent-General for New Zealand upon the matter, and it was considered right that we should obtain instructions from your Government before offering any opinion upon the subject, accordingly we telegraphed to you as follows:—

“Sydney Government are offered ten thousand pounds final settlement all claims against all parties concerned with regard Forbes-Cunningham-Hall Contract, and are favourable to acceptance. Do you authorize acceptance? Should be exclusive of De Bussche's settlement and costs.”

We received your telegram in reply:—

“Two Governments want your advice; shall they accept ten thousand offered by Cunningham or try for more?”

We thereupon at once conferred with the Agent-General for New South Wales upon the subject. Having regard to the telegram which he had received as above mentioned, it was thought that it was desired that we should advise through him, as his Government were conducting the negotiation, and we settled a telegram to be sent by him to his Government, of which the following is a copy:—

“Mackrell advises that Governments, having offered to accept £15,000 in settlement of all claims against all parties, could hardly now ask for more, and that if they accept the £10,000 and stipulate to preserve settlement made with De Bussche, and to have £500 for costs, they would get about £12,500, and probably about £1,500 more. Forbes will have to repay De Bussche.”

It was expected both by him and by ourselves that this telegram would be communicated immediately by his Government to you, and we thought it therefore unnecessary to go to the expense of duplicating the telegram by sending it to you direct, and we did not know until the receipt of your telegram sent *via* Adelaide, on the 17th May, which reached us on the 4th instant, that you had received no communication from the New South Wales Government.

The Agent-General for New South Wales has received no reply to his telegram, and we are without instructions what course to take.

We have been pressing the trustee of Mr. De Bussche's estate to declare a dividend with the moneys now in hand amounting to about £1,800, and at last have succeeded in getting the necessary notices issued, so that it may be divided after the 15th instant.

There is an unpaid balance of £700 on the second instalment, for which the trustee has obtained some security, and it is expected that the two next instalments, amounting together to £2,500, will be paid.

We hope, therefore, that we may be able to get ultimately from Mr. De Bussche from £2,000 to £2,500 by way of dividend.

We also thought it right, having regard to the expenses which have been incurred in England and in America in the proceedings now pending, that the Government should stipulate to receive a sum which would recoup these expenses.

Before the Agent-General for New South Wales sent his telegram, we ascertained, at his request, that the costs in New York up to that time were about £120, and we thought it not unreasonable, under the circumstances, to suggest asking for a sum of £500, although that would more than cover the cost incurred.

Mr. De Bussche and his friends will no doubt claim upon Mr. Forbes for the dividends we may receive, and we felt it therefore necessary to advise that the Governments should be entitled to retain all the dividends that they may be able to get from Mr. De Bussche.

The Hon. Sir J. Vogel, Wellington.

We have, &c.,

JOHN MACKRELL AND Co.

### No. 18.

The Hon. Sir J. VOGEL to Messrs. JOHN MACKRELL and Co.

(Telegram.)

Wellington, 19th August, 1876.

*Re* Cunningham: You have misunderstood previous action and telegrams. I now ask you on behalf both Governments cable your specific advice, shall we accept Cunningham's offer ten thousand pounds, with release to all parties, exclusive settlement already made with Bussche, or shall we try for more?

Messrs. John Mackrell and Co., London.

JULIUS VOGEL.

### No. 19.

The Hon. Sir J. VOGEL to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 29th August, 1876.

LETTER from Mackrell says that months ago he and your Agent-General agreed to appended message.\* I presume it did not reach you, for we might have saved all intervening time and cost, including charge for telegram, to which Mackrell now probably sending reply. I concur with Mackrell's advice to accept ten thousand, together with five hundred for cost of actions commenced against Cunningham and Forbes, and settlement with Bussche, including future dividends. Fortified by Mackrell's advice, think your Government justified in accepting without reference to Parliament, as, if not accepted, proceedings should be pushed.

The Hon. the Colonial Secretary, Sydney.

JULIUS VOGEL.

### No. 20.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 11th September, 1876.

CUNNINGHAM refuses to advance one shilling on his offer of ten thousand pounds, and rather than pay the five hundred costs will withdraw his offer and abide the action. Mackrell considers the action must be tedious, difficult, and expensive. Cunningham's offer was in compromise against all parties. His agents have telegraphed to ascertain if he will agree to leave De Bussche's dividend for Government's benefit. If so, will you accept without insisting on costs? We are willing, subject to Parliament's approval.

The Hon. Sir J. Vogel, Wellington.

COLONIAL SECRETARY.

### No. 21.

The Hon. the COLONIAL SECRETARY, Wellington, to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 14th September, 1876.

THIS Government concur in course proposed by you about Cunningham, and, subject to approval of Parliament, agree to accept ten thousand pounds in full of all demands upon late Contractors.

The Hon. the Colonial Secretary, Sydney.

COLONIAL SECRETARY.

### No. 22.

The Hon. J. F. BURNS to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 16th September, 1876.

*Re* Cunningham's offer: We have done nothing in this matter since we authorized you to communicate with Mackrell with a view to settlement. Please proceed, and advise us result.

The Hon. Sir Julius Vogel, Postmaster-General.

J. F. BURNS.

### No. 23.

The Hon. Dr. POLLEN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 18th October, 1876.

GOVERNMENT now able accept definitely Cunningham's offer of ten thousand pounds, exclusive of dividends in De Bussche's estate. Are you similarly empowered? If so, should we not instruct Mackrell, our London solicitor, by outgoing mail, to apply for money; or will Cunningham's Sydney agents be empowered to pay?

The Hon. the Colonial Secretary, Sydney.

DANIEL POLLEN.

\* *Vide* seventh paragraph in No. 17.

## No. 24.

The Hon. H. A. ATKINSON to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Colonial Secretary's Office, Wellington, 2nd December, 1876.

At the request of my colleague the Postmaster-General, I have the honor to forward you a copy of a communication addressed to Sir Julius Vogel by Messrs. J. Mackrell and Co., of London, reporting upon the matter of the proceedings taken by them for the recovery of the penalties due under the contracts and bonds executed by Messrs. P. S. Forbes and H. H. Hall, and their sureties.

I have to remark that the telegram stated to have been despatched from London on the 13th September last has not reached the Government.

I have, &c.,

H. A. ATKINSON.

The Hon. the Colonial Secretary, Sydney.

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Enclosure in No. 24.

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

*Re Old Postal Contracts.—Samuel and Another v. Hall and Others.*

DEAR SIR JULIUS,—

21, Cannon Street, London, 21st September, 1876.

We received your telegram as follows:—" *Re Cunningham*: You have misunderstood previous action and telegram. I now ask you on behalf both Governments cable your specific advice, shall we accept Cunningham's offer ten thousand pounds, with release to all parties, exclusive settlement already made with De Bussche, or shall we try for more?"

We understood this telegram to mean that you wished us to inquire into the position of Mr. Forbes and his sureties, and, having regard to all the circumstances of the case, to advise what course it seemed to us expedient for the Governments to take, irrespective of the legal bearing of the matter.

Accordingly, we communicated with Messrs. Barings and Messrs. Mathiesons as to the position of Mr. Forbes and Mr. Cunningham, they being the firms from whom, when the contracts were entered into, we obtained information as to the position of the parties.

We also conferred with Mr. Lloyd, who has been acting in this matter as solicitor to the Government of New South Wales; and afterwards, with him, had a conference with Mr. Forster, the Agent-General for that colony; and we had a conference with Sir William Power, as the Agent-General of your colony, upon the information we had obtained, and the general circumstances of the case.

We now beg leave to report upon the whole matter.

Actions were commenced here in October, 1874, against Mr. Hall and Mr. De Bussche upon the temporary contract and bond, and have been concluded. Judgment has been entered up against Mr. Hall, but no instructions have been given us to issue execution under it. Mr. De Bussche became bankrupt, and proofs were admitted against his estate for the £50,000 payable to the Governments under both bonds. The creditors, however, subsequently thought fit to accept an offer made by the bankrupt and his friends to pay a sum of £7,500 by instalments, in consideration of the bankruptcy being annulled. Mr. De Bussche was also to pay the costs of the action brought against him; but the costs of the proceedings against Mr. Hall are still outstanding.

Simultaneously with the proceedings instituted here, Messrs. Foster and Thomson, of New York, were instructed to sue Mr. Forbes and Mr. Cunningham in the American Courts, and they brought an action against them in the New York Supreme Court, at the suit of Mr. Samuel and yourself, as the Postmasters-General of the two colonies, for the recovery of the £25,000 secured to be paid under the temporary contract and bond, but no proceedings have as yet been commenced against Mr. Forbes and Mr. Cunningham as to the permanent contract.

In this action answers have been put in on the part of the defendants, and the defence relied upon is—1st. That, as an inducement to defendants to enter into the temporary contract and execute the bond, Mr. Samuel promised them that if Mr. Hall and Mr. Forbes would undertake the temporary service, the plaintiffs would themselves assume all losses under that contract. 2nd. That the plaintiffs before breach entered into agreements with Hall to substitute steamships of less capacity, &c., than those stipulated for by the contract, and to change the times of sailing and the character of the service; and as such agreements were entered into without the knowledge of the other defendants, the temporary contract and bond were void. With regard to the first of these defences, we understand that Mr. Samuel will deny the existence of any such inducement as is alleged being held out to the defendants; and as to the second defence, our counsel has advised the pleadings to be amended in a manner which would cause this plea to be struck out. It would, however, be necessary for the plaintiffs to prove the breaches and to rebut the first defence, and as our counsel advises to prove the law of England (where the contract was entered into) as to the £25,000 being liquidated damages, and also to be ready to show the damage actually sustained in case the American Courts should not so hold, the evidence on the part of the Governments will have to be taken in London, Sydney, and Wellington upon commissions issued out of the New York Supreme Court, upon interrogatories and cross-interrogatories, to be read upon the trial. The interrogatories are already prepared, and they have been settled by counsel.

When the contracts were entered into, we had, as you know, the most satisfactory reports from Messrs. Barings and Messrs. Mathiesons as to the position of Mr. Forbes and Mr. Cunningham.

We now learn, however, that, since 1873, the position of both these gentlemen has materially changed; Mr. Forbes, who was then the head of the house of Russell and Co., of Shanghai, having been gazetted out of the firm, and being, it is believed, now dependent on money settled upon his wife and allowances from his children; and Mr. Cunningham having sustained large losses as a partner in the same house.

We have not been able to obtain information as to the circumstances under which the settlements were made by Mr. Forbes, and although any settlement made since his difficulties upon his wife might

be upset, yet any settlement made upon his two daughters who had married since 1873 would be valid against creditors.

It is believed that Mr. Forbes has so dealt with his property as to put it out of the reach of his creditors.

We understand that Messrs. John Elder and Co., who were employed by Mr. Forbes to build the ships for the permanent service, took steps to enforce against him payment of the bills given for the ships, and although Mr. Ure, one of the partners, went himself both to America and China for the purpose, he failed to recover anything.

It is believed that Mr. Cunningham has made and lost two or three fortunes, and that his losses in the late depreciation of silk were so large as to put it out of his power to meet his liability on the bonds, but that he has lately made a large speculation in silk, which has risen so much as to put him in considerable funds, if he now realizes the profit he can make.

Messrs. Barings, however, tell us that they have had such unsatisfactory experience of endeavouring to recover moneys from debtors in America, from the facilities which exist for enabling parties there to defeat their creditors, that they do not think it worth while to enter upon litigation to recover debts in America; and they think it very doubtful what pecuniary success might attend a judgment in the American Courts in favour of the two Governments. They therefore very strongly recommended the Governments to accept a payment of 20 per cent. of their claim if they could get it in cash down.

The counsel who have advised us in the proceedings do not see any legal difficulty in the Governments obtaining a favourable judgment, but we cannot feel the same confidence in the result of proceedings in America as we should have in proceedings in our tribunals here, and we may reasonably expect that the sympathy of the jury by whom the action against Mr. Forbes and Mr. Cunningham must be tried would be with them, not only because juries are generally unfavourable to Governments seeking to enforce penalties, however much the damage sustained may prove to have been, but because Mr. Forbes will doubtless show that he went into this arrangement with the utmost *bonâ fides*, that he afterwards found he had taken the contract for too low a subsidy, and that he lost a very large sum of money in endeavouring to carry out his undertaking.

We feel, moreover, that the delay and heavy expense necessarily attending the examination of witnesses by commission in this country and in both the colonies, and of any appeal which may be brought by the defendants to the higher tribunals in America, affect the consideration of this question. And there can be no doubt that, however successful the proceedings might ultimately be, very heavy expenses would be incurred by the Governments, which could not be recovered from the defendants as party and party costs.

After very mature consideration of all the circumstances of the case and the ultimate prospects as regards pecuniary results, and with the full approval of Sir William Power, who has had experience of litigation in America, Mr. Forster, and Mr. Lloyd, we sent you, on the 13th instant, the following telegram:—

“Have seen Barings and Mathiesons, and advise acceptance Cunningham’s offer if cash down. Try for amount for expenses. Preserve De Bussche’s settlement, although not proving satisfactory. Explanatory letter follows.”

And we trust that, after this explanation of the grounds upon which our advice was founded, you will approve of the views we expressed.

We have been pressing the trustees of Mr. De Bussche’s estate to declare a dividend, but have not yet succeeded in getting them to do so in consequence of some new claims for about £20,000 having been made, which are disputed by Mr. De Bussche. And until this question is settled the trustees are advised that they cannot safely divide the fund in hand.

As previously reported to you, the sum of £1,250 was paid down; two further sums of £1,250 each were guaranteed by two gentlemen who, at the time of giving their guarantee, appeared to be possessed of ample means; and two other instalments of £1,250 each were dependent on the result of litigation to be carried on by Mr. De Bussche with reference to the improper sale of one of his ships.

When the second instalment became payable the guarantors had got into difficulties, and only a small portion of the amount has as yet been recovered, so that the dividend expected from Mr. De Bussche’s estate might be much smaller than was at first anticipated.

In our letter to you of the 7th July last,\* we suggested that in any compromise you should endeavour to get a sum sufficient to cover the expenses which the two Governments have been put to (say £500), and we informed you that the expenses in America up to the present time appeared to be about £120.

It was not thought expedient in our telegram to make the payment of this amount a *sine qua non*, as it appeared to all of us unwise to risk losing a settlement at £10,000 by such a stipulation.

We trust, however, that in your negotiation you may be able to arrange for this being paid.

We have, &c.,

The Hon. Sir Julius Vogel, K.C.M.G.

JOHN MACKRELL AND Co.

### No. 25.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.)

Sydney, 13th February, 1877.

ULTIMATUM received from Cunningham that his offer ten thousand pounds was in full of all demands against all parties to the contract, therefore De Bussche’s dividends come to him. Do you consent? Reply, in order that we may obtain approval of our Parliament.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY.



## No. 26.

The Hon. GEO. McLEAN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram).

Wellington, 16th February, 1877.

If you agree we are willing to give up De Bussche's dividend, provided an immediate cash settlement is made, not otherwise. Suggest you press Cunningham, and not be delayed by further negotiations.

GEO. McLEAN,

The Hon. the Colonial Secretary, Sydney.

Postmaster-General.

## No. 27.

The Hon. H. PARKES to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram).

Sydney, 18th April, 1877.

REFERRING to your telegram, 16th February last, concerning compromise with Cunningham, we find our predecessors telegraphed to Agent-General as follows on 5th March:—"Offer of ten thousand pounds will be accepted subject to approval of Parliament." To this Agent-General replied asking to be instructed definitely whether pending approval of Parliament, and before actual receipt of money, actions are or are not to be discontinued. Mr. Robertson replied, "Can only be done when the Assembly has approved." We now propose to telegraph to Agent-General that we are willing to accept the ten thousand pounds without waiting for the approval of Parliament, and to instruct him to receive the money as soon as possible, and to stay further proceedings. Please say if you concur in this; if so, I suggest that you similarly instruct your Agent-General.

HENRY PARKES,

Colonial Secretary.

The Hon. the Colonial Secretary, Wellington.

## No. 28.

The Hon. GEO. McLEAN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram).

Wellington, 19th April, 1877.

WE agree to your proposed telegram to Agent-General. It will be sufficient for our Agent-General if you say in telegram we concur.

GEO. McLEAN,

Postmaster-General.

The Hon. the Colonial Secretary, Sydney.

## No. 29.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 24th April, 1877.

With reference to your telegram addressed to the Hon. the Colonial Secretary, Sydney, dated the 19th instant, respecting the compromise with Mr. Cunningham on account of Messrs. Hall and Forbe's default in regard to their San Francisco Mail Contract, I have to inform you that a telegram was sent yesterday to the Agent-General for this colony as follows:—"Re Cunningham: Accept offer ten thousand. Obtain money soon as possible, and stay proceedings. New Zealand Government concurs."

I have, &c.,

SAUL SAMUEL.

The Hon. the Postmaster-General, Wellington.

## No. 30.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

SIR,—

General Post Office, Wellington, 16th May, 1877.

I have the honor to acknowledge the receipt of your communication of the 24th ultimo, embodying copy of a telegram, which was sent on the 23rd ultimo to the Agent-General for your colony, respecting the compromise with Mr. Cunningham, on account of Messrs. Hall and Forbes's default in regard to their San Francisco Mail Contract, intimating on behalf of both Governments the acceptance of Mr. Cunningham's offer, on the understanding that immediate payment should be made, and requesting that further legal proceedings in the matter should be stayed.

I have, &c.,

GEO. McLEAN.

The Hon. the Postmaster-General, Sydney

## No. 31.

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

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

5th April, 1877.

SIR,—

I have the honor to enclose you a copy of a letter which I have received from Messrs. Mackrell and Co., respecting the actions instituted in the United States against Messrs. Forbes and Cunningham, as sureties of the old postal contract. I also enclose a copy of my reply, and of their letter in acknowledgment. Before instructing Messrs. Mackrell, I put myself in communication with the Agent-General for New South Wales, and ascertained that in case I had no definite information as to the acceptance by our respective Governments of the compromise offered, he would, if I should think

it desirable, join in a telegram asking for definite instructions. I enclose a copy of a memorandum I addressed to him in consequence, and of his minute thereupon. The telegram suggested in my memorandum was accordingly despatched to the Colonial Secretary of New South Wales, and no doubt was duly communicated to you. A reply by cable was received. I append a copy; but as Mr. Forster did not consider the instructions which it contained sufficiently definite under the circumstances, in which opinion I concurred with him, we agreed to send a further telegram on the following day. To this we received a reply on the 23rd ultimo. I enclose copies of both.

You will observe that the matter still continues quite undecided. I have to advise that prompt action be taken concerning it, should such not have been done before this reaches you.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon the Colonial Secretary, Wellington.

### Enclosure 1 in No. 31.

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

*Re Old Postal Contracts.*

DEAR SIR JULIUS,—

21, Cannon Street, London, E.C., 21st February, 1877.

The affairs of Mr. De Bussche have turned out very unsatisfactorily, and his sureties for payment of the composition have, through recent misfortunes in business, proved unable to meet the payments. In consequence, the first dividend which we have received amounts to £208 6s. 8d., and the prospects of further dividends are dependent upon the success of some pending litigation, the result of which cannot be relied on.

Messrs. Foster and Thomson, of New York, have now written us for instructions as to the course to be taken with reference to the actions pending against Mr. Forbes and Mr. Cunningham, and have asked us to remit them £120, the amount of their charges to the present time. If you approve, we propose out of the moneys we have now received to remit this amount, and we shall be glad if you will instruct us as to the steps which are to be taken with reference to the actions pending in America.

The balance which will be left in our hands will not suffice to pay the charges of ourselves and the solicitors to the New South Wales Government.

If the actions in America are abandoned, we will have these costs made up and sent in.

We have, &c.,

JOHN MACKRELL AND Co.

Sir Julius Vogel, K.C.M.G

### Enclosure 2 in No. 31.

MEMORANDUM by the Hon. Sir J. VOGEL.

23rd February, 1877.

To the best of my belief, the two Governments have agreed to a compromise with Messrs. Cunningham and Forbes, but I am not sufficiently certain in the matter (and if I were so, much depends upon whether the arrangement has been carried out) to justify my instructing our solicitors to stop proceedings.

I therefore suggest that I should reply to this by authorizing Mr. Mackrell to remit the £120, and by adding that you and I are telegraphing for instructions as to continuing or discontinuing the actions, and requesting Mr. Mackrell, in the meantime, to let the matter be prejudiced neither one way nor the other. Below is telegram I suggest for both of us to sign:—

“Necessary determine if actions against Cunningham and Forbes are to be continued. Confer with New Zealand, and telegraph us instructions immediately.”

The Agent-General for New South Wales.

J. VOGEL.

*Minute by Mr. Forster on Sir Julius Vogel's Memorandum of 23rd February, 1877, with reference to the Actions in America against Messrs. Cunningham and Forbes, in the matter of the original San Francisco Mail Contracts.*

I am not aware of a compromise having been agreed to, or more than proposed. I concur with the above proposal entirely.

27th February, 1877.

W. FORSTER.

### Enclosure 3 in No. 31.

The AGENT-GENERAL to Messrs. J. MACKRELL and Co., London.

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

28th February, 1877.

GENTLEMEN,—

I have to acknowledge the receipt of your letter of the 21st instant, *re* old postal contracts, and in accordance with your suggestions approve your remitting £120 of the funds in your hands to Messrs. Foster and Thomson, of New York, being the amount of their charges to the present time. I have further to inform you that I have communicated on this subject with the Agent-General for New South Wales, and we have jointly telegraphed to our Governments for instructions as to continuing or discontinuing the actions.

Pending our receipt of reply, I have now to request that you will, in the meantime, take precaution to let the matter be prejudiced neither one way nor the other.

I have, &c.,

JULIUS VOGEL,

Agent-General.

Messrs. J. Mackrell and Co.

## Enclosure 4 in No. 31.

Messrs. JOHN MACKRELL and Co. to the AGENT-GENERAL.

*Old Postal Contracts.*

DEAR SIR JULIUS,—

21, Cannon Street, London, 3rd March, 1877.

We have, as instructed, remitted the £120 to Messrs. Foster and Thomson, and requested them to take every precaution to prevent the proceedings being prejudiced by any further delay.

We presume that you intended the balance in our hands to be applied so far as it would go in payment of the solicitor to the New South Wales Government and ourselves with reference to the pending proceedings.

The Agent-General for New Zealand.

We have, &amp;c.,

JOHN MACKRELL AND CO.

## Enclosure 5 in No. 31.

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

(Telegram.)

Sydney, 6th March, 1877.

OFFER of ten thousand pounds will be accepted, subject to approval of Parliament.

Mr. Forster.

COLONIAL SECRETARY.

## Enclosure 6 in No. 31.

Mr. FORSTER and the Hon. Sir J. VOGEL to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

7th March, 1877.

TELEGRAM 6th received. Instruct definitely whether pending approval Parliament, and before actual receipt of money, actions are or are not to be discontinued.

The Hon. the Colonial Secretary, Sydney.

FORSTER.

VOGEL.

## Enclosure 7 in No. 31.

The Hon. the COLONIAL SECRETARY, Sydney, to Mr. FORSTER and the Hon. Sir JULIUS VOGEL.

(Telegram.)

Sydney, 22nd March, 1877.

Re Cunningham: Can only be done when the Assembly has approved. Ministry sent in resignation. Parkes sent for.

Mr. Forster.

COLONIAL SECRETARY.

Sir Julius Vogel.

## No. 32.

The Hon. GEO. McLEAN to the Hon. Sir J. VOGEL, Agent-General, London.

SIR,—

General Post Office, Wellington, 2nd June, 1877.

I have the honor to acknowledge the receipt of your letter of the 5th April last, addressed to the Hon. the Colonial Secretary, having reference to the legal proceedings instituted against Mr. E. Cunningham, as surety for the Messrs. H. H. Hall and P. Forbes, principals to the late San Francisco Mail Service Contract.

By the present mail you will receive a power of attorney, authorizing you to act in such manner as you may consider best for the interests of this colony.

Sir Julius Vogel, K.C.M.G.,

I have, &amp;c.,

GEORGE McLEAN.

Agent-General for New Zealand, London.

## No. 33.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.)

Sydney, 23rd May, 1877.

I HAVE received following telegram from Forster and Vogel, dated 19th instant:—Cunningham settled. Let each Postmaster-General execute immediately power of attorney to Agent-General of his colony authorizing execution of full release to Forbes and Cunningham, and assignment to them of claims on De Bussche. Advise when done, advise New Zealand.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY.

## No. 34.

The Hon. GEO. McLEAN to the Hon. Sir J. VOGEL.

SIR,—

General Post Office, Wellington, 2nd June, 1877.

I do myself the honor to enclose copies of correspondence exchanged between the Government of New South Wales and this Government in the matter of the compromise with Mr. Cunningham.

In compliance with the request made by the Colonial Secretary of New South Wales in his telegram of the 23rd ultimo, also enclosed, I have executed the necessary power of attorney in your favour, and which I now beg to forward you.\*

Sir Julius Vogel, K.C.M.G.,

I have, &amp;c.,

GEO. McLEAN.

Agent-General for New Zealand, London.

## No. 35.

The Hon. GEO. McLEAN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 4th June, 1877.

CUNNINGHAM'S compromise: Power of attorney forwarded Agent-General by yesterday's mail.

The Hon. the Colonial Secretary, Sydney.

GEO. McLEAN.

## No. 36.

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

SIR,—

21, Cannon Street, London, E.C., 1st June, 1876.

In the settlement of the contract with the Pacific Mail Steamship Company, it became necessary to employ agents in New York to investigate the powers of the Company to enter into contracts and to see that proper powers of attorney were executed, enabling the agents of the Company in London to enter into the contracts.

The charges of Messrs. Foster and Thomson, the agents employed in New York, amounted to £119 4s. 6d., and we requested them to apply to the Company for payment of their account. They experienced a difficulty in obtaining payment, and suggested that we should apply to the Company for payment of the amount.

We accordingly did so, and have now received from the Company a letter of which the following is a copy:—

“Office of Pacific Mail Steamship Company, Pier, foot of Canal Street,  
“North River, New York, 12th May, 1876.

“DEAR SIRS,—Yours of the 27th ultimo has come to hand. In reply thereto we can only inform you that we have a long open account with the Governments of New South Wales and New Zealand, in the settlement of which the matter in point with yourselves will be considered and the responsibility determined.

“Yours, &c.,

“J. B. HOUSTON,

“Second Vice-President.

“Messrs. John Mackrell and Co., London.”

We consider that these charges are charges which ought fairly to be paid by the Company, and must have been incurred by them, if Mr. Russell and Sir Daniel Cooper had declined to negotiate with them until proper powers of attorney had been sent over and the powers of the Company had been investigated, which they would undoubtedly have done had not the matter been so pressing in point of time; but it was thought better to instruct, by cable, agents in New York to see that sufficient powers were executed, and advise us by cable, so that the agents might sign without waiting for the arrival of the powers.

We have, &c.,

JOHN MACKRELL AND Co.

The Hon. the Postmaster-General, New Zealand.

## No. 37.

Mr. GRAY to Messrs. JOHN MACKRELL and Co., London.

GENTLEMEN,—

General Post Office, Wellington, 29th July, 1876.

The Postmaster-General has directed me to acknowledge the receipt of your letter of the 1st June ultimo, and to inform you that the amount of Messrs. Foster and Thomson's claim will be deducted from subsidies becoming due the Pacific Mail Steamship Company, and that by a subsequent mail you will be informed to whom Messrs. Foster and Thomson should apply for payment of their account.

I have, &c.,

W. GRAY,

Secretary.

Messrs. John Mackrell and Co., London.

## No. 38.

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

GENTLEMEN,—

General Post Office, Wellington, 29th July, 1876.

In forwarding you the accompanying copy of a letter received from Messrs. John Mackrell and Co., of London, I am directed by the Postmaster-General to inform you that as the Pacific Mail Steamship Company are indebted the amount claimed by Messrs. Foster and Thomson, it is the intention of this department to deduct one-half of the sum from the next payment to be made the Contractors. The question of recovering the balance will rest with the Postmaster-General of New South Wales, to whom a copy of Messrs. Mackrell and Co.'s letter has been forwarded, with the request that this department be advised in the matter and as to the manner in which payment should be made by the two Governments to Messrs. Foster and Thomson.

I have, &c.,

W. GRAY,

Secretary.

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

## No. 39.

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

SIR,—

Sydney, 22nd August, 1876.

We have the honor to acknowledge receipt of your letter of 29th July. By the outgoing mail we send a copy of your letter and enclosure to the Pacific Mail Steamship Company, to be dealt with by them, as we have no knowledge of any such claim, nor authority to confirm such deduction as proposed by you.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 40.

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

SIR,—

General Post Office, Wellington, 29th July, 1876.

By direction of the Postmaster-General, I have the honor to forward, for the information of the Hon. the Postmaster-General of New South Wales, the accompanying copy of a communication received from Messrs. John Mackrell and Co. by the last mail from London.

As the Pacific Mail Steamship Company appear to be liable for the sum of £119 4s. 6d., it is the intention of this department to deduct one-half of the amount—viz., £59 12s. 3d., from the next payment to be made to the Contractors. You will, perhaps, advise this office of the action to be taken by your department with respect to the recovery of the balance, in order that Messrs. Mackrell and Co. may be informed in what manner payment will be made Messrs. Foster and Thomson.

I have, &amp;c.,

W. GRAY,

Secretary

The Secretary, General Post Office, Sydney.

## No. 41.

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

SIR,—

Sydney, 26th September, 1876.

I am directed to acknowledge the receipt of your letter, dated the 29th July last, and the copy of the communication that accompanied the same, from Messrs. John Mackrell and Co., of London, as to a claim for the sum of £119 4s. 6d., on account of the services of agents at New York in connection with the settlement of the contract with the Pacific Mail Steamship Company.

In reply, I am to state that the Postmaster-General has approved of the sum of £59 12s. 3d. being deducted on account of this colony from the earnings of the Contractors; and that the agents in this city, Messrs. Gilchrist, Watt, and Co., have been informed accordingly.

I have, &amp;c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington.

## No. 42.

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

SIR,—

General Post Office, Wellington, 12th October, 1876.

I am directed to acknowledge the receipt of your communication of the 26th ultimo, with reference to the sum of £119 4s. 6d. which has been deducted from the earnings of the Contractors of the Pacific Mail Steamship Company, to provide for payment to Messrs. John Mackrell and Co., of London, of the sums expended by their New York agents, Messrs. Foster and Thomson, in arranging the legal preliminaries of the contract with the Pacific Mail Steamship Company.

Would you be good enough to signify in what way you would prefer the adjustment of this matter to be effected, whether by a direct remittance from your department to Messrs. John Mackrell and Co., or by remitting your half to this colony, leaving the full settlement of the claim to go forward from this office?

I have, &amp;c.,

W. GRAY,

Secretary.

The Secretary, General Post Office, Sydney.

## No. 43.

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

SIR,—

Sydney, 17th November, 1876.

Referring to your letter of 29th July,\* in which you advise the deduction of £59 12s. 3d., moiety law costs Foster and Thomson, we have the honor to send copy of telegram forwarded by the head office of the Pacific Mail Company, through the San Francisco office, to us.

\* New York, 5th October, 1876.

“Notify Gilchrist, Watt, and Co. that the Pacific Mail Steamship Company cannot submit to

Auckland officials withholding our money to pay Foster and Thomson. Foster and Thomson performed no service for us. We had our own counsel. Foster and Thomson acted for Commissioners. Will write fully next steamer.

“To Williams, Blanchard, and Co.

“J. B. HOUSTON, Second Vice-President.”

We have therefore the honor to request that you will place to our credit in the Bank of New Zealand the sum deducted as above.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 44.

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

GENTLEMEN,—

General Post Office, Wellington, 23rd December, 1876.

I am directed by the Hon. the Postmaster-General to acknowledge the receipt of your communication of the 17th ultimo, embodying the substance of a telegram sent from the head office of the Pacific Mail Company, on the 5th of October last, to Messrs. Williams, Blanchard, and Co., of San Francisco, in reference to a deduction of the sum of £59 12s. 3d., moiety of law costs due Messrs. Foster and Thomson, made from the subsidy scheduled for your credit on the 9th of August last.

In reply, I am directed to inform you that this Government will await the receipt of a further communication from you on the subject before discussing the objections raised by the Pacific Mail Company to the deduction in question.

I have, &c.,

W. GRAY,

Secretary.

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

No. 45.

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

SIR,—

Sydney, 11th January, 1877.

We have the honor to acknowledge receipt of your letter of 23rd December, and to state that we have forwarded a copy of same to the President of the Company at New York.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 46.

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

SIR,—

Sydney, 18th December, 1876.

Referring to your letter of 29th July last, in regard to Messrs. Foster and Thomson's claim for costs, and our reply thereto of 22nd August, we have the honor to enclose copy of a letter (31st October) received from the Pacific Mail Steamship Company, New York, in which they entirely repudiate any liability on account of such claim.

We have therefore the honor to request that the sum of £59 12s. 3d., deducted by you, may be lodged to our credit in Bank of New Zealand.

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. 46.

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

Office of Pacific Mail Steamship Company, No. 6, Bowling Green,

New York, 31st October, 1876.

DEAR SIR,—

Referring to your favour of \_\_\_\_\_, and our reply by last departure through Messrs. Williams, Blanchard and Co., touching claim of Foster and Thomson, and the withholding of amount from subsidy due us by New Zealand Government officials, we now hand you copy of our answer to such pretended claims in September, 1875. The attempt of the New Zealand officials to fasten upon us so unwarranted a tax is as surprising as it is unjust, and we decline to recognize such indebtedness.

I have, &c.,

AMOS ROGERS,

Second Vice-President.

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

## Sub-Enclosure to Enclosure in No. 46.

Mr. SCOTT to Messrs. FOSTER and THOMSON, New York.

Office of Pacific Mail Steamship Company, No. 6, Bowling Green,  
New York, 24th September, 1876.

DEAR SIRS,—

I have received your favour of the 21st instant.

I cannot see any justice or reason in asking this Company to meet expenses incurred by the Commissioners' representatives.

We had our own attorney, whose charges for services in the matter we must meet, and who was fully competent to draw up the power of attorney required.

I will call the matter to the attention of the Board, but am very confident they will agree with the views I express.

I have, &amp;c.,

GEO. S. SCOTT,  
Vice-President.

Messrs. Foster and Thomson, 69, Wall Street.

## No. 47.

The Hon. H. A. ATKINSON to the Hon. SIR J. VOGEL.

SIR,—

General Post Office, Wellington, 6th January, 1877.

I have the honor to forward, for your information, copies of correspondence, together with the various Ministerial and departmental minutes thereon indorsed, which has taken place since the month of June last, in connection with a claim preferred by Messrs. John Mackrell and Co., of London, for costs amounting to £119 4s. 6d., incurred by their New York agents, Messrs. Foster and Thomson, in arranging the preliminaries of the present San Francisco Mail Contract, the half of which amount, in consequence of representations from Messrs. Mackrell and Co., it was decided to deduct from moneys payable to the Sydney agents of the Contractors.

The amount was accordingly deducted, and you will observe that considerable demur has been made by the Contractors to the course adopted.

The present correspondence, which embodies all action taken in this matter since the time you held office as Postmaster-General, is forwarded to you in the hope that, by personal interview with Messrs. Mackrell and Co. and the agents of the Contractors, an amicable and satisfactory adjustment of the claim may be determined.

In the meantime, the Government will await the receipt of a communication from you on the subject before taking further action.

I have, &amp;c.,

H. A. ATKINSON.

Sir Julius Vogel, K.C.M.G.,  
Agent-General for New Zealand, London.

## No. 48.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
6th March, 1877.

SIR,—

I have the honor to acknowledge the receipt, by San Francisco mail on the 5th instant, of your letter of the 6th January last, *re* claim on mail contracts, which shall have immediate attention.

I have, &amp;c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Postmaster-General, Wellington.

## No. 49.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
9th March, 1877.

SIR,—

I have the honor to acknowledge the receipt of your letter of 6th January, on the subject of the claim of Messrs. John Mackrell and Co., in connection with the arrangement of the preliminaries of the present San Francisco Mail Contract.

I have communicated with the Agent-General for New South Wales, and, after consultation with him, will do what seems best in the matter.

I have, &amp;c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Postmaster-General, Wellington.

## No. 50.

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

SIR,—

Sydney, 9th March, 1877.

We have the honor to annex copy of the following letter received by us from head office:—

*"Claim of Foster and Thomson.*

"New York, 20th January, 1877.

"DEAR SIRs,—In this matter we desire you to make suit against the New Zealand Government, in case of non-payment of amount deducted on account of the above.

"Messrs. Foster and Thomson did not represent us but the Government, and we were not parties to their employment.

"We were represented by and paid our own counsel, and cannot submit to having any expense for their behalf saddled upon this Company.

"I have, &amp;c.,

"AMOS ROGERS, Second Vice President."

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 51.

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

GENTLEMEN,—

General Post Office, Wellington, 31st March, 1877.

I am directed by the Hon. the Postmaster-General to acknowledge the receipt of your communication of the 9th instant, embodying the substance of a letter received by you from the head office of the Pacific Mail Steamship Company, dated the 20th of January last, in which you are directed to make suit against this Government, in the event of the further withholding of the sum deducted from the subsidy payable to the Contractors in the month of July last, being a moiety of the account of Messrs. Foster and Thomson, of New York, for arranging the legal preliminaries of the present contract.

In reply, I am directed to inform you that the correspondence on this subject was sent home to the Agent-General for New Zealand in the month of January last, with instructions to confer with Messrs. John Mackrell and Co., the solicitors in London for this Government, and to effect, if possible, an amicable and early settlement of the matter.

I have, &amp;c.,

W. GRAY,

Secretary.

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

## No. 52.

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

SIR,—

Sydney, 30th April, 1877.

We have the honor to acknowledge the receipt of your letter of 31st March, with reference to Messrs. Foster and Thomson's claim for law costs, and informing us that the correspondence herein had been forwarded to your Agent-General in London with a view to an early settlement.

We forward copy of your letter by the out-going mail to the Pacific Mail Steamship Company, New York.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 53.

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

(Telegram.)

Sydney, 8th May, 1877.

REFERENCE to your letter 29th July, 1876,\* please inform whether you actually deducted from your payment to Pacific Mail Company the £59 12s. 3d. which formed your share of payment to Foster and Thomson of New York, and what action you have taken in regard to Contractors' protest against being charged with the amount.

The Secretary, General Post Office, Wellington.

S. H. LAMBTON.

## No. 54.

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

(Telegram.)

Wellington, 8th May, 1877.

DEDUCTION actually made. Amount in full paid Mackrell for Foster and Thomson. Protest referred Agent-General to settle matter amicably; Gilchrist informed.

The Secretary, General Post Office, Sydney.

W. GRAY.

## No. 55.

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

SIR,—

General Post Office, Wellington, 23rd May, 1876.

I am directed by the Postmaster-General to request that the share due to this colony, on account of correspondence received and despatched by the San Francisco Mail Service by non-



contracting colonies, may be remitted in time to be included in the accounts of this department for the financial year ending the 30th June next.

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

The Secretary, General Post Office, Sydney.

### No. 56.

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

SIR,—

Sydney, 30th June, 1876.

With reference to your letter on the subject, dated the 23rd ultimo, I am directed to inform you that a statement has been prepared by this department showing the sum of £1,483 12s. 7d. to be due to New Zealand on account of correspondence received and despatched *via* San Francisco by the non-contracting colonies during the period extending from the 1st April, 1875, to the 31st March, 1876; and that the same, with the necessary voucher, has been forwarded to the Treasury here, with a request that the amount in question may be remitted to you as early as possible.

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

The Secretary, General Post Office, Wellington.

### Enclosure in No. 56.

STATEMENT showing the New Zealand Share of Amounts paid by the Non-contracting Colonies to 31st March, 1876, on account of Correspondence sent and received by the San Francisco Mail Line of Steamers.

	Quarter ended	£	s.	d.	£	s.	d.
Victoria ... ..	30 June, 1875...	228	15	5			
" ... ..	30 Sept., 1875...	250	5	8			
" ... ..	31 Dec., 1875...	222	8	10			
" ... ..	31 March, 1876...	252	8	0			
							953 17 11
Queensland... ..	30 June, 1875...	72	10	2			
" ... ..	30 Sept., 1875...	94	8	9			
" ... ..	31 Dec., 1875...	65	4	0			
" ... ..	31 March, 1876...	79	6	2			
							311 9 1
Tasmania ... ..	30 June, 1875...	15	1	1			
" ... ..	30 Sept., 1875...	20	16	8			
" ... ..	31 Dec., 1875...	17	14	1			
" ... ..	31 March, 1876...	20	13	7			
							74 5 5
Adelaide ... ..	30 June, 1875...	26	10	8			
" ... ..	30 Sept., 1875...	37	11	6			
" ... ..	31 Dec., 1875...	30	0	8			
" ... ..	31 March, 1876...	38	6	8			
							132 9 6
Perth ... ..	30 June, 1875...	3	11	4			
" ... ..	30 Sept., 1875...	2	11	2			
" ... ..	31 Dec., 1875...	3	3	1			
" ... ..	31 March, 1876...	2	5	1			
							11 10 8
							£1,483 12 7

W. W. BRIG,  
Acting Accountant.

General Post Office, Sydney, 5th June, 1876.

### No. 57.

The UNDER TREASURER, Sydney, to the SECRETARY to the TREASURY, Wellington.

SIR,—

The Treasury, New South Wales, Sydney, 15th July, 1876.

I have the honor, by desire of the Colonial Treasurer, to hand you, enclosed herewith, a bank draft for the sum of £1,483 12s. 7d., in favour of the Hon. the Treasurer of New Zealand, on the Bank of New South Wales, Wellington.

This remittance is made in payment of the balance due to your Government from this colony in respect of correspondence received and despatched *via* San Francisco, by the non-contracting colonies, during the period from 1st April, 1875, to the 31st March, 1876.

Requesting the favour of an acknowledgment,

I have, &c.,  
G. EDGAR.

The Secretary to the Treasury, Wellington.

3—F. 4.

## No. 58.

Mr. BATKIN to the UNDER SECRETARY to the TREASURY, Sydney.

SIR,—

Treasury, Wellington, 9th August, 1876.

I have the honor to acknowledge, with thanks, the receipt of your letter of the 15th ultimo, enclosing a draft for £1,483 12s. 7d., in payment of balance due by non-contracting colonies on account of correspondence carried by the San Francisco mail from 1st April, 1875, to 30th March, 1876.

I have, &amp;c.,

C. T. BATKIN,  
Secretary to the Treasury.

The Under Secretary to the Treasury, Sydney.

## No. 59.

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

SIR,—

Sydney, 11th August, 1876.

Adverting to your letter dated the 4th ultimo, relative to the suggestion as to the computation of time in connection with the voyages of the mail steamers between Sydney, Port Chalmers, Auckland, and San Francisco, I am directed to inform you that the agents in this city for the Pacific Mail Steamship Company have been apprised that their application in the matter has been approved on the conditions mentioned in the second paragraph of your letter now under reply, and that they have signified their acceptance of such conditions.

I have, &amp;c.,

S. H. LAMBTON,  
Secretary.

The Secretary, General Post Office, Wellington.

## No. 60.

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

SIR,—

General Post Office, Wellington, 30th August, 1876.

I have the honor to acknowledge the receipt of your letter of the 11th instant, in which you inform me that you had apprised the Sydney agents of the Pacific Mail Steamship Company of the contents of my letter of the 4th ultimo, and that they had signified their acceptance of the conditions contained therein.

I have, &amp;c.,

W. GRAY,  
Secretary.

The Secretary, General Post Office, Sydney.

## No. 61.

The Hon. J. F. BURNS to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 19th August, 1876.

THE arbitration with the A.S.N. Co., reference to premiums for early arrivals San Francisco, has resulted in our favour, only amounts we admitted as due having been awarded.

The Hon. Sir. J. Vogel, Wellington.

J. F. BURNS.

## No. 62.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the Postmaster-General, Wellington.

(Telegram.)

Sydney, 16th September, 1876.

HAVE not received any reply to our respects dated 4th August regarding early subsidies. Kindly result in our favour, as we must advise Contractors by telegraph.

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

## No. 63.

The Hon. F. WHITAKER to Messrs. GILCHRIST, WATT, and Co.

(Telegram.)

22nd September, 1876.

GOVERNMENT decided to make payments for early voyages on same basis as Sydney. You will receive letter by first mail.

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

FREDK. WHITAKER,  
Postmaster-General.

## No. 64.

The Hon. F. WHITAKER to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 23rd September, 1876.

With reference to your letter of the 4th August last and subsequent telegrams, I have the honor to inform you that, after full consideration of the circumstances connected with the early voyages performed by the Pacific Mail Company's steamers, and influenced by the satisfactory manner in

which the service is now being performed by the Contractors, the New Zealand Government has agreed to complete the payment for those services on the same basis as has been adopted by the Government of New South Wales, but on the understanding that such payment will be accepted by the Contractors as payment in full for all outstanding claims.

Attached to this letter you will find a statement showing the payments which will be made in favour of the Contractors, which sum will be placed to your credit with the Bank of New Zealand here.

I have, &c.,

FREDK. WHITAKER,  
Postmaster-General.

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

### Enclosure in No. 64.

STATEMENT showing the Sums agreed to be paid the San Francisco Mail Service Contractors by the New Zealand Government in respect of the under-mentioned Services.

Service for which Payment is agreed to be made.	Amount originally offered.	Payment now agreed to be made as a Final Settlement.
	£ s. d.	£ s. d.
"City of San Francisco," inward, December ...	864 0 0	1,729 16 2
"Granada," inward coastal, February ...	225 0 0	225 0 0
"Vasco de Gama," outward, November ...	1,019 0 0	1,529 16 2
"Mikado," outward, January ...	1,237 0 0	1,529 16 2
	£3,345 0 0	£5,014 8 6

General Post Office, Wellington, 22nd September, 1876.

W. GRAY.

### No. 65.

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

SIR,— Sydney, 29th September, 1876.

We have the honor to acknowledge receipt of your cablegrams—

Dated 22nd instant:

"Government decided to make payment for early voyages on same basis as Sydney. You will receive letter by first mail."

Dated 27th instant:

"'Vasco,' £1,529 16s. 2d.; 'Mikado,' £1,529 16s. 2d.; 'City of San Francisco,' £1,729 16s. 2d.; 'Granada,' £225—total, £5,014 8s. 6d.—scheduled yesterday for payment;"

—and we thank you for your settlement of these long outstanding matters.

We also had the honor to ask payment for "City of San Francisco" inward subsidy, and have received advice of lodgment. The subsidies for "City of New York" and "Zealandia" have also since become payable.

We have, &c.,

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

### No. 66.

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

SIR,— Sydney, 17th October, 1876.

We have the honor to acknowledge receipt of your letter of the 23rd September with respect to the early subsidies, and to state that the amount mentioned in the statement (£5,014 8s. 6d.) has been received by us from the Bank of New Zealand on the 13th instant.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

### No. 67.

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

SIR,— Sydney, 8th September, 1876.

By the Sydney office of the Bank of New Zealand, we are this morning advised of the payment of £3,804 12s. 4d. to our credit in Wellington; but Mr. Gray's telegram of 21st ultimo stated £3,759 12s. 4d. to be the earnings of the "Australia's" double trip, which amount was to have been lodged in the bank on the 22nd August.

We have the honor to request that you will favour us with an explanation of difference between the amount mentioned by Mr Gray and the actual lodgment as above.

We have, &c.,

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

## No. 68.

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

GENTLEMEN,—

General Post Office, Wellington, 6th October, 1876.

I have been directed to acknowledge the receipt of your communication of the 8th ultimo, having reference to an apparent discrepancy between the amounts advised in my telegram to you of the 21st August, as having been passed to your credit with the Bank of New Zealand at Wellington, and the sum actually credited you by that bank.

In reply, I have to inform you that the respective sums advised in my telegram previously referred to amount in the aggregate to £3,649 12s. 4d., and not £3,759 12s. 4d., an error having to all appearances been made in the transmission of my telegram. In addition to this sum an amount of £155 was also placed to your credit on the 15th of August, being the bonus earned by the "City of San Francisco" for delivering the mails at Port Chalmers on the 21st of June, 1876, thirty-one hours under the contract time. The attached statement and copy of telegram will more fully explain the matter.

I have, &amp;c.,

W. GRAY,  
Secretary.

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

## Enclosure in No. 68.

STATEMENT showing the several Amounts passed to the Credit of Messrs. Gilchrist, Watt, and Co., Sydney, at the Bank of New Zealand, Wellington, by the Government of New Zealand, between 15th and 22nd of August, 1876.

		£	s.	d.	£	s.	d.	
August 15th.—Subsidy for San Francisco Mail Services performed by s.s. "Australia" from Port Chalmers to San Francisco, from 31st May to 28th June, 1876 ...	1,729	16	2					
Time allowed by contract ... 722 hours								
Time occupied... .. 692 "								
Bonus at £5 per hour .. .. 30 ...	150	0	0					
					1,879	16	2	
" Service performed by steamers s.s. "Australia" and "Zealandia" from San Francisco to Auckland, from 19th July to 13th August, 1876 ...	1,729	16	2					
Time allowed by contract ... 591 hours								
Time occupied ... .. 588 "								
Bonus at £5 per hour ... .. 8 ...	40	0	0					
					1,769	16	2	
" Bonus earned by s.s. City of San Francisco for delivering 'Frisco mails at Port Chalmers, on 21st June, 1876, 31 hours under contract time ...						155	0	0
					£3,804	12	4	

General Post Office, Wellington, 6th October, 1876.

W. GRAY.

## No. 69.

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

SIR,— Sydney, 17th October, 1876.

We have the honor to acknowledge the receipt of your letter of 6th instant, and to state that the amount of £3,804 12s. 4d. has been duly credited to us by the Bank of New Zealand.

We have, &amp;c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors; San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 70.

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

GENTLEMEN,—

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

I beg to forward herewith, for your information, statement showing the several amounts which have been passed to your credit with the Bank of New Zealand, in Wellington, by this department, in connection with the San Francisco Mail Service, from the 1st June last to date.

I shall be glad to know whether the sums enumerated in the statement agree in the aggregate with the advices which you have received from the Bank of New Zealand for the same period. To prevent confusion, I might add that the payment immediately preceding the one first mentioned in the statement was one for £3,197 12s. 4d., particulars of which accompanied my letter to you of the 7th June last. For the future you will be supplied, in addition to the usual telegraphic advices, with a monthly statement, in similar form to the one now sent and it is hoped that the arrangement will keep the accounts in regular adjustment.

I have, &amp;c.,

W. GRAY,  
Secretary.

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

## Enclosure in No. 70.

STATEMENT showing the several Amounts passed to the Credit of Messrs. Gilchrist, Watt, and Co., Sydney, at the Bank of New Zealand, Wellington, by the Government of New Zealand, between the 1st June and 2nd October, 1876, on account of the Pacific Mail Company.

When Scheduled.	Service.	Amount.	Total.
1876.		£ s. d.	£ s. d.
June 16	Bonus for s.s. "City of San Francisco," performing voyage from Auckland to San Francisco 6 hours under contract time, at £5 per hour, 14th February to 9th March, 1876 ... ..	30 0 0	30 0 0
" 21	Auckland to San Francisco, s.s. "Zealandia," from 12th April to 5th May, 1876, within 561 hours ... ..	1,729 16 2	
" "	Bonus at £4 per hour for 30 hours ... ..	120 0 0	
" "	San Francisco to Auckland, s.s. "Zealandia" and s.s. "City of San Francisco," from 24th May to 17th June, 1876, within 547 hours ... ..	1,729 16 2	
" "	Bonus at £4 per hour for 44 hours ... ..	176 0 0	3,755 12 4
July 14	Port Chalmers to San Francisco, s.s. "Colima," from 4th May to 5th June 1876, within 782 hours ... ..	1,529 16 2	
" "	Error in bonus on account of s.s. "Zealandia," upward and downward voyages—the amount having been computed at £4 instead of £5 per hour—74 hours at £1 ... ..	74 0 0	
" "	Refund of amount deducted from subsidy of s.s. "City of San Francisco" for not sailing from San Francisco on appointed date in March, 1876 ... ..	500 0 0	2,103 16 2
" 18	San Francisco to Auckland, "City of Sydney" and "City of New York," from 21st June to 15th July, 1876, within 563 hours ... ..	1,729 16 2	
" "	Bonus at £5 per hour for 28 hours ... ..	140 0 0	1,869 16 2
August 9	Port Chalmers to San Francisco, s.s. "City of San Francisco," from 28th June to 27th July, 1876, within 722 hours—less £59 12s. 3d. deducted (see letter 76-533 from this office of 29th July, 1876) ... ..	1,670 3 11	1,670 3 11
" 15	Port Chalmers to San Francisco, s.s. "Australia," from 31st May to 28th June, 1876, within 692 hours ... ..	1,729 16 2	
" "	Bonus at £5 per hour for 30 hours ... ..	150 0 0	1,879 16 2
" "	San Francisco to Auckland, s.s. "Australia" and s.s. "Zealandia," from 19th July to 13th August, 1876, within 583 hours ... ..	1,729 16 2	
" "	Bonus at £5 per hour for 8 hours ... ..	40 0 0	1,769 16 2
" "	Bonus paid to s.s. "City of San Francisco" for delivering mails at Port Chalmers on 21st June, 1876, 31 hours under the contract time—31 hours at £5 per hour ... ..	155 0 0	155 0 0
September 12	San Francisco to Auckland, s.s. "City of San Francisco" and s.s. "City of Sydney," from 16th August to 11th September, within 617 hours ... ..	1,629 16 2	1,629 16 2
" 20	Difference between subsidy earned by s.s. "City of Sydney," by arriving at Port Chalmers within 722 hours, and amount scheduled for her voyage from San Francisco to Auckland, which occupied 617 hours ... ..	100 0 0	
" "	Bonus paid to s.s. "City of Sydney" for delivering mails at Port Chalmers on 15th September, 1876, 7 hours under contract time—7 hours at £5 per hour ... ..	35 0 0	135 0 0
" 29	Port Chalmers to San Francisco, s.s. "Zealandia," from 23rd August to 20th September, 1876, within 722 hours ... ..	1,729 16 2	1,729 16 2
October 2	Port Chalmers to San Francisco, s.s. "City of New York," from 28th July to 25th August, 1876, within 722 hours ... ..	1,729 16 2	1,729 16 2
<i>Outstanding Amounts.</i>			
September 29	San Francisco to Auckland, completed by s.s. "City of San Francisco" in December, 1875 ... ..	1,729 16 2	
" "	Coastal service performed by s.s. "Granada" in February, 1876 ... ..	225 0 0	
" "	Auckland to San Francisco, performed by s.s. "Vasco de Gama," November, 1875 ... ..	1,529 16 2	
" "	Auckland to San Francisco, performed by s.s. "Mikado," January, 1876 ... ..	1,529 16 2	5,014 8 6
			£23,472 17 11

NOTE.—The dates given are those on which the amounts were scheduled by this department for payment, and not the dates on which the sums were lodged with the Bank of New Zealand.

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

W. GRAY,  
Secretary.

## No. 71.

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

SIR,—

Sydney, 17th October, 1876.

We have the honor to acknowledge the receipt of your letter of 7th October, enclosing list of payments from 1st June to 7th October, all of which payments have been duly credited by Bank of New Zealand.

We shall be glad to have the monthly statement promised for the future.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 72.

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

General Post Office, Wellington, 30th November, 1876.

GENTLEMEN,—

I have the honor, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 17th ultimo, in reply to mine of the 7th of October, in which you state that the several payments mentioned in the schedule which accompanied my letter had been duly credited you by the Bank of New Zealand.

I now beg to forward you a statement of the several amounts scheduled since the date of my communication before referred to up to the present date, and shall be glad to receive an early acknowledgment from you of the same.

I have, &c.,

W. GRAY,  
Secretary

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

Enclosure in No. 72.

STATEMENT showing the several Amounts passed to the Credit of Messrs. Gilchrist, Watt, and Co., Sydney, at the Bank of New Zealand, Wellington, by the Government of New Zealand, between the 3rd October and 30th November, 1876, on account of the Pacific Mail Company.

When Lodged.	Service.	Amount.	Total.
1876.		£ s. d.	£ s. d.
October 23	To subsidy San Francisco Mail Service, performed by steamers "City of New York" and "Australia," from San Francisco to Auckland, from 13th September to 8th October, 1876, 575 hours ... ..	...	1,729 16 2
November 1	To subsidy San Francisco Mail Service, performed by s.s. "City of Sydney," from Port Chalmers to San Francisco, from 20th September to 18th October, 1876, within 722 hours... ..	...	1,729 16 2
" 2	To bonus earned by s.s. "Australia" for delivering San Francisco mails at Port Chalmers on 12th October, 1876, 38 hours under contract time, at £5 per hour ... ..	...	190 0 0
" 14	To subsidy San Francisco Mail Service, performed by steamers "Zealandia" and "City of New York," from San Francisco to Port Chalmers, from 11th October to 10th November, 1876; contract time, 722 hours ... ..	1,729 16 2	
" 29	Time occupied, 710 hours; bonus at £5 per hour, 12 hours ... ..	60 0 0	
" 29	To bonus earned by s.s. "Zealandia" for delivering New Zealand mails at San Francisco on 19th September, 1876, 44 hours under contract time, at £5 per hour ... ..	...	220 0 0
" "	To subsidy San Francisco Mail Service, service from Port Chalmers to San Francisco, performed by s.s. "Australia," from 18th October, to 15th November, 1876, within 722 hours ... ..	...	1,729 16 2
			£7,389 4 8

W. GRAY,  
Secretary.

General Post Office, Wellington, 30th November, 1877.

No. 73.

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

Sydney, 18th December, 1876.

SIR,— We have the honor to acknowledge receipt of your letter dated 30th ultimo, enclosing schedule of payments to our credit with Bank of New Zealand up to 29th November (last date), and to state that the several amounts have been duly credited by the Bank to us.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 74.

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

General Post Office, Wellington, 17th January, 1877.

GENTLEMEN,—

I beg to forward you herewith a statement of the amount passed to your credit at the Bank of New Zealand, Wellington, by the Government of this colony, on account of the San Francisco Mail Contract, during the month of December, 1876.

I have, &c.,

W. GRAY,  
Secretary.

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

## Enclosure in No. 74.

STATEMENT showing the Service Amounts passed to the Credit of Messrs. Gilchrist, Watt, and Co., Sydney, at the Bank of New Zealand, Wellington, by the Government of New Zealand, during the month of December, 1876, on account of the Pacific Mail Company.

Date.	Service.	Amount.		Total.	
		£	s. d.	£	s. d.
December 13	To service performed by steamers "City of Sydney" and "Zealandia," from San Francisco to Port Chalmers, from 8th November to 7th December, 1876 ... ..	1,729	16 2		
" "	To bonus, 41 hours at £5 per hour ... ..	205	0 0		
				1,934	16 2
" 28	To bonus earned by steamer "City of Sydney," for delivering outward mails at San Francisco on 18th October, 1876, 37 hours under contract time, at £5 per hour ... ..	...	...		185 0 0
					£2,119 16 2

General Post Office, Wellington, 17th January, 1877.

W. GRAY.

## No. 75.

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

SIR,— Sydney, 8th February, 1877.  
We have the honor to acknowledge receipt of your letter of 17th January, enclosing schedule of payments for the month of December, 1876, and to state that the sums therein mentioned have been duly credited to us by the Bank of New Zealand.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 76.

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

SIR,— Sydney, 12th February, 1877.  
As the delay in receipt of advices with particulars of payments (made by your department to our credit on account of mail service) is the cause of very great inconvenience to us, and retards the closing of each ship's accounts, we have the honor to request that you will cause to be sent to us by telegraph particulars of each payment (as made) to our credit; stating the steamer on whose account it is, and also whether voyage in or voyage out.

The above telegrams to be at our expense, and "charged on delivery."

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 77.

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

GENTLEMEN,— General Post Office, Wellington, 22nd February, 1877.

I am directed by the Hon. the Postmaster-General to acknowledge the receipt of your communication of the 12th instant, intimating that the delay in receipt of advices of the payments made by this department to your credit on account of the San Francisco Mail Service is the cause of great inconvenience, and requesting that you may be advised by telegram of the particulars of each payment as made.

In reply, I am to inform you that your request will be complied with, but the telegrams must necessarily be sent at the expense of this department, as all telegrams passing over the cable must be prepaid, there being no arrangement for "collect messages."

I have, &c.,

W. GRAY,

Secretary.

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

## No. 78.

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

GENTLEMEN,—

General Post Office, Wellington, 22nd February, 1877.

I beg to forward you herewith a statement of the amounts passed to your credit at the Bank of New Zealand, Wellington, by the Government of this colony, on account of the San Francisco Mail Contract, since the date of my last statement, 17th January, up to the present time.

I have, &amp;c.,

W. GRAY,  
Secretary.

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

## Enclosure in No. 78.

STATEMENT showing the several Amounts passed to the Credit of Messrs. Gilchrist, Watt, and Co., Sydney, at the Bank of New Zealand, Wellington, by the Government of New Zealand, from the 1st January to 15th February, 1877, on account of the Pacific Mail Company.

Date.	Service.	Amount.		Total.	
		£	s. d.	£	s. d.
January 8	To service performed by s.s. "City of New York," from Port Chalmers to San Francisco, from 15th November to 12th December, 1876 ...	...	...	1,729	16 2
" 19	To service performed by s.s. "Zealandia," from Port Chalmers to San Francisco, from 13th December, 1876, to 9th January, 1877 ...	...	...	1,729	16 2
February 15	To service performed by s.s. "Australia," and "Taupo," from San Francisco to Port Chalmers, from 7th December, 1876, to 4th January, 1877 ...	1,729	16 2		
" "	To bonus, 72 hours at £5 per hour ...	360	0 0		
" "	To bonus earned by s.s. "Australia" for delivering New Zealand mails at San Francisco on 15th November, 1876, 45 hours under contract time, at £5 per hour ...	225	0 0		
" "	To service performed by s.s. "City of New York" and "Rotorua," from San Francisco to Port Chalmers, from 4th January to 3rd February, 1877 ...	1,729	16 2		
" "	To bonus, 22 hours at £5 per hour ...	110	0 0		
" "	To bonus earned by s.s. "City of New York," for delivering New Zealand mails at San Francisco on the 12th December, 1876, 48 hours under contract time, at £5 per hour ...	240	0 0		
				4,394	12 4
				£7,854	4 8

General Post Office, Wellington, 22nd February, 1877.

W. GRAY,  
Secretary.

## No. 79.

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

SIR,—

Sydney, 9th March, 1877.

We have the honor to acknowledge receipt of your letter of 22nd February, enclosing statement of amounts passed to our credit with Bank of New Zealand, and to state that the sums therein mentioned, amounting to £7,854 4s. 8d., have been duly credited by Bank.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 80.

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

SIR,—

Sydney, 9th March, 1877.

We have the honor to acknowledge receipt of your letter of 22nd February, acceding to our request that we should be informed by telegram of the particulars of lodgments as made, and intimating that the cost of such telegrams must of necessity be borne by you.

In thanking you for your compliance with our request, we wish to say that we are unwilling to put the department to this expense, and as our object is only to be in possession of these particulars at the time the money is credited by the Bank here, we shall be equally inconvenienced by your sending us written statements on the day of each lodgment (such as are now sent monthly), and you will thus be spared any expense in the matter.

We trust that this course may meet with your approval.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.



## No. 81.

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

General Post Office, Wellington, 27th March, 1877.

GENTLEMEN,—

I am directed to acknowledge the receipt of your communication of the 9th instant, in reply to mine of the 22nd ultimo, and to inform you that, in accordance with your request, all payments on account of the San Francisco contract will be advised to you by letter on the days of their lodgment with the Bank of New Zealand at Wellington.

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

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

## No. 82.

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

SIR,—

Sydney, 29th March, 1877.

We have the honor to acknowledge receipt of your letter of 10th March, advising us of the payment of the subsidy for voyage up to San Francisco of "City of Sydney," from 17th January to 10th February.

We have also received your telegram of 26th, "Australia up subsidy, £1,729 16s. 2d., lodged 22nd instant;" and we thank you for this prompt advice.

Both the above amounts have been duly credited by the Bank of New Zealand.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 83.

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

(Telegram.)

Sydney, 9th April, 1877.

SUBSIDY, "City of Sydney" in, please lodge fifteen twenty-nine. Delay caused by accident unavoidable by Contractors. Repairing at Honolulu would have delayed four weeks. Captain advised return America, but decided to come on. Hope for your favourable consideration under clause eleven of contract.

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

## No. 84.

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

(Telegram.)

Wellington, 17th April, 1877.

WILL place fifteen twenty-nine sixteen two to your credit, leaving question of penalty to stand over in the meantime.

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

W. GRAY.

## No. 85.

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

SIR,—

Sydney, 18th April, 1877.

We have the honor to advise the despatch of the following telegram to you on 9th instant:—  
"Subsidy, 'City of Sydney' in, please lodge fifteen twenty-nine. Delay caused by accident unavoidable by Contractors. Repairing at Honolulu would have delayed four weeks. Captain advised return America, but decided to come on. Hope for your favourable consideration under clause eleven of contract."

And to thank you for the following reply thereto:—

"Will place fifteen twenty-nine sixteen two to your credit, leaving question of penalty to stand over in the meantime."

With reference to the above delay, we now enclose copy of report of survey held in Honolulu by order of Captain Dearborn, from which you will observe that repairing at that port would have caused a delay of four weeks.

Captain Dearborn being advised that he could return with safety to San Francisco with one engine, concluded to prosecute the longer voyage to here, which has fortunately been accomplished without further mishap.

The fact of this detention being caused by an accident over which the Contractors had no control, and having in view the very satisfactory manner in which the voyage has been completed, lead us to ask for a remission of any penalty that may be due in accordance with the terms of clause 11 of the contract.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## Enclosure 1 in No. 85.

MARINE NOTE of PROTEST.

Consulate of the United States of America, Port of Honolulu,  
Hawaiian Islands, 13th March, 1877.

ON this thirteenth day of March, in the year of our Lord eighteen hundred and seventy-seven, before me, T. B. Hassall, Vice-Consul of the United States of America for Honolulu and the dependencies thereof, personally appeared H. C. Dearborn, master of the ship or vessel called the "City of Sydney," of New York, of the burden of 3,016 $\frac{7}{10}$  tons or thereabouts, and declared that on the third day of March last past he sailed in and with the said ship from the port of San Francisco, laden with general merchandize, and arrived in the said ship, at Honolulu, on the twelfth day of March, one thousand eight hundred and seventy-seven, and having experienced boisterous and tempestuous weather on the voyage, hereby enters this note of protest accordingly, to serve and avail him hereafter, if found necessary.

Attested—T. B. Hassall, United States Vice-Consul.

H. C. DEARBORN,  
Master.

## Enclosure 2 in No. 85.

Captain DEARBORN to Mr. HASSALL.

Consulate of the United States of America, at Honolulu,  
Hawaiian Islands, 13th March, 1877.

SIR,—

The steamship "City of Sydney," under my command, arrived at this port the 12th instant, from San Francisco, laden with general merchandize, in a damaged condition; and I have therefore to request that you will please call a survey upon the said ship, in order to ascertain her present state and condition, and what had better be done for the interest of the parties concerned.

I have, &c.,  
H. C. DEARBORN,  
Master.

T. B. Hassall, Esq., United States Consul.

## Enclosure 3 in No. 85.

Mr. HASSALL to Mr. PATTERSON and others.

Consulate of the United States of America, at Honolulu,  
Hawaiian Islands, 13th March, 1877.

GENTLEMEN,—

Application having been made to this Consulate, by H. C. Dearborn, master of the s.s. "City of Sydney," of New York, of the burden of 3,016 $\frac{7}{10}$  tons or thereabouts, for a survey upon the said vessel, in consequence of having sustained damages and injury in the prosecution of her voyage from San Francisco to this port, laden with general merchandize, whereby she became disabled, you are hereby respectfully requested to repair alongside and on board said vessel, and, after a careful and minute examination and survey of every visible part of her hull, spars, and rigging, report to this Consulate, under your own hands, in writing, her present state and condition, and what, in your opinion, had best be done for the interest of the parties concerned, and probable estimate of expense of necessary repairs.

Given under my hand and the seal of this Consulate the day and year above written.

(L.S.)

T. B. HASSALL,  
United States Vice-Consul.

Mr. J. Patterson, Chief Engineer, H.B.M. s.s. "Fantome."

Mr. A. Fischer, Chief Engineer, H.I.R.M. s.s. "Japonity."

Mr. Alex. Young, Chief Engineer, Honolulu Ironworks.

## Enclosure 4 in No. 85.

The SURVEYING OFFICERS, s.s. "City of Sydney," to Mr. T. B. HASSALL.

SIR,—

Honolulu, 13th March, 1877.

We the undersigned, having been called upon to hold a survey on the engines of the Pacific Mail steamship "City of Sydney," hereby certify that we have examined the low-pressure piston. We find it cracked diametrically across, and that the defect is irreparable, and that it would take at least four weeks to make a new one in this port.

Under these circumstances, and duly considering the safety of the ship, we are of opinion that she may proceed on her voyage with one engine, at an easy rate of speed, under the most careful and judicious management of her officers.

At the same time, we advise that a steam tug boat be employed both on leaving and entering harbour.

J. PATTERSON, Surveying Officer,  
Chief Engineer, H.B.M. s.s. "Fantome."A. FISHER, Surveying Officer,  
Chief Engineer, H.I.R.M. s.s. "Japonity."ALEX. YOUNG, Surveying Officer,  
Manager of Honolulu Ironworks.T. B. Hassall, Esq.,  
United States Consul, Honolulu.

## Enclosure 5 in No. 85.

United States Consulate, Honolulu, Hawaiian Islands, 14th March, 1877.

I, T. B. HASSALL, United States Vice-Consul at Honolulu, H.I., do hereby certify that the foregoing are true and genuine copies of the original note of protest, call, warrant, and report of survey and authentication of Consul, on file in this office; the same having been carefully compared with the originals by me, and found to agree therewith word for word and figure for figure.

Given under my hand and official seal the day and year last above named.

T. B. HASSALL,  
United States Vice-Consul.

## No. 86.

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

GENTLEMEN,—

General Post Office, Wellington, 28th April, 1877.

I am directed to acknowledge the receipt of your communication of the 18th instant, embodying the contents of telegrams exchanged between your firm, as agents for the Contractors for the San Francisco Service, and this department, relative to the amount of subsidy scheduled on account of the last downward trip of the "City of Sydney," and asking for a remission, under the circumstances set forth in your letter, of any penalty that might be due by the Contractors in respect of the voyage in question. I am also to acknowledge the receipt of the various enclosures to your communication above quoted, comprising a copy of the report of survey upon the s.s. "City of Sydney," held at Honolulu by request of Captain Dearborn.

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

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

## No. 87.

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

(Telegram.)

Sydney, 20th March, 1876.

REFERRING to letter eighth instant, Australian Company claim five hundred thirty-three pounds for deviation to Kandavau for "City Melbourne" in December. Please state is charge fair in your judgment? 1876.  
F. 3, No 98.

The Hon. Sir J. Vogel, Wellington.

POSTMASTER-GENERAL.

## No. 88.

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

(Telegram.)

Wellington, 29th March, 1876.

Re charge for "City Melbourne" calling at Kandavau. Post Office Secretary reports charge appears excessive compared with cost rest of distance. He suggests that particulars be sent how charge made up.

The Hon. the Postmaster-General, Sydney.

JULIUS VOGEL.

## No. 89.

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

SIR,—

Sydney, 23rd August, 1876.

With reference to Sir Julius Vogel's telegram of the 29th March last, I am directed to enclose a copy of a letter from the Australasian Steam Navigation Company, dated the 5th April last, on the subject of their claim for payment of £533 for the deviation of the s.s. "City of Melbourne" on her last voyage to San Francisco, and to inform you that the Postmaster-General has now offered the sum of £500 in settlement of the claim in question, and that the same has been accepted by the Company.

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

The Secretary, General Post Office, Wellington.

## Enclosure in No. 89.

The SECRETARY, Australasian Steam Navigation Company, to the SECRETARY, General Post Office, Sydney.

SIR,—

Australasian Steam Navigation Company, Sydney, 5th April, 1876.

I have the honor to acknowledge the receipt of your letter of the 30th ultimo, respecting this Company's claim of £533 for deviation of the "City of Melbourne" on her last voyage to San Francisco.

The Directors regret to learn that the amount proposed by them should be regarded as excessive.

They would be glad to furnish particulars as suggested by the Postmaster-General of New Zealand, but a case of this kind does not admit of a detailed specification of actual outlay, which is made up of loss of time, consumption of coals (bought at a high price), extra cost of insurance, &c., which the Directors conceive would not be covered by a less sum than that named by them.

The Directors are, however, willing that the matter be submitted to arbitration, in the same manner as other matters of dispute between the Government and the Company are now being arranged.

The Secretary, General Post Office, Sydney.

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

### No. 90.

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

SIR,—

Wellington, 11th September, 1876.

I have the honor to acknowledge the receipt of your letter of the 23rd ultimo, forwarding a letter from the Secretary of the Australasian Steam Navigation Company on the subject of the claim of £533 made by the Company on account of the s.s. "City of Melbourne" having called at Kandavau on her last voyage to San Francisco, and informing me that the Postmaster-General of New South Wales had offered, and the Company had agreed to accept, £500 in satisfaction of such claim. In reply, I have to state that the Postmaster-General approves of the proposed payment being made.

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

The Secretary, General Post Office, Sydney.

### No. 91.

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

SIR,—

Sydney, 21st September, 1876.

I am directed to acknowledge the receipt of your letter, dated the 11th instant, conveying the approval of the Postmaster-General of New Zealand to the payment of the Australasian Steam Navigation Company, of the sum of £500 on account of the deviation made by the s.s. "City of Melbourne" in calling at Kandavau on her passage from Sydney to San Francisco, *via* Auckland, in December last.

Will you kindly give directions for half of the amount in question to be remitted to me?

The Secretary, General Post Office, Wellington.

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

### No. 92.

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

SIR,—

General Post Office, Wellington, 25th October, 1876.

I have the honor, by direction of the Postmaster-General, to acknowledge the receipt of your communication of the 21st ultimo; and in compliance with the request contained in the latter paragraph of the same, I now beg to forward a draft in your favour for the sum of £250, the receipt of which you will please have the goodness to acknowledge.

The Secretary, General Post Office, Sydney.

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

### No. 93.

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

SIR,

General Post Office, Sydney, 17th November, 1876.

I am directed to acknowledge the receipt of your letter, dated the 25th ultimo, enclosing a draft for £250, being a moiety of the sum of £500 accepted by the Australasian Steam Navigation Company in settlement of their claim against the two Governments on account of the s.s. "City of Melbourne" having called at Kandavau on her last voyage to San Francisco.

The Secretary, General Post Office, Wellington.

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

### No. 94.

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, 20th September, 1876.

I have the honor to acknowledge the receipt of your Lordship's despatch of the 17th of July, forwarding a memorandum by the Postmaster-General, concurred in by your Government, in reply to my despatch of the 28th of April last, on the subject of the extra charge claimed by the Government of the United States for the conveyance of mails to San Francisco, and also referring to the continuance of the present service *via* Fiji.

It would appear that Sir Julius Vogel has misapprehended the purport of my despatch above referred to, in which it was, as I thought, clearly stated that, notwithstanding the very heavy additional cost, Her Majesty's Government were prepared to abide by the arrangement entered into by them. But I desired to make it apparent that while Her Majesty's Government accepted their obligation with regard to this arrangement, they were under no obligation whatever to renew it, especially on terms which have become very unfavourable; and it was my object to explain to the Colonial Governments concerned what would be an acceptable compensation to Her Majesty's Government for the additional cost to which they had unexpectedly been subjected.

It seems very desirable for the colonies to consider, with a view to the arrangement to be made after the expiration of the five years now current, whether they will be able to propose to Her Majesty's Government any terms which it can accept for the future maintenance of a Pacific Mail Service.

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

I have, &c.,  
CARNARVON.

### No. 95.

MEMORANDUM for His Excellency the GOVERNOR.

IN reply to Lord Carnarvon's despatch of the 20th September, Ministers desire to point out that, while the late Postmaster-General requested his Excellency to convey the thanks of the Government to the Secretary of State for the Colonies, for his action with reference to the threatened imposition of extra charge on mails *via* California, he at the same time explained the objections to Fiji as a place of call for the mail steamers.

The Government of New South Wales, acting for both colonies, has lately concluded an arrangement with the Contractors, which only awaits the sanction of their Parliament, whereby the mail steamers in future will cease to call at Fiji or any port in New Zealand but Auckland.

Ministers desire to say that they were quite satisfied with the service, and the change was not of their seeking, but was forced upon them; and to save the service from breaking down they reluctantly yielded to the change.

The Government of New Zealand would be anxious to assist in maintaining mail communication with Fiji by means of a subsidized service to connect at Auckland with the San Francisco steamers.

Ministers hope that the Imperial Government will not make it a condition of renewing the convention with the United States that Fiji should necessarily be a port of call, owing to the determination of the Contractors to discontinue sending their vessels to a Fijian port.

Wellington, 9th March, 1877.

H. A. ATKINSON.

### No. 96.

The DIRECTOR of the INTERIOR, Noumea, to the POSTMASTER-GENERAL, Wellington.

SIR,—

Noumea, 25th December, 1876.

I have the honor to inform you that by information, which would appear to have a serious character, received from Australia, it has transpired that the Australo-American Company, to which the Sydney, Auckland, and San Francisco line now belongs, are about to relinquish their contract for this service.

If this should be the case, I shall be much obliged if you would make known what is the intention of your Government for carrying out the continuation of this service, and principally to inform us if the Government would be willing to accept our co-operation; also where it could be arranged to obtain an exchange of mails with New Caledonia at a stopping-place on the voyage of the steamer of the line from San Francisco.

I take this occasion, Monsieur the Director-General of Posts, to offer you the assurance of the sentiments of high consideration, with which

I have, &c.,

LITTAYIN,

The Director of the Interior.

The Postmaster-General, Wellington.

### No. 97.

MR. GRAY to the DIRECTOR of the INTERIOR, Noumea.

SIR,—

General Post Office, Wellington, 31st January, 1877.

I have the honor, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your communication of the 26th ultimo on the subject of the San Francisco Mail Service, and I have to convey to you the thanks of this Government for your proffered assistance towards the maintenance of the service.

There is no present likelihood of the discontinuance of this mail route, but the question of a modification of the service is at present under consideration by the Governments of New South Wales and New Zealand; and I am directed to inform you that the subject treated of in your communication will receive further consideration before any modification of the existing service is agreed upon.

It is considered desirable, however, to point out, with reference to that portion of your letter in which you inquire at what port on the route transshipment of mails to and from your colony could be effected, that it is unlikely any connecting point could be arranged other than Sydney; and it would appear that you could be as favourably served by transshipment at Sydney as in any other way.

In the meantime, however, the Postmaster-General will be glad to have a further expression of your views on the subject, together with any specific proposals which you may be authorized to make.

1876. I beg to enclose, for your information, a copy of the several Parliamentary papers noted in the margin, bearing on the proposal to modify the San Francisco Mail Service.

The Director for the Interior, Noumea,  
New Caledonia.

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

## No. 98.

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

SIR,—

General Post Office, Wellington, 31st January, 1877.

I am directed to forward, for your information, a translation of a communication, addressed by the Government of New Caledonia to the Postmaster-General of this colony, on the subject of the San Francisco Mail Service, together with a copy of the letter in reply from this office of to-day's date.

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

The Secretary, General Post Office, Sydney.

## No. 99.

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

SIR,—

Sydney, 6th March, 1876.

I am directed to acknowledge the receipt of your communication, dated the 31st January last, enclosing a translation of a letter from the Government of New Caledonia to the Postmaster-General, Wellington, and a copy of the reply thereto, relative to the San Francisco Mail Service.

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

The Secretary, General Post Office, Wellington.

## No. 100.

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

SIR,—

Sydney, 17th October, 1876.

We have the honor to acknowledge receipt of your telegrams dated 11th, "Question Pacific Mail," and 14th instant, "Decision arrived at last night," and to thank you for your courtesy in so promptly advising us. The Colonial Secretary has furnished us with a copy of your telegram to him.

We fear our Parliament will not sanction any arrangement for change, unless the net reduction in subsidy thereby obtained is divided equally between your colony and this one, inasmuch as New South Wales loses very much in time by the proposed modification, while New Zealand gains very materially in time, and suffers no disadvantage whatever, except in the reduction of speed of one knot in her coastal service, which has proved to be impracticable with the large vessels. The coastal service also is a matter from which the foreign Contractors should be relieved of all responsibility, seeing they are too far off to exercise any control; and we hope this may not prove of any difficulty in the arrangement between your Government and ours, as there are such fine local steamers on your coast to which employment would be of great value, and over which you can exercise active supervision to insure the work being well performed.

We have, &c.,  
GILCHRIST, WATT, AND Co.,  
General Agents, Pacific Mail Steamship Company.

The Hon. the Postmaster-General, Wellington.

## No. 101.

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

GENTLEMEN,—

General Post Office, Wellington, 30th October, 1877.

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 17th instant, having reference to the resolution passed by the House of Representatives of this colony on the proposed modification of the San Francisco Service, as submitted by the Contractors.

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

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

## No. 102.

The Hon. F. WHITAKER to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 28th October, 1876.

SAN FRANCISCO Service again under consideration by Parliament, and resolution passed affirming my telegram of fourteenth October to Colonial Secretary, but authorizing omission of Honolulu, and

1876. F. 3E, No. 2. adding that "in the event of Contractors electing to call at Auckland, and desiring to discontinue

coastal service, they may be permitted to do so on making further reduction of five thousand pounds from subsidy payable to them, the two colonies in such case undertaking to provide for that service at their joint expense." This will give Contractors seventy-five thousand pounds if they perform coastal service, and seventy thousand pounds if that service be taken off their hands by colonies, all savings and expense being shared equally by two colonies. Please communicate decision without delay, as we must at once make arrangements for mails if San Francisco Service be discontinued. Please let Gilchrist have copy.

The Hon. the Postmaster-General, Sydney.

FREDK. WHITAKER,  
Postmaster-General.

### No. 103.

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

(Telegram.)

Wellington, 28th October, 1876.

QUESTION of San Francisco Service again discussed by Parliament last night. Result communicated to Postmaster-General, who will furnish you with copy of Mr. Whitaker's telegram.

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

W. GRAY.

### No. 104.

The Hon. J. ROBERTSON to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 30th October, 1876.

YOUR telegram to us is received, not very clear however. Gilchrist says as Company names eighty thousand Bay Islands or Auckland, and no coastal service, it would be almost useless to telegraph your offer to Company of sixty-five thousand for Bay of Islands, or seventy thousand for Auckland, both without coastal service, which he, with us, interprets your telegram to mean.

The Hon. the Postmaster-General, Wellington.

JOHN ROBERTSON.

### No. 105.

The Hon. J. ROBERTSON to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 30th October, 1876.

WE are willing to submit to our Parliament the following, which Gilchrist thinks Company might accept. Frisco, Honolulu, option of Company, Bay of Islands, Sydney and back, thirteen trips each year, for seventy-five thousand, each Government dividing saving of fifteen thousand pounds, less your East Coast coastal service from Bay Islands. On your approving, we would give consent for immediate temporary adoption of route.

The Hon. the Postmaster-General, Wellington.

JOHN ROBERTSON.

### No. 106.

The Hon. F. WHITAKER to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 1st November, 1876.

AFTER investigation by a Committee, and several discussions, Parliament, now prorogued, has decided as follows in regard to San Francisco Service:—

That present contract may be annulled, substituting any one of three alternatives:—

1st. C Service, as tendered for by Contractors, omitting Honolulu, if desired.

2nd. Service from San Francisco to Sydney, calling at Auckland or Bay of Islands, at the option of Contractors, they performing coastal service; subsidy, seventy-five thousand pounds.

3rd. Service from San Francisco to Sydney, calling at Auckland or Bay of Islands; two colonies providing coastal service at joint expense. Deduction to be made from subsidy of seventy-five thousand pounds—if Auckland port of call, five thousand pounds; if Bay of Islands port of call, ten thousand pounds. If either above services agreed upon, it may be temporarily commenced at once, pending final arrangements.

The Hon. the Colonial Secretary, Sydney.

FREDK. WHITAKER.

### No. 107.

The Hon. J. ROBERTSON to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 1st November, 1876.

PLEASE repeat the third of your propositions of this day, as received unintelligible.

The Hon. the Postmaster-General, Wellington.

J. ROBERTSON.

### No. 108.

The Hon. F. WHITAKER to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 2nd November, 1876.

I REPEAT third proposal of yesterday. Third service from San Francisco to Sydney, calling at Auckland or Bay Islands; two colonies providing coastal service at joint expense. Deduction to be made from subsidy of seventy-five thousand pounds—if Auckland port of call, five thousand pounds; and

if Bay of Islands port of call, ten thousand pounds. We mean by this to relieve Contractors from coastal service, leaving port of call to be settled by you with Contractors, we requiring a deduction from subsidy of seventy-five thousand pounds to cover cost of coastal service, as follows:—If Auckland port of call, five thousand pounds; if Bay, ten thousand pounds; leaving Contractors to receive in one case seventy thousand pounds, and in the other sixty-five thousand pounds; saving on contract to be shared equally between colonies, and actual cost of coastal service to be paid in equal shares.

The Hon. the Colonial Secretary, Sydney.

FREDK. WHITAKER.

### No. 109.

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

SIR,—

Sydney, 21st October, 1876.

We have the honor to advise the receipt of the following letter from the head office, New York:—

“New York, 5th September, 1876.

“GENTLEMEN,—If you should find it possible at any time, we would thank you to try and induce your Governments to strike out from our contract the clause requiring our steamers to call at Honolulu.

“The Government at Sandwich Islands promises us a small subsidy, but never pay. You will see that, while it is our highest interest to make the call, the Government would be more prompt in paying if the option was with us, instead of being compulsory.

“By giving this your attention, you will oblige,

“Yours very respectfully,

“Messrs. Gilchrist, Watt, and Co.”

“J. B. HOUSTON, Second Vice-President.

We have the honor to request that you will approve of the above application being carried into operation.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

### No. 110.

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

GENTLEMEN,—

General Post Office, Wellington, 15th November, 1876.

I have been directed by the Postmaster-General to acknowledge the receipt of your letter of the 21st ultimo, advising him of the receipt by you of a communication from the head office of the Pacific Mail Steamship Company, dated from New York on the 5th September last, asking that the Colonial Governments be requested to approve of the excision from the contract of the clause requiring the steamers to call at Honolulu.

I am directed to inform you that this Government has no objection to the elimination from the contract of the clause in question

I have, &c.,

W. GRAY,

Secretary.

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

### No. 111.

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

SIR,—

Sydney, 28th November, 1876.

We have the honor to acknowledge receipt of your letter of 15th instant, and to thank you for the consent, therein contained, to the excision from the contract of the clause requiring mail steamers to call at Honolulu.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

### No. 112.

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

SIR,—

Colonial Secretary's Office, Sydney, 25th October, 1876.

I have the honor to acknowledge the receipt of your letter of the 14th instant, forwarding 1876. F. 32, No. 4. resolutions with reference to modification of the San Francisco Mail Service.

I have, &c.,

HENRY HALLORAN,

(for the Colonial Secretary).

The Hon. the Colonial Secretary, Wellington.



## No. 113.

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

SIR,— Sydney, 30th October, 1876.

We have the honor to acknowledge the receipt of your letter, dated 14th instant, embodying copies of the resolutions passed by your House of Representatives upon the subject of modification of the route of the San Francisco Mail Service. 1876. F.—3E, No. 5.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

## No. 114.

Mr. W. H. LEVIN to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,— Chamber of Commerce, Wellington, 8th November, 1876.

I have the honor to inform you that, at a meeting of this Chamber, held on Friday last, the 3rd instant, I was instructed to forward you copy of the following resolution, which was proposed by George Hunter, Esq., M.H.R., seconded by the Hon. W. B. Rhodes, M.L.C., and carried unanimously, viz.,—

“That this Chamber is of opinion that the New Zealand port of call for the San Francisco mail steamers, if limited to one, should be Auckland, and not the Bay of Islands.”

I have, &c.,

W. H. LEVIN,  
Chairman.

The Hon. the Postmaster-General, Wellington.

## No. 115.

Mr. GRAY to the CHAIRMAN, Chamber of Commerce, Wellington.

SIR,— General Post Office, Wellington, 14th November, 1876.

I have been directed by the Hon. the Postmaster-General to acknowledge receipt of your communication of the 8th instant, forwarding a copy of a resolution passed at a meeting of your Chamber held on the 3rd instant, to the effect that the Wellington Chamber of Commerce is of opinion that the New Zealand port of call for the San Francisco mail steamers, if limited to one, should be Auckland and not the Bay of Islands.

I have, &c.,

W. GRAY,  
Secretary.

W. H. Levin, Esq.,  
Chairman, Wellington Chamber of Commerce, Wellington.

## No. 116.

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

(Telegram.) Sydney, 10th November, 1876.

COLONIAL SECRETARY handed us copies your telegrams first-second November. Contractors offer service *via* Auckland or Bay Islands, omitting Fiji, and being relieved of coastal service, for eighty thousand pounds, but your decisions amount to seventy and sixty-five thousand respectively, which we fear Contractors can't accept. This Government anxious for Bay Islands, and would give seventy-five thousand, but might concede Auckland route and give same sum, which we would recommend to Contractors' acceptance. Hope your Government will offer same amount, as both communities unwilling let contract fall through; and we think that in this way difference between all parties can be fairly settled by small concessions.

The Hon the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

## No. 117.

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

(Telegram.) Wellington, 14th November, 1876.

RECEIVED your telegram of tenth. Parliament has fixed the terms on which this colony is willing to join New South Wales in modifying existing contract. The Executive Government do not feel justified in overriding decision which has been communicated to you.

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

DANIEL POLLEN.

## No. 118.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.) Sydney, 18th November, 1876.

LETTER by post dated sixteenth instant, forwarding a copy of letter from Contractors, proposed modification of the San Francisco Mail Service.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY.

## No. 119.

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

SIR,—

Colonial Secretary's Office, Sydney, 16th November, 1876.

With reference to recent telegraphic correspondence concerning proposed modifications of the contract for the San Francisco Mail Service, I have the honor to transmit to you, for the information of the Government of New Zealand, the enclosed copy of a letter on that subject from Messrs. Gilchrist, Watt, and Co., the general agents at Sydney for the Contractors.

The Hon. the Colonial Secretary, Wellington.

I have, &amp;c.,

ALEX. STUART.

## Enclosure in No. 119.

Messrs. GILCHRIST, WATT, and Co., to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Sydney, 10th November, 1876.

We have the honor to acknowledge receipt of copies of telegrams from the Postmaster-General of New Zealand, dated 1st and 2nd November, to yourself, stating the decision arrived at in Wellington regarding the San Francisco Mail Service, after investigation by a committee and several discussions in Parliament, and offering three alternatives as substitutes for the present contract.

In considering these alternatives, we would respectfully point out that Nos. 1 and 2 cannot be acceptable to the Contractors, inasmuch as their chief object in seeking for a change in the present contract route is to be relieved of the New Zealand coastal service, which has proved so dangerous and impracticable to their large ships, but which can be performed satisfactorily by local steamers under the control of owners on the spot—a supervision and responsibility which the Contractors in New York could not efficiently undertake.

The third alternative proposes to relieve the Contractors from the coastal service at a reduction of £5,000 from £75,000 if Auckland be made the port of call, or £10,000 from £75,000 if the Bay of Islands be made the port of call, so that in the former case the Contractors would thus receive a net subsidy of £70,000, and in the latter case a net subsidy of £65,000.

We are at a loss to understand why the sum of £75,000 is named, as the offer made by the Contractors to run the proposed new service *viâ* Auckland or Bay of Islands, omitting Fiji and Honolulu, the latter at their option, and being relieved of all expenses and responsibility of the New Zealand coastal service, is £80,000 per annum; and we respectfully submit that it would be unreasonable to expect them to come to the terms named, seeing that in the one case they amount to a reduction of £25,000 per annum, and in the other £20,000 per annum, on the present subsidy under the contract.

The comparative rates for calling at Bay of Islands or Auckland named by the New Zealand Government appear to us out of all proportion, seeing that the two ports are only about 120 miles apart, and the same rate of subsidy is named by the Contractors for delivering the mails at either of the two; but as they do not express any preference for either, it remains for this Government and New Zealand to decide which they prefer, and we are of opinion that the calling at Auckland would be much more advantageous to New Zealand passengers, and conduce greatly to the increase of trade between New Zealand and this colony, as well as afford other advantages which will more than compensate for the short additional time in postal service.

The Bay of Islands, though well situated and a good harbour, has no wharfage accommodation, and there are no lights on that part of the coast. The population is limited to some 150 souls, so that all supplies in the way of meat, vegetables, &c., would have to be brought from Auckland, and as there is no white labour available, any help required in the way of discharging or loading cargo would also have to be imported from Auckland, as the Natives are of no use. Moreover, we understand that a coastal service from Bay of Islands would be more expensive, as the East Coast trade of the North Island has always been unremunerative, while from Auckland the mails can be economically and speedily distributed from the Manukau; and as the New Zealand Government share the subsidy, it appears but equitable that one of their leading cities should be a port of call for the steamers, to afford some fair equivalent for the advantages this colony derives from the trade the mail service opens up with America.

The comparative distances are as follows:—From Sydney *viâ* Bay of Islands to San Francisco, 7,000 miles; from Sydney, *viâ* Auckland to San Francisco 7,201 miles; or a difference in time of about seventeen hours at eleven knots; but in view of the delay attending the calling at Bay of Islands from the disadvantages already set forth, the additional facilities and despatch the vessels would obtain in Auckland would in a great measure compensate for the time lost by the detour; and as communication by wire is now-a-days so general, regularity with our mail service and comfort of passengers are of more importance to the community than a few hours' saving in time.

We, therefore, respectfully venture to hope that early permission may be granted to change the route to a direct voyage *viâ* Auckland, and that the Governments may arrange to accept the offer of the Contractors to perform the service at a reduction of £10,000 per annum on the present rate, or £80,000 per annum.

We have, &amp;c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Colonial Secretary, Sydney.

## No. 120.

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

SIR,—

Sydney, New South Wales, 29th November, 1876.

I have the honor to enclose, for the consideration of your Government, copies of two letters from Messrs. Gilchrist, Watt, and Co., agents for the Contractors, on the subject of the Pacific Mail Service.

This Government has delayed the dealing with your proposals and those of Messrs. Gilchrist, Watt, and Co. until now, in consequence of its reluctance to comply with the conditions which you seek to make imperative at the peril of the total discontinuance of the service.

We are unwilling to assent to the extra delay to the mail service of this colony that would be involved in the making of Auckland the port of call in New Zealand, and we fear that the conditions which you seek to impose on the Company, if the Bay of Islands be made the place of call, are such as will lead to the breaking up of the service; for the agents assure us that the Company will not undertake the service either for £70,000 to Auckland, or £65,000 to the Bay of Islands.

The only solution which appears to us to be open is this: That the Company receive £75,000 for the route by way of the Bay of Islands; that this colony pay £40,000 of that subsidy, and New Zealand £35,000; the reason for allotting to New South Wales the larger share being that it is this colony that chiefly uses the service for the extra distance from New Zealand to Sydney.

New South Wales would thus save £5,000 on its present share of subsidy in consideration of the prolonging of its mail service, and New Zealand would obtain a quicker service by reason of the not calling at Fiji, and would have £10,000 applicable to the performance of its coasting service, the cost of which would probably not be more than £5,000, or at most £6,000.

This plan would leave New Zealand free to make any arrangement that might suit for her own coasting service, and quite untrammelled by having to submit her negotiations to this colony.

In submitting this proposition, we must be understood to do so subject to the approval of our Parliament, which meets next month.

I have, &c.,

JOHN ROBERTSON.

The Hon. the Colonial Secretary, Wellington.

### Enclosure in No. 120.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Sydney, 22nd November, 1876.

With reference to our respects dated 10th instant, addressed to the Colonial Secretary, we have the honor to advise having received the following telegram from the Pacific Mail Steamship Company, New York, dated 6th November, and we respectfully beg your favourable consideration of the same:—

“Advantage New Zealand business and local traffic Auckland to Sydney make Auckland preferable, induce Government to yield. Utmost importance commence direct service December. Have calling Honolulu left optional. Hawaiian Government acting unfairly. Answer.”

We have also the honor to advise that by the last mail we received advices from Mr. Watt, in London, and he states that he had had several communications with Mr. Russell, of New Zealand, and other colonists much interested in the question, on the subject of the proposed change of route, and it appears to be the general opinion that the simplest settlement of the contract would be as follows:—New Zealand to receive her mails at Auckland, and from that port take all cost and risk of their distribution in that colony by coastal service, and the mails of this contract to be brought on here; and “in consideration of the extra distance travelled on account of New South Wales, besides the expense New Zealand will be put to for her coastal service,” that the New South Wales share of the subsidy paid to Contractors should be some £5,000 in excess of New Zealand contribution.

We venture to offer this suggestion, as it appears to us fair as between the Governments, and it will relieve this Government of any responsibility in settlement with New Zealand for coastal service, and each Government thus contributes a fair proportion for the services respectively rendered to it.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Colonial Secretary, Sydney.

### No. 121.

The Hon. H. A. ATKINSON to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Colonial Secretary's Office, Wellington, 19th October, 1876.

I have the honor to acknowledge the receipt of your letter of November 29th, respecting the San Francisco Service, and of the enclosed copy of a letter dated November 22nd, addressed to you by Messrs. Gilchrist, Watt, and Co.

In reply, I have to state that, whilst desirous to meet as far as possible the wishes of your Government, this Government cannot consent to any payment on account of the service which is in excess of the authority given, after very careful consideration of the whole subject, by the House of Representatives.

The details of that authority, as stated in Mr. Whitaker's telegrams of October 28th, November 1st, and November 2nd, are—

1st. That the C service, as tendered for by the Contractors, may be adopted, calling at Honolulu being omitted if the Contractors so desire,

2nd. That the boats run from San Francisco to the Bay of Islands or to Auckland, and from the New Zealand port of call to Sydney; the Contractors to decide the port of call; to perform the coastal service; and to receive £75,000 per annum subsidy.

3rd. The boats to run as in No. 2, but the coastal service to be arranged for by the two colonies. If Auckland be the port of call, £5,000 to be deducted from the subsidy of £75,000; if the Bay of Islands, £10,000 to be deducted. Any saving on the present contract to be divided equally between the colonies, and each to pay half the actual cost of the coastal service.

This Government reciprocates the desire expressed by you not to do anything which “will lead to

the breaking up of the service;" but I must point out to you how very much worse for this colony than those contemplated by the House of Representatives are the conditions which you state seem to offer the "only solution" of the existing difficulty. You suggest that the Bay of Islands shall be our port of call, although the Contractors themselves, by their telegram of November 6th to Messrs. Gilchrist, Watt, and Co., recognize that very valid reasons make Auckland the preferable port. You suggest, further, that for this service, San Francisco to Bay of Islands and Sydney, New Zealand should pay £35,000 towards a subsidy of £75,000, and should pay the whole cost of its coastal service. You will see that under these conditions the Contractors would receive £10,000 a year more, and that New Zealand would pay £7,500 a year more, than was considered by the House of Representatives to be reasonable under such arrangements. It has been before explained to you why it is felt that a coastal service from the Bay of Islands cannot be efficiently performed for a less subsidy than £10,000; and, therefore, in addition to the consequences just stated, New Zealand would, under your proposals, have to pay £5,000 a year for the service in excess of New South Wales.

The arrangements suggested by you would in other ways than those stated be most disadvantageous to New Zealand, not only as compared with New South Wales, but as compared with what was originally contracted for. New Zealand has now her coastal service performed by the main-line boats, passengers from or to the colony are conveyed by them with the least inconvenience consistent with a "fork service," and the possibility of trade with the United States is not checked by the existence of bad shipping arrangements. Under your proposals, passengers would be inconvenienced, wharf accommodation would have to be provided at the Bay of Islands, and the coastal service to and from that port would cost about double the sum for which, with the same class of boats, it could be worked with Auckland as the port of call. New Zealand now shares the advantages of having a terminal port for the service, but the plan proposed by you would give those advantages wholly to New South Wales.

For these reasons, your proposals would be inadmissible, even had the House of Representatives not so carefully defined the limits within which the liability of the colony is to be kept. It must be remembered that the modification of the service was sought in the interests of the Contractors, and, in view of all the negotiations and Parliamentary discussion on the subject, we are, while very desirous to see a service by way of San Francisco maintained, compelled to repeat that no arrangements which are less favourable than those specified by the House of Representatives can be accepted by this Government. We would, should you so desire, undertake to arrange and pay for the coastal service, provided that Auckland be the port of call and New Zealand's contribution to the subsidy be no more than £32,500. This, with the cost of a coastal service to and from Auckland, which is estimated at £5,000, would make New Zealand's total payment £37,500, and that is the limit fixed by our Parliament.

The Hon. the Colonial Secretary, Sydney.

I have, &c.,

H. A. ATKINSON.

### No. 122.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.  
(Telegram.) Sydney, 28th December, 1876.

KINDLY reply to my letter of twenty-ninth ultimo, number seventy-six, eight thousand eight hundred and seventy-eight, in matter of alteration in postal service *viâ* San Francisco.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY.

### No. 123.

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

SIR,— Colonial Secretary's Office, Wellington, 29th December, 1876.

Referring to your telegram of the 28th instant, I have the honor to enclose the copy of a letter which was addressed to you on the 19th instant, relative to an alteration of the postal service *viâ* San Francisco.

I have, &c.,

The Hon. the Colonial Secretary, Sydney.

CHAS. C. BOWEN.

### No. 124.

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

SIR,— Colonial Secretary's Office, Sydney, 5th January, 1877.

I have the honor to acknowledge the receipt of your letter of the 19th ultimo on the subject of the modification of the postal service *viâ* San Francisco, and by the same post the duplicate forwarded in your letter of 29th ultimo.

I have, &c.,

The Hon. the Colonial Secretary, Wellington.

HENRY HALLORAN,  
(for the Colonial Secretary).

### No. 125.

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

GENTLEMEN,— General Post Office, Wellington, 28th December, 1876.

I am directed by the Hon. the Postmaster-General to forward, for your information, copies of correspondence which has been exchanged between the Government of New South Wales and the Government of this colony on the subject of the proposal to modify the existing San Francisco Mail Service.

I have, &c.,

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

W. GRAY,  
Secretary.

## No. 126.

The Hon. H. A. ATKINSON to the PRESIDENT, Pacific Steam Company, New York.

SIR,— General Government Offices, Wellington, 18th October, 1876.

This letter will be presented to you by Sir Julius Vogel, who is on his way to England, where he has been appointed Agent-General for this colony.

I have the honor to ask that you will confer with Sir Julius upon the subject of the mail service. Communications are now passing between this Government, the Government of New South Wales, and your agents in Sydney, respecting modifications of the service. It will therefore be difficult to determine the exact position of the question before Sir Julius leaves the colony; and I can only say that, whilst he is not in a position to complete any arrangement without the approval of the Government, he is fully in possession of our views as to the shape it is desirable the service should assume. Should no arrangement have been made with the Company before this letter is presented, Sir Julius may be able consequently to suggest to you proposals of a kind which would be likely to prove acceptable to the contracting Governments.

The President, Pacific Steam Company, New York.

I have, &c.,  
H. A. ATKINSON.

## No. 127.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
14th December, 1876.

SIR,—

I have the honor to inform you that I presented at New York the letter which the Hon. the Premier gave me to the President of the Pacific Mail Company, Mr. Clyde.

I had a long interview with that gentleman, during part of which the Vice-President of the Company, Mr. Houston, was present. I had also an interview with Captain Dow, who had specially reported to the Company upon the Australian and New Zealand Mail Service, and who, it was represented to me, possessed the confidence of the Directors.

I found that the Company had no information of any further agreement having been arrived at between the two Governments and Messrs. Gilchrist, Watt, and Co. than that of which I was aware—namely, an agreement as to altering the present service, but a difference between the two Governments as to whether the New Zealand port of call should be Auckland or Bay of Islands. The Company, I was told, decidedly preferred Auckland. I told Mr. Clyde that I believed the preference of the New South Wales Government for the Bay of Islands was owing to the saving of time by that route, the Company having offered, through Messrs. Gilchrist, Watt, and Co., to make the time to Sydney by the Bay of Islands 670 hours as against 674 hours by Auckland. (See corrected copy of telegram dated New York, 13th July, 1876, published at page 4 in New Zealand Parliamentary Papers, 1876, F. 3D.) I suggested to him that if he would undertake to do the service to and from Sydney by way of Auckland as quickly as by the Bay of Islands, the New South Wales Government would probably waive their objection. I understood that Mr. Clyde was not unwilling to agree to make up the difference in time, but before telegraphing to that effect he seemed disposed to wait a few days for further information from Messrs. Gilchrist, Watt, and Co.

In studying the Parliamentary Papers on my way to New York, I noticed that the offer made by the Company to the New Zealand Government placed the colony at a great disadvantage as compared with New South Wales. In the telegram to which I have already referred, the time to New Zealand which the Company undertook to make was 570 hours, whilst to Sydney, as I have already referred to, it was 670 or 674 hours. Taking into account six or eight hours' detention at New Zealand, and the time which would necessarily be occupied between New Zealand and Sydney, it was evident that the time proposed to and from Sydney and San Francisco could not be made unless there was a saving of many hours in the time proposed to and from San Francisco and New Zealand. This would mean that when time was kept with Sydney, New Zealand would have to pay a considerable premium for many hours' anticipation of the contract time. I pointed out to Mr. Clyde that the point had escaped the notice of my Government in the negotiations which had taken place, and that I was sure New Zealand would not be willing to place itself in the position of habitually paying a heavy premium when New South Wales would only have to pay contract price. A reference was in consequence made by the Vice-President to the original calculations, when it was found to have been the intention to have made the time to and from San Francisco and Auckland 550 hours instead of 570 hours. Mr. Clyde agreed that this should be the time to be inserted in the amended contract, whether or not the correction was made in the colony before my advice reached it. I therefore did not think it necessary to telegraph, but wrote a few hurried lines to that effect in a private letter to the Hon. the Premier, to catch the mail which was about leaving. Whether or not you have agreed to the 570 hours, the time is to be 550 hours. The matter is important, as saving twenty hours' premium a trip amounts in the year to a saving of £2,600.

I found, from my conversation with Captain Dow, that the Company proposed to work the new service with three boats, and to keep a spare boat at San Francisco. This seemed to me not in accordance with what was desirable. Under the existing contract the company have to provide five approved steamers. With the alterations which are proposed, it would be reasonable to reduce the number to four, but not less than four. Three boats in constant use would suffice for the service, but the fourth should always be ready for use. A spare boat at San Francisco means nothing. The Company have always plenty of steamers at that place, and a spare boat there would mean that in case of need they would put on one of their available steamers. The spare boat belonging to the service should be at Sydney, where it would be available for use in case of its being required at that end of the line. I represented this to Mr. Clyde. He replied that it would be a loss to the Company to keep the steamer in Sydney. They would have, he said, to keep it fully manned,

as they could not in an English port ship a crew for an American steamer. He said something, also, about arranging locally in case of a breakdown. I replied, that I doubted if it would be a loss to the Company, as repairs could be cheaply effected in Sydney, and occasionally one of the three vessels could be laid up and the fourth one used. But whether or not it was a loss, I expressed my conviction that the two Governments had suffered enough from temporary arrangements, and would require the spare vessel at Sydney. I told Mr. Clyde that I thought the Contractors were sufficiently well treated in being released from one boat, and they ought to be contented. He said they meant to use four boats, and he wanted the second clause of the contract to be modified to that effect only, leaving the Company the option of stationing the fourth boat where they liked. I replied, I was sure the Governments would not agree to this, and that I should feel it my duty to telegraph, advising the Governments to stipulate that the fourth boat should be stationed at Sydney. On further consideration, I determined to delay telegraphing till I reached England and had an opportunity of communicating with the Agent-General of New South Wales. I have already had an interview with that gentleman, and I found that he was disinclined to communicate with his Government upon the subject by telegraph. I have therefore abstained from telegraphing, and will not do so unless I think urgent necessity arises. In coming to this conclusion, I have been partly influenced by the difficulty of explaining the matter in a few words, and partly by thinking that my telegram, without one to the Government of New South Wales, might create a difficulty, rather than be an aid to you.

Mr. Clyde asked me if I could make any suggestions as to improving the working of the line. I think it desirable to mention to you the suggestions which I made in response to this invitation. I advised that arrangements should be made for booking passengers through to or from Australia, or New Zealand and England; that measures should be taken to make the line better known, by advertising, and by the issue of a carefully prepared and elaborate guide book; that invitations should be given to associations of farmers, manufacturers, or others, in America, to send down representatives to the colonies, to report upon them as fields for enterprise; that, in order to increase the number of steerage passengers to the colonies, passages on credit should be given to miners and others, promissory notes being taken for the cost, with an addition to cover risks. I advised, also, that the Australian line should be worked in connection with the Japan and China line, facilities being given for through passages and freight. The Company run their steamers between San Francisco and Japan in about sixteen days, so that through connection can be made very rapidly. I also told Mr. Clyde that I thought he might possibly arrange for carrying Chinese from San Francisco to North Australia. I should not be surprised if there is shortly a large exodus of Chinese from California to Northern Australia. Of course, these suggestions were unofficial, and made for what they were worth. Any advice which tends towards making the line pay is so much aid to its continued existence, as it can only continue if it become a commercial success. Mr. Clyde was very much interested in particulars which I gave him about compressed fuel.

I instituted careful inquiries in San Francisco and elsewhere about the position of the Company, and I am glad to say that the opinion is unanimous that it has very much improved. Every one seems to agree that the management is now very careful, and the results of the large operations of the Company satisfactory.

In conclusion, you will allow me to express the hope that the steps which I have taken in connection with the letter to the President of the Company with which the Premier intrusted me, and the particulars I have herein set down, will commend themselves to the approval of the Government.

I have, &c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Postmaster-General, Wellington.

#### No. 128.

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

SIR,— Colonial Secretary's Office, Sydney, 22nd January, 1877.

No. 121.

With reference to your letter of the 19th ultimo, respecting proposed modifications of the Pacific Mail Service, I have the honor to transmit herewith, for your information, copies of communications on the subject that have passed between this office and Messrs. Gilchrist, Watt, and Co., the general agents for the Contractors for the San Francisco Mail Service.

I have, &c.,

JOHN ROBERTSON.

The Hon. the Colonial Secretary, Wellington.

#### Enclosure 1 in No. 128.

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

GENTLEMEN,—

Colonial Secretary's Office, Sydney, 10th January, 1877.

With reference to your letters of the 10th and 22nd of November last, and later communications, concerning proposed modifications of the Pacific Mail Service, I am now directed by the Colonial Secretary to transmit to you the enclosed copy of a letter which he has received from the Colonial Secretary of New Zealand, in answer to a letter addressed to him on that subject on the 29th November.

With regard to this matter, the Colonial Secretary desires me to state that this Government is willing, subject to the approval of Parliament, to contribute £40,000 to the subsidy for a service by way of Auckland, provided the Contractors undertake to make up the twenty hours' difference in time between the service by way of Auckland and that by way of the Bay of Islands; this Government being free from any contribution in respect of the New Zealand coasting service.

In view, however, of the large concession which this Government is thus prepared to make, it is suggested that the term be reduced to three years.

I have, &c.,

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

HENRY HALLOLAN.

## Enclosure 2 in No. 128.

Messrs. GILCHRIST, WATT, and Co., to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,— Spring Street, Sydney, 20th January, 1877.

With reference to your letter dated 10th instant, we have the honor to advise that we telegraphed at once to the Pacific Mail Steamship Company, New York, to the following effect, namely,—

“Service—Frisco, Honolulu optional, Auckland, and *vice versa*. New Zealand Government willing to pay thirty-two thousand five hundred pounds, that Government receiving mails Auckland, and undertaking distribution and coastal service thence. This Government willing, subject approval Parliament, contribute forty thousand pounds, provided Contractors undertake to make up the twenty hours' difference in time between service by Auckland and Bay Islands. Shall we accept on your behalf? Answer. Government suggests reducing term of contract to three years. Answer.”

And have received, this morning, the following reply from President Clyde, New York:—

“Accept seventy-two thousand five hundred if cannot obtain seventy-five thousand. Do not reduce term of contract. Obtain permission to commence direct C service immediately.”

We have the honor to request that the above may have your early consideration, in order that the direct C service may be commenced without delay from both ends.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Colonial Secretary, Sydney.

## No. 129.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.)

Sydney, 15th February, 1877.

We are awaiting your reply to letter of twenty-second January, forwarding, for your information, copies of correspondence with Messrs. Gilchrist, Watt, and Co., respecting Pacific Mail Service.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY.

## No. 130.

The Hon. GEO. McLEAN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 16th February, 1877.

TERMS accepted by Contractors agree with those proposed in letter nineteenth December—namely, that we pay thirty-two thousand five hundred and take risk of coastal service, Auckland being port of call.

The Hon. the Colonial Secretary, Sydney.

GEO. McLEAN,

Postmaster-General.

## No. 131.

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

(Telegram.)

Sydney, 1st March, 1877.

WITH reference to telegram of nineteenth ultimo from your Government to Colonial Secretary of this Not published colony, it is presumed it is understood by you that the packet sailing hence on the ninth instant will proceed *via* Kandavau as well as Auckland.

The Hon. the Postmaster-General, Wellington.

POSTMASTER-GENERAL.

## No. 132.

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

(Telegram.)

Wellington, 2nd March, 1877.

WE understand that until modified contract executed, steamers should call at Kandavau. It is understood modified contract will not provide for steamers proceeding *via* Kandavau.

The Hon. the Postmaster-General, Sydney.

DONALD REID.

## No. 133.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 19th March, 1877.

GOVERNMENT advised that under altered terms of contract sureties should be parties to alterations. What have you done to keep alive the liability of sureties? It will be necessary to consider amount of subsidy to be paid for service as now performed. What chance is there of early decision of your Parliament?

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN,

Postmaster-General.

## No. 134.

The Hon. the POSTMASTER-GENERAL, Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.  
(Telegram.) Sydney, 20th March, 1877.

WE have done nothing to vitiate the original contract, which of course still remains intact. We can do no more in the matter of proposed modification, as we only hold office till our successors are appointed.

The Hon. the Postmaster-General, Wellington.

POSTMASTER-GENERAL.

## No. 135.

The Hon. GEO. McLEAN to Messrs. GILCHRIST, WATT, and Co.

(Telegram.)

Wellington, 22nd March, 1877.

Do you hold authority from Elder and MacGregor, the sureties, to sanction proposed alterations of contract, and sign new one on their behalf?

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

GEO. McLEAN,  
Postmaster-General.

## No. 136.

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

(Telegram.)

Sydney, 23rd March, 1877.

WE hold no special powers beyond those of which you hold attested copy. The Pacific Mail Company, as Contractors, have sanctioned proposed alteration by cablegrams.

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

## No. 137.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 23rd March, 1877.

No. 133. WOULD be glad if Government gave early consideration to my telegram of nineteenth, addressed to your predecessor.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN,  
Postmaster-General.

## No. 138.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 24th March, 1877.

THE whole question of the Pacific Mail Service is now under our consideration, and I am conferring with the Crown Law Officers. Will communicate with you further as early as possible.

The Hon. the Postmaster-General, Wellington.

SAUL SAMUEL,  
Postmaster-General.

## No. 139.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 5th April, 1877.

REFERRING to your telegram of twenty-third, and my reply of twenty-fourth March, Contractors' agents applied to my predecessors for permission to send the outgoing steamer *via* Auckland, they arranging, as before, to convey the New Zealand coast mails to Auckland. This application was undetermined when your telegram of nineteenth arrived, stating your Government were advised that under altered terms of contract sureties should be parties to alterations, and asking what had been done to keep alive liability of sureties. After consultation with Law Officers, and in view of the action of our predecessors in their arrangements with you, we are prepared to assent to the proposed deviation from original route, and we have so informed agents, on the condition that they procure assent of sureties under seal to such an alteration of contract, with a continuance of their suretyship notwithstanding. This I think is all that can be done. The document can scarcely be procured before the departure of the steamer, and I presume there is no alternative but to let her go *via* Auckland as before. I purpose recommending to my colleagues that Agent-General be instructed to see to preparation of necessary instrument, which would hold good until new contract executed, as will of course be necessary if Parliament approve of modification.

The Hon. the Postmaster-General, Wellington.

SAUL SAMUEL,  
Postmaster-General.

## No. 140.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 6th April, 1877.

WE were very unwilling to press you for decision as to the course you were to take in bringing before and recommending to your Parliament the proposed alteration of contract, knowing that with the change you must have many questions of great importance to consider; but if you refer



to schedules to contract as to the larger subsidy paid while Contractors doing only modified service, and the probable disputes likely to arise as to payment of bonuses, and how this all weighs on New Zealand, you will, I hope, understand our impatience, and press the matter on your Parliament for final decision within a few days.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN,  
Postmaster-General.

No. 141.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 9th April, 1877.

QUITE understand your position. My predecessor appears to have considered it unnecessary to propose any change in amount of payment pending Parliamentary approval of modification, because it was supposed that the route *via* Auckland and Fiji, and Contractors doing your coastal service, was about equal to original fork service. I propose consulting colleagues at earliest possible moment with regard to the whole matter, including modification. Our Parliament does not meet until twenty-fourth instant.

The Hon. the Postmaster-General, Wellington.

SAUL SAMUEL,  
Postmaster-General.

No. 142.

The Hon. GEORGE McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 17th April, 1877.

WILL be glad to learn if you have instructed sureties as you proposed to lodge their consent with Agent-General, so that the outgoing steamer commence the modified service, and accept the subsidy of seventy-two thousand five hundred pounds on our undertaking coastal service. Should your Parliament decide against the alteration, we should be compelled to insist on Company at once performing service as at present contracted for.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN.

No. 143.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 19th April, 1877.

REFERRING to your last telegram, Gilchrist, Watt, and Co. telegraphed to Contractors assent of sureties under seal to temporary deviation from contract, and have just received following reply:—"Sureties consent Government wish, posting formal sanction, McGregor being absent." We also telegraphed to Agent-General to procure proper document. Matter of modification, as arranged by predecessors, still under consideration of Cabinet. Understood assent we proposed to procure from sureties was to cover part, and further temporary concession of a like character. No arrangement yet has been entered into for payment of reduced subsidy named by you. This will involve fresh negotiations. Doubtless if Fiji is dropped, and you do your own coastal service, Contractors will take reduced subsidy. If we assent to this, it can only be pending decision of Government and Parliament upon modification.

The Hon. the Postmaster-General, Wellington.

SAUL SAMUEL,  
Postmaster-General.

No. 144.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Dunedin, 25th April, 1877.

IT would be very desirable proposed modified service should be commenced by the outgoing steamer now that the consent of sureties has been secured, and that Contractors should be paid reduced subsidy. We quite understand that this is subject to the assent of your Parliament. We trust the seeking of such decision will not be longer delayed. We would suggest in your negotiating, you stipulate that any penalties and bonuses that may be agreed upon should be receivable and payable on termination of voyage at Sydney and San Francisco, and be equally shared or paid by both colonies. In your negotiations nothing should be agreed to which would release Contractors and sureties from their liabilities under existing contract, which should have legal effect until modified contract executed. Consent of sureties understood to be to the proposal made by Contractors for modifying service.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN,  
Postmaster-General.

No. 145.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 4th May, 1877.

REFERENCE to your telegram of the twenty-fifth ultimo, I have now to state that on second instant I wrote Gilchrist, Watt, as follows:—"I have the honor to inform you, in reply to the request contained in your letter of the tenth ultimo, and in reference to conversations on the subject with your Mr. Gil-

cris, that I consent to the steamers of the Pacific Mail Company going by way of Auckland, and omitting Fiji, in fact temporarily adopting the plan of the modified service, as arranged between the late Administration, the Government of New Zealand, and the Contractors, the New Zealand Government undertaking its own coastal service; and the Contractors to be paid at the rate of seventy-two thousand five hundred pounds per annum, of which amount forty thousand pounds to be contributed by New South Wales, and thirty-two thousand five hundred pounds by New Zealand. It is, however, to be distinctly understood that this arrangement only assented as a temporary measure, pending the decision of the New South Wales Government and Parliament as to the question of a modification of the San Francisco Mail Service, and that this assent is in no way to prejudice the existing contract, should it hereafter be decided to be inexpedient to agree to the permanent modification of the service." Gilchrist yesterday acknowledged this letter as follows:—"We have the honor to acknowledge receipt of your letter of second May, consenting to the mail steamer going by way of Auckland, omitting Fiji, on the understanding that this assent is of a temporary nature, pending the decision of Parliament as to the question of modification of route. We thank you for the consent as above contained." Trust this will be satisfactory as temporary arrangement, pending recovery of Premier from severe illness, when permanent arrangements of the service will be considered in Cabinet.

The Hon. the Postmaster-General, Wellington,

SAUL SAMUEL.

### No. 146.

The Hon. SAUL SAMUEL to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 4th May, 1877.

*Re* time table 'Frisco Service: In view of position of matters in England, upon which we presume you have been fully informed, we might unite in paying subsidy of say one hundred pounds (fifty pounds each) per trip for conveyance of mail across Atlantic by fast Inman or White Star steamer on suitable day. This amount would be paid to packet in addition to the sum (understood to be about seventy pounds) paid by Imperial Government for conveyance of these mails across Atlantic. By last telegram Thursday is reverted to, but it may be only as a temporary measure. Our efforts should be to maintain regularity and certainty in time table.

The Hon. the Postmaster-General, Wellington.

SAUL SAMUEL.

### No. 147

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 12th May, 1877.

WE are satisfied with arrangement, but are very anxious for permanent settlement of question; we therefore hope you will urge it forward as soon as possible. The Imperial Government has undertaken the delivery of mails across the Atlantic, and we think that a representation as to the present unsatisfactory service ought to be sufficient without a supplementary contribution. On final adoption of modified service, a rearrangement of the time table will be necessary to insure regularity.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN,  
Postmaster-General.

### No. 148

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

SIR,—

Sydney, 4th May, 1877.

We have the honor to hand you herewith copy of letter dated 2nd May, received by us from the Hon. the Postmaster-General of New South Wales.

We have, &c.,

GILCHRIST, WATT, AND CO.,  
General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

P.S.—The "City of Sydney" therefore leaves to-day *via* Auckland and Honolulu for San Francisco.

### No. 149

MR. GRAY to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

General Post Office, Wellington, 16th May, 1877.

I am directed to acknowledge the receipt of your communication, dated the 4th instant, covering copy of a letter dated the 2nd instant, received by you from the Hon. the Postmaster-General of New South Wales, and adding a postscript to the effect that, in accordance with the permission granted, the "City of Sydney" would be despatched for San Francisco on the 4th instant *via* Auckland and Honolulu only.

I have, &c.,

W. GRAY,  
Secretary.

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

## No. 150.

The Hon. GEO. McLEAN to the Agent-General.

SIR,—

General Post Office, Wellington, 2nd June, 1877.

I do myself the honor to forward you copies of correspondence exchanged between the Government of New South Wales, Messrs. Gilchrist, Watt, and Co., and this department, having reference to the adoption, by the San Francisco Mail Contractors, of the modified service.

You will observe that, although the formal consent of the Government of New South Wales and the approval of the Parliament of that colony have not yet been obtained, the modified service is now being carried out by the Contractors on a temporary basis. The change commenced with the departure, on the 9th ultimo, of the outgoing steamer from Auckland, and the Government have succeeded in arranging for the coastal service at an annual cost of £5,000, the service being undertaken by the Union Steam Shipping Company.

I have had great difficulty in obtaining from the New South Wales Government a decided expression of opinion on the matter of the modifications; and it was only on my urgent representations that they agreed to permit the service to be changed even provisionally, and with the reservation that unless the Cabinet of New South Wales and the Parliament of that colony confirmed the arrangement the original service must be reverted to. I am again communicating with the Postmaster-General of New South Wales, pointing out the immediate necessity for obtaining the sanction of their Parliament to the modifications being made permanent.

Sir Julius Vogel, K.C.M.G.,  
Agent-General for New Zealand, London.

I have, &c.,  
GEO. McLEAN.

## No. 151.

EXTRACT FROM TELEGRAM FROM SIR JULIUS VOGEL to the Hon. the COLONIAL SECRETARY.

London, 6th June, 1877.

MAIL Service: Sureties executed deed agreeing all alterations to end of year. Be careful beyond that to stipulate for sureties approval. See also my letter May second.

JULIUS VOGEL.

F.—5, 1877,  
No. 2.

## No. 152.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL Sydney.

(Telegram.)

Wellington, 8th June, 1877.

AGENT-GENERAL advises us that sureties have executed deed for all alterations to end of year. Anxiously awaiting the final decision your Government and Parliament. Unable to make permanent arrangements for coastal service until we know your decision.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN.

## No. 153.

The Hon. GEO. McLEAN to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 19th July, 1877.

MUST remind you that we are still without answer to my telegrams as to modified 'Frisco service. Our Parliament being now in session, we are anxious to inform members as to position as early as possible.

The Hon. the Postmaster-General, Sydney.

GEO. McLEAN.

## No. 154.

The Hon. SAUL SAMUEL to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 24th July, 1877.

REFERRING to your telegram dated nineteenth relative to modified 'Frisco service, resolution will shortly be submitted to Parliament. Pressure of business has hitherto prevented this being done.

The Hon. the Postmaster-General, Wellington.

SAUL SAMUEL,  
Postmaster General.

## No. 155.

The AGENT-GENERAL, New South Wales, to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

19th December, 1876.

IN consequence of changes Atlantic Imperial mail contracts, 'Frisco mail, January, leaves London, Saturday, thirteenth. Recommend you make no changes time table this end until you receive my letters Brindisi, 22nd instant.

The Hon. the Colonial Secretary, Sydney.

FORSTER.

## No. 156.

The AGENTS-GENERAL, New Zealand and New South Wales, to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

21st December, 1876.

IN notice to Contractor, which Mackrell advises necessary on expiry time table 1876, we recommend no alteration departure 'Frisco and colonies until you receive our letters Brindisi to-morrow. Send copy New Zealand, also Forster's telegram nineteenth.

The Hon. the Colonial Secretary, Sydney.

VOGEL.  
FORSTER.

## No. 157.

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

SIR,—

General Post Office, London, 8th December, 1876.

Under the arrangements made when the existing contract for the Mail Packet Service between San Francisco, Sydney, and New Zealand was concluded, the Australian mails have hitherto been despatched from Queenstown on every fourth Friday, by the packets provided under the contract between this department and Mr. William Inman.

That contract will terminate, however, on the 31st of this month, and the Postmaster-General proposes to enter into agreements, month by month, for the carriage of the American mails after that date.

Mr. Inman has declined to convey mails by his vessels on the terms that have been offered him, and no other company has tendered vessels for a service on Fridays in the month of January.

Under these circumstances, it will be necessary to despatch the Australian mails (which should, in due course, leave Queenstown on Friday, the 12th January next) on the previous day, the 11th, by the packet of the Guion line, which has been accepted by the Postmaster-General for the mail service.

The public will be informed in the usual manner of this alteration of the day for making up the Australian mails in January, and from time to time of the arrangements made for the despatch of those mails in subsequent months.

The Hon. the Postmaster-General, Wellington.

I have, &amp;c.,

W. J. PAGE.

## No. 158.

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

SIR,—

General Post Office, London, 20th December, 1876.

In my letter of the 8th instant, I notified to you that, under the new arrangements for the mail service from this country to the United States of America, the despatch of the mails from Queenstown for New South Wales and New Zealand, *via* San Francisco, in the month of January, would take place on Thursday, the 11th, instead of on Friday as usual.

On communicating this arrangement to the Agents-General for the two colonies in London, those gentlemen have conjointly expressed the wish that, instead of despatching the mails referred to a day earlier than the usual day, they shall be held over for the following packet of the Cunard line, leaving Queenstown on Sunday, the 14th January.

The Postmaster-General has readily consented to adopt this arrangement, and, consequently, the next mails for New South Wales and New Zealand by the San Francisco route will be despatched from London on the evening of Saturday, the 13th January, and the public in this country have been informed accordingly.

The Hon. the Postmaster-General, Wellington.

I have, &amp;c.,

W. J. PAGE.

## No. 159.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S. W.,  
22nd December, 1876.

SIR,—

I have already apprised you, by telegram of the 21st December, in conjunction with the Agent-General for New South Wales, that changes made by the Imperial Post Office in the Atlantic Mail Service have rendered necessary a change of date in the despatch of our mails *via* San Francisco. I now enclose you copies of two letters which I have received from the Secretary's department of the General Post Office, informing me that Lord John Manners having decided to determine on the 31st instant all existing contracts for the carriage of mails to the United States ports, and in future to make contracts from month to month only, and further, that Mr. Inman, by whose steamers, which call at Queenstown on Friday, the New Zealand mails have hitherto been carried, having declined to tender under the new system, it has become necessary to despatch our mails on a different day of the week. The Postmaster-General at first proposed, as you will observe, that instead of Thursday, the day of despatch from London hitherto, the previous Wednesday should be substituted, the Guion line having tendered for a service to call at Queenstown on Thursday.

The correspondence having been placed before me immediately after my arrival, I at once communicated with the Agent-General for New South Wales, who had, I found, already intimated to the Postmaster-General a doubt as to whether the proposed substitution of the Guion line would provide as regular and satisfactory a service as that hitherto carried on by Mr. Inman. In reply to Mr. Forster, the Secretary to the Post Office intimated their willingness to despatch for the present the San Francisco mails by the Cunard steamer on the Saturday after, instead of the Wednesday before, the usual date of despatch, provided I should concur in recommending such a temporary arrangement.

Mr. Forster's letter of the 18th December, copy of which is amongst the enclosures, embodied our joint views in reply to the letter of the Secretary of the General Post Office, to which I have just referred. You will observe that we only gave advice, and disclaimed all authority to alter the present times. This view was confirmed by Mr. Mackrell's opinion, expressed at an interview at which I was present on the 20th instant, at which the memoranda between Captain Jopp and Mr. Mackrell, enclosed, were set down. Further, acting on the same view, we asked the Post Office to give the notices to the Company and the agents. In deference to Mr. Mackrell's advice, we also telegraphed to the colonies his opinion of the necessity of giving further notice to the Contractors of the time table for the ensuing year. The cablegram was sent to Sydney, copy to be forwarded to you, each colony paying half. I presume you will approve an arrangement of this kind when practicable.

We also advised that you should continue the present date, till you received the letters we were respectively writing by this mail.

My object in agreeing to this part of the telegram was to enable me to lay before you the circumstances, leaving you to judge the course to be adopted.

It is not certain that the new arrangement made by the Post Office will continue. The two fastest lines have refused to come under it. Of the three lines accepted by the Post Office, we considered the Guion the slowest, and therefore we advised the Post Office to adopt the Cunard in preference for January. I do not think it will involve more delay, if any, than might have resulted from employing the Guion line. As it is proposed to make arrangements here only from month to month for the American service, any times you may fix for the vessels leaving San Francisco will be liable to disturbance by alterations here. I think, however, the difficulty is more nominal than real, inasmuch as vessels leaving on the same days in the week are likely to be employed here month after month.

In deciding upon the days the vessels are to leave San Francisco, you will have to consider by what line you desire the mails to leave London. Supposing any fast lines come in under the arrangement during the next two months, I will telegraph you. If there is no change, you will have to decide between the lines as described in Mr. Tilley's circular letter of the 8th December. I am of opinion that the Cunard is the best, and the North German the next best. It has been represented to me that the mercantile community here has the strongest objection to the mails being made up on Saturday evening, on account of its leading to heavy work on that day, which is generally observed as a whole or half holiday. I am told that if Saturday be the day appointed, the service will be unpopular with the commercial classes. It is for you to judge the force of this objection.

An important point to be observed is to give sufficient time here to answer letters. The present interval between the arrival and departure of the San Francisco mails in London is not too long, and should not be shortened. On the other hand, the interval in the colony between the arrival and departure is also not too long. Another very important point is the relation which the time of departure of the San Francisco mail bears to that by Southampton and Suez. I am of opinion that the Colonies of New Zealand and New South Wales would lose a considerable amount if the San Francisco mail were to leave London before the Southampton mail. The same day, or two or three days after, would probably secure to the colonies interested the use by the public of the San Francisco in preference to the Southampton mails. I need hardly observe that the loss I allude to arises in this way, that whilst the postal receipts by San Francisco are purely a gain to the two colonies, those by Suez are more than covered by payments which have to be made in proportion to the correspondence sent by that route.

If you wish me to exercise any discretion in respect to fixing or altering times, you must give me a power of delegation under the contract. I am far from recommending such a course. As the colonies pay for the mail service, they should, I think, decide upon the time table. Still it would be well you should give me any power that the Government of New South Wales give to their Agent-General.

I have, &c.,

JULIUS VOGEL.

The Hon. the Postmaster-General, Wellington.

### Enclosure 1 in No. 159.

Mr. TILLEY to the AGENT-GENERAL.

SIR,—

General Post Office, London, 8th December, 1876.

I am directed by the Postmaster-General to acquaint you that all the contracts now in force for the conveyance of mails from the United Kingdom to the United States of America will terminate on the 31st of this month.

Thenceforward mails will be forwarded by such steam vessels as are tendered by their owners month by month for the mail service, and are accepted by the Postmaster-General.

The following table shows the dates upon which mails will be made up in London and forwarded to New York during the month of January next.

Day of the Week.	Day of the Month.	Port of Embarkation.	By what Line of Steamers.
Tuesday (Morning) ... ..	January 2	Southampton ...	North German Lloyd.
Wednesday (Evening) ... ..	" 3	Queenstown ...	Guion.
Saturday (Evening) ... ..	" 6	" ...	Cunard.
Tuesday (Morning) ... ..	" 9	Southampton ...	North German Lloyd.
Wednesday (Evening) ... ..	" 10	Queenstown ...	Guion.
Saturday (Evening) ... ..	" 13	" ...	Cunard.
Tuesday (Morning) ... ..	" 16	Southampton ...	North German Lloyd.
Wednesday (Evening) ... ..	" 17	Queenstown ...	Guion.
Saturday (Evening) ... ..	" 20	" ...	Cunard.
Tuesday (Morning) ... ..	" 23	Southampton ...	North German Lloyd.
Wednesday (Evening) ... ..	" 24	Queenstown ...	Guion.
Saturday (Evening) ... ..	" 27	" ...	Cunard.
Tuesday (Morning) ... ..	" 30	Southampton ...	North German Lloyd.
Wednesday (Evening) ... ..	" 31	Queenstown ...	Guion.

The arrangements made for the conveyance of mails in subsequent months will be communicated to you in due course.

I have, &c.,

JOHN TILLEY.

The Agent-General for New Zealand, London.

## Enclosure 2 in No. 159.

The AGENT-GENERAL for New South Wales to Mr. TILLEY.

SIR,—

London, 13th December, 1876.

I have the honor to acknowledge the receipt of letter and circular letter, dated 8th instant, respecting the conveyance to America of the Australian mails *via* San Francisco.

I note that under the new arrangements entered into by the Postmaster-General, it will be necessary to despatch the January San Francisco mail from London on the 10th, in place of on the 11th January, and that it will be conveyed to America by the Guion instead of by the Inman line, due notice to this effect being given by you to the public.

I need hardly point out that the necessity for the monthly notice is somewhat prejudicial to the San Francisco Mail Service; and it is the more to be regretted because the date of departure of the mail steamer from San Francisco is notified in America, and arranged with the Contractors for a fixed day. This day is subject to postponement in case of late arrival of the mails at San Francisco; but under existing arrangements it cannot conveniently be changed to an earlier date. Thus every change to an earlier date has the disadvantage, in addition to the inconvenience and disappointment likely to be caused by the uncertainty of the day of departure from London, of lengthening the total time of transit from London to Sydney. Under these circumstances, it is of great importance that as early notification as possible be given of the London dates of departure; and if these dates could be intimated, so far as the San Francisco mail is concerned, say for throughout the year 1877, the efficiency and success of the service, which has now, after repeated disappointments, been thoroughly established, would in all probability be more certainly and surely maintained.

The Secretary, General Post Office, London.

I have, &amp;c.,

WILLIAM FORSTER.

## Enclosure 3 in No. 159.

Mr. TILLEY to the AGENT-GENERAL for New South Wales.

SIR,—

General Post Office, London, 14th December, 1876.

I hasten to acknowledge the receipt of your letter of yesterday on the subject of the proposed alteration of the day of despatch of the mails for New South Wales and New Zealand, *via* San Francisco, in the month of January next.

In reply, I beg leave to inform you that the alteration has not yet been notified to the public, and it is not too late to make a different arrangement, should it be thought expedient in the interest of the service to do so.

If, therefore, you would prefer that the mails should be despatched from London on Saturday, the 13th proximo, by Cunard packet, instead of on the previous Wednesday, by Guion packet, the Postmaster-General will be happy to adopt this plan, provided, of course, that it also meets with the concurrence of the Agent-General for New Zealand.

Under these circumstances, perhaps you will at once place yourself in communication with that gentleman, and inform me of your wishes in the matter at your earliest convenience, in order that the necessary arrangements may be made by this department.

William Forster, Esq., 3, Westminster Chambers, S.W.

I have, &amp;c.,

JOHN TILLEY.

## Enclosure 4 in No. 159.

MINUTE by Captain JOFF on General Post Office Letter.

A SATURDAY Cunard will probably reach America almost as soon as a Wednesday Guion.

Wednesday is the Southampton (P. and O.) day; but the Southampton route is chosen by those adopting the P. and O. route for bulk only, letters for quick transmission being reserved for Brindisi on the following Friday week. The delay of three days, from Wednesday to Saturday, might divert some of the Southampton matter to San Francisco.

Three days will also be gained for replying to the homeward 'Frisco mail, which will be an advantage in case the latter should be late.

Twenty days is allowed in the present time table from London to San Francisco. With fast Cunard boats, and the promised increased rapidity across America, eighteen days ought to be sufficient, in which case a Saturday mail would reach San Francisco about the same time as the present Thursday's. It is a question, however, whether the Cunard's Saturday boats will be their fastest.

To those who dislike making up their mail on a Saturday, there is the obvious alternative of completing it, or at least the bulk of it, on Friday.

Sir Julius Vogel is disposed on the whole to prefer the Saturday. He suggests saying to the General Post Office that while the Agents-General cannot actually sanction any alterations in the time table (this power being vested in the Colonial Postmasters-General), they would advise that if the General Post Office are obliged to change the day, they should make it the Saturday following the Thursday now fixed, as the contract provides for the contingency of late arrival of the mail at San Francisco.

Sir Julius Vogel spoke of making it the previous Saturday, instead of the one following the present day (Thursday); but as this would only give two days to answer the inward mail, he thought such an arrangement undesirable for the present.

To make the departure earlier than the present dates would tend to establishing what has frequently been spoken of—namely, a fortnightly service by 'Frisco and Brindisi alternately. In connection with this scheme, I venture to urge the following consideration:—The Brindisi mail is on

the Friday week following the departure from Southampton of the heavy mail by P. and O., made up in London on Wednesday evening. The San Francisco mail is at present made up on the Thursday evening (the day after the Southampton). To make it alternate fortnightly with Brindisi, it would have to be antedated some five or six days, so as to leave on the Friday or Saturday before Wednesday's Southampton. This would be about a fortnight before Brindisi, and for light or urgent correspondence it would probably work well; but as a fortnight before Brindisi means only five days before Southampton, I fear that a very large amount of heavy matter, letters not requiring urgency, accounts, book packets, &c., would, for the sake of the five days' additional time, and in the absence of any cogent reason for immediate despatch by San Francisco, be kept back for Southampton (the postages being the same). This will be the possible result of any attempt at this end to establish a fortnightly 'Frisco and Brindisi service; and it will only be avoided by making the 'Frisco day of departure later than the Southampton. This is now done, and at the same time the nearest desirable attempt at alternation with Brindisi is effected by despatching the 'Frisco on the day after Southampton, being eight days before Brindisi.

Any change which makes the 'Frisco departure earlier, say by five or six days, than the Southampton, will, I fear, seriously diminish the revenue derived from the San Francisco postage account.

16th December, 1876.

A. A. JOPP.

### Enclosure 5 in No. 159.

MR. FORSTER TO MR. TILLEY.

SIR,—

London, 18th December, 1876.

In reply to your letter of the 14th instant, relative to the proposed alteration in the day of departure from London in January next of the mails for New South Wales and New Zealand *via* San Francisco, I have the honor to intimate, after consultation with the Agent-General for New Zealand, as suggested in your letter, that while neither Sir Julius Vogel nor myself has any power to alter the days fixed in the time table for the San Francisco Mail Service (such power being vested in the two colonial Postmasters-General), we are disposed to advise that in the event of your being unable to despatch the January mails on the Thursday as usual, it would be preferable to delay them until the following Saturday (Cunard), rather than to send them on the previous Wednesday (Guion).

I have, &c.,

The Secretary, General Post Office, London.

WILLIAM FORSTER.

### Enclosure 6 in No. 159.

MR. PAGE TO MR. FORSTER.

SIR,—

General Post Office, London, 19th December, 1876.

Having laid before the Postmaster-General your letter of yesterday's date, replying to mine of the 14th instant, on the subject of the arrangements necessary for despatching the mails for New South Wales and New Zealand in January next, consequent on there being no packet to convey mails to New York on Thursdays, I am directed by His Lordship to inform you that he readily consents to adopt the alternative which you and the Agent-General for New Zealand have suggested as the preferable one—that is, to despatch the mails for New South Wales and New Zealand on the evening of Saturday, the 13th January, for conveyance by the Cunard packet. A notice on the subject will at once be issued to the public by this department.

I have, &c.,

W. Forster, Esq.

W. J. PAGE.

### Enclosure 7 in No. 159.

MESSRS. J. MACKRELL and Co., to the AGENT-GENERAL, New South Wales.

*Postal Contracts.*

SIR,—

21, Cannon Street, E.C., 19th December, 1876.

With reference to the questions raised by Captain Jopp on Saturday, we beg to point out that no variation of the times of departure of the mails can be made except by the authority of the Postmasters-General, and although the Mail Contractors are bound to wait the arrival of the English mails at San Francisco, if necessary, for a period of seven days, we think they would be entitled to damages against the Postmasters-General if the delay was wilfully occasioned by any arrangement for the mails being delayed in the departure from England without a proper notice being given by the Postmasters-General.

To enable this to be done by yourself and Sir Julius Vogel on behalf of the Postmasters-General, you might each of you cable your Postmasters-General to execute a power of attorney authorizing the giving of such notices as you may think fit for the departure of the mails, and upon receipt of a telegram that such a power had been executed, it might be acted upon without awaiting its arrival in this country.

We have, &c.,

J. MACKRELL AND CO.

#### *Minute by Captain Jopp.*

It was pointed out to the Post Office, in Mr. Forster's letter of the 18th instant, that the Agents-General had no power to change the day of departure; but that if the Post Office must abandon the Thursday in January, the Agents-General would be disposed to suggest to the Post Office to make it

Saturday's Cunard rather than Wednesday's Guion. (This choice is confirmed by Lawrence, Clarke, and Co.'s letter of 18th instant to Sir Julius Vogel.)  
20th December, 1876.

A. A JOPP.

*Minute by Messrs. Mackrell and Co.*

We do not see, under these circumstances, that the Contractors could make any claim for delay, but we think they should be informed that the mails will be delayed two days in departure from London. Such notice may be given by the Postmaster-General to the Company in New York, and to agents here.

J. MACKRELL AND CO.

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Enclosure 8 in No. 159.

Mr. FORSTER to Mr. TILLEY.

SIR,—

London, 21st December, 1876.

I have the honor to acknowledge the receipt of your letter of the 19th instant, informing me that the Postmaster-General now proposes to despatch the January San Francisco mails for New South Wales and New Zealand on the evening of Saturday the 13th, for conveyance by the Cunard packet; and that you will at once issue a notice on this subject to the public.

I have communicated the above to Sir Julius Vogel, the Agent-General for New Zealand, and we both think it desirable, as we have really no authority in the matter, and the change is due solely to the arrangements of the Post Office here, that the alteration of date of departure from England should be notified by the Postmaster-General to the Pacific Mail Steamship Company, New York, who are the Contractors for the San Francisco Mail Service, and also to their London agents, Messrs. Lawrence, Clark, and Co., Windsor Chambers, Great St. Helens, E.C., in addition to such other notices as you may consider desirable.

I have, &amp;c.,

WILLIAM FORSTER.

The Secretary, General Post Office, London.

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No. 160.

The AGENT-GENERAL to the HON. the POSTMASTER-GENERAL.

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

11th January, 1877.

SIR,—

In continuation of my letter of the 22nd December, 1876, on the subject of the new arrangements made by the General Post Office for the despatch of the New Zealand and New South Wales mails to the United States, I have the honor to state that since writing that letter the injury which would result to the Californian service on account of the change has forcibly impressed itself on my mind.

The objections are threefold in their nature:—

First. The appointment of Saturday for the departure of the mails gives great dissatisfaction to the public, and yet, of the three mails offered to us, that by the Cunard boat on Saturday was unquestionably the best.

Second. The service is prejudiced by the fact that owing to the fastest steamers not being employed, the time occupied in the transit of the mails is liable to be increased, independently of the delay arising from the mails leaving London two days later than usual.

Third. The Post Office, in pursuance of its plan of choosing the steamers for mail purposes each month, declines to announce in its published notices the day of departure of the Australian and New Zealand mails *via* San Francisco beyond one month in advance, whilst by the other routes the announcement is made for a year. The injury resulting to the San Francisco route is scarcely to be exaggerated.

I have communicated twice unofficially with the Post Office without inducing it to alter its decision.

The Agent-General for New South Wales agrees with me in considering the change which has been made disastrous to the service, and we have arranged to see Lord Carnarvon next week, to represent to his Lordship the injury the colonies will sustain through the course the Post Office has adopted, and to ask his aid and assistance in procuring a return to the old system so far as concerns the mails for the colonies by the Californian route.

I have, &amp;c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Postmaster-General, Wellington.

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No. 161.

Mr. PAGE to the HON. the POSTMASTER-GENERAL, Wellington,

General Post Office, London, 18th January, 1877.

SIR,—

With reference to my letter of the 20th December last, I beg leave to inform you that the next despatch of mails for Australia and New Zealand *via* San Francisco will take place from London on the evening of Saturday, the 10th February.

I have, &amp;c.,

W. J. PAGE.

The Hon. the Postmaster-General, Wellington.



## No. 162.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S. W.,  
9th February, 1877.

SIR,—

In continuation of my letter of 11th January, on the subject of the recent changes made by the Imperial Post Office in the arrangements for despatching the mails *via* San Francisco, I have the honor to transmit to you herewith copies of a correspondence with the Colonial Office, which will explain to you the steps I have taken on the subject, in conjunction with the Agent-General for New South Wales, and the importance we attach to it.

I have, &c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Postmaster-General, Wellington.

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Enclosure 1 in No. 162.

The AGENTS-GENERAL for New South Wales and New Zealand to Lord CARNARVON.

MY LORD,—

London, 23rd January, 1877.

We have the honor to request your Lordship's attention to a question which has recently arisen, respecting the times of departure from England of the mails conveyed *via* San Francisco to the Colonies of New South Wales and New Zealand, between the Imperial Postal Authorities and the two Governments directly concerned. We are anxious to have an early opportunity of personally representing to your Lordship our views upon this subject; but in order that your Lordship may be previously informed of the principal points which we desire to submit for consideration, we have the honor to enclose two memoranda on the subject, written by us severally as Agents-General for New South Wales and New Zealand.

We shall be glad if you will do us the honor of naming some time when we may wait on your Lordship. We propose, with your approval, to ask Sir Daniel Cooper to accompany us, as he had much to do with the establishment of the service.

The Right Hon. the Secretary of State for the Colonies,  
Colonial Office, Downing Street.

We have, &c.,

WILLIAM FORSTER,  
JULIUS VOGEL.

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Sub-Enclosure 1 to Enclosure 1 in No. 162.

MR. FORSTER'S MEMORANDUM.

*Memorandum with reference to the Alteration of Postal Arrangements in the Mail Service via San Francisco to New South Wales and New Zealand.*

LORD CARNARVON having kindly intimated his willingness to accord to Sir Julius Vogel and myself an opportunity of personally representing to his Lordship the views we entertain with reference to a late alteration of the day of departure of the mail for New South Wales and New Zealand *via* San Francisco, and having further expressed a wish to have the subject placed before him in a preliminary form, I have the honor to submit for his Lordship's consideration the observations following, the substance of which have been already embodied in a minute for transmission to the Government of New South Wales.

I think it advisable first to place on record that I have in no way assented to the alteration in question, which was in fact determined on by the Imperial Postal Authorities without previous notice to or consultation with myself, or, as I am given to understand, with the Agent-General for New Zealand. We were allowed to choose between two days, neither of which we should have preferred to the day fixed for the purpose under the old arrangement. The choice therefore, so far as we are concerned, was simply equivalent to a choice of evils.

I cannot but think that on being at this stage of the matter required to pronounce an opinion upon or to negotiate a question of this sort with the Imperial Postal Authorities, the two colonies principally concerned—namely, New South Wales and New Zealand, are liable to be placed in a false position. The Imperial Postal Authorities naturally regard such a question for the most part, from an economical point of view, and urge, and are chiefly actuated by, considerations of revenue. They cannot be expected to regard as of any great importance, or to hold their department responsible for, the efficiency of a service with which as a department they are not, perhaps, directly concerned; whereas, with the two colonies above mentioned, the efficiency of this particular service is the chief point for consideration in any arrangement of such details as are involved in the matter of alteration of days of departure or arrival. I regard the question, accordingly, as one involving matters of contract, and, therefore, quite as much of a political as of a postal element, and in this view it appears to me that the discussion lies rather with the Colonial Office or the Imperial Government generally than with the General Post Office.

I take it that the Imperial Government have become parties to an agreement, or at any rate an arrangement, for the monthly transmission of mails between England and the Colonies of New South Wales and New Zealand, *via* San Francisco, across the American Continent. The very essence of this arrangement is, obviously, regularity and certainty in the periods of departure and arrival from and at the various stages of the line. This regularity and certainty have been hitherto guaranteed to the public and the parties directly interested by contracts with certain subsidized steam companies, against whom, in the event of any breach or disappointment, a remedy was in law presumable or obtainable. Under this old arrangement the service has been always efficiently and creditably performed, and its most important feature was that it was always practicable for the Governments concerned to announce, at least a year beforehand, the days of departure and arrival, and thus to assure the public of regularity and

certainty. This method of providing for the necessities of the service by means of subsidized companies is still adhered to at the other end of the line between Sydney and San Francisco. But the advantage gained thereby is manifestly imperilled by the proposed abandonment of the system of subsidies at this end of the line between England and America, and the substitution of a system of monthly tenders. The inconsistency of the two systems need not be pointed out as likely to lead to inconvenience. And one result of this new arrangement is that it appears or that it has been found necessary to alter the days of departure from England, which amounts, in fact, not only to an alteration but to a practical abandonment of the time table at certain points of the line. The two days submitted to the two Agents-General for the colonies concerned by the Postal Authorities, and to which our choice is limited, we consider inconvenient days for the purpose. But the mere alteration of days is not the worst feature of the new arrangement, which appears to me to consist in the indefiniteness which must now hang about the future periods of departure of these mails from England and San Francisco throughout the year, which renders it next to impossible for the Governments concerned to indicate beforehand a time table which can be relied on for any definite period. This feature I am compelled to regard as at least a departure from the original arrangement, such as cannot but seriously affect the efficiency and popularity of the service. Nor, indeed, can I conceive how the objection upon this score is to be obviated otherwise than by a return to the former system of subsidies, or by some equivalent system not inconsistent with that which prevails at the other end of the line.

If Saturday be adhered to as the day of departure—and although this will under the circumstances be always doubtful,—no better day other than Thursday has been suggested or can be guaranteed—in that case the position in which the public and the colonies at the other end of the line would be placed by the new arrangement is further aggravated by the fact that one of its consequences would be to add four days to the time occupied by the carriage of mails between England and San Francisco. The additional four days would be caused by the delay from Thursday to Saturday, and by the difference in the time of transit, estimated at two days, between the rate of a fast Thursday and a slow Saturday steamer. Nor is it a point unworthy of consideration that this increment of the time of carriage must reduce the period for stopping in Sydney, so as to render it almost impossible, in the reduced limits of time available, to provide for stopping at or for any carriage of mails from Fiji, to which the Imperial Government appear to attach considerable importance.

So far, then, from assenting to the alteration proposed, I feel it my duty respectfully to protest against it so far as any protest of mine can be made available.

WILLIAM FORSTER,  
Agent-General for New South Wales.

## Sub-Enclosure 2 to Enclosure 1 in No. 162.

Sir JULIUS VOGEL'S MEMORANDUM.

*Memorandum for the consideration of the Secretary of State concerning certain Changes made by the Post Office in the Date and Mode of Despatch of the Australasian Mails vid San Francisco.*

1. The Colonies of New South Wales and New Zealand have jointly established a very efficient mail service between San Francisco, New Zealand, and New South Wales. The Colony of Fiji has hitherto been taken *en route*. Although in the change which it is proposed to make the steamers would not call at Fiji, there is little doubt but that by branch steamers the service will be made available to Fiji.

2. Before the contract was entered into, the Imperial Government, through the Secretary of State (see copy of telegram subjoined), agreed with the Governments of the Colonies of Australia and New Zealand, to carry the mails between London and San Francisco, London and Galle, and London and Singapore, free of charge, leaving the colonies to provide services between their own ports and Galle, San Francisco, and Singapore, respectively.

3. In pursuance of this undertaking, the service between San Francisco and the colonies was established by the Governments of New South Wales and New Zealand, and arrangements were entered into with the General Post Office to make up the mails every fourth Thursday, in order that they might be transmitted to New York by the steamers leaving Queenstown on Fridays.

4. Without any previous announcement to the colonies or their representatives, the General Post Office has entered into entirely different arrangements for the transmission of the mails to the United States. After the change was effected, the representatives of the two colonies were told that it was an accomplished fact; that the mails could not be carried for the ensuing month, January, in the usual way, but that one of three boats leaving on different days must be selected; that in future the Post Office would only arrange month by month for the carriage of mails to New York during the next month; and that for January it was proposed to make up the New South Wales and New Zealand mails on Wednesday instead of Thursday, and to despatch them by one of the Guion steamers.

5. The Agents-General of New South Wales and New Zealand had first to consider the course which it was advisable to adopt for the next month, and, in compliance with their advice, the mails were announced to be made up on Saturday for the Cunard boat, instead of on Wednesday for the Guion boat, as at first contemplated. There could not be a greater proof of the hardship of the new arrangement made by the Post Office than that, under its provisions, it became necessary, as a choice of evils, to select that of fixing the date of departure of the mails on Saturday. That this day of departure is an evil is a fact which was impressed upon the colonies by the Post Office itself, when the date of departure had originally to be fixed. The Hon. Mr. Saul Samuel, Postmaster-General of New South Wales, whose duty it was to arrange the day of despatch, wrote from London on the 27th of November, 1873, "In the time table which you furnished, the day of departure is fixed for Saturday. The London Post Office Authorities, however, strongly objected to that day, and urged that it would tend to make the service unpopular here if it were retained. It therefore became necessary to choose one or two other days—viz., Tuesday or Thursday, upon which subsidized steamers leave for America."

6. When the combined time table of the Australian and New Zealand packet service for 1877 was issued by the General Post Office, it was found, as part of the policy of the change which had been made, that the Post Office only announced the time of the mails leaving by the San Francisco route for the month of January, whilst by the Galle route, west of Australia, and the Singapore route, east of Australia, the announcement was made of the times of leaving throughout the year. The column still left for stating the time of departure during the year of colonial mails *viâ* San Francisco was filled with the announcement for January only, whilst opposite the other months was an ominous blank with an asterisk calling attention to the following foot-note:—

“Dates of despatch dependent upon arrangements made from month to month for despatch of mails to the United States, but will be as nearly as possible at intervals of twenty-eight days.”

The calendar of the quarterly *Postal Guide* for January omits all reference whatsoever to the service *viâ* San Francisco; and the only notice of it which the *Guide* contains is in an obscure note under the “Table of Colonial and Foreign Postage” in connection with the heading “New South Wales,” in the following terms:—

“The mails *viâ* San Francisco will be despatched on a date fixed from month to month, and of which a special notice will be issued.”

The *Post Office Daily List* (weekly edition) of January 13th contains a striking illustration of the injury to which the service is liable by the present utter confusion into which its arrangements are thrown, whilst in one part of the *Daily List* it is announced that the New South Wales and New Zealand mails will be duly despatched on the evening of the 13th, the day of publication. In another page of the *List* appears the following announcement:—

“Under the arrangements made for the conveyance of mails from this country to the United States during the present month, there will be no mail despatched from London on Thursday evenings as hitherto. The mails for New South Wales and New Zealand, intended for transmission *viâ* San Francisco, which in due course should be made up in London this evening, will, under these circumstances, be made up and despatched on the evening of next Saturday, and correspondence for the colonies, as well as such letters, &c., for other parts of Australia as are specially addressed to be forwarded *viâ* San Francisco, must be posted in or reach London not later than Saturday evening.”

The reader of this announcement, dated the 13th instant, would naturally conclude that the mails *viâ* San Francisco for the month of January were to be despatched on the 20th, not the 13th instant. The operation of the change on the public mind may be gathered from the fact that even the compilers of the *Postal Guide* and *List* were puzzled, and fail to be able to describe it.

7. The effect of the change, without taking into account the errors and confusion it will occasion, will be disastrous to the San Francisco Service, placing it as it does on an uncertain footing in respect to the times of leaving, as compared with other services.

8. The colonies have entered into heavy obligations with Contractors, whose duty it is to have steamers ready to leave San Francisco, on days appointed by the two colonies, many months in advance. If the time of the mails leaving London is to be decided monthly, it will be impossible to fix the time of the steamers leaving San Francisco with precision, and all the arrangements made in San Francisco and the colonies will be liable to disturbance. The Contractors will have grave reason to complain. Any money which might be paid to them in case of detention in excess of the time allowed in the contract would not compensate them for the misfortune of being unable to announce to passengers, months in advance, their times of departure.

9. Clearly the new arrangement, however suited to the carriage of mails between the two termini of London and New York, is not suitable for the carriage of mails like those under consideration. It must be borne in mind that costly steamers are engaged at a great expense for a second ocean voyage; and the success of the service, apart from the question of mails, largely depends upon the inducements offered to the travelling public, amongst which inducements punctuality is paramount.

10. To meet the uncertainty, the Governments will probably have to leave a large margin of time in their arrangements with the Contractors; and then the service will be made to compare unfavourably with the other Australian services.

11. The plan now proposed is wholly unfitted, as has been shown, to the carriage of the mails, which have to be further forwarded by steamers, the dates of the departure of which are fixed months in advance. Had the Post Office given to the colonies an intimation that it was intended to adopt such a course, they would probably have hesitated to commit themselves to the heavy liabilities they are under for the service, the success of which is so seriously threatened.

12. It is only asked that the course proposed to be adopted by the Post Office may be so far modified as to allow arrangements for the carriage of the New South Wales and New Zealand mails to be made throughout the year. It is not suggested that more than the new rate should be paid, but that one of the fast companies leaving on the usual day should be requested at that rate to carry the New Zealand and New South Wales throughout the year.

13. Such a course will be acceptable to the public. A numerous and influential deputation would support it if any doubt exists as to its being desired by the commercial community. It would also be satisfactory to the colonies, by saving them from seeing the expensive service they have established disastrously injured. It will cost no more to the Post Office, and will be only carrying out the spirit and intention of the arrangement notified to the colonies by the Secretary of State.

JULIUS VOGEL,  
Agent-General for New Zealand.

Enclosure in Sub-enclosure 2 to Enclosure 1 in No. 162.

COPY of TELEGRAM.

OUR proposal for temporary prolongation of present mail service, not being unanimously accepted, is withdrawn.

We have determined to carry mails to and from Galle, Singapore, San Francisco, and this country, free of charge. If service is established by any one or more colonies from Galle, we will pay

to each colony contributing to such service postage received on outward mail matter conveyed by such route to the colony so contributing, less transit charges and inland British postage, provided steamers touch each way at a port in Western Australia. Similar payment will be made in case of establishment of service from Singapore or from San Francisco. Arrangement to continue for five years.

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**Enclosure 2 in No. 162.**

The COLONIAL OFFICE to Sir J. VOGEL.

SIR,—

Downing Street, 27th January, 1877.

I am directed by the Earl of Carnarvon to acknowledge the receipt of the letter dated the 23rd instant, which, jointly with the Agent-General for New South Wales, you have addressed to his Lordship with regard to the question which has arisen between the Imperial Postal Authorities and the Governments of New South Wales and New Zealand, respecting the time of departure from this country of the mails *via* San Francisco for New South Wales and New Zealand.

In compliance with your request, Lord Carnarvon will endeavour to fix a not distant day for receiving you and the Agent-General for New South Wales and Sir D. Cooper, and in the meantime his Lordship will at once communicate with the Lords Commissioners of the Treasury upon the subject of your letter.

I have, &c.,

The Agent-General for New Zealand.

W. R. MALCOLM.

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**No. 163.**

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

SIR,—

General Post Office, London, 10th February, 1877.

With reference to previous correspondence, I beg leave to inform you that the next despatch of mails for Australia and New Zealand *via* San Francisco will take place from London on the evening of Saturday, the 10th of March.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

W. J. PAGE.

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**No. 164.**

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

16th February, 1877.

I have the honor to inform you that, in consequence of a request which we made, as explained in my letter to you of 9th February, Lord Carnarvon received the Agent-General for New South Wales, Sir Daniel Cooper, and myself to-day, by appointment. The Secretary to the Treasury, Mr. W. H. Smith, and Mr. Tilley and Mr. Page of the Post Office, were also present. We severally urged on Lord Carnarvon and Mr. Smith our views, and represented the disastrous effects on the service that the present monthly engagement of slow steamers for the Atlantic passage would occasion.

Lord Carnarvon seemed to be favourably impressed with what we said, and when we left him it appeared that his Lordship was about to discuss the matter with Mr. Smith, Mr. Tilley, and Mr. Page. I am not without hope that our representations may result favourably.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Postmaster-General, Wellington.

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**No. 165.**

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.)

Sydney, 8rd April, 1877.

I FORWARD copy of telegram just received from London, dated twenty-ninth March:—"Outward 'Frisco mails, Inman, Thursday, 5th April. Day still fixed month by month, but Inman promises do all in his power maintain Thursday departure. Inform New Zealand.—FORSTER, VOGEL."

COLONIAL SECRETARY.

The Hon. the Colonial Secretary, Wellington.

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**No. 166.**

The Hon. D. REID to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 27th April, 1877.

I have the honor to acknowledge the receipt of your communication of the 16th February last, intimating that, in company with the Agent-General for New South Wales and Sir Daniel Cooper, you had been accorded an interview with the Secretary of State for the Colonies on the question of the San Francisco Service, and had represented to his Lordship the disastrous effects that would result to the service through the present monthly engagement of slow steamers for the Atlantic passage. I trust the efforts of the Agent-General for New South Wales, Sir Daniel Cooper, and yourself in this matter may result favourably, and that the service may speedily be placed on a satisfactory footing alike to the colonies and the British public.

I have, &c.,

D. REID,

(for the Postmaster-General).

Sir J. Vogel, K.C.M.G.,  
Agent-General for New Zealand.

## No. 167.

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

SIR,—

General Post Office, London, 10th March, 1877.  
 With reference to previous correspondence, I beg leave to inform you that the next despatch of mails for Australia and New Zealand *via* San Francisco will take place from London on the evening of Saturday, the 7th April.

The Hon. the Postmaster-General, Wellington.

I have, &c.,  
 W. J. PAGE.

## No. 168.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
 4th April, 1877.

SIR,—

I have the honor to forward to you copy of a telegram despatched to the Colonial Secretary, *vide* No. 165. New South Wales, with a request to forward you a copy.

I also send you copy of a letter received from the Post Office concerning an arrangement made with the Inman Steamship Company for the carriage of mails on Thursdays. I regret to say Mr. Inman has not seen his way to undertake to continue to carry the mails throughout the year, though I am given to understand he is favourably inclined to at least continue the carriage every fourth Thursday, in order to convey the Australian and New Zealand mails. Still, the announcement of the continuous service cannot yet be made, although a great point is gained in procuring the carriage on Thursdays during at least a large portion of the year by fast boats like those of the Inman Company.

In my letter of 16th February, I gave you an account of the interview which Sir Daniel Cooper, Mr. Forster, and I had with Lord Carnarvon, Mr. W. H. Smith, Secretary to the Treasury, Mr. Tilley and Mr. Page, of the Post Office. Since then I have been to the Colonial Office twice on the subject, and have also written and received several unofficial letters. There is no doubt the Colonial Office supported the views of the deputation, and the Post Office has in consequence, I believe, made the arrangement with the Inman Company. I hope before long I shall be able to inform you that that arrangement is put upon a permanent basis.

The Hon. the Postmaster-General, Wellington.

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

## Enclosure in No. 168.

Mr. TILLEY to the AGENT-GENERAL.

SIR,—

General Post Office, London, 19th March, 1877.

I am directed by the Postmaster-General to inform you that, in consequence of the Inman Steamship Company having tendered the vessels of that line for the conveyance of mails from Liverpool to New York on Thursday, and from Queenstown on the following day after the arrival at that port of Thursday night's mail from London, the next mails for Australia and New Zealand intended to be despatched *via* San Francisco will be made up at this office on the evening of Thursday, the 5th April, instead of on Saturday, the 7th April, as previously announced.

The Agent-General for New Zealand.

I have, &c.,  
 JOHN TILLEY.

## No. 169.

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

SIR,—

General Post Office, London, 5th April, 1877.

With reference to previous correspondence, I beg leave to inform you that the next despatch of mails for Australia and New Zealand *via* San Francisco will take place from London on the evening of Thursday, the 3rd May.

The Hon. the Postmaster-General, Wellington.

I have, &c.,  
 W. J. PAGE.

## No. 170.

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

SIR,—

General Post Office, London, 5th April, 1877.

Since my letter of the 10th ultimo was written, the Inman Steamship Company have tendered the vessels of that line for the conveyance of mails from Liverpool to New York on Thursdays, calling at Queenstown on the following day; and consequently the mails for Australia and New Zealand by the route of San Francisco, which were previously announced as leaving London on Saturday, the 7th instant, will be despatched this day.

With a view to reverting permanently to the despatch from London every fourth Thursday, the Inman Company have been asked to perform for a year certain the service for which they have provisionally tendered, but they have declined.

There seems, however, reasonable ground for believing that during the active season of business now coming on, a weekly departure on Thursday may be relied upon, and the Inman Company have promised to do all in their power to maintain a sailing on the particular Thursday when the Australian mails should in due course be despatched from London; but beyond this no assurance can be given.

I have, &c.,

W. J. PAGE.

The Hon. the Postmaster-General, Wellington.

### No. 171.

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

SIR,—

Sydney, 19th February, 1877.

I am directed to enclose, for the information of the Hon. the Postmaster-General of New Zealand, copies of correspondence, &c., which has passed between this department and the Australasian Steam Navigation Company, in relation to a claim of the latter for the sum of five thousand pounds (£5,000), as against the Government of this colony, acting with that of New Zealand, for loss said to have been sustained in consequence of the boats of the Contractors for the permanent mail service *via* San Francisco, which were despatched from that place for Sydney in November and December, 1875, competing with those of the Australasian Steam Navigation Company, then performing the temporary contract.

I am to state that, as shown in the papers, the claim in question has been compromised by the Company's acceptance of a sum of five hundred pounds (£500) in full of all demands, and that the matter having been discussed between the Hon G. McLean and the Postmaster-General, in connection with the visit for the purpose of the recent Intercolonial Conference, it has been arranged that the charge shall be borne in equal proportions by New South Wales and New Zealand.

A copy of the voucher rendered by the Company is forwarded herewith, and this department will be obliged by a remittance of a moiety of the amount, two hundred and fifty pounds (£250), as early as convenient.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington.

### Enclosure 1 in No. 171.

The ASSISTANT MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL, Sydney.

SIR,—

Australasian Steam Navigation Company, Sydney, 3rd July, 1875.

I have the honor to inform you that I duly communicated to the Board yesterday particulars of my interview with the Secretary to the Post Office, at which he stated you were desirous of knowing whether this Company would be willing to forego the return trip of steamers "Macgregor" and "Mikado" from San Francisco in November and December next.

In reply, I am directed to say that as such would be prejudicial to the Company's interest, the Board are not willing to forego the said trips.

I have, &c.,

W. WILLIAMS,

Assistant Manager.

The Hon. the Postmaster-General, Sydney.

### Enclosure 2 in No. 171.

The SECRETARY, General Post Office, to the MANAGER, Australasian Steam Navigation Company.

SIR,—

General Post Office, Sydney, 7th July, 1875.

With reference to your letter of the 3rd instant, in which you state that your Company are not willing to forego the return trips from San Francisco of the steamers "Macgregor" and "Mikado" in November and December next, as to do so would be prejudicial to their interest, I am directed to inquire upon what terms the Company would forego their right to send the "Mikado" on the 23rd October next from Sydney.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Manager, Australasian Steam Navigation Company.

### Enclosure 3 in No. 171.

The SECRETARY, Australasian Steam Navigation Company, to the SECRETARY, General Post Office.

SIR,—

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

I have the honor to acknowledge receipt of your letter of this day's date, and beg to say that since the Assistant Manager's interview with you this morning, he has ascertained that the Chairman will not return to town until Friday morning, and in his absence the Directors are unable to take any steps in the matter. Your letter will, however, be considered at the usual sitting on Friday afternoon, and a reply promptly communicated to you thereafter.

I have, &c.,

F. PHILLIPS,

Secretary.

The Secretary, General Post Office, Sydney.

## Enclosure 4 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the SECRETARY, General Post Office.

SIR,— Australasian Steam Navigation Company, Sydney, 14th August, 1875.  
Referring to your letter of the 7th July, in which you ask me to name the terms on which the Company would forego their right to send the steamer "Mikado" from Sydney on the 23rd October, and to the interview which took place on the 10th ultimo between the Postmaster-General and the Chairman, other members of the Board, and myself, I have now the honor to state that the deputation having gleaned from the Postmaster-General that he was not in a position to treat with the Company, but that he would take steps to prevent any clashing with the boats of the permanent and temporary Contractors, and it being understood that the Government would not ask the approval of Parliament to the former contract until satisfactory arrangements had been made with the latter, I have deferred giving you a written reply.

I am directed to reiterate the statement verbally conveyed to the Postmaster-General at the interview before referred to—namely, that the Company is willing to give up, on reasonable terms of compensation, the last two trips; and my Directors now desire me to add that so soon as some person is empowered either by the Government or by the permanent Contractors to treat, a sum will be named for the abandonment of the last two months' service.

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

The Secretary, General Post Office, Sydney.

## Enclosure 5 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.

SIR,— Australasian Steam Navigation Company, Sydney, 31st August, 1875.  
With a view to meet the wishes of the Postmaster-General, as made known to me in our interview this forenoon, I am directed to say that if the Postmaster-General be desirous that this Company should give up its contract with the Government for the mail service from Sydney to San Francisco for the months of September and October, and from San Francisco to Sydney for November and December, this Company is willing to do so in consideration of receiving a payment of £5,000, and provided that the Postmaster-General should arrange with the owners of the "Macgregor" and "Mikado" that they release the Company from their contract as respects these vessels for the period in question.

I may bring under your notice that by effecting an arrangement of this kind a very considerable saving will be effected by the Government.

I am led to believe that the owners of the "Macgregor" and "Mikado" are desirous of being relieved of their contract with us as respects these ships for the September and October ships.

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

The Hon. the Postmaster-General, Sydney.

## Enclosure 6 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.

SIR,— Australasian Steam Navigation Company, Sydney, 22nd January, 1876.  
I have the honor to recall your attention to a subject on which some of the Directors of the Australasian Steam Navigation Company have already had several conversations with you.

In consequence of the action of the Government in employing the Pacific Mail Company to despatch that Company's boats from San Francisco to Sydney in the months of November and December, during which months the Australasian Steam Navigation Company were contractors with the Government to carry the mails from that port to Sydney, this Company has suffered a considerable loss in freight and passage money, which the Directors are of opinion ought to be made good to them by the Government; and the loss they have sustained they conceive cannot be less than £5,000.

I shall be glad to be favoured with an early settlement of this matter.

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

The Hon. the Postmaster-General, Sydney.

## Enclosure 7 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.

SIR,— Australasian Steam Navigation Company, Sydney, 9th February, 1876.  
I do myself the honor to beg reference to my letter of the 22nd ultimo, and am directed to ask you to be so good as to favour this Company with an early reply thereto.

I have, &c.,  
F. PHILLIPS, Secretary,  
pro Manager.

The Hon. the Postmaster-General, Sydney.

## Enclosure 8 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.

SIR,—

Australasian Steam Navigation Company, Sydney, 17th February, 1876.

Referring to the Secretary's letters of 22nd ultimo and 9th instant, and interview between yourself and Messrs. Cadell, Dibbs, Neale (Directors), and the Assistant Manager, on the 10th instant, relative to this Company's claim for £5,000 for loss sustained through the action of the Government in employing the Pacific Mail Company to despatch their steamers from San Francisco to Sydney in the months of November and December, 1875, during which months this Company were contractors with the Government to carry mails from San Francisco to Sydney, I have the honor to submit, for the consideration of the Government of New South Wales and New Zealand, a statement of some of the circumstances upon which our claim is founded.

1. That on the 17th June, 1875, the Postmaster-General wrote asking if the Company was willing to continue the temporary service for four voyages to and from San Francisco on existing terms, with certain modifications set out in said letter.

2. That by letter of 18th *idem* the Company agreed to do so.

3. That by letter of same date the Postmaster-General approved of same.

4. That after this agreement was made, and during negotiations between the Commissioners in London and the present permanent Contractors, deputations from the Board several times waited on the Postmaster-General, and discovered, in course of conversation, that there was a probability of a contract being made with the present Contractors for a service commencing at both ends in the month of November, and the deputation pointed out to the Postmaster-General that such a contract would clash with the one made with us, and, if carried out, would entail loss to the Company, which it would look to the Government to make good.

5. That on the 10th July the Postmaster-General reiterated to a deputation from the Board what he had previously assured them—namely, that he would take steps to prevent any clashing between the steamers of the permanent and temporary Contractors, and that the Government would not ask the approval of Parliament to the former contract until satisfactory arrangements, whereby clashing would be avoided, had been made with the latter.

6. That the Postmaster-General informed a subsequent deputation that he had given instructions to Sir D. Cooper by telegraph to prevent the overlapping of the two contracts.

7. That notwithstanding this, however, a contract clashing with this Company was subsequently made by you.

8. That on the 2nd July the Secretary to the Postal Department informed the Assistant Manager that the Postmaster-General wished to know if this Company would forego return trips in November and December from San Francisco.

9. That on the 3rd *idem* the Assistant Manager replied that it would be prejudicial to the Company's interests to accede to the request.

10. That on the 7th the Postmaster inquired if the Company would be willing to forego its right to send the "Mikado" from Sydney on the 23rd October, 1875.

11. That on the 14th August, 1875, the Manager wrote referring to Postmaster-General's letter of 7th, and to his inquiries at interview on the 10th *idem*, that the Company was willing to give up, on reasonable terms of compensation, the last two trips, and would be ready to name a sum for the abandonment of the last two months' service so soon as some person was empowered to treat on behalf of the Government or permanent Contractors.

12. That on the 31st August, 1875, the Manager wrote to the Postmaster-General that, with a view to meet the wishes of the Postmaster-General as made known to him at an interview on the forenoon of that day, if he (the Postmaster-General) was desirous that this Company should give up its contract with the Government for the mail service from Sydney to San Francisco for the months of September and October, and from San Francisco to Sydney for November and December, the Company was willing to do so for a payment of £5,000, and provided the Postmaster-General arranged with the owners of the "Macgregor" and the "Mikado" to relieve the Company of those vessels for the period in question, and stating he had been led to believe they were agreeable thereto.

13. After some verbal negotiations on the subject, the matter was for the time ended by the Postmaster-General saying he did not see his way clear to do anything further in the matter at present, but that he would communicate with England, and inform the Company the result.

14. No further communication having been received from the Postmaster-General, the Manager, on the 22nd January, 1876, wrote to him calling attention to the loss the Company had sustained through the action of the Government, and claiming £5,000 for losses sustained.

To this no reply was returned, and on the 9th instant the Secretary wrote to this effect to the Secretary of the Post Office, and asked for a reply: "15th. At an interview between the Postmaster-General, the Chairman and two members of the Board, and Assistant Manager of the Company, on the 10th instant, the Postmaster-General admitted that the Company had a claim on the Government, and stated his intention of submitting the matter for joint consideration to his Government and that of New Zealand."

I now respectfully submit the foregoing statement of facts only requires to be fairly considered to insure at the hands of the Government a prompt settlement of the Company's claim.

I have, &c.,

F. H. TROUTON,

Manager.

The Hon. the Postmaster-General, Sydney.



## Enclosure 9 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.  
SIR,— Australasian Steam Navigation Company, Sydney, 2nd June, 1876.

I am instructed to invite your attention to my letter of the 17th February, respecting this Company's claim of £5,000 for loss sustained by them on account of the overlapping of the San Francisco mail contract, to which I have not had the favour of a reply.

I am to express a hope that the Government will be pleased to make provision on the supplementary estimates of this year for the amount due to the Company.

I have, &c.,

F. PHILLIPS, Secretary,  
*pro Manager.*

The Hon. the Postmaster-General, Sydney.

## Enclosure 10 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.  
(Extract.) 31st July, 1876.

I take the opportunity of reminding you of our claim of £5,000 for overlapping the San Francisco contract, and trust a speedy settlement of same will be arrived at.

## Enclosure 11 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.  
SIR,— Australasian Steam Navigation Company, Sydney, 19th October, 1876.

I have the honor of addressing you in support of the claim made for losses sustained through the opposition of the permanent Pacific mail boats when this Company was running the temporary service, under contract with the Government, between Sydney, New Zealand, and San Francisco.

As one illustration, I beg respectfully to state that the gross earnings of one of our boats, the "Mikado," on number four voyage, were £17,246 15s. 4d.; that when the same boat on the following voyage was opposed by the permanent mail service boats, the gross earnings were but £10,605 18s. 6d, thus exhibiting the heavy decrease of £6,640 16s. 10d.

With the belief that the Company's claim would meet with early and favourable settlement, the sum of £5,000 only was asked.

I have, &c.,

F. PHILLIPS,  
*pro Manager.*

The Hon. the Postmaster-General, Sydney.

## Enclosure 12 in No. 171.

The MANAGER, Australasian Steam Navigation Company, to the Hon. the POSTMASTER-GENERAL.  
SIR,— Australasian Steam Navigation Company, Sydney, 16th November, 1876.

Referring to the claim preferred by this Company for the overlapping of the temporary mail service between this colony and San Francisco by the boats of the permanent Contractors, and to the interview granted to our Director, Mr. Cadell, whereat you were pleased to offer the sum of five hundred pounds (£500), such sum, if accepted, to be in full settlement of this Company's claim, I have now the honor to point out that whilst the sum named is not a very substantial recognition of the claim, still, taking into consideration the friendly relations that have ever characterized the transactions of this Company with the Government and yourself, and with the hope that the Company will continue to meet favourable treatment at your hands (prepared as it is to meet all emergencies), I have the pleasure to state that I am directed to accept your offer.

I have, &c.,

F. H. TROUTON,  
Manager.

The Hon. the Postmaster-General, Wellington.

## Enclosure 13 in No. 171.

MINUTE of the Hon. the POSTMASTER-GENERAL.

STEPS can be taken for paying the Australasian Steam Navigation Company £500 by way of compromise in settlement of their claim of £5,000 on the Governments of New South Wales and New Zealand for the losses sustained by the Company in consequence of the boats of the Pacific Mail Company running from San Francisco to Sydney in the months of November and December, 1875, in competition with the boats of the Australasian Steam Navigation Company, the former then being under contract to the Governments.

8th February, 1877.

J. F. B.

## No. 172.

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

SIR,— General Post Office, Wellington, 6th April, 1877.

I am directed by the Hon. the Postmaster-General to forward herewith a draft for the sum of £250 on the Bank of New Zealand, Sydney, being a moiety of the sum of £500 paid by your 8—F. 4.

Government to the Australasian Steam Navigation Company, Sydney, which latter amount was accepted by the Company in full of all demands in the matter of their claim for loss sustained through the overlapping of the temporary mail service between Sydney and San Francisco by the steamships of the permanent Contractors, and which payment it was agreed should be borne in equal sums by the Governments of New South Wales and New Zealand.

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

The Secretary, General Post Office, Sydney.

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No. 173.

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

SIR,—

I am directed to acknowledge the receipt of your letter dated the 6th ultimo, enclosing a draft for the sum of £250, being a moiety of the sum of £500, to be paid to the Australasian Steam Navigation Company on account of loss sustained through the overlapping of the temporary mail service between Sydney and San Francisco by the ships of the permanent Contractors.

In reply, I am to state that the amount in question will be paid over to the Company so soon as the moiety of this colony is voted by Parliament, which will probably be done in a week or two.

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

The Secretary, General Post Office, Wellington.

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By Authority: GEORGE DIDSBUY, Government Printer, Wellington.—1877.