

1877.

NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE

(FURTHER PAPERS RELATING TO).

In continuation of Papers presented to Parliament, 31st July, 1877.

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

No. 1.

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

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

2nd May, 1877.

SIR,—

I have the honor to acknowledge the receipt of Mr. Gray's letter of the 10th March, enclosing copy of the correspondence which has passed between the Governments of New Zealand and New South Wales concerning the mail service. Not published.

I was glad to receive this correspondence. It came very opportunely in reference to the question of obtaining the consent of the sureties, about which I am separately addressing you.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Postmaster-General, Wellington.

No. 2.

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

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

2nd May, 1877.

SIR,—

I have the honor to enclose you copy of two telegrams received by the Agent-General of New South Wales from his Government, and communicated by him to me. I also send you the copy of communications upon the subject sent to me by Messrs. Mackrell and Co.

Mr. Forster, the Agent-General for New South Wales, and I, subsequently had an interview with Messrs. Mackrell and Co., and agreed upon the course to be followed. The telegram to be sent to the New York lawyers was altered. As it was submitted to me it stated that the offer was made by Messrs. Cunningham and Forbes, whereas it was only made by Cunningham.

Regarding the sureties' bond, I represented that, with the materials at our command, it would be a great risk to go into the details of the contract; and that what we should do was to endeavour to obtain from the sureties a deed of temporary consent and approval to all changes agreed upon between the Governments and the Contractors. Mr. Mackrell, after reflection, and Mr. Forster, approved this, and such a deed is in course of preparation. It is to recognize and indorse all past deviations from the contract—a most important point.

You doubtless have already concluded that, to give effect to the alterations proposed in the contract, a new agreement will have to be made. Messrs. Mackrell and Co. have enumerated, in their letter of the 28th April, some of the points which will have to be considered: there are others also Enclosure 11 likely to arise. As the consent of the sureties will have to be obtained, it will be necessary in No. 2. to prepare the agreement in London, or else to submit it here after preparation in the colony. Mr. Mackrell expressed a strong opinion that it would be desirable to have it remodelled here. You will best be able to come to a conclusion on the subject.

I venture to make a few comments on some of the points that are likely to arise. Mr. Mackrell agrees with me in attaching importance to the alteration respecting the number of ships to be used. The present number, five, will, of course, be reduced to four; but, of these four, one will

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

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

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 2.

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

(Telegram.)

Sydney, 21st April, 1877.

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

Mr. Forster.

COLONIAL SECRETARY.

Enclosure 2 in No. 2.

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

(Telegram.)

Sydney, 23rd April, 1877.

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

Mr. Forster.

HENRY PARKES.

Enclosure 3 in No. 2.

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

(Telegram.)

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

DEAR SIR JULIUS,—

Mail Service.

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

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

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

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

The Agent-General for New Zealand.

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

Enclosure 4 in No. 2.

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

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

23rd April, 1877.

GENTLEMEN,—

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

instant, and received 21st instant, respecting the proposed modification of the San Francisco Mail Contract, and I am to request that you will be good enough to take immediate steps for carrying out the instructions contained in the latter part of the telegram.

I have, &c.,

A. A. JOPP, Captain, R.E.,
Secretary.

Messrs. Mackrell and Co.

Mr. Forster has sent a copy of the telegram to Sir Julius Vogel.

Enclosure 5 in No. 2.

Messrs. MACKRELL and Co. to Mr. FORSTER.

21, Cannon Street, 24th April, 1877.

DEAR SIR,—

New Postal Contract.

On receipt of your letter enclosing copy telegram from your Government, we wrote the sureties asking whether they would join in a new bond for the performance of the substituted service. We will at once have prepared the necessary supplementary contract, but, to enable us to complete it, we shall require to know the number of hours within which the altered service is to be performed, and the new terms of payment.

We assume that the new route is the Route C, and that the number of hours within which the service is to be performed will be those stated in the conditions issued to the public two years ago. The telegram is silent as to the subsidy, but in yesterday's *Times* it is stated that £40,000 is to be paid by your Government, and the £32,500 by the Government of New Zealand.

We have, &c.,

JOHN MACKRELL AND Co.

Mr. Forster.

Enclosure 6 in No. 2.

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

GENTLEMEN,—

3, Westminster Chambers, S.W., 24th April, 1877.

With reference to yours of to-day respecting modifications in mail contract, will you be good enough to suggest to Mr. Forster the terms of a telegram to Sydney, asking for the additional information which you think is required in order to complete the necessary instrument?

I have, &c.,

A. A. JOPP, R.E.,
Secretary.

Messrs. Mackrell and Co.

Enclosure 7 in No. 2.

Messrs. MACKRELL and Co. to Mr. FORSTER.

DEAR SIR,—

21, Cannon Street, E.C., 24th April, 1877.

On the other side we send you copy of a telegram which we suggest for your consideration you should send out. We have just received a telegram from the sureties assenting to the arrangement.

We have, &c.,

JOHN MACKRELL AND Co.

Mr. Forster.

“Are mails to be delivered within times mentioned in published conditions of 1875 for 11-knot service, Route C? What payments to be made by each colony?”

“The Agent-General for New South Wales.”

Enclosure 8 in No. 2.

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

21, Cannon Street, London, 24th April, 1877.

DEAR SIR JULIUS,—

Re Old Postal Contracts.

On the other side we send a copy of a letter we have to-day received from the Agent-General for New South Wales.

We do not know to whom to apply for payment, as we understood the offer was made in the colony. If we should apply to Mr. Cunningham, who is in America, we will instruct our agent in New York. Should we do so by cable or by letter?

We have, &c.,

JOHN MACKRELL AND Co.

The Agent-General for New Zealand.

Enclosure 9 in No. 2.

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

GENTLEMEN,—

3, Westminster Chambers, Victoria Street, S.W., 24th April, 1877.

The Agent-General has this morning received the following telegram, dated Sydney, 23rd instant, from the Chief Secretary:—

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

Will you therefore be good enough to take the necessary steps, in pursuance of the above instructions.

A copy of the telegram has been sent to Sir Julius Vogel.

I have, &c.,

Messrs. Mackrell and Co.

A. A. JOFF, Captain, R.E.,
Secretary.

Enclosure 10 in No. 2.

Messrs. MACKBELL and Co. to the Hon. Sir JULIUS VOGEL.

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

DEAR SIR JULIUS,—

Old Postal Contracts.

We have seen Mr. Lloyd, who is acting for the New South Wales Government in this matter, and we purpose to send to our agents, Messrs. Foster and Thomson, of New York, the following telegram, provided it meets with your approval:—

“Offer made in Sydney on behalf of Forbes and Cunningham to pay ten thousand pounds in settlement of all claims against them under both postal contracts. Colonial Governments authorize acceptance if paid immediately in gold. Try and settle. Remit through Barings. Telegraph result.”

We shall be glad to hear as early as possible whether you approve it or not.

We have, &c.,

The Agent-General for New Zealand.

JOHN MACKBELL AND Co.

Enclosure 11 in No. 2.

Messrs. MACKBELL and Co. to the Hon. Sir JULIUS VOGEL.

21, Cannon Street, London, E.C., 28th April, 1877.

DEAR SIR JULIUS,—

Mail Service.

As you are going to see Mr. Forster, we send for your information and guidance a note of the points which it seems to us must be provided for in the proposed new arrangement.

1. To give power to the Governments to settle a new time-table for the new temporary service, and bind the contractors to carry out the same as early as practicable.

2. To stipulate as to the number of boats to be employed for the service, and where a spare boat shall be located.

3. To define the route to be taken.

4. To define the number of hours within which the service is to be performed to each of the colonies, and the number of hours in excess, on account of which the deduction of £100 is to be made for the 10½ and 10-knot services. With reference to this, it should be stipulated how long the vessel should stop at Auckland, as otherwise the company may not give the colony a sufficient time for the convenience of passengers, &c.

5. To define the payments to be made by each colony.

6. To declare as to whether any bonus, as under the contract, is to be paid.

7. To relieve the contractor from the coast service in New Zealand.

8. To provide as to the mode in which the temporary arrangement may be determined, and the old service reverted to, and whether this may be done by the Government of one colony, or whether both are to consent.

The most convenient mode of giving notice would seem to be the settlement of a new time-table, and a notice to the contractors requiring them to carry it out as early as practicable.

The sureties will have to concur in the arrangement, and it would be as well to get them to sanction, as you suggest they should do, all that has hitherto been done.

We have, &c.,

The Agent-General for New Zealand.

JOHN MACKBELL AND Co.

No. 3.

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

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

3rd May, 1877.

SIR,—

In continuation of my letter of yesterday's date, I have the honor to enclose you a copy of a letter which I have received from Messrs. Mackrell and Co. on the eve of the closing of the mail, in which they report the progress made in regard to the settlement of the terms of the deed binding the assent of the sureties to the alterations made in the arrangements of the mail service.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

JULIUS VOGEL,
Agent-General.

Enclosure in No. 3.

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

21, Cannon Street, London, E.C., 2nd May, 1877.

DEAR SIR JULIUS,—

Mail Service.

We beg to report that, in accordance with the views expressed by yourself and Mr. Forster, the Agent-General for New South Wales, at the conference we had together on Monday last, we have had prepared a deed whereby the parties to the bond declare that all alterations may be made in the service which may be approved by the Postmasters-General of the two colonies by way of temporary arrangement.

We have been through the draft of this deed with Mr. Ure, one of the sureties, who does not see any objection to it, except that he wishes the temporary arrangement to be limited to the year 1877, as otherwise it might prejudicially affect his firm in their arrangements with the Pacific Mail Steamship Company. He has taken the draft to submit to his solicitor, which he wished to do before leaving London this afternoon, and we expect to-morrow to receive it back approved.

It will not, however, be possible to get the deed executed and sent out to-morrow, as the sureties are all resident in Scotland.

We will send the draft for your consideration before having it engrossed.

We have, &c.,

The Agent-General for New Zealand.

JOHN MACKRELL AND Co.

No. 4.

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

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

29th May, 1877.

SIR,—

I have the honor to forward you the copy of a letter received from Captain Jopp, enclosing a telegram received by the Agent-General for New South Wales, together with a letter from Mr. Mackrell relative to the same.

In the meanwhile, I had an interview with Mr. Forster, at which that gentleman asked me what I proposed should be done in reference to the telegram. In reply, I said that in my opinion it called for no action. It was an answer to the one he had hastily sent out previously, asking for information about points in the mail contract, which information became wholly unnecessary when it was decided that the sureties' deed of consent should be of a general nature. I reminded Mr. Forster that I had previously advised him to telegraph his Government telling them he did not require the information he had telegraphed for. I declined, therefore, taking any action about the telegram, and said I was quite satisfied with the deed as it was framed. Mr. Forster then consulted Mr. Mackrell, and Mr. Mackrell consulted counsel, and the result, as you will observe, is that the telegram does not necessitate any alteration in the deed.

I bring these facts before you because I think when it comes to a question of paying expenses you may fairly urge that Mr. Forster has incurred unnecessary expenditure. My previous anticipations are accurately fulfilled; all the expenditure connected with the first submission by Captain Jopp of the original telegram to Mr. Mackrell, counsel's first opinion thereon, the telegram to the colony, the first correspondence with Mr. Mackrell, and the reply from the colony, have been wholly unnecessary; besides that, it is probable the Governments were put to much trouble in considering the nature of the reply to be sent to Mr. Forster.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 4.

Captain JOPP, R.E., to the Hon. Sir J. VOGEL.

3, Westminster Chambers, Victoria Street, S.W., 24th May, 1877.

SIR,—

I am directed by Mr. Forster to forward, for your information, an extract from a telegram to him from the Chief Secretary of New South Wales, dated Sydney, 23rd instant, and received this morning, respecting the changes in the mail service.

A similar extract has been sent to Messrs. Mackrell and Co.

Mr. Forster will be happy to see you here at any time this morning that may be convenient to you, or, if possible, at any other time that you may name, to consider the instructions contained in the telegram.

I have, &c.,

A. A. JOPP, Captain, R.E.,

Secretary.

The Agent-General for New Zealand.

Enclosure 2 in No. 4.

Mr. PARKES to the AGENT-GENERAL, New South Wales.

Sydney, 3rd May, 1877.

(Telegram.)

HAVE now arranged with Gilchrist, pending decision regarding permanent modification of con-

tract. The service in future to be performed *via* Auckland, omitting Fiji. New Zealand arranged her own coastal services. Subsidy to be forty thousand from us, thirty-two thousand five hundred from New Zealand. In all other respects, contract to remain as before. Get deed executed securing assent of sureties to the above temporary arrangement. * * *

The Agent-General for New South Wales, London.

HENRY PARKES.

Enclosure 3 in No. 4.

Messrs. MACKRELL and Co. to the AGENT-GENERAL, New Zealand.

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

DEAR SIR JULIUS,—

Mail Service.

We yesterday received from the Agent-General for New South Wales a copy of a telegram he had received from his Government, which was as follows:—

“Have now arranged with Gilchrist pending decision regarding permanent modification of contract. The service is in future to be performed *via* Auckland, omitting Fiji. New Zealand arranged her own coastal services. Subsidy to be £40,000 from us, £32,500 from New Zealand. In all other respects contract to remain as before. Get deed executed securing assent of sureties to the above temporary arrangement.—HENRY PARKES.”

We afterwards received a letter from the Secretary, reporting the result of his conference with you, and asking us to advise, first, whether the instructions conveyed by the telegram are perfectly consistent with the deed now in preparation; and secondly, whether such instructions render necessary any alteration in the above deed or the preparation of another.

We therefore advised with Mr. Wood, who had settled the draft, and he has written his opinion as follows:—

“I think that the instructions conveyed by the telegram are perfectly consistent with the deed in preparation, and therefore that no alteration of it is necessary.”

Some delay has arisen in the settlement of the draft deed to be signed by the sureties, in consequence of their solicitor raising questions upon the revised draft. We were able, however, yesterday to agree to the draft with them.

The deed will be engrossed and handed to the solicitors for the sureties for execution in the course of to-day, but as it has to go to Glasgow and to Leith, some days may elapse before we get it back executed. Immediately we receive it back we will advise you, that you may telegraph your Government that it has been executed.

The Agent-General for New Zealand.

We have, &c.,

JOHN MACKRELL AND Co.

No. 5.

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

Sydney, 25th June, 1877.

SIR,—

Referring to your telegram to us dated 22nd March last, we have the honor to enclose copy of document signed under seal, conveying the assent of the sureties to the deviation from original contract.

The original document has been forwarded by us to 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.

Enclosure in No. 5.

SURETIES' ASSENT TO VARIATION OF ROUTE.

London, 17th April, 1877.

WE, John Elder and Co. and Donald Robert Macgregor, sureties for the Pacific Mail Steamship Company of New York, for the due performance by them of their contract with the Government of New South Wales and the Government of New Zealand for the conveyance of mails between these colonies and San Francisco, do hereby consent to the variation of the route, temporary or permanent, as has already been arranged, and that without in any way invalidating our suretyship.

We further agree to sign such documents as may be deemed necessary to carry out this arrangement.

In witness whereof we have hereto set our hands and seals, at London, this seventeenth day of April, eighteen hundred and seventy-seven, in the presence of these witnesses—John Bell, merchant, 5, East India Avenue, and John Robert Douthwaite, clerk, at same address.

(L.S.)
(L.S.)

JOHN ELDER AND Co.
DONALD R. MACGREGOR.

Witness to the signature of both parties—

JOHN BELL.
JOHN R. DOUTHWAITE.

No. 6.

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

GENTLEMEN,—

General Post Office, Wellington, 18th July, 1877.

I am directed to acknowledge the receipt of your communication of the 25th ultimo, enclosing copy of a document signed under seal, conveying the assent of the sureties for the Contractors for the San Francisco Mail Service to the deviation from the original contract.

I have, &c.,

W. GRAY,

Secretary.

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

No. 7.

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, 3rd May, 1877.

I have the honor to acknowledge the receipt of your despatch of the 9th of March, enclosing a memorandum, signed by Major Atkinson, on behalf of your Ministers, with reference to my despatch of the 20th of September last, on the subject of the Pacific Mail Service.

I have received with satisfaction the assurance conveyed in the memorandum that 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.

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

I have, &c.,

CARNARVON.

1877.
F. 4. Nos.
94 and 95.

No. 8.

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

SIR,—

General Post Office, Wellington, 7th May, 1877.

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 on account of 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. 9.

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

SIR,—

Sydney, 13th June, 1877.

With reference to your letter, dated the 7th ultimo, requesting that the amount due to your colony, on account of correspondence received and despatched by the San Francisco Mail Service by the non-contracting colonies, may be remitted to you in time to be included in the accounts of your department for the financial year ending the 30th instant, I am directed to inform you that a statement of account between the two colonies, showing a balance of £1,489 14s. 1d. due to New Zealand to the 31st December, 1876, has been duly forwarded to the Treasury, with a request that the balance may be remitted as you desire.

I am to add that nothing has yet been received by this department from the other colonies on account of March quarter, 1877, and to enclose a copy of statement referred to.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington.

Enclosure in No. 9.

STATEMENT of Account.—The Government of New Zealand in account with the Government of New South Wales.

	CR.	£	s.	d.	£	s.	d.
By one-half collection on correspondence conveyed by San Francisco mail steamers, on account of non-contracting colonies, 1874, to 31st December, 1876, as per statement					4,419	1	2
DR.							
June 1875.—To remittance	...	1,346	0	0			
July 1876.—To ditto	...	1,483	12	7			
To costs, counsel's fees, cablegrams, demurrage, &c., as per statement	...	99	14	6			
					2,929	7	1
Balance due to New Zealand				£1,489	14	1
E. & O. E.							

N. NIGHTINGALE,

Accountant.

General Post Office, Sydney, 8th June, 1877.

STATEMENT of Amounts received by New South Wales from Non-contracting Colonies, on account of Correspondence received and despatched by the San Francisco Mail Service to 31st December, 1876.

	£	s.	d.	£	s.	d.
1874.						
Victoria	1,443	2	3			
Queensland	531	18	8			
Tasmania	118	13	1			
South Australia, included in 1875						
Western Australia	19	4	8			
				2,112	18	8
1875.						
Victoria	1,805	7	10			
Queensland	578	18	3			
Tasmania	139	18	10			
South Australia	246	11	9			
Western Australia	24	12	10			
				2,795	9	6
1876.						
Victoria	2,562	6	1			
Queensland	748	7	3			
Tasmania	190	18	5			
South Australia	391	10	1			
Western Australia	36	12	4			
				3,929	14	2
Total				£8,838	2	4
One-half, New South Wales				4,419	1	2
One-half, New Zealand				4,419	1	2

N. NIGHTINGALE,

General Post Office, Sydney, N.S.W., 8th June, 1877.

Accountant.

The GOVERNMENT of NEW ZEALAND DE. to the GOVERNMENT of NEW SOUTH WALES.

	£	s.	d.
1875.			
March.—To costs counsel's opinion in <i>re</i> Hall and Forbes contract in August, 1874, £5 10s.; one-half	2	15	0
Sept.—To costs <i>re</i> San Francisco Mail Service, £5 10s.; one-half	2	15	0
Nov.—To amount paid Australasian Steam Navigation Company's cablegrams in connection with "Macgregor" bringing on mails for New Zealand and New South Wales from San Francisco; half cost	20	12	11
" To Gilchrist, Watt, and Co.: Cablegrams in connection with Pacific Mail Service; half cost	20	0	2
" To Australasian Steam Navigation Company's demurrage "City of Melbourne" at San Francisco, in March, 1875	53	11	5
	£99	14	6

N. NIGHTINGALE,

General Post Office, Sydney, 8th June, 1877.

Accountant.

No. 10.

Mr. EGAR to the UNDER TREASURER, New Zealand, Wellington.

SIR,—

The Treasury, New South Wales, 29th June, 1877.

I have the honor, by desire of the Colonial Treasurer, to hand you, enclosed herewith, a Bank draft in favour of the Hon. the Treasurer of New Zealand for the sum of £1,489 14s. 1d.

This remittance is made at the instance of the Post Office authorities, and in payment of the share of your colony of postages received upon mail matter despatched *via* San Francisco, on behalf of non-contracting colonies, to 31st December, 1876. I am advised that the explanatory accounts have been already forwarded to New Zealand by our Post Office.

The Under Treasurer, New Zealand, Wellington.

I have, &c.,

G. EGAR.

No. 11.

Mr. GRAY to the UNDER SECRETARY, Treasury, Sydney.

SIR,—

General Post Office, Wellington, 18th July, 1877.

I am directed to acknowledge the receipt of your communication of the 29th ultimo, addressed to the Under Treasurer, enclosing a bank draft for the sum of £1,489 14s. 1d., in payment of the

balance due to this colony on account of postages received upon mail matter despatched *via* San Francisco, on behalf of the non-contracting colonies, for the year ended 31st December, 1876, as per statement of accounts forwarded from the General Post Office, Sydney.

The Under Secretary, Treasury, Sydney.

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

No. 12.

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

SIR,—

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

I am directed to acknowledge the receipt of your communication of the 13th ultimo, in reply to mine of the 7th ultimo, enclosing a statement of account between the two colonies for the year ended 31st December last, showing a balance of £1,489 14s. 1d. to be due to this colony on correspondence received and despatched *via* San Francisco, by the non-contracting colonies, for the period in question, and intimating that the Treasury had been requested to forward a draft for the amount to this Government. The remittance, which was despatched from the Treasury under cover of a letter bearing date the 29th ultimo, only reached Wellington on the 9th instant, too late to be included in the accounts for the past financial year.

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

The Secretary, General Post Office, Sydney.

No. 13.

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

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

10th May, 1877.

SIR,—

In continuation of my letter of the 2nd instant, on the subject of the suit against Messrs. Cunningham and De Bussche, I have the honor to enclose, for the information of the Government, copies of a telegram received by Messrs. Mackrell on the 8th instant, and of their reply despatched on the following day, after conference with the Agent-General of New South Wales and myself.

No 2.

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

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 13.

Mr. FOSTER, New York, to Messrs. MACKRELL, London.

(Telegram.)

CUNNINGHAM will pay forthwith if de Bussche also released.

Tuesday.

(Telegram.)

Messrs. MACKRELL, London, to Mr. FOSTER, New York.

DE BUSSCHE discharged, except certain composition payable by instalments. Will hand over future dividends to Cunningham, retaining for expenses two hundred and eight pounds received.

No. 14.

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

7, Westminster Chambers, Westminster, S.W., 29th May, 1877.

SIR,—

In continuation of my letter of the 10th May, on the subject of the suit against Messrs. Cunningham and De Bussche, I have the honor to enclose, for the information of the Government, copies of further correspondence and telegrams connected with the settlement of the case.

Mr. Forster and I have jointly had two or three interviews with Mr. Mackrell on the subject.

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

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 14.

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

21, Cannon Street, London, 11th May, 1877.

DEAR SIR JULIUS,—

Old Postal Contracts.

We have to-day received from our agents in New York the following telegram:—

“Cable amount paid by De Bussche, and unpaid instalments.”

To which we have replied as follows:—

“De Bussche's debt 120,000, including 50,000 on bonds; composition, 7,500; 1,250 only paid; expect little more. Costs reduced first division.”

The Agent-General for New Zealand.

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

Enclosure 2 in No. 14.

Messrs. FOSTER and THOMSON to Messrs. MACKRELL and Co.

Office of Messrs. Foster and Thomson, Attorneys and Counsellors at Law,
69, Wall Street, New York, 4th May, 1877.

DEAR SIR,—

We enclose herewith copy letter received from Mr. Cunningham on 3rd instant.

We advised him that sixty-days' drafts would be accepted, and since then are without advice from Mr. Cunningham. We expect to hear from him to-morrow.

Messrs. Mackrell and Co., London.

We have, &c.,

FOSTER AND THOMSON.

Enclosure 3 in No. 14.

Mr. CUNNINGHAM to Messrs. FOSTER and THOMSON.

DEAR SIR,—

Boston, E. Milton, 1st May, 1877.

I have to-day your favour of the 30th, conveying the information that you are authorized by the Colonial Government to accept my offer of £10,000 sterling in settlement of their claim against Mr. Paul S. Forbes and me as his sponsor, provided the payment be made immediately, and the settlement to be without prejudice to the claims of the Governments against Messrs. Hall and De Bussche.

This negotiation has hitherto been carried on entirely in Sydney, and I am unprepared for the abrupt transfer to New York by any advices from my correspondent there. Merely as a matter of courtesy, I must telegraph to Sydney that the positive offer is now made here.

By immediate payment, I suppose sixty days' draft on London (the usual sight) to be meant.

Messrs. Foster and Thomson.

I have, &c.,

EDWARD CUNNINGHAM.

CUNNINGHAM settled. Get Colonial Governments to forward releases Forbes and Cunningham, and assignment De Bussche claim, to London forthwith.

To Mackrell, London.

Enclosure 4 in No. 14.

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

21, Cannon Street, London, 18th May, 1877.

DEAR SIR JULIUS,—

Mail Service.

We sent Messrs. Foster and Thomson, as arranged between yourself and Mr. Forster yesterday, the following message:—

"Release must be prepared here. Will give undertaking to get Postmaster's execution, or shall we cable for powers attorney to Agents-General? Have you the bills?"

To which we have received the following reply:—

"Cable for power. Bills remitted. Barings to deliver when release received. Will you please arrange with Mr. Forster for sending to Sydney and to Wellington the message agreed upon yesterday, or as you may think fit to vary it."

The message proposed to be sent is as follows:—

"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."

The Agent-General for New Zealand.

We have, &c.,

JOHN MACKRELL AND CO.

Enclosure 5 in No. 14.

Messrs. FORSTER and VOGEL to the SECRETARY, Sydney.

(Telegram.)

19th May, 1877.

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 Secretary, Sydney.

W. FORSTER.

J. VOGEL.

Enclosure 6 in No. 14.

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

DEAR SIR JULIUS,—

21, Cannon Street, London, 23rd May, 1877.

We subjoin copy of a letter we have received from our agents in New York.

We expect to hear daily that the bills are in the hands of Messrs. Barings, and we shall then know precisely the terms on which they are to be handed over.

We presume the Governments will forward the powers when executed, as well as advise their execution.

The Agent-General for New Zealand.

We have, &c.,

JOHN MACKRELL AND CO.

Enclosure 7 in No. 14.

Messrs. FOSTER and THOMSON to Messrs. MACKRELL and Co.

DEAR SIR,—

69, Wall Street, New York, 11th May, 1877.

Since our letter of the 4th we have received the following from Mr Cunningham:—

"E. Milton, 5th May, 1877.

"DEAR SIR,—I have heard by telegram from Sydney, and learn that I have not been committed to any change from the actual offer I made, which was the sum you mention, but which was to clear Mr. De Bussche as well as Mr. Forbes and me.

"I think it is clear that this is a just condition, for if Mr. De Bussche's estate remains liable, a claim through that channel will continue to hang over Mr. Forbes, greatly prejudicing any chance I may have of ever recovering anything from him on account of my payment.

"I therefore beg to say that I am prepared to carry out the offer which I made by letter to Sydney—viz., the payment of £10,000 on condition of relief from the penalties to Mr. Forbes and both sureties, Mr. De Bussche and myself.

"I have your note of yesterday, signifying that sixty-days' bills on London would be a satisfactory method of payment.

"Yours truly,

"Messrs. Foster and Thomson, New York."

"EDWARD CUNNINGHAM.

We cabled you on the 8th as follows:—

"Cunningham will pay forthwith if De Bussche also released."

And have your reply by cable of 9th May as follows:—

"De Bussche discharged, except certain composition payable by instalments. Will hand over future dividends to Cunningham, retaining for expenses £208 received."

We then cabled on same day:—

"Cable amount paid by De Bussche, and unpaid instalments."

And have to-day reply as follows:—

"De Bussche's debts, 120,000, including 50,000 on bonds; composition, 7,500; 1,250 only paid; expect little more. Costs reduced first division."

We understand this to mean that De Bussche has settled at 1s. 3d. in the pound, and paid 2½d.

That of £500 your proportion of first payment costs consumed all but £208, and that you wished to retain for expenses. And that De Bussche was already released by the composition.

We have, therefore, advised Mr. Cunningham that the Colonial Governments will transfer to him remaining claim against estate of De Bussche, less our expenses, and release him and Mr. Forbes on receiving £10,000 sterling. Mr. De Bussche being already released, we have made this proposition in the hope that Mr. Cunningham would pay our charges on the settlement. If he refuses to pay these charges and will accept proposition without them we will close. As we make the proposal, you retain all payments on De Bussche's composition already made.

We have, &c.,

Messrs. John Mackrell and Co., London.

FOSTER AND THOMSON.

Enclosure 8 in No. 14.

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

21, Cannon Street, London, 28th May, 1877.

DEAR SIR JULIUS,—

Old Postal Contracts.

We send herewith copy of a letter we have received to-day from our agents in New York.

We are having the necessary release prepared, to be executed so soon as you receive advices of the power of attorney having been executed by the Postmaster-General.

We do not apprehend that the further moneys received from Mr. De Bussche will be sufficient to pay the costs of our agents in New York, the amount of which has rather surprised us. We presume that you will have to provide for payment of this sum out of the £10,000.

We have, &c.,

The Agent-General for New Zealand.

JOHN MACKRELL AND Co.

Enclosure 9 in No. 14.

Messrs. FOSTER and THOMSON to Messrs. MACKRELL and Co.

DEAR SIR,—

69, Wall Street, New York, 15th May, 1877.

We have this morning received the following from Mr. Cunningham:—

"Boston, 14th May, 1877.

"DEAR SIR,—Your favour of 11th May reached me on the 12th, in the country, too late to reply that day either by letter or telegram. I accept the release as now made, you (the Colonial Governments) transferring to me the balance of the amount due from Mr. De Bussche under his composition after the Governments have collected the expenses of litigation and settlements from him, estimated at some £200, and understanding that Mr. De Bussche has been released from all further claims by his composition.

"This settlement to release Mr. Forbes and me from all claims by the two Governments, on account of the penalties under the contract.

"Will you be good enough to see Mr. S. L. M. Barlow, my counsel, and arrange the necessary papers with him,

" I suppose Mr. De Bussche's settlement is on a claim of £25,000. Will you please inform me if it is so ?

" Messrs. Foster and Thomson."

" I have, &c.,

EDWARD CUNNINGHAM.

And have cabled you this morning as follows :—

" Cunningham settled. Get Colonial Governments to forward releases to Forbes and Cunningham, and assignment De Bussche claim, to London forthwith."

The terms are that you retain amount already paid under De Bussche's composition out of the next payment, retain £200 sterling for our charge, and transfer all the remaining instalments, subject to the payment to us of £200, to Mr. Cunningham and Mr. Forbes.

As Mr. Cunningham requires release from the Colonial Governments, we cabled you this morning to procure them forthwith, and have them sent to London.

Mr. Cunningham declines to pay over the money until he receives releases, but will send drafts to Messrs. Baring Brothers and Co., on themselves, at sixty days', who will deliver their acceptance for £10,000 sterling, or pay over the money in exchange for the releases and the assignment of the claim against De Bussche.

These papers should arrive in London about the date of the maturity of the bill of exchange on Barings.

We expect to receive, and forward by steamer of 19th, copies of instructions to Messrs. Baring from Mr. Cunningham.

We have, &c.,

Messrs. Mackrell and Co., London.

FOSTER AND THOMSON.

No. 15.

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

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

10th May, 1877,

SIR,—

1877.
F. 4. No. 168.

In continuation of my letter of 4th April, on the subject of the day of despatch of the New Zealand mail from London, I have the honor to inform you that, having learned that Messrs. Inman would not have a steamer available for carrying the New Zealand mails, which should be made up in London on the 31st May, I waited on the Secretary of the General Post Office, and was gratified to learn that arrangements had been already made by the Postmaster-General with the White Star line, for the performance of that particular service. I at once informed the Agent-General for New South Wales and the agents for the Pacific Company.

I understand that, owing to the reduced Atlantic trade, the principal steam companies have entered into a species of agreement not to run their boats more frequently than a certain number of specified times in a period of so many weeks. It is, I believe, owing to this that the Inman Company has not a boat on Thursday, the 31st May. I gathered from Mr. Tilley that when the Inman Company has not a boat on Thursday for our mails, the White Star Company, in all probability, will do the service. This points to a settled arrangement, although it depends more on an understanding than a contract.

I bring the matter before you, as you will be glad to find that the Post Office is making exertions to continue to send the San Francisco mails for the colonies by fast boats on Thursdays.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Postmaster-General, Wellington.

Enclosure 1 in No. 15.

Sir J. VOGEL to the AGENT-GENERAL, New South Wales.

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

7th May, 1877.

SIR,—

As I was informed that Messrs. Inman and Co. did not propose to run a steamer which would be available for carrying our mails on the 31st May, I lost no time in calling on Mr. Tilley, at the Post Office, to ascertain what course it was proposed to adopt. I learnt with pleasure that the Post Office had already communicated with the White Star line, and that that Company have agreed to perform the service. I do myself the honor to give you the information, as I think you will be pleased, not only to know that the next mail is duly provided for, but also to receive this evidence of the desire of the Post Office to keep up communication by a Thursday fast boat.

I have, &c.,

The Agent-General for New South Wales,
3, Westminster Chambers.

JULIUS VOGEL,

Agent-General for New Zealand.

Enclosure 2 in No. 15.

Sir J. VOGEL to MESSRS. LAWRENCE, CLARK, and Co.

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

7th May, 1877.

GENTLEMEN,—

I have much pleasure in informing you that I have this day seen Mr. Tilley, and learned

from him that the Post Office have arranged for the despatch of the New Zealand and New South Wales mails on the 31st instant, by a steamer of the White Star line.

Messrs. Lawrence, Clark, and Co.,
Windsor Chambers, Great St. Helens, E.C.

I have, &c.,
JULIUS VOGEL,
Agent-General for New Zealand.

Enclosure 3 in No. 15.

Mr. FORSTER to Sir JULIUS VOGEL.

London, 3, Westminster Chambers, Victoria Street, S.W.,
8th May, 1877.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 7th instant, intimating that as the Inman Company did not propose to run a steamer which would be available for carrying our outward San Francisco mails on the 31st instant, the Post Office authorities had arranged with the White Star line to perform the service.

In thanking you for communicating this information to me, I am happy to be able to express my gratification at this evidence of the desire of the Imperial Post Office to forward the colonial mails by a Thursday fast-boat.

The Agent-General for New Zealand.

I have, &c.,
WILLIAM FORSTER.

No. 16.

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

SIR,—

General Post Office, Wellington, 23rd June, 1877.

I do myself the honor to acknowledge the receipt of your letter of the 4th April last, having further reference to the arrangements for the carriage of the colonial mails across the Atlantic. I am pleased to learn that the representations made by you to the Imperial Government, in conjunction with the Agent-General for New South Wales, have been the means of inducing the Imperial Postal authorities to revert to the original day of departure for the Australian and New Zealand mails, and to forward the mails by fast steamers, if only as a temporary measure. 1877.
I am F. 4. No. 168.

I trust to learn at a future date that you have succeeded in placing this matter on a permanent and satisfactory footing.

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

I have, &c.,
G. McLEAN.

No. 17.

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

SIR,—

Sydney, 26th June, 1877.

We have the honor to acknowledge receipt of your letter of 7th June, intimating that the subsidy of the "City of Sydney" (for voyage ending 31st May) had been passed for payment, and we await your further advice. Not published

We have, &c.,
GILCHRIST, WATT, AND CO.,
General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 18.

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

GENTLEMEN,—

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

I am directed to acknowledge the receipt of your communication of the 26th ultimo, in reply to mine of the 7th, with reference to the payment of subsidy for the last outward voyage of the "City of Sydney." I now beg to forward a statement of the several sums, amounting in all to £5,000, which have been lodged to your credit with the Bank of New Zealand, Wellington, since the 11th of last month. The payments in question would, in the ordinary course, have been advised to you on the day of lodgment, but for an omission on the part of the Treasury to send the usual note of advice to this office.

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

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

Enclosure in No. 18.

SCHEDULE of the 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, on account of the San Francisco Mail Service, from the 11th June to the 2nd July, 1877.

Date.	Service.	Amount.
June 11	San Francisco to Auckland, s.s. "City of New York," from 25th April to 19th May, 1877	£ 1,250 s. 0 d. 0
"	Auckland to San Francisco, s.s. "City of Sydney," from 9th May to 31st May, 1877	1,250 0 0
July 2	San Francisco to Auckland, s.s. "Zealandia," from 23rd May to 16th June, 1877	1,250 0 0
"	Auckland to San Francisco, s.s. "Australia," from 6th June to 28th June, 1877	1,250 0 0
		£5,000 0 0

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

W. GRAY,
Secretary.

No. 19.

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

SIR,—

7, Westminster Chambers, London, 6th June, 1877.

I have the honor to forward to you copy of the deed signed by the mail service sureties; also of a letter from Messrs. Mackrell and Co., notifying the execution of the deed by the sureties; and copy also of so much of a telegram forwarded by me to the Premier as relates to this subject.

I thought it desirable to telegraph direct to the Government instead of jointly with the Agent-General for New South Wales, to Sydney, because I desired to draw the especial attention of the Government to my letter of 2nd May last. If I had sent a special telegram relating to this letter, and jointly sent the rest of the message, I should not have effected any saving; therefore I telegraphed the whole direct.

I should add that Mr. Mackrell thinks that great care should be exercised in making the alteration in the contract.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 19.

MESSRS. MACKRELL and Co. to the AGENT-GENERAL for New Zealand.

21, Cannon Street, London, 6th June, 1877.

DEAR SIR JULIUS,—

Mail Service.

We have now to report that the necessary deed of declaration to enable your Government and the Government of New South Wales to make temporary arrangements for the carriage of the mails from Sydney *via* Auckland and San Francisco and *vice versa*, instead of by the routes stipulated for in the contracts, and in different times and at different rates of payment, has been executed in duplicate by the sureties, and the deed has gone to New York to be executed by the Pacific Mail Steamship Company. The execution by the Company is not, however, necessary to make the deed effective against the sureties.

We send a copy of the deed, and have instructed our agents in New York to forward one original of the deed to the Postmaster-General of your colony when executed by the Company.

We have, &c.,

JOHN MACKRELL AND Co.

Sub-Enclosure to Enclosure in No. 19.

To all to whom these presents shall come, we, the Pacific Mail Steamship Company of New York, in the United States of America, John Francis Ure, John Lennox Kincaid Jamieson, and William Pearce, of Glasgow, in Scotland, engineers and shipbuilders, trading under the style or firm of John Elder and Co., and Donald Robert Macgregor, of Leith, in Scotland, shipowner and M.P., send greeting. Whereas by a bond or obligation dated the 23rd day of July, 1875, and sealed with the common seal of us, the said Pacific Mail Steamship Company, and with the respective seals of us, the said John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor, we, the said Pacific Mail Steamship Company, John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor, acknowledge ourselves to be jointly and severally held and firmly bound to the Honorable John Fitzgerald Burns, the Postmaster-General of the Colony of New South Wales, as such Postmaster-General, and acting for and on behalf of the Government of such colony, and to

the Honorable Sir Julius Vogel, as Knight Commander of the Most Distinguished Order of St. Michael and St. George, the Postmaster-General of the Colony of New Zealand, as such Postmaster-General, and acting for and on behalf of the Government of such colony, in the sum of £25,000 of lawful money of the United Kingdom of Great Britain and Ireland, to be paid to the said John Fitzgerald Burns and Sir Julius Vogel, and their successors in their respective offices of Postmaster-General of the said Colony of New South Wales, and Postmaster-General of the said Colony of New Zealand, which said bond or obligation, after reciting certain articles of agreement made and entered into on the 23rd day of July, 1875, between the said John Fitzgerald Burns, as Postmaster-General of and acting for and on behalf of the Government of the said Colony of New South Wales, of the first part, the said Sir Julius Vogel, as Postmaster-General of and acting for and on behalf of the Government of the said Colony of New Zealand, of the second part, and the above bounden Pacific Mail Steamship Company, of the third part, relating to and providing for the conveyance, by the said Pacific Mail Steamship Company, during the period of eight years, to be computed from the 15th day of November, 1875, of Her Majesty's Mails and all other mails of whatever country or place which the Postmaster-General or either of them should at any time or from time to time require the said Pacific Mail Steamship Company to convey between Sydney and San Francisco, and between San Francisco and Sydney, and between New Zealand and San Francisco, and between San Francisco and New Zealand, and from and to all and every or any of these ports, to and from the ports of Honolulu in the Sandwich Islands, and Kandavau in the Fiji Islands, according to the routes within the respective times and in manner in the said articles of agreement provided, is subject to a certain condition thereunder written, by which it is declared that if in case the said Pacific Mail Steamship Company, while the whole or any part of the services of the said articles of agreement in the said bond or obligation recited, agreed to be performed, or to be performed, shall not provide, or in any case having provided they shall not keep seaworthy and in complete repair and readiness for the purpose of conveying for a period of eight years, to be computed from the 15th day of November, 1875, all Her Majesty's mails which and all other mails which the Postmaster-General for the time being of the Colony of New South Wales, and the Postmaster-General for the time being of the Colony of New Zealand or either of them shall at any time or from time to time require the said Pacific Mail Steamship Company to convey between Sydney and San Francisco, and between San Francisco and Sydney, and between New Zealand and San Francisco, and between San Francisco and New Zealand, and from and to all and every or any of those ports to and from the said ports of Honolulu and Kandavau, a sufficient number of and not less than five good, substantial, and efficient screw steam vessels of the first class, and fully equal to class 100, A1, Lloyd's Register, and of not less gross registered tonnage than 2,500 tons each, constructed of iron and propelled by first-rate engines of adequate power for a minimum continuous speed of eleven nautical miles per hour, or in case any vessels shall be employed in the said service which shall not have been approved by the Postmasters-General or an officer or officers appointed by them for the purpose, or in case any vessel which on any such survey as mentioned in the said articles of agreement recited in the said bond or obligation shall have been disapproved of, or in which such deficiency or defect as in the said recited articles in the said bond or obligation mentioned shall have appeared, shall be employed in the conveyance of mails before such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General or officer requiring the same, the said Pacific Mail Steamship Company, John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor, or some or one of them, or the successors, executors, or administrators of some or one of them, do and shall in any or either of the said cases pay unto the said Postmasters-General of the said colonies the sum of £25,000 as and for liquidated damages, then the said bond or obligation now in recital shall be void: And whereas with the assent of us the said John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor, Her Majesty's and other mails have (for a portion of the said period of eight years in the said condition of the said bond or obligation mentioned) been conveyed by the said Pacific Mail Steamship Company between the said Colonies of New South Wales and New Zealand and San Francisco, and between San Francisco and the said colonies, by other routes and within other times and at other rates of payment than those in the said articles of agreement mentioned: And whereas negotiations have been commenced and are still proceeding between the Postmasters-General and the said Pacific Mail Steamship Company for a permanent alteration of the routes by which the times within which and the rates of payment at which Her Majesty's and other mails should according to the terms of the said articles of agreement be conveyed between the said colonies and San Francisco, and between San Francisco and the said colonies, and to enable a temporary arrangement or temporary arrangements to the like effect to be made, the said Company have requested permission from the present Postmasters-General of the said colonies respectively to continue to convey during the remainder of the present year and (but only as hereinafter mentioned) during the year 1878 Her Majesty's and other mails between the said colonies and San Francisco, and between San Francisco and the said colonies, by routes and within times and at rates of payment other than the routes, times, and rates of payment in the said articles of agreement mentioned, which permission the said Postmasters-General are disposed to grant if we, the said John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor will testify by executing these presents our assent to the variations which have already been made, and to those which, during the remainder of the present year, 1877, and (but only as hereinafter mentioned) during the year 1878 shall or may be made in pursuance of such temporary arrangement or arrangements from the routes, times, and rates of payment in the said articles of agreement mentioned: Now these presents witness that notwithstanding that Her Majesty's and other mails which the Postmasters-General of the said colonies respectively, or either of them, have required or may require the said Pacific Mail Steamship Company to convey between the said colonies and San Francisco, and between San Francisco and the said colonies, have already, or may during the remainder of the present year 1877, or during the year 1878 (but as regards the year 1878 in so far only as such mails shall be conveyed during the completion of any voyage or voyages commenced in the present year) be conveyed by routes and within times and at rates of payment other than those in the said articles of

agreement mentioned, we, the Pacific Mail Steamship Company, John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor, still are and will continue to be jointly and severally held and firmly bound in the said sum of £25,000 in the said bond or obligation mentioned, in the same manner in all respects as we should be if such mails had been or should continue to be conveyed according to the routes, within the times, and at the rates of payment in the said articles of agreement mentioned; and we declare that if during the remainder of the present year, or during the year 1878, while the said mails shall be conveyed during the completion of any voyage or voyages commenced in the present year, the mails shall be conveyed by routes other than those in the said articles of agreement mentioned, the said condition written under the said bond or obligation shall, if it be necessary so to do, be read and have the same force and effect as if during the period when the mails shall be conveyed by such other routes the words in the said condition "between Sydney and San Francisco, and between San Francisco and Sydney, and between New Zealand and San Francisco, and between San Francisco and New Zealand, and from and to all and every or any of those ports, to and from the said ports of Honolulu and Kandavu" were not contained therein, and as if the following words, "between Sydney and San Francisco by way of Auckland or any port in New Zealand which may from time to time be appointed by the Postmaster-General for the time being, or either of them, and assented to or adopted by the said Pacific Mail Steamship Company, and between San Francisco and Sydney by way of Auckland or any port in New Zealand which may be so appointed and assented to or adopted as last aforesaid," were inserted in lieu thereof. And we do further declare that if the negotiations hereinbefore mentioned shall be without result, and no agreement for a permanent alteration of the routes by which, the times within which, and the rates of payment at which the said mails should according to the terms of the said articles of agreement be conveyed, shall be arrived at, the said bond or obligation shall notwithstanding remain in full force and effect, and the said condition thereunder written shall (after the said mails shall have ceased to be conveyed by routes other than those in the said articles of agreement mentioned) cease to be read as if certain words were not contained therein, and as if certain other words were inserted in lieu thereof as hereinbefore provided for. In witness whereof the said Pacific Mail Steamship Company have hereunto caused their common seal to be affixed, and the said John Francis Ure, John Lennox Kincaid Jamieson, William Pearce, and Donald Robert Macgregor have hereunto set their hands and seals the 25th day of May, 1877.

(L.S.)

JOHN F. URE.

(L.S.)

JOHN L. K. JAMIESON.

(L.S.)

WM. PEARCE.

(L.S.)

DONALD R. MACGREGOR.

Signed, sealed, and delivered by the within-named
John Francis Ure, John Lennox Kincaid
Jamieson, and William Pearce, in the presence
of—

JOHN MILNE,

Accountant, with John Elder and Co., Fairfield, Govan, Glasgow.

Signed, sealed, and delivered by the within-named
Donald Robert Macgregor, in the presence
of—

JOHN MILNE,

Witness, accountant, with John Elder and Co., Fairfield, Govan, Glasgow.

Enclosure 2 in No. 19.

EXTRACT FROM TELEGRAM sent on 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, 2nd May, 404. * * *

No. 20.

The Hon. G. McLEAN to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 9th August, 1877.

I have the honor to acknowledge the receipt of your communication of the 6th June last, enclosing a copy of the deed signed by the sureties of the contractors for the modified San Francisco Mail Service, together with a copy of other correspondence relative thereto.

I have, &c.,

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

GEO. McLEAN.

No. 21.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
19th July, 1877.

SIR,—

In continuation of my letter of 6th June, I have the honor to forward for your information

a copy of a letter which I have received from Messrs. Mackrell and Co., enclosing one received by *Vide* No. 19. them from their New York agents, concerning the Pacific Mail contract.

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

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 21.

Messrs. J. MACKRELL and Co. to the AGENT-GENERAL for New Zealand, London.
21, Cannon Street, London, 13th July, 1877.

DEAR SIR JULIUS,— *Pacific Mail Contract.*

Enclosed we beg to send you copy of a letter we have received from our agents in New York, Messrs. Foster and Thomson, under date of June 28th.

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

The Agent-General for New Zealand.

Sub-Enclosure to Enclosure in No. 21.

Messrs. FOSTER and THOMSON to Messrs J. MACKRELL and Co., London.

GENTLEMEN,— 69, Wall Street, New York, 28th June, 1877:

The agreements have not yet gone forward. Immediately upon their receipt by us we sent them to the office of the Pacific Mail Company, and gave them to the President for execution. He said he would exhibit them to the counsel of the Company. Since then our messenger has gone several times (including to-day), but has not been yet able to obtain the execution.

We are, &c.,
FOSTER AND THOMSON.

Messrs. John Mackrell and Co., London.

No. 22.

The Hon. GEORGE McLEAN to the AGENT-GENERAL.

SIR,— General Post Office, Wellington, 20th September, 1877.

I have the honor to acknowledge the receipt of your communication of the 19th July last, forwarding copy of a letter which you had received from Messrs. Mackrell and Co., together with a copy of an enclosure thereto, relative to the Pacific Mail Contract.

I have, &c.,
GEORGE McLEAN.

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

No. 23.

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

7, Westminster Chambers, Victoria Street, Westminster, S. W.,
24th July, 1877.

SIR,— I have the honor to acknowledge the receipt of your letter of 2nd June, enclosing further *Vide* No. 150. correspondence relating to the San Francisco Mail Service. F. 4.

I am glad you have sent it to me; and, considering the questions that constantly arise here in relation to the service, I venture to suggest that you continue, till the service is finally arranged, to send me copies of all the correspondence on the subject.

I have already written you so fully on the matter that it is unnecessary to add more at present. I notice that some of the difficulties I pointed out have presented themselves to your mind. Your proposal to share the bonuses and penalties with the New South Wales Government, if accepted, will make that Government ready to aid you in the important point to which I before have called your attention concerning the relative times to Auckland and Sydney.

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

The Hon. the Postmaster-General, Wellington.

No. 24.

The Hon. GEORGE McLEAN to the AGENT-GENERAL.

SIR,— General Post Office, Wellington, 20th September, 1877.

I have the honor to acknowledge the receipt of your communication of the 24th July, and am pleased to learn that the printed correspondence relating to the San Francisco Mail Service, forwarded to you in June last, proved so acceptable.

I have, &c.,
GEORGE McLEAN.

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

No. 25.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
26th July, 1877.

SIR,—

Vide No. 34,
F.—4.

I have the honor to acknowledge the receipt of your letter enclosing power of attorney to enable me to give a release to Cunningham and others on payment of the agreed commutation. I am not able to particularize your letter, as immediately on its receipt I took it to Mr. Mackrell to consult him about it, and left it in his hands. I was, of course, anxious to get the money without delay, but I regret to say that, owing to the power of attorney from the Government of New South Wales not having arrived, the money cannot yet be obtained. I hope the document from New South Wales will shortly arrive.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Postmaster-General, Wellington.

No. 26.

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

(Telegram.)

Wellington, 11th September, 1877.

ON what date did you send Agent-General power of attorney re Cunningham compromise? It had not reached London July 26.

The Postmaster-General, Sydney.

GEORGE McLEAN.

No. 27.

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

(Telegram.)

Sydney, 12th September, 1877.

ON twenty-ninth June power of attorney was sent from Sydney.

The Postmaster-General, Wellington.

POSTMASTER-GENERAL,
Sydney.

No. 28.

Mr. GRAY to the CHIEF POSTMASTER, Auckland.

(Telegram.)

Wellington, 13th August, 1877.

PLEASE inquire inform me why "Australia" did not call at Honolulu.

The Chief Postmaster, Auckland.

W. GRAY.

No. 29.

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

SIR,—

Chief Post Office, Auckland, 13th August, 1877.

Adverting to your telegram of this day's date with reference to the reason why the mail steamer "Australia" did not call at Honolulu on her last voyage from San Francisco to Auckland, I have now the honor to forward to you the enclosed letter from Messrs. Owen and Graham, explaining the cause.

I have, &c.,

S. B. BISS,
Chief Postmaster.

The Secretary, General Post Office, Wellington.

Enclosure in No. 29.

Messrs. OWEN and GRAHAM to the CHIEF POSTMASTER, Auckland.

DEAR SIR,—

Auckland, 13th August, 1877.

In reply to your memorandum I beg to advise you, in terms of the Pacific Mail Company's Agents, the reasons why the s.s. "Australia" omitted to call at Honolulu.

Letter under date of 18th July reads as follows:—

"We send the steamer 'Australia' to-day with orders to sail direct for the port of Auckland, omitting Honolulu.

"The Hawaiian Legislature at their session of 1876 appropriated the sum of \$20,000 for the encouragement of steam communication with the Islands. That was intended by the Legislature to be paid to this Company. A Committee was appointed, with discretionary powers, to disburse this money. As we regard this matter, this Committee, instead of obeying the well-understood desire of the framers of the law, and paying the amount to us, has seen fit to decline to do so unless we establish another line

of monthly steamers to touch at Honolulu at dates intermediate between the calls of the present Australian steamers, thus giving them two steamers per month for the magnificent subsidy of \$10,000 per annum.

"This explanation will convey to you our reason for depriving our Island friends temporarily of mail accomodation, which has, through the regularity of our ships, become a necessity to them; also, will show what we design accomplishing thereby.

"The steamers inwards will continue to call at Honolulu, but, until the gentlemen of the Committee are willing to do us justice, we will leave the Island mails outward to be sent by other carriers.

"We beg the favour of you to make known to your Government that our sole object in going by the Port of Honolulu is to obtain what we conceive to be simple justice; at the same time be pleased to assure your postal authorities that in so doing it has not been our intention to injure in any manner the interests of a single citizen of New Zealand or Australia, or omit the full discharge and faithful compliance with a single duty which devolves on us as mail contractors with the great British colonies."

I think I am also at liberty to mention that the difficulty herein referred to has been removed. The General Manager of the Mail Company who arrived here by the "City of Sydney" made such arrangements with the Government at Honolulu that a vessel was despatched to San Francisco instructing the Agents to permit the s.s. "Australia" to call, and I presume by her not calling that the vessel could not have arrived in San Francisco in time.

S. B. Biss, Esq.,
Chief Postmaster, Auckland.

I have, &c.,
G. B. OWEN, of OWEN and GRAHAM.

No. 30.

Mr. GRAY to the CHIEF POSTMASTER, Auckland.

SIR,—

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

I have to acknowledge the receipt of your communication of the 13th instant enclosing a letter from Messrs. Owen and Graham, agents at Auckland for the contractors for the San Francisco Mail Service, in explanation of the s.s. "Australia" having been despatched from San Francisco for Auckland direct on her last downward voyage.

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

The Chief Postmaster, Auckland.

No. 31.

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

SIR,—

Sydney, 31st July, 1877.

I am directed to transmit herewith copies of recent correspondence between this department and Messrs. Gilchrist, Watt, and Co., the agents in Sydney for the San Francisco Mail Contract, having reference to the omission of Honolulu from the route between this colony and San Francisco.

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

The Secretary, General Post Office, Wellington.

Enclosure 1 in No. 31.

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

SIR,—

Sydney, 21st July, 1877.

We have the honor to advise the receipt of the following cablegram from the Pacific Mail Steamship Company:—

"San Francisco.—Trinidad, omitting Honolulu;" which, by the code, means that the mail steamer "Australia" left San Francisco for Sydney on the 18th instant (table date), and will *not* call at Honolulu.

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

The Hon. the Postmaster-General, Sydney.

Enclosure 2 in No. 31.

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

GENTLEMEN,—

General Post Office, Sydney, 25th July, 1877.

I am directed to acknowledge the receipt of your letter, dated the 21st instant, stating that you have received the following cablegram from the Pacific Mail Steamship Company:—

"San Francisco.—Trinidad, omitting Honolulu;" which, by the code, means that the mail steamer 'Australia' left San Francisco for Sydney on the 18th instant (table date), and will *not* call at Honolulu;" and in reply I am to inform you that the contract provides that mails shall be conveyed by way of Honolulu, and therefore not calling at that port is a breach of the contract.

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

Messrs. Gilchrist, Watt, and Co.,
General Agents for Contractors, San Francisco Mail Service, Sydney.

Enclosure 3 in No. 31.

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

SIR,—

Sydney, 25th July, 1877.

We have the honor to acknowledge receipt of your letter of to-day's date, and to hand you,—

1. Copy of letter dated 5th September, 1876, New York, from the Pacific Mail Steam Shipping Company, which we previously embodied in our letter to you of 21st October, 1876, and to which we are as yet without any formal reply.

2. Copy of telegram received 26th November, 1876, by us from the Pacific Mail Steam Shipping Company, as follows:—"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"—upon which frequent negotiations took place between the late Cabinet and ourselves, and permission was verbally granted to us by the late Colonial Secretary to make calling at Honolulu optional with the contractors.

3. Our telegram of 1st December—"This Government insisting Bay Islands, has addressed New Zealand, expressing willingness pay contractors forty thousand for their share Bay Islands route if New Zealand will pay thirty-five thousand, latter colony bearing coastal service. Calling Honolulu optional. No prospect change until Parliament meets and confirms proposed change. Should this colony and New Zealand disagree, at what rate may we offer run direct service Frisco Sydney for this colony alone. Answer"—was therefore despatched to the Pacific Mail Company.

In further confirmation of the above we beg to refer you to copies of telegrams handed to us by the Colonial Secretary's Department, and more especially to one dated 30th October, 1876, from the Colonial Secretary, New South Wales, to Postmaster-General, New Zealand, being the basis of the present modified contract, and reading as follows:—

"We are willing to submit to our Parliament the following, which Gilchrist thinks Company might accept. Frisco Honolulu option of Company, Bay Islands, Sydney, and back," &c., &c.

4. You will also see from the enclosed letter, dated 15th November, 1876, that the New Zealand Government were equally willing that Honolulu should be excised from the contract.

The calling at Honolulu will now, however, be resumed.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Sydney.

No. 32.

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

SIR,—

General Post Office, Wellington, 23rd August, 1877.

I am directed to acknowledge the receipt of your communication of 31st ultimo, enclosing copy of recent correspondence between your department and Messrs. Gilchrist, Watt, and Co., the agents in Sydney for the San Francisco Mail Service, having reference to the omission of Honolulu as a port of call for the San Francisco mail steamers.

I have, &c.,

W. GRAY,

Secretary.

The Secretary, General Post Office, Sydney.

No. 33.

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

SIR,—

San Francisco, 18th July, 1877.

I have the honor to inform you that the out-going steamer "Australia" will not call at Honolulu. My attention was directed to the fact to-day by the Postmaster of San Francisco, and I lost no time in calling upon the agents at the Pacific Dock. I saw their confidential clerk, who assured me that the contractors had the consent of the contracting Governments, postal authorities, &c. I expressed surprise, not having been apprised of such modification of contract by you, and intimated that I would place the matter on record, leaving the deviation from contract entirely at the responsibility of the mail contractors, subject to such action as the New Zealand Government might subsequently take. Accordingly I wrote the subjoined letter. I may mention that I did so without consulting the Mail Agent, whom I did not happen to see. I also attach copies of correspondence between the Postmaster of San Francisco and the Agents of the Pacific Mail Company, for your further information. As the Hawaiian steamer built here will sail for Honolulu in about a week, an opportunity will occur for forwarding the mail now in San Francisco.

W. Gray, Esq., Secretary,

General Post Office, Wellington.

I have, &c.,

ROBT. J. CREIGHTON.

Enclosure 1 in No. 33.

Mr. CREIGHTON to Messrs. WILLIAMS and BLANCHARD.

GENTLEMEN,—

San Francisco, 17th July, 1877.

It having been intimated to me by the Postmaster of San Francisco that the contract mail steamer "Australia," sailing on the 18th, will not call at Honolulu and deliver the British

and American mail for that place now in this city, I have the honor to invite your attention to clause 2 of the contract for mail service between San Francisco and the Colonies of New Zealand and New South Wales of date 23rd July, 1875, which requires that the contractors "shall from time to time and at all times during the period of eight years," from November 15, 1875, "convey all Her Majesty's and all other mails of whatever country or place" to, amongst other ports specified, "the Port of Honolulu, in the Sandwich Islands"; also, to clause 5 of said contract, which provides that "the mail route shall be by way of Honolulu," &c.

You will be good enough to inform me whether you have authority from my Government to order the mail steamer as aforesaid not to call at Honolulu on her outward trip, thereby delaying delivery at that port of Her Majesty's mail and the United States mail now at the Post Office, San Francisco, for an indefinite period, as I have not been informed of a modification of the contract to that effect by the Postmaster-General of New Zealand, although I have been apprised of its modification by the omission of Kandavau as a port of call, and discontinuance of the New Zealand Coastal Service. You will also be good enough to inform me whether such avoidance of Honolulu will be permanent or only for this occasion.

I need hardly indicate to you the serious inconvenience which may arise to Her Majesty's subjects having business relations with the Sandwich Islands through this determination on your part, not to speak of the interruption to the business intercourse of this city with Hawaii, which is very considerable, and which my Government, in its desire to promote intimate business relations with the United States, is anxious to facilitate.

Meantime, it is my duty to inform you that any departure from the express terms of the contract in this particular is done solely at the risk of the contractors, and subject to such subsequent action as the New Zealand Government may deem proper to take.

Your reply in time to forward to the New Zealand Government will be esteemed a favour.

I have, &c.,

Messrs. Williams and Blanchard,
Agents, Pacific Mail Company, San Francisco.

ROBT. J. CREIGHTON,
Resident Agent, New Zealand Post Office.

Enclosure 2 in No. 33.

Mr. COEY to MESSRS. WILLIAMS, BLANCHARD, and Co.

GENTLEMEN,—

Post Office, San Francisco, 16th July, 1877.

Will you please inform me whether the steamer "Australia," to sail from here on Wednesday next for New Zealand and Australia, will stop at Honolulu. If she does not the merchants and the business men in Great Britain and the British merchants and subjects residing at the Islands must suffer great disappointment and loss by the detention of their correspondence at this place, which has just been received. The fact that it has just reached here is presumptive evidence that the Post Office authorities of Great Britain intended it to be conveyed by the steamer to sail on the 18th instant.

I have, &c.,

Messrs. Williams, Blanchard, and Co.,
Agents, Pacific Mail Steam Shipping Company, San Francisco.

JAMES COEY,
Postmaster.

Enclosure 3 in No. 33.

Messrs. WILLIAMS, BLANCHARD, and Co. to Mr. COEY.

Agency Pacific Mail Steam Shipping Company, San Francisco,
17th July, 1877.

DEAR SIR,—

We have received your esteemed note of yesterday. In arriving at the determination to send our steamers direct from this port to Auckland, omitting the Port of Honolulu, we fully recognized the fact that many of our friends and fellow-citizens would feel the effect of the withdrawal of that convenience and accommodation which we have heretofore rendered them solely at the cost of this Company.

The people and Legislature of His Hawaiian Majesty's Government have at all times shown a disposition to acknowledge the great advantage conferred on that country by our line of steamers, but a committee of influential gentlemen, to whose discretion was committed the power to remunerate us in some reason for our labour, have taken upon themselves to decide adversely to our claims for a reasonable subsidy.

In pursuance of that natural rule of self-protection, after giving all concerned sufficient time to reflect on the injustice of their treatment of this Company, we have decided, on our own behalf, that we can no longer continue to render the important service heretofore given, unless we are at least partially paid for the heavy loss which the performance of that work has entailed upon us.

We beg now to say that the "Australia," sailing to-morrow at noon, will not call at Honolulu, and further, the discontinuance of our intercourse will be permanent, unless that generosity to which we deem ourselves entitled is extended to our line by the Government and people of Hawaii.

We own our very decided preference for the inclusion of the Port of Honolulu among our regular places of call, also our high regard and esteem for the gentlemen composing the Cabinet of His Hawaiian Majesty and all his people, but we are simply managing a line of steamers for stockholders, who are not here, and cannot in common justice make their interests in any way subservient to our wishes and preferences.

Begging you to command our services without reserve,

We are, &c.,

James Coey, Esq., Postmaster.

WILLIAMS, BLANCHARD, AND Co.,
Agents.

No. 34.

Mr. GRAY to Mr. CREIGHTON.

SIR,—

General Post Office, Wellington, 23rd August, 1877.

I am directed to acknowledge the receipt of your communication of the 18th ultimo intimating that the Pacific Mail Steamship Company had decided to despatch the s.s. "Australia" for Auckland direct, omitting Honolulu, and enclosing copy of correspondence which had been exchanged on the subject.

I am to express the thanks of the Postmaster-General for the prompt action taken by you in this matter. You will doubtless have observed, however, from the printed correspondence relative to the San Francisco Mail Service forwarded to you by last mail, that the action of the contractors in omitting to call at Honolulu was not altogether without warrant. Although the Governments of New South Wales and New Zealand expressed their willingness that the calling at Honolulu should be optional with the contractors, it was not anticipated that the Company would take advantage of the concession until such time as the modified service had been arranged. I am glad, however, to be able to inform you that the contractors now intend to revert to calling at Honolulu, at least so long as the pending modifications are unconfirmed.

R. J. Creighton, Esq.,
Resident Agent for New Zealand, San Francisco.

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

No. 35.

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

SIR,—

Sydney, 27th July, 1877.

With reference to your favour of 31st March last, regarding the deduction of £59 12s. 3d. for Messrs Foster and Thomson's account, we have the honor to advise you that up to the present time the Government of New South Wales have not pressed the charge upon the contractors, and that, in an interview yesterday we had with the Postmaster-General in company with Mr. J. B. Houston, the late Vice-President of the Company, and who is at present on a visit to the colony with a view of closing the various open questions between the Colonial Governments and the contractors, our Postmaster stated that if your Government would forego the claim ours would not press it, as Mr. Houston shows that it is really not a charge that can fairly be made upon the contractors, inasmuch as the counsel was engaged for the benefit of the Governments.

We hope, therefore, you will reconsider your decision, and refund the £59 12s. 3d. deducted from the contractors.

We have, &c.,
GILCHRIST, WATT, AND Co.,
General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 36.

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

GENTLEMEN,—

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

I am directed to acknowledge the receipt of your communication of the 27th ultimo, in further reference to the sum of £59 12s. 3d, deducted from the subsidy payable in the month of July of last year to provide for payment of Messrs. Foster and Thomson's account; and I am to inform you, in reply, that, as it is probable advice may be received by the next English mail as to the action taken by the Agent-General in this matter, the Postmaster-General would prefer that the question of foregoing the claim, as mentioned in your letter, remain in abeyance until the receipt of a communication from the Agent-General.

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

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

No. 37.

The Hon. G. McLEAN to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 3rd April, 1877.

I have the honor to forward for your information a copy of further correspondence which has taken place since the date of my communication of the 6th January last, in connection with a claim preferred by Messrs. John Mackrell and Co., of London, for costs incurred by their New York agents, Messrs. Foster and Thomson, in arranging the legal preliminaries of the present San Francisco Mail Contract.

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

I have, &c.,
GEO. McLEAN,
Postmaster-General.

No. 38.

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

7, Westminster Chambers, Victoria Street,
Westminster, S. W., 25th June, 1877.

SIR,—

I have the honor to acknowledge the receipt of your letter of 3rd April, enclosing further correspondence, in continuation of your letter of 6th January last, in relation to a dispute between the Government and the contractors for the Pacific Mail Service concerning the payment of certain law expenses incurred in New York.

When I received your letter of the 6th January I entered into communication with Mr. Forster, the Agent-General for New South Wales. I informed you to that effect in my letter of 9th March. He, however, had no instructions to act. After the papers were returned from Mr. Forster's office, by some mischance they were not put before me again. The matter consequently entirely escaped my memory, and was only renewed by the receipt of your letter of 3rd April. I exceedingly regret the delay, and beg you will accept my excuses for the same.

On receiving your second letter I saw Mr. Mackrell, and, after discussing the subject with him, he sent me a letter, of which I enclose copy. I subsequently saw Messrs. Lawrence, Clark, and Co., and also called on Mr. Watt, but did not find him at his office. Messrs. Lawrence, Clark, and Co. knew nothing of the matter, and did not think that Mr. Watt could do anything.

I have come to the same conclusion. It is evident nothing can be done in the matter by New Zealand alone. It is a joint concern with New South Wales. I am, however, under the impression that, though the Government of New South Wales originally agreed with the Government of New Zealand to assert the claim against the contractors, they have ceased to do so. My reason for arriving at that conclusion is, first, that the extract from the letter of the contractors sent to you by Messrs. Gilchrist, Watt, and Co., of Sydney, contains only a reference to New Zealand having stopped its proportion of the costs; secondly, Mr. Forster's having no instructions in the matter, which, it is to be presumed, he would have if the contractors were claiming against New South Wales for a similar stoppage. If it be the case that New South Wales has abandoned the claim, I advise the same course being adopted by New Zealand. In my opinion the Governments have no legal claim on the contractors, but an equitable one. It should, however, be remembered that the lawyers acting in New York for the solicitors of the Government were of opinion that the first power of attorney of the Company was sufficient, so that it may be said we share the responsibility from the second power being required. However, I look upon the claim as an equitable one, but one which it would be very undesirable to allow to become the subject of litigation. If New South Wales has not made a claim on the Company, I advise, as I have said, a similar course being adopted by our Government. If, on the other hand, New South Wales still desires to assert the claim, a joint letter representing the circumstances as described in Messrs. Mackrell and Co.'s letter, copy of which is herewith forwarded, might be sent to the Company, and they may see how unfair it is of them to refuse to pay the money.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 38.

Messrs. J. MACKRELL and Co. to the AGENT-GENERAL for New Zealand.

21, Cannon Street, London, 8th June, 1877.

DEAR SIR JULIUS,— *Pacific Mail Steamship Company's Contract.*

We have, as requested, read the instructions you have received from the Hon. the Postmaster-General, with the accompanying enclosures, and, having conferred with you thereon, now write as arranged to advise upon the matter.

When the tenders for the present mail service were opened by Mr. Russell, acting on behalf of the New Zealand Government, and by Sir Daniel Cooper, Bart., acting on behalf of the Government of New South Wales, the joint tender of the Pacific Mail Steamship Company and Messrs. Elder and Co. and Mr. Macgregor was found to have been signed on behalf of the Company by Mr. Clark, of the firm of Messrs. Lawrence, Clark, and Co.; but upon inquiry it appeared that Mr. Clark had no information as to the constitution or powers of the Company, nor was he authorized to act for them by any proper power of attorney. The representative of the North German Lloyd's Company had sent in his credentials, which were found to be all in order, and had the Agent of the Pacific Mail Steamship Company been furnished with similar credentials the cost in question would have been rendered unnecessary.

Mr. Russell and Sir Daniel Cooper having decided to accept the joint tender of the Company and Messrs. Elder and Co. and Mr. Macgregor, they deemed it of great importance to the colonies to have the contract signed immediately, and the following instructions were sent by cable to Messrs. Foster and Thomson, of New York:—

“Please examine constitution of Pacific Mail Steamship Company; advise by cable whether empowered to enter into mail contract with New South Wales and New Zealand Governments, similar to Hall and Forbes' contract, and whether jointly with other parties.”

They replied as follows:—

“Power to contract alone or jointly not limited.”

Messrs. Lawrence, Clark, and Co., then telegraphed to the Company as follows:—

“Please execute immediately effective power of attorney to Charles Clark, of Windsor Chambers, Great St. Helens, London, to execute on your behalf solely, or jointly with John Elder and Co. and Donald Robert Macgregor, mail contract and bond with Postmasters-General of New South Wales and

New Zealand for Route B. Term, eight years from 15th November, 1875; speed, eleven knots; subsidy, £69,950 according to prints at British Consulate, and hand power to Foster and Thomson."

We then cabled Messrs. Foster and Thomson as follows:—

"See telegram from Lawrence Clark to Pacific Mail, and take care power of attorney is full and sufficient. Advise us by cable immediately deposited with you. It is wished to sign on Wednesday. Have prints from Consulate annexed to power."

We then received advice as follows:—

"Full power to Clark in our possession. Mail forthwith."

On receipt of this advice the contract was executed by Mr. Clark, as attorney for the Company, and by Messrs. John Elder and Co. and Mr. McGregor.

When by mail a print of the Company's act of incorporation was received, it appeared that the Company had no power to enter into a joint contract, and it was then arranged between them and Messrs. John Elder and Co. and Mr. Macgregor for the Company alone contracting, and for the others becoming sureties.

This, however, necessitated the execution of another power of attorney, and again the Company got Messrs. Foster and Thomson to prepare this, instead of employing their own solicitor for the purpose; and thus the present contract and bond were executed by Mr. Clark as the attorney of the Company, and afterwards executed by the Company itself in New York. It was entirely owing to the neglect of the Company in furnishing their agent with proper credentials that the Governments were put to the expense of two sets of contracts and bonds; and, as Messrs. Foster and Thomson prepared the power of attorney at the request of the Company, it was considered by Mr. Russell and Sir Daniel Cooper that the Company ought to pay Messrs. Foster and Thomson's charges; and we were therefore instructed to request them to apply to the Company for payment.

They experienced a difficulty in obtaining payment, and suggested that we should apply to the Company. Accordingly we wrote to the Company as follows:—

"21, Cannon Street, London, 5th August, 1875.

"SIR,—We are instructed by the representatives of the New South Wales and New Zealand Governments to inform you that the expenses of Messrs. Foster and Thomson relating to the powers of attorney for the signature of the mail contract and bonds and the subsequent execution thereof by the Company amount to £114. These charges were occasioned solely by the inability of your agents here in England to deal with the matter through want of proper powers, and the Governments consider, therefore, that you will think it right to discharge this expense.

"In the case of another foreign steamship company who tendered, they sent an accredited agent with full powers enabling him to execute the contract and bond immediately, and had this been done by your Company the expense in question would of course have been avoided.

"Will you, therefore, be good enough to bring the matter before your Board, and we shall be glad to hear that the matter has been satisfactorily disposed of. We are, &c.,

"JOHN MACKRELL AND CO.

"To the Secretary of the Pacific Mail Steamship Company, New York."

We wrote again to the Pacific Mail Steamship Company on the 27th April, 1876.

To this we received the reply of the Company, under date of the 12th May, 1876, set out in our letter of the 1st June, 1876, to the Postmaster-General of New Zealand, forming one of the enclosures sent to you.

It will be observed that in this letter the Company do not repudiate liability as they do now; and, as stated in our letter above referred to, we consider that these charges are charges which ought fairly to be paid by the Company, and must have been incurred by them had their agent been compelled to produce his credentials before recognizing him.

There is, unfortunately, no agent of the Company here with whom we can negotiate for a settlement of this matter; and we think, from the tone of the correspondence sent you, there is little prospect of any arrangement being come to.

We understand, however, that Mr. Watt, of the firm of Gilchrist, Watt, and Co., is in London, and we will, if you approve, endeavour to see him, and, if he returns by way of New York, ask him to try and arrange the matter with the Company.

Failing this, we cannot, having regard to the smallness of the amount as compared with the importance of other questions between the Governments and the Company, advise the Governments to allow themselves to become involved in litigation respecting it.

We return the papers.

We have, &c.,

JOHN MACKRELL AND CO.

The Agent-General for New Zealand, London.

No. 39.

The Hon. GEORGE McLEAN to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 23rd August, 1877.

I have the honor to acknowledge the receipt of your communication of the 25th June last, reporting upon the action taken by you in the matter of Messrs. Foster and Thomson's account for law costs. I now beg to enclose for your information copy of a letter which has been addressed to the Secretary of the General Post Office, Sydney, on the subject.

I have, &c.,

GEORGE McLEAN.

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

No. 40.

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

SIR,— General Post Office, Wellington, 21st August, 1877.
I am directed to forward herewith, for the information of the Hon. the Postmaster-General, copy of further correspondence relative to a matter of law costs in dispute between the two Governments and the contractors for the San Francisco Mail Service. The other correspondence on this subject will be found in the enclosed printed papers in letters numbered thirty-six to fifty-four inclusively.

I am to state that the Postmaster-General is of opinion Messrs. Foster and Thomson's account is a charge which should in all fairness be borne by the contractors. Viewing, however, all the circumstances of the case, and having been informed in a recent communication from Messrs. Gilchrist, Watt, and Co. that your Government is unwilling to press the claim, the Postmaster-General consents to abide by any decision your department may see fit to arrive at in the matter.

The Secretary, General Post Office, Sydney.

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

No. 41.

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

GENTLEMEN,— General Post Office, Wellington, 23rd August, 1877.
Adverting to my communication of the 6th instant, I have to inform you that I have by this mail addressed the Secretary of the General Post Office, Sydney, relative to Messrs. Foster and Thomson's account for law costs. *Vide No. 36.*

Advices which have come to hand from the Agent-General since the date of my former communication above quoted only tend to strengthen the opinion already expressed by this department that the account in question is a fair charge against the contractors. Viewing, however, all the circumstances of the case, the Postmaster-General has consented to abide by any decision the Government of New South Wales may see fit to arrive at in the matter.

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

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

No. 42.

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

SIR,— General Post Office, Sydney, 16th August, 1877.
Adverting to your telegram dated the 8th May last, stating, with reference to the claim made by Messrs. J. Mackrell and Co., on behalf of Messrs. Foster and Thomson, for the sum of £119 4s. 6d. in connection with the settlement of the San Francisco Mail Contract, that you have actually deducted the half amount due to New Zealand, £59 12s. 3d., from the contractors, and paid the same to Messrs. Mackrell and Co., but that, as the contractors protest against the deduction, the matter has been referred to your Agent-General in London, I am directed to inform you that the New South Wales share of the amount has not been deducted from payments to the contractors, but the Postmaster-General approves of the matter being left to the Agents-General in London for this colony and New Zealand to be amicably and fairly settled.

I am to add that if it be determined to give up the claim of New Zealand the Postmaster-General will be willing to abandon the claim of this colony, and the Colonial Secretary has accordingly been requested to instruct the Agent-General for New South Wales to this end.

The Secretary, General Post Office, Wellington.

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

No. 43.

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

SIR,— General Post Office, Wellington, 10th September, 1877.
I am directed to acknowledge the receipt of your communication of the 16th ultimo with reference to the claim of Messrs. Foster and Thomson, of New York, for law costs in connection with the present San Francisco Mail Contract, payment of which is disputed by the Pacific Mail Steamship Company, and, in reply, I beg to refer you to my letter of the 20th ultimo on the subject.

The Secretary, General Post Office, Sydney.

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

No. 44.

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

SIR,—

Sydney, 19th September, 1877.

We have the honor to acknowledge receipt of your letter dated 23rd August with reference to Messrs. Foster and Thomson's claim for law costs, and stating that you had decided to abide by any decision the Government of New South Wales might arrive at in this matter.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 45.

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

SIR,—

Sydney, 26th July, 1877.

We have the honor to acknowledge receipt of your letter of 17th instant, enclosing schedule of amounts paid to our credit, and to state that the amounts therein named have been duly accounted for by the Bank of New Zealand.

With reference to the sum lodged as payment for inward subsidy, "City of New York," from 25th April to 19th May, 1877, we beg to point out that this steamer came down under the terms of the old contract, as is witnessed by the fact of the Government of New South Wales paying us on that basis.

We have therefore the honor to request that the balance of subsidy may be lodged to our credit in accordance with the time bill, as customary.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 46.

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

GENTLEMEN,—

General Post Office, Wellington, 21st August, 1877.

I am directed to acknowledge the receipt of your communication of the 26th ultimo, and with reference to the exception taken by you to the amount of subsidy lodged for the downward trip of the "City of New York," which vessel left San Francisco on the 25th April and reached Auckland on the 19th May last, I have to state that, as this department provided for the service from Manukau to Port Chalmers on the occasion in question, for which £192 6s. 2d. was paid, and remembering that the modified temporary arrangement had effect from the 4th May, it was considered but fair that the contractors should be paid subsidy at the rate agreed to for the modified service.

Having, however, further considered the matter, the Postmaster-General has consented to make payment for the voyage in question on the old basis, less the sum already mentioned as having been paid by this department for the coastal service, and a sum of £287 10s. has therefore been scheduled for payment to the contractors, and will be lodged with the Bank of New Zealand in the usual way.

I have, &c.,

W. GRAY,

Secretary.

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

No. 47.

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

SIR,—

Sydney, 19th September, 1877.

We have the honor to acknowledge receipt of your letter dated 21st August, intimating your approval of the payment, on the old basis, of the inward subsidy of the "City of New York," leaving San Francisco 25th April last, less the sum paid for the service from Manukau to Port Chalmers on that occasion, and to thank you for such approval.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 48.

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

SIR,—

Sydney, 16th August, 1877.

We have the honor to acknowledge receipt of your letter of 23rd July, advising the lodgment of subsidy for the last trip inward of the "City of Sydney," and to state that the amount has been duly accounted for 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. 49.

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

GENTLEMEN,—

General Post Office, Wellington, 1st September, 1877.

I am directed to inform you that the amounts of £1,250 and £287 10s. were lodged to your credit at the Bank of New Zealand, Wellington, on the 29th and 31st ultimo respectively, the former amount being subsidy for the last downward trip of the s.s. "Australia," and the latter the balance of subsidy for the downward trip of the s.s. "City of New York," referred to in my communication of the 21st ultimo.

I have, &c.,

W. GRAY,
Secretary.

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

No. 50.

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

SIR,—

Sydney, 19th September, 1877.

We have the honor to acknowledge receipt of your letter dated 1st instant advising us of the payments of the amounts of £1,250 and £287 10s. to our credit, and to state that these amounts 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. 51.

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

GENTLEMEN,—

General Post Office, Wellington, 10th September, 1877.

I have the honor to inform you that the sum of £1,250, being the amount of subsidy for the last outward trip of the s.s. "Zealandia," was lodged to your credit with the Bank of New Zealand, Wellington, on the 6th instant.

I have, &c.,

W. GRAY,
Secretary.

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

No. 52.

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

SIR,—

General Post Office, Wellington, 21st September, 1877.

I am directed to inform you that the sum of £1,250, being the amount of subsidy for the last downward trip of the s.s. "City of New York," was lodged to your credit at the Bank of New Zealand, Wellington, on the 20th instant.

I have, &c.,

W. GRAY,
Secretary.

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

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1877.

