

To save time, we think it would be well if the postal authorities at Wellington, New Zealand, were to forward direct to New York the draft agreement, for signature and completion.

Do you wish the contract signed in New York by the Pacific Mail Steamship Company, or would you prefer it approved of by them and returned here to be signed by us as general agents?

Mr. Watt is still unable to attend to business, and his illness has prevented us giving this matter earlier attention.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Sydney.

No. 49.

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

SIR,—

General Post Office, Wellington, 20th December, 1883.

I have the honour to acknowledge receipt of your letter of the 26th ultimo., enclosing a copy of one of the 19th idem from Messrs. Gilchrist, Watt, and Co. to your department, on the renewal of the San Francisco mail service. Due consideration has been given to the several points raised, and I am to reply as follows:—

1. The new contract should have force from the day after that on which the late contract terminated: that is to say, it should date from the 29th ultimo, as the last voyage under the late agreement was actually completed at San Francisco on the 28th idem.

2. As regards the size of the substitute boats, the Postmaster-General desires that the clause as amended by this department shall remain, but with this addition, between the words "two thousand tons" and "and every such vessel": "Provided further that in any special case, and with the written consent of the Postmasters-General, a vessel of less than two thousand tons gross register may be used as such substitute as aforesaid."

3. Clause 7: The Postmaster-General is unable to agree to the proposal of the contractors to postpone the departure of the steamer from Sydney four days, in the event of her being detained at San Francisco a week, as provided by the clause. The usefulness and reliability of the service would be completely destroyed by the possibility of the fixed dates of departure not being adhered to.

4. Added Clause 16: As this is not pertinent to the contract itself, the Postmaster-General has agreed to excise it altogether, if the contractors' agents are still unable to agree to its provisions. The point contended for by Messrs. Gilchrist, Watt, and Co. cannot be conceded by the Postmaster-General.

5. It is not clear that Messrs. Gilchrist, Watt, and Co. have the necessary powers to legally execute a contract; and the Postmaster-General is of opinion that the contract should be executed at New York by the proper officers of the company under seal. There can be no objection to Messrs. Gilchrist, Watt, and Co. signing an *ad interim* contract, pending execution by the company in New York.

6. The Postmaster-General is decidedly of opinion that the bond should be executed contemporaneously with the contract; and that notice should now be given the contractors to submit the names of their bondsmen. But he is willing that seven days' grace may be given.

7. If there be an agreement on these several points, the Postmaster will be glad if the Hon. Mr. Trickett will have the contract and bond prepared for execution.

I have, &c.,

W. GRAY,

Secretary.

The Secretary, General Post Office, Sydney.

No. 50.

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

SIR,—

General Post Office, Sydney, 7th January, 1884.

With reference to your communication of the 20th ultimo, respecting certain points in connection with the renewal of the contract for the San Francisco mail service, a copy of which was forwarded to Messrs. Gilchrist, Watt, and Co., general agents for the contractors, I am now directed to forward herewith a copy of their remarks thereon, and, at the same time, to intimate that the Postmaster-General, while of opinion that it is impossible to provide for every contingency that may arise, thinks that the modifications proposed in your communication under notice can well be agreed to, and has accordingly given instructions for the contract to be completed, the matters referred to by Messrs. Gilchrist, Watt, and Co. in the attached copy of their communication being dealt with as they arise.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington.

Enclosure in No. 50.

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

SIR,—

Sydney, 2nd January, 1884.

We have the honour to acknowledge receipt of your letter of the 28th December, enclosing copy of a communication from the postal authorities in New Zealand, upon which we beg to make the following remarks:—