

1905.  
NEW ZEALAND.

# OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATING TO).

[In continuation of Paper F.-6, presented on the 7th July, 1904.]

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

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# SAN FRANCISCO SERVICE.

## CONTRACT WITH THE OCEANIC COMPANY, ETC.

### No. 1.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),  
Auckland, 6th May, 1904.

SIR,—

The Sydney agents of the Oceanic Steamship Company write to us that they have a dispute with the Commonwealth Government as to the rates paid for the carriage of Australian mails by the American and Australian line to San Francisco, and request us to send them a statement showing the amount paid by Fiji and New Caledonia and New Zealand, inclusive of rates between Auckland and Sydney. As we are not aware of the rates paid by Fiji and New Caledonia we will esteem it a favour if you will kindly have a statement drawn up showing the information required, provided, of course, that you have the information concerning the outside States at hand for reference. Thanking you in anticipation of your kind attention,

We have, &c.,

HENDERSON AND MACFARLANE,  
General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

### No. 2.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),  
Auckland, 9th May, 1904.

SIR,—

We have the honour to refer you to our letter of the 6th instant, dealing with the request of the Sydney agents of the Oceanic Company for the information concerning the rates paid for mails by Oceanic steamers from Fiji and New Caledonia. They now write us in the same connection as follows: "We shall be obliged if you will send us a statement showing the amounts paid by Fiji and New Caledonia to the Oceanic Company from the beginning of the present service in November, 1900, year by year, together with, if possible, the weights and the rates; also statement showing the payments, weights, and rates by New Zealand on New Zealand mails Auckland to Sydney." Touching the Auckland-Sydney mail-service, we take it they also wish a statement showing payments made from November, 1900, and trust, if we are not troubling you too much in this matter, that you will be able to send us the information.

We have, &c.,

HENDERSON AND MACFARLANE,  
General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

### No. 3.

[Extract from the *New Zealand Times*, 1st June, 1904.]

*Victorian Mail Contracts.*

Melbourne, 31st May, 1904.

A CURIOUS blunder has been made by the Victorian postal authorities over the carriage of San Francisco mails.

Under the old arrangement the State remitted poundage payments to the New Zealand Government, which handed them over to the contractors. Under the new method the Federal Government conveyed the mails and placed them on board the steamer at Sydney, and debited each State with the amount due for its mails.

The Victorian postal authorities, in addition to paying this, continued remitting to New Zealand the 12s. poundage rate, oblivious of the fact that it was paying twice, until the Auditor-General dropped on the matter.

Victoria is now seeking to secure repayment of over £3,000 from the Oceanic Company.

## No. 4.

The SECRETARY, General Post Office, Wellington, to MESSRS. HENDERSON AND MACFARLANE, Auckland.

(Telegram.)

Wellington, 1st June, 1904.

HAVE you any knowledge of the alleged overpayment of three thousands pounds, Frisco service? *Vide* Melbourne Press cable published yesterday's newspapers.

## No. 5.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 1st June, 1904.

HAVE no knowledge of overpayment of £3,000 by Federal Government. Press cable appears Auckland *Herald* this morning stating Oceanic Company claims short payment of £13,000 from Federal States.

## No. 6.

The SECRETARY, General Post Office, Wellington, to MESSRS. HENDERSON AND MACFARLANE, Auckland.

(Telegram.)

Wellington, 4th June, 1904.

GRATUITIES paid to your company for carriage of mails, Auckland to Sydney, from beginning of service to 31st December last, £279 18s. This includes £205 9s. 6d. paid for same service up to end July, 1903. Rates—Letters, 2s. per pound; other articles £1 10s. per ton. Received from Fiji and paid to your company: 1900, £9 12s. 9d.; 1901, £115 2s. 11d.; 1902, £43 2s. 5d.; 1903, £45 1s. 8d.: total, £212 19s. 9d. Rate for carriage Fiji mails up to 30th June, 1901—Letters, 12s. per pound; books, 1s. 6d. per pound; news, 6d. per pound. From 1st July to mail of 9th November, 1901, inclusive: Letters, 10s. 5d.; books, 1s.; news, 6d. From mail of 30th November, 1901, to date: Letters, 7s. 6d.; books, 1s.; news, 6d. This office has not collected from New Caledonia for use of San Francisco service since your company took over service. Payments would be on Postal Union basis, and probably amount to £6 or £7.

## No. 7.

The SECRETARY, General Post Office, Wellington, to MESSRS. HENDERSON AND MACFARLANE, Auckland.

General Post Office, Wellington, 6th June, 1904.

GENTLEMEN,—

I have the honour to refer to your letter of the 9th ultimo, and your telegram of the 30th idem [not printed], on the subject of the request of the Sydney agents of the Oceanic Steamship Company to be furnished with information as to payments by the Postal Administrations at Fiji and New Caledonia for the conveyance of mails by the steamers of the Oceanic Company, together with rates of payment and weights of mail-matter, since November, 1900; and also payments by this Department for New Zealand mails carried from Auckland to Sydney during the same period.

I beg to confirm my telegram of the 4th instant, in reply. In support of the figures supplied, I also enclose statements [not printed] giving rates and amounts of the several payments made by the Post Offices of New Zealand and Fiji, together with rates of payment.

As advised in my telegram, no amount in respect of New Caledonia mails conveyed by the San Francisco service has been collected since your company took over the service. Prior to the year 1900 payments were made on the Postal Union basis. Under the same arrangement there would probably be payable for the period from November, 1900, to date a sum of £6 or £7.

I have, &c.,

W. GRAY, Secretary.

Messrs. Henderson and Macfarlane, General Agents for New Zealand,  
Oceanic Steamship Company, Auckland.

## No. 8.

MESSRS. BURNS, PHILP, AND Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.  
Oceanic Steamship Company (American and Australian Line),  
Sydney, 6th June, 1904.

SIR,—

A dispute has arisen with the Australian Government as to the rates of poundage payable to the Oceanic Steamship Company for the conveyance of the Australian mails from Sydney to San Francisco. As the managing agents for the company, we respectfully take the liberty of bringing the facts to your notice.

The dispute affects the whole period since the present three-weekly service began in November, 1900. The company claims to be entitled to the same rates as were being paid prior to that date

for the four-weekly service. The Commonwealth Postal Department deny that the company is entitled to such payment, and they go still further, for they even refuse to pay Postal Union rates. They hold that all the company is entitled to is payment at the rates gazetted by the Commonwealth to non-contract vessels. Probably the old rates would yield £6,000 per year, Postal Union rates £2,600 per year, whilst the Commonwealth rates equal about £850.

As a matter of fact, your Department collected payment for the service up to 30th June, 1901, from *all* the Australian States (except New South Wales) at the old rates. The State of Victoria continued these same rates of payment for some eighteen or twenty months later, remitting to us or to Messrs. Henderson and Macfarlane, Auckland. The Commonwealth now asks that we shall refund the whole of the money paid by Victoria, including £1,072 paid through your Department for the eight months ending 30th June, 1901.

The dispute goes back to a time before the Commonwealth was established, and also before the agency came into our hands, and, as it was complicated in other ways, we put the matter into the hands of Senator Pulsford for investigation. We herewith enclose a copy of his report, which is exhaustive and supplies full information.

Having in view the fact that, spite of the payments being made by the United States and by New Zealand, the service has been worked from the first at a loss, we are, naturally, specially anxious to secure for the company all the remuneration to which it is entitled. We venture, therefore, to ask that you will kindly look through the report on the matter, and will then express your opinion on these particular points, viz.:-

1. Did your Department expect that the new service necessarily involved a reduction in the poundage rates paid by Australian States, unless an agreement to the contrary were first obtained?

2. When you communicated with the Australian States about the new service are we not justified in believing that you only indicated a change in the quarter to which in future Australian payments were to be remitted?

3. Supposing there to be any portion of the time during the three years and a half in which the old rates could be held not to apply, would not Postal Union rates be the lowest that could be legally tendered for such period?

We are sure the attitude of the Commonwealth authorities rests entirely on misapprehension, and think that this will be lessened, if not wholly removed, by a statement from your Department.

When we hear from you—as we trust we shall at an early date—we will then send a copy of this letter and of your reply to the Australian Postmaster-General.

We have, &c.,

BURNS, PHILP, AND COMPANY (LIMITED).

The Hon. the Postmaster-General, Wellington.

## Enclosure in No. 8.

### REPORT.

Sydney, 18th April, 1904.

At the request of Messrs. Burns, Philp, and Company (Limited), the managing agents of the Oceanic Steamship Company, I have made an examination which has been fairly exhaustive of the position with regard to the postal services rendered by the Oceanic Company to Australia, and the moneys due to the company for those services.

It will be interesting to briefly review the history of the San Francisco mail-service. In 1854 an agitation began, which has continued for years, for a mail-service connecting Australia and New Zealand with Panama. This resulted in a contract being made in 1865 with the Panama and New Zealand Royal Mail Company. Steamers ran from June, 1866, to December, 1868, when the company failed. New South Wales paid £55,000 per annum, or, deducting payments by other States, £48,000. In 1869 New Zealand made the first contract for the conveyance of mails to San Francisco. New South Wales participated in the contract, paying £10,000 yearly towards the cost. This service terminated in 1871. Two other services to San Francisco followed, each being of short duration.

In 1873 the Postmaster-General of New South Wales was commissioned to visit New Zealand, the United States, and England with a view to organizing a service between Sydney and London *via* New Zealand and San Francisco. As a result a six years' contract, to begin at the end of 1874, was entered into: four-weekly service, subsidy £80,000. For the time between December, 1873, and November, 1874, a temporary service was arranged with the same contractors—subsidy to be paid at the rate of £60,000 a year for ten-knots speed, £75,000 for eleven-knots speed, and £90,000 for twelve-knot speed. The contractors failed to complete the temporary contract, and never even entered upon the six-year one. The failure of the contractors caused great trouble and expense, and £10,000 was afterwards recovered from their sureties. In 1875 the Australian Steam Navigation Company for some time ran steamers under special contract, but evidently did not find the financial results satisfactory.

The same year tenders were invited for a regular four-weekly service, and the tender of the Pacific Mail Steamship Company was accepted, at a subsidy of £89,950. This service ran till 1884, by which time the company named was quite ready to give it up.

It was now in 1885, after this lengthened series of failures, that the firm of Messrs. Spreckels, or the Oceanic Steamship Company, came into the trade. They did this in conjunction with the Union Steam Ship Company of New Zealand. A subsidy of £30,000 was to be paid, of which New South Wales was to pay £10,000. Besides the subsidy certain allowances were made. The Union Company was to run to Honolulu, transshipping there to the steamers of the Oceanic Company. The contract, however, was altered, the subsidy being raised to £37,000, on condition of

through steamers being run. The contract was for three years, and it was renewed in 1888 and 1889, each year for one year, but in 1889 New South Wales agreed to pay £25,750 against £11,250 by New Zealand. In 1890 this contract was terminated by New South Wales. For two years New South Wales and the other Australian States all paid by poundage rates. Then from November, 1892, to October, 1900, inclusive, New South Wales paid £4,000 yearly for her own mails, and the other States continued to pay by poundage rates.

From this brief statement it will be clearly seen that the San Francisco service has been anything but a source of wealth to those who have engaged in it. For New Zealand the route has, of course, always been the best, not only for mails for America but for England. For Australia the route was for years the favourite one for English mails, but as the Suez route developed Australian interest in the San Francisco route gradually waned so far as English mails were concerned. The great growth of trade with the United States has, however, invested the route with very substantial importance to Australia with regard to American mails, and it is impossible to think that Australia can look with indifference upon, or treat with injustice, the remarkably fine service now being run by the Oceanic Company.

In October, 1900, the New Zealand agreement, together with that of New South Wales, terminated. About this time a series of changes came about which affected the business in various ways, and which have led to uncertainty as to the moneys due to the company, and the position of the accounts between the company and Australia.

In November, 1900, the Oceanic Company, having built swifter steamers, commenced a three-weekly service.

On 1st January, 1901, Australia became federated, and shortly afterwards the six State Postal Departments came under Federal authority.

In the following April Messrs. Burns, Philp, and Company (Limited) became the agents, the Union Steam Ship Company taking up another service.

The following are the rates which New Zealand has by successive agreements paid the Oceanic Company since the three-weekly service began, poundage subsidies:—

	Letters per Pound.		Packets per Pound.		Newspapers per Pound.	
	s.	d.	s.	d.	s.	d.
To 30th June, 1901	12	0	1	6	0	6
To 29th November, 1901	10	5	1	0	0	6
From 29th November, 1901	7	6	1	0	0	6

The company, besides the money payment, is relieved of all charges for harbour dues in Auckland, which is equal to £ per year. [Exemptions, 1904-1905, are valued at £1,599 a year.]

With regard to the Australian payments of late years, the New South Wales Postal Report for 1889 says: "For the conveyance of mail-matter, both received and despatched, by the San Francisco mail-service, the non-contracting Australasian Colonies (excepting New Zealand) pay at the rate of £1 5s. 4d. per pound of letters, 1s. 6d. per pound of books and packets, and 6d. per pound of newspapers."

The subject came up at the Postal Conference held in Adelaide in May, 1890, when the following resolution, moved and seconded by the Postmaster-General of New South Wales and Victoria respectively, was agreed to: "That in any future mail-contract across the Pacific Ocean, if arranged for by New Zealand, the other colonies shall pay similar poundage rates to New Zealand to those paid by the non-contracting colonies for the mail-service *via* Suez, each despatching country or colony paying all charges to destination."

The New South Wales Postal Report for 1892 refers to this resolution, and quotes the rates payable thereunder as being 12s. for letters, 1s. 6d. for packets, and 6d. for newspapers. These rates apparently were regularly paid by the Australian States to the New Zealand Government, and were by them handed over to the Union Company up to October, 1900. New South Wales, however, as already stated, from 1892 to this date (1900) paid £4,000, which on a poundage basis was equal to nearly double the payment by the other States. The arrangement made at the Postal Conference of 1890 governed the whole Australian business, except that for a certain number of years New South Wales, as stated, voluntarily paid a sum equal to nearly double the rates fixed by the Conference, and when in 1900 New South Wales discontinued her special payment, she would appear to have been bound by the 1890 Conference agreement.

Whether the New South Wales authorities overlooked this agreement, or whether they had some legal right for their own action, of which I see no trace, I cannot tell, but certain it is that beginning with November, 1900, New South Wales only credited the company under the non-contract poundage rates, which had been gazetted in 1893, and which were:—

	Letters per Pound.		Other Articles per Hundredweight.	
	s.	d.	s.	d.
For conveyance in harbours and on rivers	0	8	1	6
For conveyance between places on the New South Wales coast	1	4	3	0
For conveyance beyond New South Wales	2	0	4	6

This last rate (which governed inter-State mails) New South Wales now proceeded to apply to the service to San Francisco. Meanwhile Victoria continued to credit the Conference rates for her mails—that is, Victoria credited 12s. per pound for letters, and New South Wales 2s., or only one-sixth; for packages, Victoria credited 1s. 6d. per pound, and New South Wales 4s. 6d. per hundredweight, or only one thirty-seventh; for newspapers, Victoria credited 6d. per pound, and New South Wales 4s. 6d. per hundredweight, or only one-twelfth. Federation being completed, a Commonwealth Postal Bill was passed, under which power was given to fix by regulation the

payments to be made to the masters of non-contract vessels, and for "beyond the Commonwealth" these were by regulation fixed at 2s. per pound for letters and 4s. per hundredweight for other articles, such rates taking effect from the 14th September, 1902. They were afterwards applied to New South Wales to the whole of the Australian mails despatched to San Francisco. Melbourne, however, continued for a time to credit Victorian mails at the Conference rates.

Whilst the Union Steam Ship Company of New Zealand were the contractors, the Government of New Zealand collected from the Australian States their contributions and handed them over to the contractors; but when the Union Company fell out, and the contract was made direct with the Oceanic Company, the New Zealand postal authorities intimated to the various Australian States that they must make their own payments to that company or their agents. It is clear that no accounts were ever rendered by the company for mail-services to the New Zealand or any of the Australian Governments, and when accounts were rendered by the Governments to the company it was always taken for granted that the weights of the mails carried was as credited, and that the moneys paid over were the sums that were legally due thereon. On the 22nd July, 1901, the Secretary of the New Zealand Postal Department wrote as follows to the Oceanic Company: "With respect to payment for New South Wales you should deal direct with the New South Wales Postal Department as from the commencement of the service. The other Australian States have not been informed directly of the taking-over of the service by your firm, but they will now be advised to make payments to this Department up to the end of last month, and that hereafter you will make your own arrangements for collecting the amounts due."

Five days later, the 27th July, the New Zealand Secretary wrote to the Deputy Postmasters-General at Melbourne, Adelaide, Brisbane, Perth, and Hobart, advising the termination of the contract with the Union Steam Ship Company and of the new service of the Oceanic Company, the letter ending: "They [the company] will communicate with you as to the manner in which future payments shall be made." There is no word or hint about any change of rates in Australia, only instructions as to the channel through which payments were to be made. As the new service had been running for nine months when these letters were written, it seems reasonable to conclude that the New Zealand Department took for granted that the Australian position in regard to rates remained as fixed by the Conference of 1890, which scale remained uncanceled and had been acted on by all the Australian States, and for some time exceeded by New South Wales.

It is quite evident that the company, when they entered into the contract with New Zealand for a swifter service, understood that the payments that were being made by Australia could not be lessened, and I judge from the correspondence I have read that their only thought was as to how they were to secure from Australia a payment more nearly equal to the cost—the increased cost—of the service. It is strange that whilst the company were looking for increased remuneration a demand should, early in 1903, be made upon them for the return of about £4,000 which had been paid to them by Victoria. The fact that much lower rates had been paid in New South Wales than in Victoria appears, perhaps not unnaturally, to have made the Commonwealth postal authorities think not that New South Wales had underpaid, but that Victoria had overpaid. At any rate, they forthwith requested that the payments made by Victoria in excess of New South Wales rates should be refunded. It is difficult to think that the Commonwealth authorities could have paid away about £4,000 in complete error. The moneys had been duly voted by Parliament before being paid.

The position now is that the Postal authorities are putting mails on board the Oceanic steamers every three weeks, and are paying £850 in a year for seventeen trips, instead of probably £6,000 accruing on the poundage rates of the 1890 Conference. I estimate that on this basis the moneys that have accrued since October, 1900, come, roughly, to £30,000; the total payments, I presume, come, roughly, to £7,000; and of this the return of £4,000 is demanded. If my view is right, as I believe it to be, the company is entitled to keep the £4,000 and to receive £13,000 in addition. The total sum named, covering the period of nearly three years and a half, averages, it will be seen, about £6,000 a year. This is very little, if any, more than the average paid by Australia during the preceding ten years for mail-matter by a very inferior and less frequent service.

Obviously the company is being placed in a very invidious position with New Zealand. For the much shorter voyage from Auckland to San Francisco the company is being paid many times the poundage rates which it is now being paid for the much longer voyage from Sydney. This seems very much like a case which New Zealand has power to deal with under her Postal Act, and recalls various incidents of earlier years in Australia. In 1870 Victoria would not pay what New Zealand thought she ought to pay towards the cost of the San Francisco service. One result is seen in the following extract from the *Hansard* report of the New Zealand House of Representatives, 23rd August, 1870, page 211:—

"Sir Julius [then Mr.] Vogel: I hold in my hand a letter written to the Postmaster-General of Victoria, in which I wrote, 'I have the honour to inform you that I am of opinion that until your Government are sufficiently impressed with the value of the service *via* San Francisco to be willing to make the small contribution of £6,000 per annum asked, your Department should abstain from using it. I hope, on consideration, your Government will recognise that it is in no unfriendly spirit that this Government is constrained to come to the conclusion that it cannot agree to convey mails or correspondence by this route to or from non-contracting colonies on such arrangement as the Chief Secretary proposes.'"

Sir Julius Vogel followed this up by legislation the same year, which legislation was renewed in the Postal Consolidation Acts of New Zealand in 1881 and 1900. Clause 46 of the last Act reads as follows: "In the event of any of the Australasian Colonies not agreeing with the Postmaster-General to contribute to the maintenance of any line of mail-vessels plying between New Zealand and the United Kingdom or any British Possession or foreign country, and subsidised by the Government of New Zealand (hereinafter called 'subsidised vessels'), the Postmaster-General

may from time to time order that such colony (hereinafter called 'a prohibited colony') shall be prohibited from availing itself of such line of subsidised mail-vessels for the purpose of the transmission of mails, and every such order shall be gazetted." Clause 52 gives power to send back to any "prohibited colony" mails brought from there for delivery in any foreign country.

New Zealand was evidently only acting much in the same way as Victoria had acted towards South Australia some nine or ten years earlier. At that time the mail-steamers did not call at Adelaide, and the South Australian mails had to be sent to Melbourne. Victoria was paying for the service, and asked for *pro rata* payment from South Australia, and actually seized and stopped her letters till an arrangement was made. This was referred to in the New Zealand debate already quoted (page 210), and in the South Australian *Hansard* of the 25th June, 1861, Legislative Council, page 274, the Chief Secretary is quoted as saying that it would be remembered that on two occasions, when they had sent their mails to Melbourne, the Melbourne Government had refused to put them on board the steamers, and had sent them Home by sailing-vessels.

Evidently the whole subject was considered by the Home Government, for in 1861 Lord Newcastle sent a Treasury minute to the Governor of Victoria. The minute suggested that the final power of arranging for the Australian service should be left with the British Government, concluding: "Any colony which refuses to abide by that decision being at liberty to withdraw itself from participation in the contract, in which case its mails would be forwarded by private ships only."

The principle is that of simple justice. If a swifter, more frequent, or in any way better service is obtained, the increased cost ought to be shared by those who share in the resulting advantages. It is clear that when the Oceanic Company inaugurated their swifter and more frequent service in 1900 they did so understanding that they would be paid by Australia at least the same poundage as before, and hoping that a more liberal payment would be made. Instead of this, they are expected to carry the Australian mails for an entirely nominal sum.

Up to the year 1900 the various Australian Postal Departments issued annual reports, but the Federal Government has issued no reports for the years 1901-2-3. If, however, reports were now being published as formerly they would show that Australia is making big profits out of the San Francisco service. The allowance of 2s. per pound on letters is equal to  $\frac{1}{3}$ d. per letter: the public are charged 2 $\frac{1}{2}$ d. for a letter to America, of which the steamer is to have one-fifth. On packets and newspapers the steamer is to have, perhaps, one-eighth of what the public pay.

The following is from the Victorian Postal Report for 1900:—

*San Francisco Service.*

<i>Dr.</i>		£	s.	d.
To sea conveyance paid by Victoria—Letters, 12s. per pound;				
packets, 1s. 6d. per pound; newspapers, 6d. per		1,126	1	8
pound	...			
Land transit rates	...	42	5	0
		1,168 6 8		
<i>Cr.</i>				
By estimated postages collected in Victoria	...	911	17	4
		£256 9 4		
Deficit	...			

If this be corrected on the basis of the payment now being forced on the company the following would be the result:—

<i>Dr.</i>		£	s.	d.
To sea conveyance paid by Victoria—Letters, 2s. per pound;				
other articles, 4s. per hundredweight, approximately		140	0	0
Land transit rates	...	42	5	0
		£182 5 0		
<i>Cr.</i>				
By estimated postages collected in Victoria	...	911	17	4
		£729 12 4		
Profit	...			

It is quite safe to say that out of every £1,000 which is paid at present by the public as postage on mail-matter to America no less than £800 is retained by the Postal Department.

What are known as the Postal Union rates are as follows:—

	Under		Over	
	1,500 Miles.		1,500 Miles.	
	s.	d.	s.	d.
Letters, per pound	1	9 $\frac{1}{2}$	3	7
Other articles, per pound	0	2 $\frac{1}{4}$	0	4 $\frac{1}{2}$

These are the rates generally payable by non-contract countries when sending mails by vessels under contract with other countries— at least, this is as I understand it. It will be seen that the higher rates are payable for a distance equal only to one-fourth of the distance between Australia and San Francisco. It is doubtful if, when these rates were fixed, there was any thought of their being applied to such a lengthened voyage; at all events, an examination will show that the "letter" rate is 80 per cent. higher and the "other articles" rate 950 per cent. higher than the rates now tendered to the Oceanic Company.

As evidence of the general tendency of postal arrangements, attention may be drawn to an agreement between the six Australian States, together with New Zealand, regarding the Suez service, which was made on the 21st August, 1885. The following is from clause 5 of that agree-

ment: "If any other colony, not a party hereto, sends mail-matter by contracting steamers it shall be carried at the same rates as for contracting colonies, and on the same terms, including share of premiums and penalties." This distinctly recognises the duty of a non-contracting State using the service of a contracting State to pay in fair proportion.

It is a significant fact that when the Canadian service began to run *viâ* Brisbane the Deputy Postmaster-General of New South Wales, under date the 12th April, 1899, advised New Zealand, in reply to inquiries, that the charges on New Zealand mail, sent *viâ* Sydney and Brisbane by the Vancouver service, would be—"Letters and post-cards, 12s. per pound; books and packets, 1s. per pound; newspapers, 6d. per pound; and parcels, 2d. per pound." If these were recognised as the rates payable on New Zealand mails *viâ* Australia to Vancouver, surely the same rates on Australian mails *viâ* New Zealand to San Francisco could not be disputed.

It is probably not generally known that the Oceanic Company's service is the swiftest that visits Australia, and although many people know that the expense of running steamers increases at an accelerating rate with the speed, it may be confidently stated that the amount of that extra cost is understood by very few. I am told that the expenditure in Australia alone of the Oceanic steamers averages £4,500 on each voyage to Australia, a considerable proportion of which is due to the extra cost of running at high speed as contracted with the Governments of the United States and New Zealand. Towards such expenditure £350 or £400 would be a useful contribution, but the payment of about £50 which is being made would be an insult if it were made with the approval of the Government and Parliament of the Commonwealth of Australia. The company is entitled, as I have indicated, to further payments aggregating, approximately, £13,000, or about £3,700 per year for the last three years and a half, and when payment is made the company will be only very moderately remunerated.

E. PULSFORD.

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### No. 9.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),

SIR,—

Auckland, 21st June, 1904.

The managing agents for Australia of the Oceanic Steamship Company, Messrs. Burns, Philp, and Company (Limited), in their favour of the 14th instant, write as under: "Referring to your favour of the 6th instant in connection with mail payments, we notice the telegram received from the Postmaster-General, Wellington, to you states that New Zealand has not collected anything from New Caledonia since the Oceanic Company took over this service, but that payments would be on Postal Union basis. We shall be obliged if you can ascertain if payments made by New Caledonia before the present service began were also at Postal Union rates, as we wish to know if any change was made at the time the present contract was arranged."

The foregoing speaks for itself, and we shall be pleased to receive the desired information at your early convenience.

We have, &c.,

HENDERSON AND MACFARLANE,

General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

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### No. 10.

The SECRETARY, General Post Office, Wellington, to MESSRS. HENDERSON AND MACFARLANE, Auckland.

GENTLEMEN,—

General Post Office, Wellington, 28th June, 1904.

I have the honour to acknowledge the receipt of your letter of the 21st instant, inquiring further as to payments by New Caledonia for the carriage of mails by the San Francisco mail-steamers.

In reply, I beg to inform you that, under the contract previous to the present one, amounts were collected by this Administration from the Post Office of New Caledonia under the Postal Union system, and were based on the statistics of May, 1896. The latest annual payment thus received was for the year 1900. The amount, £2 12s. 10d. was handed over to the contractors.

On the basis of this payment the sum due to the contractors for each of the years 1901 and 1902 would be £2 5s. 3d., whilst for the year 1903 and all subsequent years during which the Washington Convention may be in operation, the amount due would be £1 17s. 9d. per annum.

I have, &c.,

Messrs. Henderson and Macfarlane, General Agents,  
Oceanic Steamship Company, Auckland.

W. GRAY, Secretary.

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### No. 11.

MESSRS. BURNS, PHILP, AND Co., Sydney, to the Hon. the Postmaster-General, Wellington.

Oceanic Steamship Company (American and Australian Line),

SIR,—

Sydney, 8th July, 1904.

We had the honour to address you on 6th June, but not having received any reply we take the liberty of sending you a copy of the letter and of its enclosures. We think it well to



send this copy in view of the possibility of the original having miscarried, and because the subject is of importance to the Oceanic Steamship Company, who are anxious for us to bring the matter to a conclusion as early as possible.

We much regret having to trouble you in the matter.

We are, &c.,

BURNS, PHILP, AND COMPANY (LIMITED).

The Hon. the Postmaster-General, Wellington.

### No. 12.

The Hon. the POSTMASTER-GENERAL, Wellington, to the SECRETARY, General Post Office, London.  
SIR,— General Post Office, Wellington, 9th July, 1904.

I have the honour to acknowledge the receipt of your letter of the 3rd ultimo [not printed] on the subject of the San Francisco mail-service, and to forward herewith, in satisfaction of your request, three copies of the memorandum of agreement between this Administration and Messrs. the J. D. Spreckels and Brothers Company to continue the mail-service for a period of three years from the 10th November last, and also three copies of the contract for the service.

I have, &c.,

THOMAS ROSE, for the Postmaster-General.

The Secretary, General Post Office, London.

### No. 13.

The SECRETARY, General Post Office, Wellington, to MESSRS. BURNS, PHILP, AND Co., Sydney.  
GENTLEMEN,— General Post Office, Wellington, 15th July, 1904.

I have the honour to acknowledge the receipt of your letter of the 8th instant, forwarding copy of one of the 6th ultimo, on the subject of the poundage rates payable to the Oceanic Steamship Company for the conveyance of Australian mails from Sydney to San Francisco, and, in reply, to inform you that the original letter was duly received. I hope a reply may be forwarded by next week's mail.

I have, &c.,

W. GRAY, Secretary.

Messrs. Burns, Philp, and Company (Limited), Sydney.

### No. 14.

The SECRETARY, General Post Office, Wellington, to MESSRS. BURNS, PHILP, AND Co., Sydney.  
GENTLEMEN,— General Post Office, Wellington, 23rd July, 1904.

I have the honour, by direction of the Postmaster-General, to reply to your letter of the 6th ultimo, advising that a dispute had arisen between the Commonwealth Government and the Oceanic Steamship Company as to the rates of poundage payable to the company for the conveyance of the mails from Sydney to San Francisco, a dispute which affected the whole period since the inauguration of Messrs. Spreckels's present thrice-weekly service in November, 1900. You state that the company claims to be entitled to the same rates as were paid prior to that date for the four-weekly service; that the Commonwealth Postal Department denies that the company is entitled to such payment; and that it goes still further, by even refusing to pay Postal Union rates, holding that all the company is entitled to is payment at the rates gazetted by the Commonwealth to non-contract vessels. For the Postmaster-General's information, you enclose copy of a report furnished by Senator Pulsford on the position.

In view of the foregoing facts you ask the Postmaster-General, after perusing the report, to express his opinion on the following points, and I am directed to reply as follows:—

(1.) Did your Department expect that the new service necessarily involved a reduction in the poundage rates paid by Australian States, unless an agreement to the contrary were first obtained? *Reply:* The Department did not contemplate this when negotiating with Messrs. Spreckels, but it was made clear from the outset to the Oceanic Company that it was free to make its own arrangements with the Australian States.

(2.) When you communicated with the Australian States about the new service, are we not justified in believing that you only indicated a change in the quarter to which in future Australian payments were to be remitted? *Reply:* No; the intention was that the Commonwealth States should be free to make such arrangements with Messrs. Spreckels as they saw fit, and in this connection I would refer you to printed letters Nos. 38 and 39, published in Parliamentary Paper F.-6, 1901, copy of which I am sending herewith. Messrs. Spreckels's Auckland agents were also advised of the position. It was understood that the special visit made to the colonies by Mr. Spreckels in 1901 for the purpose, amongst other things, of negotiating with the Australian States for the conveyance of mails by his service on such terms as might be agreed upon. The question, I understand, was discussed with the Government of New South Wales.

(3.) Supposing there to be any portion of the time during the three years and a half in which the old rates could be held not to apply, would not Postal Union rates be the lowest that could legally be tendered for such period? *Reply:* I am not prepared to say, as it is scarcely

competent for this Department to decide whether the rates gazetted by the Commonwealth as payable to non-contract vessels override the provisions under which Postal Union rates are supposed to be paid.

I think it well to mention that the Australian States were not definitely advised until July, 1901, that they would have to make their own arrangements with Mr. Spreckels for the carriage of mails. The Victorian Postal Department was duly informed of the change on the 27th of that month, but unfortunately that letter seems to have miscarried, the Post Office continuing to remit to this Department, as was the case under the contract with the Union Steam Ship Company.

I also forward you further parliamentary papers—F.-6, 1902 and 1903—which contain correspondence relating to Messrs. Spreckels' service and earlier negotiations.

I have, &c.,

W. GRAY, Secretary.

Messrs. Burns, Philp, and Company (Limited), Managing Agents for Australia,  
Oceanic Steamship Company, Sydney.

### No. 15.

Messrs. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),  
Auckland, 17th October, 1904.

SIR,—

We have the honour to acknowledge receipt of your telegram of the 13th instant [not printed], advising the necessity of postponing the departure of the R.M.S. "Sierra" until Saturday last, in order to take forward the southern mail for San Francisco, which was delayed owing to railway wash-outs, and have to say that the "Sierra" left here at 8.15 a.m. on the Saturday.

We are, &c.,

HENDERSON AND MACFARLANE,

General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

## INCIDENTS OF UNITED STATES AND ATLANTIC TRANSIT, ETC.

### No. 16.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,—

Resident Agency for New Zealand, San Francisco, 3rd May, 1904.

I have the honour to acknowledge the receipt of your communications of the 3rd [No. 51, F.-6, 1904] and 30th [not printed] March, the former requesting that you be supplied with a schedule of the running of the express trains conveying the mails across the United States both east and west, which I now enclose for your information. I would say that the dates and hours mentioned in this schedule are rarely kept to even in summer, and in winter the schedule is entirely unreliable.

The latter communication had reference to the connection at New York with the Cunard Steamship Company of the "Sierra's" mails in February. In this connection I have again to report a misconnection at New York of the "Sierra's" mails upon the present occasion, the failure being caused by the early serving of the tide at New York, necessitating the departure of the Cunard steamer before 9 a.m.

I have, &c.,

H. STEPHENSON SMITH, Resident Agent.

The Secretary, General Post Office, Wellington.

### Enclosure in No. 16.

#### EAST-BOUND.

#### *Time-table of Express No. 2.*

Leave San Francisco by Southern Pacific railroad at .. .. .	10 a.m., say	Monday
Arrive Ogden at .. .. .	1 p.m.,	Tuesday.
Arrive Omaha (Council Bluffs) by Union Pacific railroad at .. .. .	8.5 p.m.,	Wednesday.
Arrive Chicago by Chicago and North-western railroad at .. .. .	7 a.m.,	Thursday.
Arrive New York by New York Central and Hudson River railroad at .. .. .	9.30 a.m.,	Friday.

(This schedule is seldom, if ever, carried out.)

*Express No. 6.*

Leave San Francisco by Southern Pacific railroad at .. ..	6 p.m., say	Monday.
Arrive Ogden at .. ..	5.30 a.m.,	Wednesday
Arrive Council Bluffs by Union Pacific railroad at .. ..	3.20 p.m.,	Thursday.
(Transfers to fast mail-train, Burlington and Quincy railroad.)		
Arrive Chicago by Burlington and Quincy railroad at .. ..	2.20 a.m.,	Friday.
Arrive New York by New York Central and Hudson River railroad at .. ..	4 a.m.,	Saturday.
(This connection is seldom made.)		

## WEST-BOUND.

*Time-table of Express No. 35.*

Leaves New York by Hudson River railroad at .. ..	9.16 p.m.,	Saturday
Arrive Chicago by Lake Shore railroad at .. ..	8.20 p.m.,	Sunday.
Arrive Council Bluffs by Chicago and North-western railroad at ..	9.15 a.m.,	Monday.
Arrive Ogden by Union Pacific railroad at .. ..	2.40 p.m.,	Tuesday.
Arrive San Francisco by Southern Pacific railroad at .. ..	6 p.m.,	Wednesday.

*Express No. 43.*

Leaves New York by Hudson River railroad at .. ..	3.16 a.m.,	Saturday
Arrives Chicago by Lake Shore railroad at .. ..	1.20 a.m.,	Sunday.
Arrives Council Bluffs by Burlington and Quincy railroad at ..	2.30 p.m.,	Sunday.
Arrives Ogden by Union Pacific railroad at .. ..	3.30 a.m.,	Tuesday.
Arrives San Francisco by Southern Pacific railroad at .. ..	11.20 a.m.,	Wednesday.

## No. 17.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

GENTLEMEN,—

General Post Office, Wellington, 12th May, 1904.

I have the honour to inform you that the R.M.S. "Ventura" was fifty-nine hours over contract time in reaching San Francisco from Auckland on the March-April voyage. The vessel discharged the pilot at Auckland at 7.31 p.m. on the 18th March, and received the pilot at Golden Gate at 10.25 p.m. on the 5th ultimo. The actual duration of the voyage was 455 hours, which, at the rate of £4 an hour for fifty-nine hours in excess of the 396 hours stipulated for in clause 11 of the contract entered into on the 30th June, 1902, makes the amount recoverable under clause 13, £236.

I have, &c.,

W. GRAY, Secretary.

Messrs. Henderson and Macfarlane, General Agents,  
Oceanic Steamship Company, Auckland.

## No. 18.

Messrs. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),  
Auckland, 17th May, 1904.

SIR,—

We have the honour to acknowledge receipt of your letter of the 12th instant, claiming the amount of £236 against our "Ventura" by reason of its being fifty-nine hours over contract time in reaching San Francisco from Auckland on the March-April voyage.

It occurs to us to inform you that an exceptionally heavy gale was raging round this coast on the 17th, 18th, and 19th March, which retarded the steamer's progress considerably; and under the circumstances had the vessel been forced to the speed required to keep contract time the lives of the passengers might have been in danger. Attached hereto we hand you a report of the trip from Captain Hayward, and will be pleased to hear if the circumstances described herein can be considered as relieving the ship from the whole or part of the claim under the exception of clause 11 of the contract reading "perils of the sea."

Clause 13 of the same contract reads: "Provided that no sum shall be payable by the company under this clause in respect of any specified voyage unless the period of actual delivery of the mails at San Francisco exceeds the time of delivery provided by this contract by forty-eight hours." Do we interpret this clause correctly in thinking the forty-eight hours should be deducted from the fifty-nine hours charged?

We have, &c.,

HENDERSON AND MACFARLANE,

General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

## Enclosure in No. 18.

The COMMANDER, R.M.S "Ventura," to Messrs. HENDERSON AND MACFARLANE, Auckland.

DEAR SIRS,—

Auckland, 20th May, 1904.

Your letter of the 19th instant, requesting report of voyage 18 of my steamer to San Francisco received; and I trust the following facts will meet your requirements:—

The "Ventura" left the Queen Street Wharf, Auckland, at 6.58 p.m. on the 18th March; dropped the pilot off the beacon at 7.36 p.m., and took the San Francisco pilot at 10.46 p.m. on the 5th April. A gale was raging at time of departure from Auckland, and after passing Tiri Tiri I would have returned to port, but thick weather prevented my doing so without danger, consequently I deemed it better to slow down and ride it out. On Saturday, 19th March, at 1.20 a.m., I was compelled to slow down to half-speed, and still further reduce to dead slow at 3.10 a.m. At midnight, same day, increased speed to "half," and called for full speed at 2.5 a.m. on the 20th March. Then again, off Fanning Island, owing to the shore lights not being set on the night of the 26th March, I had to keep the steamer off shore till 5.40 next morning, at which time I tied to the buoy. This lost me about six hours. Altogether, the steamer lost about twenty-four hours on the trip from Auckland to San Francisco, exclusive of the four hours detention at Auckland loading cargo and waiting for mails.

Yours, &c.,

H. M. HAYWARD, Commander, R.M.S. "Ventura."

Messrs. Henderson and Macfarlane, General Agents,  
Oceanic Steamship Company, Auckland.

## No. 19.

Messrs. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),

Auckland, 16th June, 1904.

SIR,—

Referring to the claim which, by instructions from San Francisco, we made in April last [No. 54, F.-6, 1904] for "demurrage" due the s.s. "Ventura," subsequently paid by your Department, we have the honour to enclose copy of a letter, dated the 19th May, received by us from the head office of the Oceanic Company.

From this you will observe that the attention of the president of the company was not called to the matter at the time, it having passed through the regular channels in ordinary course; but that the claim, having now been reviewed, does not meet with his approval, and we are empowered to refund the amount received.

You will note the reference in the copy enclosed to the claim which your Department has against the "Ventura" for demurrage in January, 1903 [No. 55, F.-6, 1904], and will observe that, at least in part, the delay was caused by a "peril of the sea"—viz., breakage of machinery.

We respectfully submit that your Department might be willing, on our refund of the amount mentioned, to withdraw your claim and let the one demurrage offset the other, and thus give effect to the give-and-take spirit enunciated by Mr. Samuels.

We have, &c.,

HENDERSON AND MACFARLANE,

General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

## Enclosure in No. 19.

The OCEANIC STEAMSHIP COMPANY, San Francisco, to Messrs. HENDERSON AND MACFARLANE, Auckland.

Oceanic Steamship Company, 329, Market Street,

San Francisco, 19th May, 1904.

GENTLEMEN,—

We have before us your favour of the 25th April, and note your remarks regarding our demurrage claim for "Ventura," voyage 18.

I am glad that my attention has been called to this. The claim passed through the regular channel in the ordinary course, and did not have consideration from the point of view which you have suggested. We quite agree with you that a give-and-take spirit should dominate our relations with your Government under our mail-contract, and herewith authorise you to refund the payment made to us, and at the same time to express our appreciation of the fact that your Post Office Department has not scrutinised our delinquencies very closely. We wish, however, to inform you that in the case of the "Ventura" which you refer to, in January, 1903, when she was over contract time, the loss of time on that voyage was largely caused by a breakage of machinery, her port high-pressure cylinder having burst. The schedule time of 396 hours from Auckland to San Francisco is more than a close fit for us; nevertheless, it was agreed to, and we have no com-

plaints to make about it now, but to effect this, the numerous delays which we have had in waiting for the English mails at this end have put us to very considerable expense, notably in the case of "Ventura," voyage 18, when we had to take care of a large number of passengers, and then force the steamer to her extreme capacity in order to make up some of the time.

Yours, &c.,

FRED. S. SAMUELS, Assistant to President.

Messrs. Henderson and Macfarlane, Auckland.

### No. 20.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

GENTLEMEN,—

General Post Office, Wellington, 5th July, 1904.

I have the honour to acknowledge the receipt of your letter of the 16th ultimo, covering copy of one from the head office of the Oceanic Steamship Company, San Francisco, with reference to the claim for demurrage for the "Ventura's" detention on the 12th-13th February last, and to the Department's claim for the late arrival at San Francisco in January last year.

The matter has been submitted to the Postmaster-General, who has been pleased to agree with your suggestion that on a refund of the amount paid to the company this Department's claim shall be abandoned. There is also a further claim of £236 on account of the "Ventura's" voyage in March-April last, which, having regard to the spirit in which the contractors have viewed the claim already paid, the Minister has also agreed to waive.

I have, &c.,

W. GRAY, Secretary.

Messrs. Henderson and Macfarlane, Auckland.

### No. 21.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,—

Resident Agency for New Zealand, San Francisco, 6th July, 1904.

I have the honour to acknowledge the receipt of your communication of the 26th of May [not printed: acknowledges No. 16] in reference to the transit of the mails across the Continent.

In this connection I enclose herewith copy of a communication received by the Superintendent of the Railway Mail-service relating further to the endeavours to arrange for the 20th Century Limited express to convey the through mails from Chicago to New York when that course would effect a connection with the Atlantic steamer. From this letter it will be noted that until some improvements are effected in the Lake Shore track we shall not be enabled to take advantage of this fast train out of Chicago. Mr. Brown does not indicate when the contemplated strengthening of his railroad will be completed, but I fear it may be some time before any benefit can be secured to our mails.

I have, &c.,

H. STEPHENSON SMITH, Resident Agent for New Zealand.

The Secretary, General Post Office, Wellington.

### Enclosure in No. 21.

The SUPERINTENDENT, RAILWAY MAIL-SERVICE, San Francisco, to the RESIDENT AGENT FOR NEW ZEALAND.

SIR,—

San Francisco, 30th (?) June, 1904.

I beg to quote communication of the Hon. the General Superintendent of this service regarding the despatch of Australian British mails by the 20th Century Limited train from Chicago to New York city:—

"Under date of the 3rd instant, this office addressed a communication to Mr. W. C. Brown, vice-president of the New York Central line, respecting the despatching from Chicago, under certain conditions, of the British Australian mail arriving at Chicago too late to catch No. 32. Mr. Brown gave the matter careful consideration, and replied, under date of the 20th instant, that he finds that since January 1st his road has handled six cartloads of this mail; that on 15th January, 5th February, 10th and 29th April\* the car went forward on No. 6, and on 26th February and 18th March the mail was not received in time for No. 6, and was forwarded on No. 10. Mr. Brown says he regrets that it is impossible for them at present to carry this mail through on the 20th Century Limited, but states that they are placing their bridges in shape as rapidly as possible on the Lake Shore Road, where the defect seems to be, so as to support a much heavier load than at present, and thus permit them to run much heavier engines than they now use in hauling their trains. He states that he thinks he can without doubt put an additional car or

two in train 26 as soon as that work is accomplished, and still be able to bring it into New York on time. This matter you brought to our attention after having had some correspondence with the Resident Agent for New Zealand at San Francisco."

I shall be pleased to have whatever further suggestions you may have to offer.

Very respectfully,

H. P. THRALL, Superintendent.

H. Stephenson Smith, Resident Agent for New Zealand, San Francisco.

\* These are just ordinary trains.

### No. 22.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,— Resident Agency for New Zealand, San Francisco, 7th July, 1904.

I have the honour to report that the s.s. "Sierra" from the colonies did not arrive at this port until 9 a.m. on Monday, the 27th June. The mails were landed too late to connect with the 10 a.m. train for the eastern States, and as a consequence did not reach New York until two hours after the departure of the s.s. "Lucania," and were detained in New York until yesterday (the 6th), when they went forward by the s.s. "Teutonic." In this connection I enclose you a copy of a communication received from the general manager of the Cunard Steamship Company referring to the matter, which is in line with his previous communications upon the subject.

I do not know whether it is practicable to carry out Mr. Brown's suggestion for an earlier departure from New Zealand in view of what has already been done in that direction, but I am of the opinion that a strong representation of the case should be made to the Oceanic Steamship Company in respect of the necessity of an earlier arrival at this port, especially during the winter months, otherwise delays such as are reported upon this occasion would seem inevitable. Now that the call at Fanning Island has been discontinued, it would appear as if some benefit in the way of an earlier arrival at this port should be possible.

I feel that the Cunard Steamship Company will at all times facilitate the New York connection up to the last moment that prudence permits.

I have, &c.,

H. STEPHENSON SMITH, Resident Agent.

The Secretary, General Post Office, Wellington.

### Enclosure in No. 22.

The GENERAL MANAGER, Cunard Steamship Company, New York, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

DEAR SIR,— New York, 2nd July, 1904.

Your telegram received. I regret to say it was impracticable to delay "Lucania" sailing to-day as her appointed hour was 9 a.m. Had the mails arrived on time it would have been 11 o'clock before they could have been delivered to the ship, and 1 p.m. before she could have crossed the bar, which would have been half-tide on the ebb. With the ship's heavy draft we did not think it prudent to take this chance.

As all ships now sail early in the day on Saturday it is all the more important that an arrangement should be made if possible to start the mail-steamer from New Zealand at least twelve hours earlier than at present, otherwise, as I have previously pointed out, it will be necessary to have frequent delays on the part of the ships, and an occasional missing of the mail, such as occurred in present instance.

Yours, &c.,

VERNON H. BROWN.

H. Stephenson Smith, Esq., Resident Agent for New Zealand, San Francisco.

### No. 23.

Messrs. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),  
Auckland, 13th July, 1904.

SIR,—

We have the honour to acknowledge receipt of your letter of 5th instant, and note that the Postmaster-General has been pleased to agree to the abandonment of the claims of your Department against the "Ventura" for demurrage on our refunding the amount received by us on 28th April last.

We have therefore paid the sum of £110 into the Post Office here on 11th instant.

With the hope that the spirit which has prevailed in the settlement of this matter may continue to regulate the dealings of your Department and the Oceanic Company,

We have, &c.,

The Secretary, General Post Office, Wellington.

HENDERSON AND MACFARLANE.

## No. 24.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

GENTLEMEN,— General Post Office, Wellington, 14th July, 1904.

I have the honour to acknowledge the receipt of your letter of the 17th May last, on the subject of the claim of £236 by this Department for late arrival at San Francisco of the "Ventura" on the March-April voyage.

In reply, I have to inform you that in keeping with the decision conveyed in my letter of the 5th instant the amount in question will not be claimed.

I have, &c.,

W. GRAY, Secretary.

Messrs. Henderson and Macfarlane, Auckland.

## No. 25.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

GENTLEMEN,— General Post Office, Wellington, 2nd August, 1904.

Referring to previous correspondence on the subject of the recurring delays in the arrival of the mail-steamers at San Francisco, resulting in the Homeward mails missing the east-bound train leaving there at 10 a.m. on the Monday, I have now the honour to call your attention to another failure on the 27th June, when the "Sierra" did not arrive until 9 a.m., preventing the mails being landed to connect with the morning train. As a consequence, they did not reach New York until two hours after the departure of the s.s. "Lucania," although efforts were made to detain her, and they were delayed in New York until the 6th July, arriving in London between four and five days late.

As the serious delay results in considerable inconvenience to commercial men and others, both in this colony and in the United Kingdom, besides greatly discrediting the route as a means of speedy mail-communication, it is considered necessary to press for some alteration, and I must ask you to be so good as to make such representations to your head office as will expedite the arrival of the steamers at San Francisco, and insure a connection more in keeping with the timetable.

Now that the call at Fanning Island has been discontinued, there should be less difficulty in arranging a delivery of the mails in San Francisco some hours earlier than is at present the case.

I have, &c.,

W. GRAY, Secretary.

Messrs. Henderson and Macfarlane, Auckland.

## No. 26.

The SECRETARY, General Post Office, Wellington, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

SIR,— General Post Office, Wellington, 2nd August, 1904.

I have the honour to acknowledge the receipt of your letter of the 6th ultimo, forwarding copy of a communication from the Superintendent of the Railway Mail-service, San Francisco, with further reference to the efforts to arrange for the conveyance of our Homeward mails by the 20th Century Limited train from Chicago to New York.

I note that until certain improvements are effected advantage cannot be taken of the fast train for the mails.

I have, &c.,

W. GRAY, Secretary.

H. Stephenson Smith, Esq., Resident Agent for New Zealand, San Francisco.

## No. 27.

The SECRETARY, General Post Office, Wellington, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

SIR,— General Post Office, Wellington, 2nd August, 1904.

I have the honour to acknowledge the receipt of your letter of the 7th ultimo, reporting the late arrival of the s.s. "Sierra" on the 27th June, whereby connection was missed with the 10 a.m. east-bound train.

For the reasons already given in previous correspondence it is not practicable to arrange for an earlier departure of the mail-steamers from this end as suggested by the general manager of the Cunard Steamship Company. I have, however, again asked the agents of the Oceanic Steamship Company in Auckland to take such action as will bring about an earlier arrival of the steamers at San Francisco, so that the mails may always go forward by the 10 a.m. east-bound train on the Monday.

I have, &c.,

W. GRAY, Secretary.

H. Stephenson Smith, Esq., Resident Agent for New Zealand, San Francisco.

## No. 28.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

GENTLEMEN,—

General Post Office, Wellington, 3rd August, 1904.

I have the honour to inform you that the Department is advised that although the final portion of the inward mail arrived in San Francisco at 7 p.m. on the 7th ultimo, yet the "Sierra" did not leave the wharf until after 2 p.m. the following day. I shall be glad if you will ascertain and inform me whether it could not have been arranged to despatch the steamer a few hours after the arrival of the final portion of the mail. The night of the 7th was clear.

I have, &amp;c.,

Messrs. Henderson and Macfarlane, Auckland.

W. GRAY, Secretary.

## No. 29.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),

SIR,—

Auckland, 4th August, 1904.

We have the honour to acknowledge the receipt of your communication of the 2nd instant, on the subject of delays in the arrival of the mail-steamer at San Francisco.

We shall transmit by the outgoing mail a copy of your letter to the head office of the Oceanic Steamship Company in San Francisco, and ask that, if possible, effect may be given to your representations.

We understand that instructions have been given to the commanders of the vessels to reach San Francisco as early as possible, and suppose that some good reason exists to account for the "Sierra's" not arriving earlier.

We have, &amp;c.,

The Secretary, General Post Office, Wellington.

HENDERSON AND MACFARLANE.

## No. 30.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,—

Resident Agency for New Zealand, San Francisco, 17th August, 1904.

*20th Century Limited.*

I have the honour to enclose you copy of a communication received from the Superintendent of the United States Railway Mail-service (8th division) in reference to the above-named subject, from which you will note that the continued effort that has been made by myself and the officials of the United States Railway Mail-service to secure the transmission of the letter portion of our through mails by the fast 20th Century Limited express has at last been successful, although this concession does not appear to have been availed of for the "Ventura's" mails, which have been delayed at New York again, this time three days, going forward by the s.s. "Kaiser Wilhelm de Grosse" on Tuesday, the 16th, at 10 a.m.

I trust this concession may result in a more certain connection with the Atlantic steamers in future, for, at any rate, the letter portion of the mails

I have, &amp;c.,

The Secretary, General Post Office, Wellington.

H. STEPHENSON SMITH, Resident Agent.

## Enclosure in No. 30.

The SUPERINTENDENT, Railway Mail-service, San Francisco, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

SIR,—

San Francisco, 8th August, 1904.

I take pleasure in informing you that our Department at Washington has arranged with the New York Central lines for the carrying of the letter portion of the Australian-British mails on train No. 26 (the 20th Century Limited), from Chicago to New York, when it is necessary to forward it on that train in order to make steamer connections at New York city.

This will result in a very much desired improvement in the transportation of mails of the Government which you represent.

Very respectfully,

The Resident Agent for New Zealand, San Francisco.

H. P. THRALL, Superintendent.



## No. 31.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,—

Resident Agency for New Zealand, San Francisco, 7th September, 1904.

I have the honour to acknowledge the receipt of your communications of the 2nd August, with reference to the 20th Century Limited train on the Lake Shore and Michigan Central Railroad, and also the question of giving an earlier hour of departure to the steamers from Auckland, as suggested by the Cunard Steamship Company, which I learn to be impracticable.

I would state in this connection that the mails *ex* "Sierra" just despatched from New York received the benefit of the carriage by the 20th Century Limited from Chicago upon this occasion: but in this case there was no necessity for the use of this train, as the mails had ample time to connect by the ordinary trains. However, it is perhaps as well to establish the practice of using this train for the letter-portion of the mails as agreed.

I have, &c.,

H. STEPHENSON SMITH, Resident Agent.

The Secretary, General Post Office, Wellington.

## No. 32.

The Hon. the PRIME MINISTER to the AGENT-GENERAL.

SIR,—

Prime Minister's Office, Wellington, 13th September, 1904.

I have the honour to inform you that the Resident Agent for New Zealand at San Francisco advises that arrangements have now been made whereby the letter portion of the Australasian Homeward mail will be transmitted by the fast 20th Century Limited train from Chicago to New York when necessary to do so to insure connection with the steamer at New York. The concession should tend to minimise delay in arrival of our mails in London.

I have, &c.,

J. G. WARD, for the Prime Minister.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

## No. 33.

The SECRETARY, General Post Office, Wellington, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 13th September, 1904.

I have the honour to acknowledge the receipt of your letter of the 17th ultimo, covering copy of one from Mr. H. P. Thrall, Superintendent of the United States Railway Mail-service (eighth division), San Francisco, announcing that arrangements had been made for the carriage of the letter portion of the Australasian mail from Chicago to New York on the fast 20th Century Limited train when necessary to do so to make steamer connection at New York.

I have to thank you for your efforts to obtain the concession, which the Department much appreciates. The improvement should minimise the delay in arrival of the mail in London. Perhaps you will be so good as to convey the Department's thanks to Mr. Thrall.

I have, &c.,

W. GRAY, Secretary.

H. Stephenson Smith, Esq., Resident Agent for New Zealand, San Francisco.

## No. 34.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),

SIR,—

Auckland, 28th September, 1904.

We have the honour to refer you to your communications of the 2nd and 3rd August, dealing with the delay of the "Sierra" at San Francisco till the 8th July, and the late arrival of our mails in London, and have now the pleasure of quoting from a letter from Messrs. the J. D. Spreckels and Bros. Company, San Francisco, dealing with the two points.

*"Sierra" from San Francisco.*

"In response to your communication of the 12th August, relative to departure of 'Sierra' from San Francisco at 2 o'clock, 8th July, instead of immediately after arrival of the British mails at 7 p.m. on the 7th, we would state that the time was lost through detention caused by installation of two new propellers on the vessel, and the fact that we could not secure dry dock as early as we had expected."

*Late Arrival of Mails in London.*

"Referring to the transmission of the Australian-New Zealand mail overland, and mails of the R.M.S. 'Sierra' missing the Saturday boat, 2nd July: The steamer of the Cunard Line, 2nd July, was the 'Lucania,' and it went out in the early morning (Saturday). The mails arrived in New York about 10 a.m. the same day. According to the time-table of the Post Office Department, the mail despatched on Monday at 6 p.m. from here (San Francisco) should have arrived in New York at 4 a.m. The next sailing from New York for England was the White Star

Line 'Teutonic,' 6th July. The mail was therefore held over four days in New York on that run. The New York Central Railway have recently agreed to carry mail on their 20th Century Limited train, leaving Chicago at 12 noon and arriving in New York the next morning at 9 a.m. It is expected that the utilising of this fast train-service will assist us in the future in getting the mails into New York in good season for the trans-Atlantic sailing."

The above extracts speak for themselves, and we trust will satisfactorily cover the questions raised in your favours referred to above.

We have, &c.,

HENDERSON AND MACFARLANE,

General Agents for New Zealand.

The Secretary, General Post Office, Wellington.

No. 35.

Messrs. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Auckland, 30th September, 1904.

(Telegram.)  
*Re* Duthie's question in House, that mails may purposely reach Fr'isco too late connect Cunard: The American Line leaves New York Saturday with tide same as Cunard. Next connection White Star from New York Wednesday. Trust this information will be included in reply.

No. 36.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

Wellington, 1st October, 1904.

(Telegram.)  
*Re* Mr. Duthie's question: The reference to the sailing-days from New York of American Line and White Star steamers will be embodied in Minister's reply.

No. 37.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,— Resident Agency for New Zealand, San Francisco, 8th November, 1904.

In connection with the late arrival of the R.M.S. "Ventura" at this port on the 10th October, and the suggestion contained in your unofficial communication of the 13th October [not printed], I deemed it advisable to communicate with Messrs. J. D. Spreckels and Bros. in connection with the matter, pointing out the necessity of an earlier arrival of their steamers at this port, so that during the approaching winter there might be some better prospect of making connections at New York for the through mails from the colonies.

I enclose copies of correspondence with Messrs. Spreckels and Bros. in this connection, from which it would appear that the contractors fully recognise the importance of an earlier arrival of their steamers at this port; and I feel confident that they will use every endeavour to effect an arrival in future at such an hour as will secure a connection with the morning train from this city, whenever the fog and other weather conditions permit the steamers to make port in time without too severely jeopardising the safety of the vessels.

I have, &c.,

H. STEPHENSON SMITH,

Resident Agent for New Zealand.

The Secretary, General Post Office, Wellington.

Enclosure 1 in No. 37.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the J. D. SPRECKELS AND BROS. Co., San Francisco.

GENTLEMEN,— Resident Agency for New Zealand, San Francisco, 1st November, 1904.

I have the honour, by direction of my Government, to direct your attention to the late arrival at this port of the s.s. "Ventura," under contract to convey the mails from the colonies to this port, on the 10th October last, and to point out to you, as I believe has been done previously, the necessity, especially during the approaching winter season, for your steamships to arrive at this port on Monday mornings in time to connect with the 10 a.m. express for the east.

I am aware that upon the occasion referred to, through the concessions made by the Railway Department and fortuitous circumstances met with during the overland transit, the mails reached New York a few minutes prior to the departure of the s.s. "Etruria," and thereby made the required connection; but such favourable conditions cannot be anticipated at another time, the margin for accident or delay being entirely too close.

I would, therefore, impress upon you the advisability of issuing such instructions to the commanders of your steamers as will impress upon them the vital importance of making an arrival at this port at such an hour as will assure a connection with the 10 a.m. express, unless stress of weather renders it impossible.

Trusting that every effort will be made in the direction indicated,

I have, &c.,

H. STEPHENSON SMITH,

Resident Agent for New Zealand.

Messrs. the J. D. Spreckels and Bros. Company  
(Oceanic Steamship Company), San Francisco.

### Enclosure 2 in No. 37.

The J. D. SPRECKELS AND BROS. Co., San Francisco, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

Oceanic Steamship Company, 329, Market Street, San Francisco,  
4th November, 1904.

SIR,—

Referring to your communication of 1st November, calling our attention to the necessity for our mail-boats to arrive here in time to catch the 10 a.m. express for the east, instructions were issued about a year ago not only to the commanders of our steamers, but also to our agents in Honolulu, that every effort must be made to expedite the vessels so that they would have a chance of catching the 10 a.m. train; and we have since been working to the best of our ability with this object in view. Therefore, if we fail to connect with the 10 a.m. train, you may be reasonably assured that the failure is unavoidable.

It is fair to us that it should be quite understood by your Government that the 6 p.m. train is the one by which close connection with Saturday's steamer from New York should be made; but experience has shown that this train cannot always be depended upon to arrive on time. In consequence of this uncertainty, we have been doing, and will continue to do, our best at considerable expense to ourselves to catch the morning train.

We are, &c.,

OCEANIC STEAMSHIP COMPANY,

JOHN D. SPRECKELS, President.

H. Stephenson Smith, Esq., Resident Agent for New Zealand, San Francisco.

### Enclosure 3 in No. 37.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the J. D. SPRECKELS AND BROS. Co., San Francisco.

GENTLEMEN,— Resident Agency for New Zealand, San Francisco, 7th November, 1904.

I have the honour to acknowledge the receipt of your communication of the 4th instant, in reply to my letter of the 1st idem, in respect of the arrivals at this port of the steamers under contract with the New Zealand Government for the conveyance of the colonial mails *en route* to Great Britain.

I am pleased to understand that you appreciate the necessity of making connection with the overland express at 10 a.m., and that you have issued instructions to the commanders of your steamers to this end.

I have to thank you for the expression of your policy to use every effort to expedite the transmission of the mails so as to effect the necessary connections at New York. Your communication will be forwarded for the information of my Government.

I have &c.,

H. STEPHENSON SMITH,

Resident Agent for New Zealand.

Messrs. the J. D. Spreckels and Bros. Company  
(Oceanic Steamship Company), San Francisco.

### No. 38.

The SECRETARY, General Post Office, Wellington, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

SIR,— General Post Office, Wellington, 12th December, 1904.

I have the honour to acknowledge the receipt of your letter of the 8th ultimo, enclosing copy of your correspondence with the Messrs. J. D. Spreckels and Bros. Company, concerning the late arrival at San Francisco of the R.M.S. "Ventura" with the colonial mails on the 10th October last, together with the company's reply, stating that every effort was being made by the commanders of their vessels to reach San Francisco in time for the mails to connect with the Monday morning express train at 10 o'clock for the east.

I am pleased to learn that the Spreckels and Bros. Company fully realise the importance of the connection being made with the Monday morning express, and I hope to hear of an improvement in this direction in the future.

I have, &c.,

W. GRAY, Secretary.

H. Stephenson Smith, Esq., Resident Agent for New Zealand, San Francisco.

### No. 39.

The Hon. the POSTMASTER-GENERAL, Wellington, to the SECRETARY, General Post Office, London.

SIR,— General Post Office, Wellington, 29th March, 1905.

I have the honour to request that you will be so good as to inform me what are the present Postal Union rates for the Pacific transit of mails between San Francisco and Auckland, and also how the rates are determined on the present basis for the total sea-transit of 10 francs per kilo. for letters and post-cards and 1 franc per kilo. for other articles. Seeing that the Atlantic transit rates equal half the rates for the total sea-distance, and the Washington Convention prescribes that total payments must not exceed those stated, it is assumed that the Pacific transit rate is the balance left after payment of the Atlantic transit rate—namely, 5 francs and 50 centimes. On this point I shall be glad to be informed.

I have, &c.,

W. GRAY, for the Postmaster-General.

The Secretary, General Post Office, London.

No. 40.

SAN FRANCISCO MAIL SERVICE.

Statement of Deliveries of Mails from the 10th November, 1903, to the 22nd March, 1905 (New Zealand to London).

Auckland Departure.		San Francisco.				New York Departure.		London Arrival.		Remarks.
Due.	Actual.	Arrival.		Departure (due 10 a.m.).		Actual.		Due.	Actual.	
		Due.	Actual.	Due.	Actual.	Due.	Actual.	Due.	Actual.	
1903.										
Nov. 13, 3 p.m.	Nov. 13, 6.24 p.m.									Arrived London, due date.
Dec. 4, "	Dec. 4, 3.49 p.m.									"
Dec. 25, "	Dec. 25, 3.32 p.m.	1904.		1904.		1904.		1904.		"
Jan. 15, "	Jan. 15, 6.58 p.m.	Jan. 11, 6 a.m.	Jan. 11, 3.30 p.m.	Jan. 11, 6.5 p.m.	Jan. 11, 6.5 p.m.	Jan. 16, 2 p.m.	Jan. 23	Jan. 24, 2.12 p.m.		1 day late.
Feb. 5, "	Feb. 5, 3.49 p.m.	"	Feb. 1, 3.56 p.m.	Feb. 1, 6.3 p.m.	Feb. 1, 6.3 p.m.	Feb. 9, 10 a.m.	Feb. 13	Feb. 15, 8 p.m.		2 days late.
Feb. 26, "	Feb. 26, 10.35 p.m.	"	Feb. 22, 10.5 a.m.	Feb. 22, 6 p.m.	Feb. 22, 6 p.m.	Mar. 2	Mar. 5	Mar. 10, 10.33 a.m.		5 days late. Delayed, Honolulu; and propeller damaged.
Mar. 18, "	Mar. 18, 7.31 p.m.	Mar. 14, "	Mar. 15, 2.44 a.m.	Mar. 15, 10 a.m.	Mar. 15, 10 a.m.	Mar. 22, 8 a.m.	Mar. 26	Mar. 28, 3.14 p.m.		Arrived London, 2 days late. Heavy weather, Sydney to Auckland.
Apr. 8, "	Apr. 8, 6.5 p.m.	Apr. 4, "	Apr. 5, 10.25 p.m.	Apr. 6, 6 p.m.	Apr. 6, 6 p.m.	Apr. 12, 1 p.m.	Apr. 16	Apr. 18, 9.15 p.m.		Arrived London, 2 days late.
Apr. 29, "	Apr. 29, 5.7 p.m.	Apr. 25, "	Apr. 26, 7.9 a.m.	Apr. 26, "	Apr. 26, "	May 3, 8 a.m.	May 7	May 9, 1.46 p.m.		"
May 20, "	May 20, 3.50 p.m.	June 6, 6 a.m.	June 6, 2.4 p.m.	June 6, 6 p.m.	June 6, 6 p.m.	June 11, noon	June 18	June 19, 1.12 p.m.		due date.
June 10, "	June 10, 3.58 p.m.	June 27, "	June 27, 8.4 a.m.	June 27, "	June 27, "	July 6	July 9	July 14, 9 a.m.		1 day late.
July 1, "	July 1, 5 p.m.	July 18, "	July 18, 9.3 a.m.	July 18, "	July 18, "	July 26, 2 p.m.	July 30	Aug. 1, 7.30 p.m.		5 days late.
July 22, "	July 22, 3.45 p.m.	Aug. 8, "	Aug. 8, 9.18 a.m.	Aug. 8, "	Aug. 8, "	Aug. 16	Aug. 20	Aug. 22, 5.44 p.m.		"
Aug. 12, "	Aug. 12, 4.2 p.m.	Aug. 29, "	Aug. 29, 1.48 a.m.	Aug. 29, 10 a.m.	Aug. 29, 10 a.m.	Sept. 3, 10 a.m.	Sept. 10	Sept. 11, 7.53 a.m.		"
Sept. 2, "	Sept. 2, 4.35 p.m.									Pago, rough weather.
Sept. 23, "	Sept. 23, 8.8 p.m.	Oct. 10, 6 a.m.	Oct. 10, 3.14 p.m.	Oct. 10, 8.5 p.m.	Oct. 10, 8.5 p.m.	Oct. 15, 11.10 a.m.	Oct. 22	Oct. 23		Arrived London, due date.
Oct. 14, "	Oct. 14, 8.53 a.m.	Nov. 21, 6 a.m.	Nov. 21, 9.14 a.m.	Nov. 21, 6 p.m.	Nov. 21, 6 p.m.	Nov. 26, 7.30 a.m.	Dec. 3	Dec. 4, 0.5 a.m.		due date.
Nov. 4, "	Nov. 4, 8.39 p.m.									1 day late.
Nov. 25, "	Nov. 25, 4.51 p.m.									due date.
Dec. 16, "	Dec. 16, 3.55 p.m.	1905.								
Jan. 6, "	Jan. 6, 5.48 p.m.	Jan. 2, 6 a.m.	Jan. 2, 4.10 a.m.	Jan. 2, 10 a.m.	Jan. 2, 10 a.m.	Jan. 7, 7 a.m.	Jan. 14	Jan. 16		2 days late.
Jan. 27, "	Jan. 27, 3.40 p.m.	Jan. 23, "	Jan. 23, 0.20 p.m.	Jan. 23, 6 p.m.	Jan. 23, 6 p.m.	Jan. 30, 2 p.m.	Feb. 4	Feb. 9		5 days late. 14 hours' delay; severe snow-storm, west of Chicago.
Feb. 17, "	Feb. 17, 4.43 p.m.	Feb. 13, "	Feb. 13, 8.43 p.m.	Feb. 14, 10 a.m.	Feb. 14, 10 a.m.	Feb. 21, 7 a.m.	Feb. 25	Feb. 26		Arrived London, 1 day late.
Mar. 10, "	Mar. 10, 4.46 p.m.	Mar. 6, "	Mar. 6, 9.16 a.m.	Mar. 7, 6 p.m.	Mar. 7, 6 p.m.	Mar. 15	Mar. 18	Mar. 22		Francisco, dense fog.
Mar. 31, "	Mar. 31, 6.10 p.m.	Mar. 27, "	Mar. 27, 11 a.m.	Mar. 27, 6 p.m.	Mar. 27, 6 p.m.	Apr. 1, 1 p.m.	Apr. 8	Apr. 9		Arrived London, 1 day late.
Apr. 21, "	Apr. 21, 7.2 p.m.	Apr. 17, "	Apr. 17, 10.44 a.m.	Apr. 17, 6 p.m.	Apr. 17, 6 p.m.	Apr. 27, noon	Apr. 29	May 3		4 days late.
		May 8, "	May 8, 5 a.m.	May 8, 11 a.m.	May 8, 11 a.m.	May 13, 11 a.m.	May 20	May 21		1 day late.

General Post Office, Wellington, 20th June, 1905.

## No. 41.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 30th March, 1905.

REPORTED mail for United Kingdom *via* Frisco rarely arrives London due date, and occasionally five days late. Please state whether cause delay has been ascertained and can be communicated.

## No. 42.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

(Telegram.)

Wellington, 30th March, 1905.

FROM November, 1903, Frisco mails delivered London six times on due date. On three occasions five days, once four days, seven two days, and six one day late. Of the twenty-three voyages, the steamers reached Frisco twenty times on due date. Two or three hours' late arrival, however, generally means missing the Saturday steamer from New York and a late delivery in London. Delays from weather and other causes across America and Atlantic also materially contributed to late arrival in London. Weather in America and Atlantic unusually severe past few months. Since January there have been five days', one day's, and four days' late deliveries in London.

## No. 43.

The SECRETARY, General Post Office, Wellington, to Messrs. HENDERSON AND MACFARLANE, Auckland.

(Telegram.)

Wellington, 1st April, 1905.

I LEARN that owing to large quantity cargo "Ventura" did not get away until 5.40 last night. While I am very pleased to hear such large cargoes have to be handled, I trust you instructed the captain to make up the lost time, so that mails may connect with 10 a.m. train from Frisco. As you are aware, there have been serious and repeated complaints about the late Frisco deliveries in London. Since January last year our Frisco mails have reached London only on four occasions on due date. Three times they were five days, once four days, seven times two days, and six times one day late, a very bad record indeed. Only on three occasions did mails reach Frisco in time to be forwarded by the east-bound 10 a.m. train. The difference between the Commonwealth and the Orient Company has emphasized the Frisco irregularities, and we have already had an appeal from the Federal Post Office as to the irregular Frisco running and the cause. Shall be glad to hear from you that captain of "Ventura" was specifically instructed to make up lost time, and to reach Frisco in time to transfer mails to 10 a.m. east-bound train.

## No. 44.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 1st April, 1905.

YESTERDAY Mr. Young, in handing Captain Hayward of "Ventura" newspaper cuttings calling attention to delay in arrival of mails *via* San Francisco at London, especially pointed out the necessity of arrival at Frisco in time to put mails on board 10 a.m. east-bound train.

## No. 45.

MESSRS. HENDERSON AND MACFARLANE, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),

SIR,—

Auckland, 1st April, 1905.

Referring to your telegram of this day, and our reply thereto: the matter of delay in arrival of the New Zealand mails at London has had our close attention, and we have again called on our head office to look into the matter. We are given to understand that the captains of the Oceanic vessels are instructed to get in to San Francisco early in the morning, if possible, so as to let the mails go forward by the east-bound train leaving at 10 a.m. In cases where they have not so arrived, the cause is given as stress of weather or other unforeseen event. Yesterday, in talking with Captain Hayward, we specially pointed out the necessity for arriving on time, and he said that no effort would be spared on his part to do so.

We shall communicate your telegram of this day's date to our head office by next mail.

Yours, &c.,

The Secretary, General Post Office, Wellington.

HENDERSON AND MACFARLANE.

## VANCOUVER SERVICE.

### No. 46.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 9th June, 1904.

DEPARTURE "Moura" from Auckland for Fiji postponed till Thursday, 16th. Intend continue Thursday sailing Fiji direct steamer for next few months with view to give close connection from south by "Rotoiti" to Onehunga.

### No. 47.

The SECRETARY, General Post Office, Wellington, to the DIRECTOR, International Bureau of the Universal Postal Union, Berne.

General Post Office, Wellington, 21st June, 1904.

SIR,—

*Mails for Fanning Island.*

Referring to my letter of the 30th December, 1902 [No. 67, F.-6, 1903], I have the honour to inform you that the arrangement whereby Fanning Island was served by the San Francisco mail-steamers was terminated with the Auckland despatch of the 20th ultimo. So far as this Department is at present aware, the vessels of the Canadian-Australian line running between Brisbane, Suva, and Vancouver will, from September next, call at the island six times a year.

I have, &c.,

W. GRAY, Secretary.

The Director, International Bureau of the Universal Postal Union, Berne.

### No. 48.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Office of Foreign Mails, Foreign Post Department, Washington.

General Post Office, Wellington, 21st June, 1904.

SIR,—

*Mails for Fanning Island.*

Referring to my letter of the 30th December, 1902 [No. 67, F.-6, 1903], I have the honour to inform you that the arrangement whereby Fanning Island was served by San Francisco mail-steamers has been terminated, and, so far as this Department is at present aware, the mails will from September next be carried six times a year by vessels of the Canadian-Australian line. The best despatch from the United States appears to be obtained by continuing to send mails for Fanning Island to Auckland for onward transmission to connect with the Canadian-Australian steamers at Suva.

I have, &c.,

W. GRAY, Secretary.

The Superintendent, Office of Foreign Mails, Post Office Department, Washington, D.C.

### No. 49.

The Hon. the POSTMASTER-GENERAL, Wellington, to the SECRETARY, General Post Office, London.

SIR,—

General Post Office, Wellington, 21st June, 1904.

Referring to my letter of the 29th December, 1902 [No. 66, F.-6, 1903], I have the honour to inform you that the arrangement whereby Fanning Island was served by the San Francisco mail-steamers was terminated with the Auckland despatch of the 20th ultimo. The present proposal is that the vessels of the Canadian-Australian line running between Brisbane, Suva, and Vancouver shall, from September next, call at the island six times a year. In the meantime H.M.C.S. "Iris" will probably visit Fanning Island next month.

Mail-matter should continue to be forwarded to Auckland for onward despatch, except in the case of mails leaving London on the 29th July, 23rd September, 18th November, and every eighth week thereafter, when correspondence should be enclosed in the mail for Sydney.

I have, &c.,

W. GRAY, for the Postmaster-General.

The Secretary, General Post Office, London.

## No. 50.

The SECRETARY, General Post Office, Wellington, to the MANAGING DIRECTOR, Union Steam Ship Company (Limited), Dunedin.

(Telegram.)

Wellington, 23rd June, 1904.

KINDLY advise whether it is intended steamers shall call at Fanning Island on outward or inward voyage.

## No. 51.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 23rd June, 1904.

“AORANGI” September and alternate steamers following call Fanning Island going north. Calls are conditional on weather or other circumstances being favourable. If north-going steamer unable call she will tranship to south-going steamer Honolulu, and should latter be compelled to pass on will tranship to north-going steamer at Suva.

## No. 52.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

General Post Office, Wellington, 23rd June, 1904.

SIR,—

*Mails for Fanning Island.*

Referring to the recent termination of the arrangement whereby Fanning Island was served by the San Francisco mail-steamers, this Department understands that the present proposal is that the vessels of the Canadian-Australian line shall, from September next, call at the island six times a year.

I enclose herewith, for your information, copy of a letter which has been addressed to the London Post Office, advising that in the meantime H.M.C.S. “Iris” will probably visit Fanning Island next month, and that mail-matter should continue to be forwarded to Auckland for onward despatch, except in the case of mails leaving London on the 29th July, and every eighth week thereafter. Anticipating your consent, I have asked that correspondence sent in every eighth week should be enclosed in the mail for Sydney, and I should be obliged if you would arrange for that office to make up a special bag, addressed to the Postmaster, Fanning Island, using the same letter-bill as for mails to New Zealand. Perhaps you would instruct the Brisbane office to make up a mail also. Any mail-matter posted or received in Australia for Fanning Island between the direct despatches should be sent to Auckland, as there may be occasional opportunities for despatch of mails by H.M.C.S. “Iris.”

I have, &c.,

W. GRAY, Secretary.

The Secretary, Postmaster-General's Department, Melbourne.

## No. 53.

The DEPUTY POSTMASTER-GENERAL, Ottawa, to the SECRETARY, General Post Office, Wellington.

SIR,—

Post Office Department, Canada, Ottawa, 30th June, 1904.

With reference to your communication of the 1st December last [No. 67, F.-6, 1904], requesting a copy of the contract for a mail-service between Canada and France, I beg to say that this matter did not reach beyond the stage of negotiation, and that a contract has not been entered into, the promoters having failed to fill the conditions required by this Government. There has, therefore, been no contract, and, the negotiations having been confidential, I am unable to inform you what the conditions of the proposed contract were.

I have, &c.,

R. M. COULTER, Deputy Postmaster-General.

The Secretary, General Post Office, Wellington.

## No. 54.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, General Post Office, Wellington.

Commonwealth of Australia, Postmaster-General's Department,  
Melbourne, 20th July, 1904.

SIR,—

With reference to your letter of the 23rd ultimo, forwarding copy of a communication, dated the 21st idem, addressed by you to the Secretary, General Post Office, London, relative to the transmission of correspondence for Fanning Island, and asking that certain arrangements be made by this Department in connection with the matter, I have the honour to inform you the Postmaster-General has approved of the steamers of the Canadian-Australian line being allowed to call at Fanning Island *en route* to and from Vancouver, commencing from September next, for

six calls, as may be found necessary in the interests of the Pacific Cable Board; also to call at Hull Island as may be required to pick up or transfer passengers from or to a boat, such arrangement to be on trial only, and subject to withdrawal at any time by the Postmaster-General without notice.

I may add that the Deputy Postmasters-General, Sydney and Brisbane, have been instructed, as desired by you, to arrange for their respective offices to make up a special bag addressed to the Postmaster, Fanning Island.

The Secretary, General Post Office, Wellington.

I have, &c.,

ROBT. F. SCOTT, Secretary.

#### No. 55.

The SUPERINTENDENT OF FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

Post Office Department, Office of Foreign Mails, Washington, D.C.,  
27th July, 1904.

SIR,—

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 21st ultimo, announcing that the arrangement whereby Fanning Island was served by the San Francisco mail-steamers has been terminated, and that, so far as your Administration is aware, the mails will, from September next, be carried six times a year by vessels of the Canadian-Australian line; the best despatch from the United States appearing to be obtained by continuing to send mails for Fanning Island to Auckland for onward transmission to connect with the Canadian-Australian steamers at Suva.

In reply, I am to inform you that the necessary instructions in regard to the matter have been issued by this Department.

I am, &c.,

N. M. BROOKS, Superintendent of Foreign Mails.

The Hon. the Postmaster-General, Wellington.

#### No. 56.

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

(Telegram.)

Wellington, 4th August, 1904.

NEW ZEALAND willing to pay transfer Vancouver mail-steamers from Queensland to New Zealand, but was led to believe Canada opposed change. Am now cabling inquiring.

#### No. 57.

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

(Telegram.)

Wellington, 4th August, 1904.

ARE you agreeable give up Vancouver mail-steamers calling Brisbane, Queensland, and substitute Auckland, New Zealand, instead?

#### No. 58.

The SECRETARY, General Post Office, Wellington, to the MANAGING DIRECTOR, Union Steam Ship Company, Dunedin.

(Telegram.)

Wellington, 4th August, 1904.

A LETTER of 20th July from General Post Office, Melbourne, indicates that Vancouver steamer is to call at Fanning Island on both the up and the down trip, or perhaps alternately. Is there any alteration of the route set out in your telegram of the 23rd June?

#### No. 59.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 4th August, 1904.

No change in proposals *re* frequency of calls Fanning Island. Canadian Government so far decline allow, but understand Cable Board still negotiating with them to grant permission. Will advise you as soon as hear result.

#### No. 60.

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

(Telegram.)

Ottawa, 5th August, 1904.

To have steamers call Auckland would appear to this Department cause such delay as to seriously weaken present service.



## No. 61.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Ottawa.  
(Telegram.) Wellington, 8th August, 1904.

I RECOGNISE steamers cannot call Brisbane and Auckland without weakening the service, but Federal Postmaster-General states Queensland willing to give up service. What I desire to ascertain is whether Canada concurs in the giving up of Queensland. If so, New Zealand willing to come in and take Queensland's place.

## No. 62.

The DEPUTY POSTMASTER-GENERAL, Ottawa, to the Hon. the POSTMASTER-GENERAL, Wellington.  
(Telegram.) Ottawa, 19th August, 1904.

THIS Department considers delay caused by steamers calling Auckland would seriously weaken service. Regret, therefore, unable to agree to proposition.

## No. 63.

The SECRETARY, General Post Office, Wellington, to the MANAGING DIRECTOR, Union Steam Ship Company, Dunedin.  
(Telegram.) Wellington, 22nd August, 1904.

VANCOUVER steamers calling at Fanning Island: I have just learned that Canadian Government has now agreed to the steamers calling, but I await official confirmation.

## No. 64.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.  
(Telegram.) Dunedin, 23rd August, 1904.

CANADIAN Government grant permission call Fanning Island on same conditions as Federal Government—viz., as a trial, subject withdrawal any time without notice. Cable Board wish first call November, therefore "Moana" from Sydney, 31st October, calls. We await Cable Board's advice *re* subsequent calls. The arrangement originally proposed was for calls on alternate trips northward, one year—six calls—subject, of course, to mail-contracts after May, when present contracts expire. [Two three-monthly extensions arranged from February, 1905.]

## No. 65.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Melbourne.  
(Telegram.) Wellington, 23rd August, 1904.

VANCOUVER service: Regret Government has failed to induce Canada agree to substitution of Auckland for Brisbane. Following reply received Saturday from Deputy Postmaster-General, Ottawa: "This Department considers delay caused by steamers calling Auckland would seriously weaken service. Regret therefore unable to agree to proposition." Can you help matter in any way?

## No. 66.

The SECRETARY, General Post Office, Wellington, to the MANAGING DIRECTOR, Union Steam Ship Company, Dunedin.  
(Telegram.) Wellington, 23rd August, 1904.

KINDLY say exact amounts now received by your company for Vancouver service from Canada, New South Wales, Queensland, Fiji, and any other Governments subsidising.

## No. 67.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.  
(Telegram.) Dunedin, 24th August, 1904.

CANADA pays £34,090 18s. 2d.: Commonwealth pays £23,863 12s. 9d.: Fiji pays £2,045 9s. 1d.: total, £60,000.

## No. 68.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.  
(Telegram.) Dunedin, 26th August, 1904.

VANCOUVER steamer from Sydney 31st October and every eight weeks thereafter call Fanning, subject to conditions mentioned in my telegram of the 23rd instant.

## No. 69.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

SIR,— General Post Office, Wellington, 27th August, 1904.

I have the honour to acknowledge, with thanks, the receipt of your letter of the 20th ultimo, advising that the Postmaster-General had approved of the steamers of the Canadian-Australian line calling at Fanning Island *en route* to and from Vancouver, commencing from September next, for six calls, as may be found necessary in the interests of the Pacific Cable Board, and also at Hull Island, if required, such arrangement to be on trial only, and subject to withdrawal at any time by the Postmaster-General without notice. I note that the Sydney and Brisbane offices had each been instructed to make up a special bag, addressed to the Postmaster, Fanning Island.

I have now to inform you that this Department has been advised that the Canadian Government has granted permission for the Vancouver mail-steamers to call at Fanning Island, on conditions similar to those decided upon by your Administration. As desired by the Pacific Cable Board, the first call will be made by the R.M.S. "Moana," leaving Sydney on the 31st October next, and subsequent calls once in every eight weeks.

In this connection I would refer you to my letter of 23rd June last.

I have, &c.,

W. GRAY, Secretary.

The Secretary, Postmaster-General's Department, Melbourne.

## No. 70.

The Hon. the POSTMASTER-GENERAL, Wellington, to the SECRETARY, General Post Office, London.

SIR,— General Post Office, Wellington, 29th August, 1904.

In continuation of my letter of the 21st June, in which I informed you that it was proposed that the vessels of the Canadian-Australian line running between Brisbane, Suva, and Vancouver should, from September next, call at Fanning Island six times a year, I have the honour to inform you that the first call will now be made by the R.M.S. "Moana," leaving Sydney on the 31st October, and subsequent calls once in every eight weeks.

I have, &c.,

W. GRAY, for the Postmaster-General.

The Secretary, General Post Office, London.

## No. 71.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT OF FOREIGN MAILS, Washington.

SIR,— General Post Office, Wellington, 29th August, 1904.

In continuation of my letter of the 21st June last, stating that the arrangement whereby Fanning Island was served by San Francisco mail-steamers had been terminated, and that, so far as this Department was aware, the mails, from September next, would be carried six times a year by vessels of the Canadian-Australian line, I have the honour to inform you that the first call will now be made by the R.M.S. "Moana," leaving Sydney on the 31st October, and subsequent calls once in every eight weeks.

I have, &c.,

W. GRAY, Secretary.

The Superintendent, Office of Foreign Mails,  
Post Office Department, Washington, D.C.

## No. 72.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, General Post Office, Wellington.

Commonwealth of Australia, Postmaster-General's Department,  
Melbourne, 30th August, 1904.

SIR,—

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of Sir Joseph Ward's telegram of the 23rd instant, intimating he had been advised that the Postal Administration of Canada cannot agree to Auckland being substituted for Brisbane in connection with the Vancouver mail-service, and asking if any help can be given. In reply, I am directed to state that the matter has been referred to the Prime Minister of the Commonwealth for consideration.

I have, &c.,

ROBT. T. SCOTT, Secretary.

The Secretary, General Post Office, Wellington.

## No. 73.

The Hon. the PRIME MINISTER, Commonwealth of Australia, Melbourne, to the Hon. the PRIME MINISTER, Wellington.

SIR,—  
Commonwealth of Australia, Melbourne, 13th September, 1904.  
With reference to previous correspondence, I have the honour to enclose for your information copy of a communication which I have addressed to the Prime Minister of Canada, respecting the question of your colony taking the place of Queensland in connection with the Vancouver mail-service.  
I have, &c.,  
The Right Hon. the Premier of New Zealand, Wellington. G. H. REID.

## Enclosure in No. 73.

The Hon. the PRIME MINISTER, Commonwealth of Australia, Melbourne, to the Hon. the PRIME MINISTER of Canada.

SIR,—  
Commonwealth of Australia, Melbourne, 9th September, 1904.  
I have the honour to inform you that a proposal has been made by the Government of New Zealand to substitute Auckland or Wellington, in that colony, for Brisbane, Queensland, as a port of call for vessels of the Union Company engaged in the Australian-Canadian mail-service, on the condition that New Zealand pays that proportion of the subsidy now debited to the State of Queensland.  
2. As I understand that representations have been made to your Government on the subject, I desire to inform you that the proposal has been considered by this Government, who offer no objection thereto.  
3. The Government of the State of Queensland, who have been consulted on the matter, also have no objection to the suggested alteration.  
I have, &c.,  
The Right Hon. the Prime Minister of Canada, Ottawa. G. H. REID.

## No. 74.

The SECRETARY, General Post Office, Wellington, to the DIRECTOR, International Bureau of the Universal Postal Union, Berne.

SIR,—  
General Post Office, Wellington, 26th September, 1904.  
I have the honour to acknowledge the receipt of your circular letter of the 5th ultimo [not printed] concerning the delivery of mails for Fanning Island.  
In continuation of my letter of 21st June last, in which I advised that it was proposed that the vessels of the Canadian-Australian line running between Brisbane, Suva, and Vancouver should, from this month, call at Fanning Island six times a year, I have now the honour to inform you that the first call will be made by the R.M.S. "Moana," leaving Sydney on the 31st October, and subsequent calls once in every eight weeks.  
I have, &c.,  
The Director, International Bureau  
of the Universal Postal Union, Berne. W. GRAY, Secretary.

## No. 75.

The SECRETARY, General Post Office, Wellington, to the MANAGING DIRECTOR, Union Steam Ship Company, Dunedin.

SIR,—  
General Post Office, Wellington, 28th September, 1904.  
In your telegram of the 23rd August, on the subject of the calling of the Vancouver steamers at Fanning Island, you mention the departure from Sydney of the "Moana" on the 31st October. The time-table date for the despatch of the mail from Sydney is the 1st November. I assume, therefore, that the steamer leaves Sydney one day before the mail. Formerly it left two days before; and, as I have received no notice of any alteration in this respect, two days' interval is still announced in the Post and Telegraph Guide. I shall be obliged, therefore, if you will inform me authoritatively whether the one day's interval is correct, in order that the records of this office may be revised.  
I have, &c.,  
The Managing Director, Union Steam Ship Company of New Zealand (Limited), Dunedin. W. GRAY, Secretary.

## No. 76.

The MANAGING DIRECTOR, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

Union Steam Ship Company of New Zealand (Limited),  
Dunedin, 3rd October, 1904.

SIR,—

In reply to your favour of the 28th ultimo, I beg to say that the steamers of the Canadian-Australian Royal Mail line leave Sydney every fourth Monday. The mail leaves Sydney on Tuesday evenings by rail for Brisbane, and the steamer leaves there as soon as it is placed aboard, usually about 11 p.m. Wednesday. This has been the time-table since the steamers resumed calling at Suva; prior to that the mail left Sydney on Wednesday, and the steamer left Brisbane about 1 a.m. Friday.

I have, &c.,

R. MCK. McLENNAN, for Managing Director.

The Secretary, General Post Office, Wellington.

## No. 77.

The Hon. the PRIME MINISTER, Wellington, to the Hon. the PRIME MINISTER, Ottawa.

(Telegram.)

Wellington, 10th January, 1905.

NEW ZEALAND willing to join in steamer mail-service including port of call New Zealand, either Wellington or Auckland, at option of contractor, provided Queensland port of call left out. We will give twenty thousand pounds a year for three years. Details of any proposed contract to be first submitted to and approved by New Zealand Government.

## No. 78.

The Hon. the PRIME MINISTER, Ottawa, to the Hon. the PRIME MINISTER, Wellington.

(Telegram.)

Ottawa, 21st February, 1905.

TELEGRAM received; matter under consideration.

# AUSTRALIA-SUEZ SERVICES.

No. 79.

The AGENT-GENERAL to the Hon. the PRIME MINISTER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

11th February, 1905.

(Memorandum.)

IN reply to the Hon. Minister's letter of 7th November last [not printed], I am sending by book-post to the Secretary, Post and Telegraph Department, Wellington, by to-day's mail, the six copies each of Parliamentary Papers 259-1897 and 328-1904, relating to conveyance of East Indian, China, and Australian mails.

WALTER KENNAWAY, for the Agent-General.

The Hon. the Premier, Wellington.

## Enclosure 1 in No. 79.

*Return to an Order of the Honourable the House of Commons, dated 18th June, 1897, for Copy of Contracts (two), dated 25th May, 1897, which have been entered into with the Peninsular and Oriental Steam Navigation Company and the Orient Steam Navigation Company, respectively, for (1) the Eastern and Part of the Australian Mail-service, (2) the other Part of the Australian Mail-service, together with Copy of the Treasury Minute thereon, dated 29th May, 1897.*

[259: 1897.]

### POST OFFICE (EAST INDIA, CHINA, AND AUSTRALIA MAILS; AND AUSTRALIAN MAILS).

(Treasury Minute dated the 29th May, 1897.)

My Lords have before them a contract dated the 25th May, 1897, between the Postmaster-General and the Peninsular and Oriental Steam Navigation Company, for the conveyance of the East India, Australia, and China mails, and a contract dated the 25th May, 1897, between the Postmaster-General and the Orient Steam Navigation Company, for the conveyance of the Australian mails.

Both contracts come into operation on the 1st February, 1898, and continue until the 31st January, 1905.

The contracts made with the above-mentioned companies on the 19th January, 1888, and the 23rd January, 1888, respectively, for the conveyance of the Australian mails terminated on the 31st January, 1895, but were renewed (with some unimportant modifications) until the 31st January, 1898, by agreements dated the 30th January, 1895.

The object of this extension was to secure the termination of the contracts for the conveyance of the Australian mails at the same date as that with the Peninsular and Oriental Steam Navigation Company for the conveyance of the East India and China mails, which ran from the 1st February, 1888, to the 31st January, 1898.

The tender forms for the contracts now in question were issued on the 7th April, 1896, and were returnable on the 7th July, 1896.

Tenders were invited for all or any of the following services:—

1. A weekly service to and from Australia, or a fortnightly service to alternate with another fortnightly service.
2. A weekly service to and from Bombay.
3. A weekly service in each direction between Aden and Bombay.
4. A weekly service in each direction between Aden and Karachi.
5. A fortnightly service in each direction between Colombo and Shanghai, calling at Penang, Singapore, and Hong Kong.

The tenders received were as follows:—

(1.) Two complete inclusive tenders from the Peninsular and Oriental Steam Navigation Company for a weekly service to and from Bombay, and fortnightly services, *via* Colombo, to and from Shanghai and Australia, one tender naming Marseilles and the other Brindisi as the European port of departure and arrival, the subsidy asked being £310,000 a year for the service *via* Marseilles, and £330,000 a year for the service *via* Brindisi.

(2.) A tender from the Orient Steam Navigation Company for a fortnightly service to and from Australia, *via* Colombo, in alternation with a fortnightly service of some other contractor. Subsidy, £85,000 a year.

(3.) A series of tenders from the Ocean Steamship Company of Liverpool, following closely the lines of the Postmaster-General's advertisement, and offering a number of alternative services between Brindisi and Bombay, Aden and Bombay, Aden and Karachi, and Colombo and Shanghai, together with extensions of these services to other ports.

(4.) A tender from the China Navigation Company for a service between Calcutta (Diamond Harbour) and Shanghai.

The Peninsular and Oriental Steam Navigation Company did not tender separately for the Australian and Indian services, and it was therefore evident that the requirements of the Post Office for the whole of the services offered for tender could only be fully satisfied by accepting one of that company's tenders, together with the tender of the Orient Steam Navigation Company.

The India and China service alone might have been provided for under the tenders of the Ocean Steamship Company, either alone or in conjunction with that of the China Navigation Company. But in that case it would have been necessary to make other arrangements for the Australian service; and there was good reason to doubt whether this would have been practicable.

To the service offered by the Ocean Steamship Company there were also objections arising out of the character of the vessels which it was proposed to employ.

These vessels were to be small steamers of special design, not intended for the conveyance of ordinary passengers or cargo, but affording accommodation for the mails, mail-sorters, and a few Government passengers only. They would be about 1,100 tons burden and of peculiar and novel construction.

There are no ships afloat of precisely the type offered; but the company proposed to build an experimental ship first. If the experiment failed it was not clear how the company would have carried out the services for which they tendered.

The subsidy asked by the company for the complete service between Brindisi, Bombay, Colombo, and Shanghai amounted to £199,000 a year. But if this offer had been accepted a further difficulty would have arisen in connection with the conveyance of the parcel mails.

Under existing arrangement these are carried by the two contracting companies direct to and from the Thames, thus avoiding the expense of the land journey across Europe.

If the Ocean Steamship Company's mail packets were required to make the voyage to and from the Thames a further subsidy of £59,000 a year would be necessary, raising the total to £258,000.

If the proportion of the Peninsular and Oriental Company's subsidy, which is applicable to the Australian service, be taken at £85,000, the cost of the India and China service would amount to £245,000 for the Brindisi route or £225,000 for the Marseilles route. The proposals of the Ocean Steamship Company would thus involve a considerable increase of expenditure.

The proposal of the China Navigation Company that the Straits Settlements and China mails should be sent *via* Calcutta did not appear to promise any advantage over a service *via* Colombo.

After full consideration of the whole subject my Lords therefore decided to accept the tender of the Peninsular and Oriental Steam Navigation Company for the service *via* Brindisi, and that of the Orient Company for a fortnightly service to Australia.

The tender of the former company for a service *via* Marseilles would have involved a saving of £20,000 a year; but the time of transit of the mails between India and London would have been increased by about eighteen hours, and in view of the large amount of correspondence passing between this country and the East it did not appear probable that such a service would have given satisfaction to the public.

The new contracts in each case are for seven years, and the gain in speed and cost over the existing contracts are shown below:—

PENINSULAR AND ORIENTAL COMPANY.					Speed under New Contract.	Speed under Present Contract.
Between					Knots per Hour.	Knots per Hour.
Brindisi and	Bombay	...	...	...	14.5	12.54
„	Shanghai	...	...	...	13.3	11.20
„	Adelaide	...	...	...	14.0	12.13
					Time of Transit of Mails from London :	
					Under New Contract.	Under Present Contract.
					Days. Hours.	Days. Hours.
To	Bombay	...	...	...	14 16	16 12
„	Adelaide	...	...	...	30 16	34 16
„	Shanghai	...	...	...	32 18	37 10
					<i>Cost.</i>	Per Annum.
						£
Under new contract						330,000
Under present contracts—						
For India and China mails...					265,000	
For Australian mails					85,000	
For carriage of mails to and from the Thames					3,550	
					—————	353,550
Saving, £23,550 a year.						

#### ORIENT STEAM NAVIGATION COMPANY.

Time of transit of mails from London to Adelaide—

Under new contract	...	...	...	...	31 days 6 hours.
Under present contract	...	...	...	...	34 „ 18 „

The subsidy remains the same—namely, £85,000 a year.  
My Lords approve of the contracts before them.

THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY AND HER MAJESTY'S POSTMASTER-GENERAL—EAST INDIA, CHINA, AND AUSTRALIA MAILS.

CONTRACT.

Articles of agreement under seal made and entered into this 25th day of May, 1897, between the Most Noble Henry, Duke of Norfolk, Earl Marshal and Hereditary Marshal of England, K.G., Her Majesty's Postmaster-General (hereinafter called "the Postmaster-General," in which term his successors in the office of Her Majesty's Postmaster-General for the time being shall be deemed to be included), on behalf of Her Majesty of the one part and the Peninsular and Oriental Steam Navigation Company, whose office is situate at 122, Leadenhall Street, in the City of London (hereinafter called "the company," in which term their successors and permitted assigns shall be deemed to be included) of the other part.

THESE presents witness that, in consideration of the matters hereinafter appearing, it is hereby agreed and declared between and by the parties hereto, and the Postmaster-General (as to the covenants, agreements, and stipulations hereinafter contained on his part) doth hereby covenant and agree with the company, and the company (as to the covenants, agreements, and stipulations hereinafter contained on their part) do hereby covenant and agree with the Postmaster-General, in manner following (that is to say):—

INTERPRETATION OF TERMS.

1. For all the purposes of this agreement,—

The term "mails" means and includes all bags, boxes, baskets, or other packages of letters and other postal packets, including parcels (each parcel not exceeding the maximum weight of 11 lb.), without regard either to the country or place to which such packages may be addressed, or to the country or place in which they may have originated, and also all empty bags, boxes, baskets, or other receptacles, and all stores and other articles used or to be used in carrying on the Post Office service.

The term "postal packet" means any article for the time being transmissible by post, and includes a parcel.

The term "parcel" means a parcel within the meaning of "The Post Office (Parcels) Act, 1882."

The term "mail-ship" means a vessel provided for the conveyance of mails under this agreement.

The term "Adelaide" means the signalling-station (known as "Adelaide Semaphore") at or off the port of the City of Adelaide, in South Australia.

The term "the Admiralty" means the Commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom.

SERVICES TO BE PERFORMED.

2. (1.) Subject to the provisions of this agreement, the company shall during the continuance of this agreement, at their own cost and charges in all respects, convey by means of mail-ships all mails which the Postmaster-General or any of his officers or agents shall from time to time and at any time or times require to be conveyed—

(a.) Between Brindisi and Bombay, and

(b.) Between Brindisi and Shanghai, and

(c.) Between Brindisi and Adelaide, and

(d.) Between all other ports from which the mail-ships shall start, or at which they shall call or arrive under the provisions of this agreement, or for the purposes of the company.

(2.) All such mails shall be conveyed at the respective intervals of time and on the three several routes specified in the First Schedule hereto (which routes are hereinafter referred to as "mail routes").

(3.) For the purpose of this clause of this agreement the postal authorities of the several possessions or colonies of India, Ceylon, Western Australia, South Australia, Victoria, New South Wales, the Straits Settlements, and Hong Kong, and their respective officers and agents, shall unless and until the Postmaster-General shall give notice to the company to the contrary be deemed the agents of the Postmaster-General.

3. (1.) Subject to the provisions of this agreement, one of the mail-ships shall at such intervals as are specified in the First Schedule hereto in the case of each mail route put to sea from the port or place of departure on each of the said routes, at such day and hour as the Postmaster-General shall from time to time appoint, or so soon after such day and hour as the mails are embarked on board such mail-ship, and the mails conveyed by such mail-ship shall be delivered at the several ports or places of call, and at the port or place of destination on the said route in the order indicated in the said route, and shall be delivered at the port or place of destination on the said route at such day and hour as the Postmaster-General may from time to time appoint.

(2.) The days, hours, and times of departure and arrival in this clause referred to may be appointed by the Postmaster-General, either by a time-table or time-tables, to be from time to time approved by him, or in such other manner as he shall think fit.

(3.) With respect to mail route No. 3—

(a.) The company shall use the Princess Royal Harbour at the Port of Albany whenever the use of such harbour is practicable.

(b.) The company shall (if requested by the Postmaster-General so to do) substitute the Port of Fremantle, in Western Australia, for the Port of Albany as a port of call under this agreement as soon as the mail-ships can use the Port of Fremantle with safety, and

cargo-work and coaling can be carried on at such port in all states of the weather: Provided that whenever the mail-ships call at Fremantle such an additional number of hours shall be added to the period of transit applicable to mail route No. 3, as hereinafter provided, as shall be agreed upon between the Postmaster-General and the company, or, failing agreement, be settled by arbitration.

4. (1.) Subject to the provisions of this agreement, each of the mail-ships employed on mail route No. 3 shall on every outward voyage start from a port in the United Kingdom, and, after the due delivery at Adelaide of the mails intended to be delivered at that port, continue her voyage to Melbourne and thence to Sydney, and (subject as aforesaid) each of such mail-ships shall on every homeward voyage commence her voyage at Sydney (calling at Melbourne on the route to Adelaide), and, after the due delivery of the mails at Brindisi (either by the same mail-ship or by some other mail-ship to which such mails shall have been transferred), continue her voyage to a port in the United Kingdom, whether any mails may or may not be required to be conveyed in any such mail-ship from or to the United Kingdom, or to or from Melbourne or Sydney on any such voyage.

(2.) The times at which the mail-ships shall start from or arrive at the port of departure or arrival in the United Kingdom, Melbourne, and Sydney, and the rate of speed of the mail-ships between the United Kingdom and Brindisi, and between Adelaide, Melbourne, and Sydney shall be fixed by the company at their discretion, but not so as to affect the period of transit between Brindisi and Adelaide hereinafter referred to.

5. (1.) Subject to the provisions of this agreement, all mails to be conveyed under the provisions of this agreement upon mail route No. 1 shall be conveyed in either direction between Brindisi and Bombay within a period of 302 hours (hereinafter referred to as the "period of transit").

(2.) The period of transit shall include three hours allowed for a stoppage at Aden, and there shall be a stoppage at Aden on both the outward and homeward voyages for that time and no less.

(3.) During the prevalence of the south-west monsoon the period of transit from Bombay to Brindisi shall be extended by twenty-four hours.

6. (1.) Subject to the provisions of this agreement, all mails to be conveyed under this agreement on mail route No. 2 shall be conveyed from Brindisi to Shanghai within a period of 736 hours, and from Shanghai to Brindisi within a period of 742 hours (each of which periods is hereinafter referred to as the "period of transit").

(2.) The periods of transit shall respectively include the following times allowed respectively for a stoppage at each of the following ports (that is to say): At Aden, three hours; at Colombo, twenty-four hours; at Penang, six hours; at Singapore, twenty-four hours; at Hong Kong (on outward voyage), twenty-four hours; at Hong Kong (on homeward voyage), thirty hours.

(3.) During the prevalence of the north-east monsoon the period of transit from Brindisi to Shanghai shall be extended by forty-eight hours, and during the prevalence of the south-west monsoon the period of transit from Shanghai to Brindisi shall be extended by twenty-four hours.

7. (1.) Subject to the provisions of this agreement, all mails to be conveyed under this agreement on mail route No. 3 shall be conveyed in either direction between Brindisi and Adelaide within a period of 686 hours (hereinafter referred to as the "period of transit").

(2.) The period of transit shall include the time allowed for all stoppages of the mail-ships at the intermediate ports, and the mail-ships shall stop on both the outward and homeward voyages at Albany (or Fremantle) for six hours, and no less, and at Colombo for such period as may be necessary for the purpose of delivering, receiving, transferring, transshipping, or exchanging mails, and in no case less than the period (not exceeding twenty-four hours) appointed by the Postmaster-General in that behalf.

(3.) During the prevalence of the south-west monsoon the period of transit from Adelaide to Brindisi shall be extended by twenty-four hours.

8. (1.) Each period of transit shall be deemed to commence so soon after the time appointed by the Postmaster-General for the departure of the mail-ship from the port or place of departure, or after the completion of the embarkation of the mails intended to be thereby conveyed (whichever shall last happen), as having regard to practical considerations the anchor of such mail-ship can be weighed or the mail-ship can be loosed from her moorings, and each such period of transit shall be deemed to have been completed when the mail-ship has arrived and been anchored, or moored in some position at the port or place of destination from which the mails can be conveniently disembarked.

(2.) In any case in which any outward or homeward voyage may be performed by more than one mail-ship, the period of transit shall be reckoned from the commencement of the voyage of the mail-ship by which the first part of the conveyance shall be performed to the completion of the voyage of the mail-ship by which the last part of the conveyance shall be performed.

(3.) As regards mail route No. 1, the period of transit from Bombay to Brindisi shall be deemed to commence when the small steamships hereinafter mentioned with the mails on board arrive alongside the mail-ship by which the voyage is intended to be performed, and the period of transit from Brindisi to Bombay shall be deemed to be completed when the said small steamships arrive alongside the mail-ship by which the voyage has been performed.

(4.) The times of commencement and completion of each period of transit shall be ascertained and recorded, and all calculations in connection therewith shall be made by officers of the Postmaster-General, in pursuance of arrangements to be from time to time made by him for the purpose, and the decision of the Postmaster-General as to all questions relating to periods of transit shall be final and conclusive.

9. Should it be deemed by the Postmaster-General, his officers, or agents requisite for the public service that any mail-ship should at any time or times delay her departure from any port from which the mails are to be conveyed under this agreement beyond the time appointed for her



departure therefrom, the Postmaster-General, or any of his officers or agents, shall have power to order such delay (not, however, exceeding twenty-four hours) by letter addressed to the master of any such mail-ship, or any person acting as such, and such letter shall be deemed a sufficient authority for such detention, and in any such case such addition shall be made to the period of transit during which such detention shall take place as the company may prove to be equal to the delay caused by such detention.

10. (1.) The company shall be at liberty to convey on any mail route all or any of the mails hereby agreed to be conveyed in one and the same mail-ship, or by branch mail-ships, over any part of the mail routes on any outward or homeward voyage, and the time-table on the mail routes shall be so arranged that the services shall be in correspondence both on the outward and homeward voyages.

(2.) Notwithstanding anything in the last preceding subclause, the mails shall be conveyed on mail route No. 2 by one and the same ship in both directions between Colombo and Hong Kong, and such ship shall call at the several ports or places between Colombo and Hong Kong mentioned in the First Schedule hereto in relation to the said route.

(3.) Provided nevertheless that the provisions hereinbefore contained as to the conveyance of mails upon each of the mail routes, and in particular as to the periods of transit, shall not in any case be in anywise altered or affected by or in consequence of the exercise by or on the part of the company of any power contained in this clause, or otherwise by the operation of this clause.

*Character of Mail-ships and Conditions of Mail-service.*

11. Every mail-ship shall be a good substantial and efficient steamship of adequate power and speed, and supplied with first-rate appropriate steam-engines, and shall be in all respects suited to the performance of the services herein agreed to be performed within the respective times herein stipulated, and shall be provided and kept by the company seaworthy and in complete repair and readiness to the satisfaction of the Postmaster-General.

12. Every mail-ship shall be always properly and sufficiently equipped in all respects so as to render her constantly efficient for the said services and safe for the conveyance of mails, and shall be manned with legally qualified and competent officers, with appropriate certificates granted pursuant to the Act or Acts in force for the time being relative to the granting of certificates to officers in the merchant service, and also with competent engineers, and a sufficient crew of able seamen and other men, and with a competent and registered surgeon.

13. Every mail-ship and the equipment, officers, engineers, and crew thereof shall be subject at all times to the inspection of the Postmaster-General, or of such person or persons as he shall at any time or times authorise to make such inspection.

14. (1.) If the Postmaster-General shall at any time consider any mail-ship unfit for service under this agreement, he may require the company to show cause why such mail-ship should not be withdrawn from the service, and, unless the company shall forthwith show cause to the contrary to the satisfaction of the Postmaster-General, he may declare such mail-ship to be unfit for service under this agreement, and after such declaration shall have been made the company shall not employ such ship in the performance of this agreement.

(2.) In order to determine whether the Postmaster-General shall be justified in declaring any mail-ship unfit for service, or whether the company shall be able to show cause to the contrary, a special examination may be made of the hull and machinery of any such mail-ship by such person or persons as may be appointed for that purpose by the Postmaster-General.

15. (1.) The company shall, at their own cost, and to the satisfaction of the Postmaster-General, provide the following accommodation for the mail-service (that is to say):—

(a.) They shall provide on each of the mail-ships a separate room or rooms for the convenient and secure deposit of the mails under lock and key.

(b.) Until the Postmaster-General gives notice to the contrary, they shall provide between Port Said and Bombay, on each of the mail-ships employed on mail route No. 1, the following accommodation for the purpose of sorting and making up the mails—namely, on the uppermost deck, a separate and convenient room of such dimensions as the Postmaster-General may from time to time reasonably require, and in the fore part of the main-deck such additional space to be well ventilated and lighted as may be required.

(c.) Until the Postmaster-General gives notice to the contrary, they shall provide between Penang and Hong Kong, on the uppermost deck of each of the mail-ships employed on mail route No. 2, a separate and convenient room of such dimensions as the Postmaster-General may from time to time reasonably require, for the purpose of sorting and making up the mails.

(2.) Every such room shall be provided by the company with all such furniture, lamps, fittings, and other conveniences as shall be necessary or convenient for the purpose of sorting and making up the mails, and all such furniture, lamps, fittings, and other conveniences shall be from time to time cleansed and kept in repair, and the oil for the lamps shall be supplied by the servants and at the cost of the company.

(3.) The services of the crew of every mail-ship shall from time to time be given in the conveyance of the mails between the mail-room and the sorting room or rooms.

16. (1.) The company shall receive and allow to remain on board each of the mail-ships on her voyage between Port Said and Bombay, and also while stopping at Aden, and whether such mail-ship shall be with or without mails on board, an officer of the Indian Post Office to take charge of and sort and make up the mails.

(2.) The company shall receive and allow to remain on board each of the mail-ships on her voyage between Penang and Singapore, and between Singapore and Hong Kong, an officer of the Post Office to take charge of and sort and make up the mails.

(3.) A suitable first-class cabin with appropriate bed, bedding, and furniture shall, at the cost of the company, be provided and appropriated by them for the exclusive use and accommodation of every such officer as in this clause mentioned, and every such officer shall be victualled by the company as a chief cabin passenger without any charge either for his passage or victualling.

17. The company shall also receive and allow to remain on board each of the mail-ships on her voyage between Port Said and Bombay, and also while stopping at Aden, and whether such mail-ship shall be with or without mails on board, in addition to any officer in charge of the mails, such number (not exceeding thirty) of officers of the Post Office as shall be reasonably required for the purpose of sorting and making up the mails, and shall, without any charge, provide suitable accommodation and victualling for such additional officers either as chief-cabin passengers or as fore-cabin passengers at the option of the Postmaster-General.

18. At each port or place where the mails are to be delivered and embarked, the officer having charge of mails shall, whenever and as often as by him shall be deemed necessary for the public service, be conveyed on shore, and also from the shore to the mail-ship, either with or (if such officer shall consider it necessary for the purposes of this agreement) without the mails, in a suitable and seaworthy boat of not less than four oars, to be furnished with effectual covering for the mails, and properly provided, manned, and equipped by the company.

19. (1.) The company shall, at their own cost, land, deliver, and embark the mails at all ports or places at which the mails are to be landed, delivered, and embarked, and shall accordingly at their own costs provide suitable means and proper assistance for, and shall be responsible for the due landing, delivery, and embarking of the mails.

(2.) The company and all commanding and other officers of the mail-ships, and all agents, seamen, and servants of the company shall at all times punctually attend to the orders and directions of the Postmaster-General, his officers, or agents as to the mode, time, and place of landing, delivering, and embarking the mails, and shall at all times protect the mails to the utmost of their power.

(3.) The company shall provide at Aden and at Bombay such small steamships as may be required for landing, embarking, and transhipping the mails with due despatch at each of the said places, and such steamships respectively shall be so constructed as to be able at all states of the tide to land and embark the mails at Aden and at Bombay, and the company shall at all times keep such steamships in complete repair, and ready for landing and embarking the mails accordingly at such places respectively.

20. (1.) The master or commander of each of the mail-ships shall, whenever required by the Postmaster-General, his officers, or agents so to do, without any remuneration other than the subsidy payable to the company under this agreement, take charge of the mails conveyed or intended to be conveyed by such mail-ship, and shall adopt all necessary measures and precautions for the safety of the mails to the satisfaction of the Postmaster-General, his officers, and agents.

(2.) Each of such masters or commanders shall make the usual declaration or declarations required, or which may hereafter be required by the Postmaster-General in such and similar cases, and furnish such journals, returns, and information to and perform such services as the Postmaster-General, his officers, or agents may require.

(3.) Every such master or commander, or officer duly authorised by him, having charge of mails shall himself immediately on the arrival of the mail-ship at any port or place deliver all mails for such port or place into the hands of the Postmaster of such port or place, or of such other person at such port or place as the Postmaster-General shall authorise to receive the same, and shall in like manner receive all the return or other mails to be forwarded in due course.

21. (1.) The company shall during the continuance of this agreement (in addition to the services hereinbefore contracted to be performed by them, and without any payment other than the subsidy hereinafter specified) convey by any steamship of the company performing any service undertaken by the company for their own purposes, all mails which the Postmaster-General, or any of his officers or agents, shall from time to time require to be conveyed.

(2.) The mails shall be conveyed by any such steamship, as in this clause mentioned, to and be delivered at any port or place to which such steamship shall sail and for which such mails are intended.

(3.) Provided that (except as regards the payment for the services to be rendered by the company under this clause) nothing contained in this agreement shall impose on the company with respect to the embarking, delivering, and conveyance of any mails which are to be conveyed by the company under this clause any obligations in excess of those now imposed by the law of England on the master of a vessel with respect to the embarking, delivering, and conveyance of letters received by him on board his vessel.

22. The company shall undertake and make all necessary and proper arrangements in connection with any statutory regulations of the Local Government Board relative to public health, or in connection with quarantine, which may be required in respect of the mail-ships, or any other steamships of the company carrying mails under this agreement, and no deduction shall be made from the subsidy payable under this agreement, nor shall the company be otherwise liable for or by reason of any delay in the landing, embarkation, delivery, or conveyance of any mails arising from the observance of any such regulations or the imposition of quarantine.

23. (1.) Nothing in this agreement shall exempt the company, or any mail-ship or other steamship of the company from the operation of any Act of Parliament, Order in Council, by-law, or other provision of the law in relation to explosives.

(2.) The company shall not convey in any mail-ship any article which, in the opinion of the Postmaster-General, is likely to endanger the mails.

24. The company shall be responsible for the loss or damage of any parcel, or of any registered postal packet of any kind, conveyed or tendered for conveyance under this agreement (unless such loss or damage be caused or occasioned by act of God, the Queen's enemies, pirates, restraints of princes, rulers, or people, jettison, barratry, fire, collision, or perils, or accidents of the seas, rivers, and steam navigation), and in the event of any such loss or damage (except as aforesaid) the company shall be liable to pay to the Postmaster-General in respect of each parcel or registered postal packet so lost or damaged (subject to the proviso hereinafter contained) such sum of money as shall be equal to the amount which may have been awarded and paid by the Postmaster-General at his sole option and discretion (and though not under any legal obligation) to the sender or addressee of such parcel or registered postal packet as compensation for the loss or damage thereof: Provided that such sum shall not in any case exceed £1 per parcel or £2 per registered postal packet.

25. The company shall not, nor shall any master or commander of any mail-ship, receive or permit to be received on board any mail-ship for conveyance thereby any letters other than those which are required or expressly permitted to be carried under this agreement, and any such letters as are not required by law to pass through the Post Office, nor shall the company or any such master or commander receive or permit to be received on board any mail-ship for conveyance thereby any mails on behalf of any colony or foreign country without the consent of the Postmaster-General, and the entire postage of all mails conveyed by any mail-ship under this agreement shall in all cases (as between the Postmaster-General and the company) belong to the Postmaster-General, and shall be absolutely free from all claims or demands whatever of or by the company under or by virtue of this agreement or otherwise.

#### *Modification of Services.*

26. If at any time or times the Postmaster-General shall for any reason whatever desire to alter the particular days, times, or hours of departure from and arrival at the terminal ports of departure and destination respectively on each of the mail routes, he shall (subject and without prejudice to the provisions of clause 10 hereof) give to the company three calendar months' notice in writing of such desire.

27. (1.) If at any time the Postmaster-General shall deem it necessary or expedient in the public interest to substitute for Brindisi as the port or place for the commencement and termination of the respective outward and Homeward services under this agreement another port on the Continent of Europe or in the United Kingdom, the company shall, on receiving reasonable notice from the Postmaster-General to that effect, convey the mails to and from such other port or place in substitution for Brindisi, and this agreement shall, in respect of the services to be rendered by the company, be read and construed as if the name of such other port or place on the Continent of Europe or in the United Kingdom appeared throughout the same in lieu of the word "Brindisi."

(2.) In the event of such substitution as hereinbefore mentioned, the several periods of transit shall be respectively liable to be increased or diminished to such an extent as shall be agreed upon between the Postmaster-General and the company, or, failing such agreement, as shall be determined by arbitration, and the subsidy payable hereunder shall be liable to be increased or diminished in such manner as (having regard to all the circumstances of the case, and particularly to any expense or loss incurred, or to any risk run by or any advantage accruing to the company in consequence of such substitution) shall be agreed upon between the Postmaster-General and the company, or, failing agreement, shall be determined by arbitration.

28. (1.) If at any time or times the Postmaster-General shall deem it necessary or expedient in the public interest that all the mails to be conveyed upon all the mail routes shall be conveyed from the United Kingdom by way of the Cape of Good Hope or Cape Horn, instead of by way of the Suez Canal, the company, on receiving reasonable notice from the Postmaster-General to that effect, shall, in lieu of the services hereinbefore contracted to be performed, convey the mails by means of mail-ships by way of the Cape of Good Hope or Cape Horn from and to such port in the United Kingdom as may be agreed upon between the Postmaster-General and the company, or, in default of agreement, be determined by arbitration to and from the terminal ports or places upon each of the outward mail routes, serving as far as practicable the several places or ports of call on each mail route.

(2.) In such case the mails shall be conveyed at such rates of speed and on such other conditions as may be agreed upon between the Postmaster-General and the company, and in default of agreement may be determined by arbitration.

(3.) All the provisions of this agreement with reference to the services to be performed by the company shall (so far as the same are applicable) apply to the embarking, conveying, landing, and delivery of the mails under the provisions of this clause.

(4.) The Postmaster-General shall not, in respect of the substituted service in this clause mentioned, make any additional payment to the company unless by reason of the performance of such substituted service and on no other account the company shall sustain a loss of general revenue or incur expenses exceeding the expenses incurred in the conveyance of the mails to and from Brindisi under the provisions of this agreement.

(5.) Should any such loss or additional expenses as last aforesaid be incurred or sustained by the company, the Postmaster-General shall pay to the company, in addition to the said subsidy, such sum of money as may be agreed upon between him and them, or, failing such agreement, as shall be determined by arbitration, and upon such arbitration due regard shall be had to the

respective interests of the company and the Postmaster-General in the performance of the voyage or voyages of any mail-ship by which the mails shall have been conveyed under the provisions of this clause.

29. The powers conferred upon the Postmaster-General by the last two preceding clauses may be exercised in relation to a temporary or a permanent change of route or of port (as the case may be), and in the case of a temporary change may be exercised as often as the Postmaster-General deems it expedient; and the Postmaster-General may in his notice requiring the change specify the period during which such change shall take effect or require such change to be made until further notice, and at the expiration of the time limited by the Postmaster-General, or upon receiving reasonable notice from the Postmaster-General to that effect (as the case may be), the company shall revert to the original route or port (as the case may be).

30. (1.) If at any time or times the Postmaster-General shall desire to modify (otherwise than as aforesaid) the services hereby agreed to be performed (as, for example, to increase or decrease the frequency of the conveyance of the mails between any of the ports or places to or from which the mails are to be conveyed under this agreement, or to extend the conveyance of the mails to any other ports or places not specified in this agreement, or to discontinue the conveyance of such mails to or from any port or place specified in this agreement) he shall be at liberty so to do on giving reasonable notice to the company; and from and after the expiration of any such notice the modified services thereby required to be performed shall be accordingly performed by the company in lieu of the services hereby agreed to be performed, and in any and every such case if such notice cause an increase of the services hereby agreed to be performed the Postmaster-General shall, in respect of such increase, pay to the company, in addition to the subsidy hereinafter specified, such sum of money as may be agreed upon between the Postmaster-General and the company, or, failing such agreement, as shall be determined by arbitration, or if such notice cause a decrease of the services hereby agreed to be performed, the Postmaster-General shall in respect of such decrease deduct from the said subsidy such sum of money as may be agreed on as aforesaid, or, failing such agreement, as shall be determined by arbitration.

(2.) The particular days, times, and hours of departure from and arrival at any ports or places, or of other services (if any) which may be appointed under this clause, shall for the time being be deemed to be the days, times, and hours of departure and arrival of the mail-ships and of other services under this agreement, and shall be observed and kept by the company accordingly.

#### *Admiralty Clauses.*

31. During the continuance of this agreement the several stipulations and agreements specified in the Second Schedule hereto shall be binding on the company as regards the mail-ships plying on mail routes 1 and 2.

32. (1.) Subject to the provisions of the subvention agreement between the Admiralty and the company dated the 3rd April, 1894, or of any subsequent subvention agreement, the Admiralty shall at any time during the continuance of this agreement, if they shall consider it necessary for the public interest so to do, have power and be at liberty to purchase all or any of the mail-ships at a valuation, or to charter the same exclusively for Her Majesty's service at a rate of hire to be mutually fixed and agreed on by them and the company, or, in case of difference, to be determined by arbitration, and every or any difference as to the amount of valuation or hire or rate of hire so to be paid shall be determined by arbitration.

(2.) In the case of such purchase or hire the services hereby contracted to be performed shall be performed by other steamships of the company of a similar description to the mail-ships purchased or hired, if the company can in due and proper time furnish such steamships.

(3.) In the event of the company being allowed by the Postmaster-General to continue to perform only a portion of such services there shall be paid to the company such annual sum of money as shall be agreed upon between the Postmaster-General and the company, and in case of their differing as to the amount the difference shall be determined by arbitration.

#### *Subsidy and Deductions.*

33. In consideration of the covenants and agreements herein contained, and on the part of the company to be observed and performed, and of the due and faithful performance by the company of all the services under this agreement, there shall be payable to the company during the continuance of this agreement (out of such aids or supplies as may from time to time be appropriated by Parliament for that purpose) a yearly subsidy or sum after the rate of £330,000 per annum, or (in the event of any such default or failure or other event as hereinafter mentioned) so much of the said subsidy or sum as shall remain payable in respect of any year after making such deductions therefrom (if any) as hereinafter in that behalf mentioned in respect of any such default or failure or other event.

34. There shall be forfeited and paid by the company to the Postmaster-General the following sums in the following events, that is to say:—

(1.) If the company shall fail to commence the performance of the services hereby agreed to be performed on the 1st February, 1898, or on such subsequent day as the Postmaster-General may appoint, the company shall forfeit and pay the sum of £100 for every complete period of twenty-four hours which shall elapse before the company shall commence the performance of such services: Provided that—

(a.) The amount which shall become payable by the company in respect of such default as aforesaid, so far as the same shall relate to any one of the mail routes, shall not in the aggregate exceed the sum of £20,000; and

(b.) The payment by the company of the aforesaid amount shall not prejudice the right of the Postmaster-General to insist on any payment or deduction to which he may be entitled in respect of the same default under the provisions hereinafter contained.

(2.) On each occasion when the company shall fail to provide a mail-ship in accordance with this agreement at Brindisi, Bombay, Shanghai, or Adelaide, ready to put to sea at the appointed time, or if any mail-ship provided by the company as aforesaid shall not in fact put to sea and proceed on her voyage at the appointed time the company shall forfeit and pay—

(a.) The sum of £500 in case such default occurs at Brindisi, Bombay, or Shanghai, and the sum of £250 in case such default occurs at Adelaide; and

(b.) A further sum of £100 in case such default occurs at Brindisi, Bombay, or Shanghai, and a further sum of £50 in case such default occurs at Adelaide for every successive complete period of twenty-four hours which shall elapse before such mail-ship shall actually put to sea and proceed on her voyage in pursuance of this agreement.

(3.) On each occasion when the mails shall not be conveyed in either direction between Brindisi and Bombay, Brindisi and Shanghai, and Brindisi and Adelaide, within the respective periods of transit hereinbefore specified, the company shall forfeit and pay the sum of £100 for every complete period of twelve hours (in the case of voyages between Brindisi and Bombay and Brindisi and Shanghai), or of twenty-four hours (in the case of voyages between Brindisi and Adelaide) by which the said respective periods of transit hereinbefore provided shall be exceeded:

Provided that no such payment as in this subclause mentioned shall be made if the company shall prove to the satisfaction of the Postmaster-General that such default arose wholly or in part from any cause or causes altogether beyond the control of the company:

Provided also that if by reason of any law or regulation against Sunday labour in any port or place from or at which a mail-ship shall start or call under this agreement any mail-ship employed or about to be employed in any service under this agreement shall be delayed, then and in every such case no such payment as in this subclause mentioned shall be made in respect of any default in the conveyance of any mails under this agreement caused by such delay.

(4.) The aggregate amount of the sums payable under subclause (2) and under subclause (3) of this clause respectively in relation to any one voyage shall in the case of payments under subclause (2) never exceed by more than £1,000, and in the case of payments under subclause (3) never exceed by any amount that part of the subsidy for the current year which shall be applicable to the voyage.

(5.) Each and all of the said several sums of money hereinbefore stipulated to be paid by the company to the Postmaster-General in the event of failure or default of the company as aforesaid shall be due and payable as stipulated, ascertained, or liquidated damages, and not by way of penalty, and (except as aforesaid) from whatever cause or causes such failure or default may have arisen, and although no loss shall be or may have been sustained by reason or in consequence of such failure or default; and every such sum shall at the option and discretion of the Postmaster-General be either deducted by him from any moneys then payable, or which may thereafter become payable to the company under this agreement, or be recovered as a debt to Her Majesty with full costs of suit.

(6.) The payment of or liability to pay any sum hereinbefore mentioned shall in no way prejudice the right of the Postmaster-General to treat as a breach of this agreement the failure in respect of which such sum shall become payable by the company as aforesaid.

35. If and whenever the Postmaster-General gives notice to the company that he no longer requires them to provide accommodation for the sorting and making-up of the mails on mail routes No. 1 and No. 2, and to receive and convey officers of the Post Office for the same purpose, there shall be deducted from the said subsidy—

(a.) If and so far as such notice relates to mail route No. 1, the sum of £7,500.

(b.) If and so far as such notice relates to mail route No. 2, the sum of £1,000.

36. All accounts between the Postmaster-General and the company in relation to the said subsidy, and any deductions therefrom as hereinbefore provided, shall be made out and settled quarterly up to and as soon as conveniently may be after the 31st day of March, the 30th day of June, the 30th day of September, and the 31st day of December in each year, and the amount or balance (if any) which shall be due to the company on each such quarterly account shall be paid by the Postmaster-General at the General Post Office, London, out of such aids or supplies as aforesaid upon the settlement of each such account, and for the purposes of such accounts the said subsidy shall be deemed to accrue from day to day, subject to the liability of the same to the several deductions aforesaid.

#### *Term of Agreement and Incidental Provisions.*

37. This agreement shall come into operation on the 1st day of February, 1898, and shall continue in force until the 31st day of January, 1905, inclusive, and shall then determine if notice in writing to that effect shall have been given twenty-four calendar months previously to the said last-mentioned date, either to the company by the Postmaster-General or to the Postmaster-General by the company, and if not so determined this agreement shall continue in force after such last-mentioned date until the expiration of a notice of a like duration given by either party at any time.

38. (1.) If on the determination of this agreement any mail-ship shall or ought to have started or shall start on any voyage in conformity with this agreement, or any other steamship of the company shall have started on a voyage with mails on board, such voyage shall be continued and performed, and the mails be delivered and embarked during and at the completion of the same, and all the provisions of this agreement be observed as if this agreement had remained in force with regard to any such ship and services, and with respect to such ship and services this agreement shall be considered as having terminated when such ship shall have reached her port or place of destination and such services shall have been performed.

(2.) In respect of any such voyage as in this clause mentioned the company shall not be entitled to receive any payment or compensation over and above the subsidy payable under this agreement on the day when this agreement (otherwise than as to any such voyage) determines.

*Supplemental Provisions.*

39. It shall be lawful for the Postmaster-General at any time and from time to time to delegate any of the powers vested in him by virtue of these presents to such person or persons as he shall think fit.

40. The company shall not assign, underlet, or dispose of this agreement or any part thereof without the consent of the Postmaster-General, signified by an instrument in writing.

41. In case this agreement or any part thereof is assigned, underlet, or otherwise disposed of, and in case of any great or habitual breach on the part of the company, their officers, agents, or servants of this agreement, or of any covenant, matter, or thing herein contained, it shall be lawful for the Postmaster-General, if he shall think fit, and notwithstanding there may or may not have been any former breach of this agreement, by an instrument in writing, to determine this agreement without any previous notice to the company, and the company shall not be entitled to any compensation in respect of any such determination, and such determination shall not deprive the Postmaster-General of any right or remedy to which he would otherwise be entitled by reason of such breach or any prior breach of this agreement: Provided that in case within seven days after service as aforesaid on the company of a notice determining this agreement the company give notice in writing to the Postmaster-General that they dispute the sufficiency of such breach to justify the Postmaster-General in determining this agreement, such dispute shall be referred to arbitration, and in such case this agreement shall, notwithstanding such notice of determination, continue in force, unless and until an award shall be made to the effect that such breach or breaches was or were sufficient to justify the Postmaster-General in giving such notice of determination as aforesaid.

42. The Postmaster-General will use his good offices with the Governments of the Australian Colonies with a view to secure that the company shall not be compelled to pay in respect of any mail-ship calling at any port or place in any of the said colonies any port or light dues, or other charges of a public nature other than or in excess of the dues or charges for the time being payable at the like port or place in respect of any other vessel of a like character, whether employed in the conveyance of mails or not.

43. The schedules to this agreement shall be deemed to be part of this agreement in all respects as if the same had been incorporated therein.

44. (1.) Any notice to terminate this agreement, if given by the Postmaster-General, shall be served by being left at or forwarded by post to the company at their office, or last known place of business, in London, and any such notice if given by the company, and any other notices given by the company, shall be served by being sent by post to the Secretary of the Post Office, at the General Post Office, London.

(2.) All notices or directions (other than any notice to terminate this agreement) which the Postmaster-General, his officers, or agents are hereby authorised to give to the company, their officers, servants, or agents may, at the option of the Postmaster-General, his officers, or agents, either be delivered or sent by post to the master of any mail-ship or to any other officer or agent of the company in charge or management of any mail-ship, or be left for or forwarded by post to the company at any office or place of business of the company, and any notices or directions so given, left, or sent by post shall be binding on the company.

45. In pursuance of the provisions contained in an Act of Parliament passed in the twenty-second year of the reign of King George the Third intituled "An Act for restraining any Person concerned in any Contract, Commission, or Agreement made for the Public Service from being elected or sitting and voting as a Member of the House of Commons," no member of the House of Commons shall be admitted to any share or part of this agreement, or to any benefit to arise therefrom contrary to the true intent and meaning of the said Act.

46. This agreement shall not be binding until it has been approved by a resolution of the House of Commons.

*Bond.*

47. And, lastly, for the due and faithful performance of all and singular the covenants, conditions, provisoes, clauses, articles, and agreements hereinbefore contained, which, on the part and behalf of the company, are or ought to be observed, performed, fulfilled, and kept, the company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of £60,000 of lawful money of the United Kingdom, to be paid to our said Lady the Queen, her heirs, and successors by way of stipulated or ascertained damages hereby agreed upon between the Postmaster-General and the company in case of the failure on the part of the company in the due execution of this agreement or any part thereof.

In witness whereof the Postmaster-General hath hereunto set his hand and seal, and the company have hereunto affixed their common seal the day and year first before mentioned.

THE SCHEDULES HEREINBEFORE REFERRED TO.

*The First Schedule.—Mail Routes.*

*Route No. 1.* (Once a Week.)—From Brindisi to Bombay (*viâ* the Suez Canal) calling at Aden, and from Bombay to Brindisi (*viâ* the Suez Canal) calling at Aden.

*Route No. 2.* (Once in every Two Weeks.)—From Brindisi to Shanghai, calling at Aden, Colombo, Penang, Singapore, and Hong Kong, and from Shanghai to Brindisi, calling at Hong Kong, Singapore, Penang, Colombo, and Aden.

*Route No. 3.*—(Once in every Two Weeks.)—From Brindisi to Adelaide, calling at Aden, Colombo, and Albany (or Fremantle), and from Adelaide to Brindisi, calling at Albany (or Fremantle), Colombo, and Aden.

*The Second Schedule.*

1. The company shall and will, when and so often as they or the masters of the mail-ships shall be required in writing so to do by the Admiralty, the Secretary of State for India, or the Secretary of State for the Colonies, or by any officers or agents acting under their authority (such writing to specify the rank or description of the person or persons to be conveyed, and the accommodation to be provided for him or them) receive, provide for, victual, and convey to, from, and between any of the ports or places to, from, and between which any of the mail-ships are to proceed in the performance of this agreement (in addition to any officers of the Post Office employed in connection with the mails conveyed or to be conveyed under this agreement).

- (a.) Any number of naval, military, or civil officers in the service of Her Majesty not exceeding eight in any one ship, with or without their wives and children, as chief-cabin or first-class saloon passengers (together with their servants, male and female, who are to have the same accommodation as that provided for the servants of other passengers, or of officers of the company).
- (b.) Any number of non-commissioned and warrant officers not exceeding four in any one ship, with or without their wives and children, as fore-cabin or second-class passengers, and
- (c.) Any number of seamen, marines, soldiers, or artificers in Her Majesty's service not exceeding ten in any one ship, with or without their wives and children, as third-class passengers, to be always provided with effectual protection from rain, sun, and bad weather, and not exposed on deck without such competent protection, and to have hammocks or bunks (subject to the approval of the Admiralty) placed between decks.

2. (1.) The passengers who shall be conveyed in pursuance of the last preceding clause (who are hereinafter designated "Government passengers") with their families shall be treated in no respect whether as regards food, cabin, or other accommodation, or aught else in a way inferior to that in which ordinary passengers of the same class are treated, or to that required by the regulations of Her Majesty's Transport Service. The messing of the second-class and the victualling of the third-class naval adult passengers shall include in each day one half-gill of spirits.

(2.) The several classes of passengers shall mess in separate places, and medical attendance, medicine, and medical comforts, mess-utensils, and fittings, cooking utensils, articles for table use, and mess-places, fuel, lights, requisite articles of bedding, and all other necessaries shall be provided for them in like manner as for ordinary passengers of the like classes respectively.

3. The passage-money for Government passengers and their families and servants respectively shall, unless otherwise agreed between the Admiralty and the company, be the same as that charged by the company for ordinary passengers of the same class, and shall include all the particulars mentioned in the last preceding clause, and if and whenever any alteration of rates for ordinary passengers shall be made by the company the Admiralty shall be immediately apprised of such alteration.

4. Returns of the embarkation and disembarkation of all Government passengers shall be furnished to the Director of Transports immediately after the departure and arrival of each mail-ship.

5. Payments for passage-money for Government passengers shall be applied for by invoices according to a form to be obtained from the office of the Director of Transports, and shall be made only upon such applications and upon the production of the orders for the passage, together with a certificate under the hand of the commanding officer specifying the number of third-class passengers (men, women, and children) conveyed, with the ages and sexes of the latter, and stating the periods during which they have been respectively regularly supplied with provisions while on board, and also a certificate under the hand of each first- and second-class passenger of his or her having been landed at the place of destination, and of his or her having been properly accommodated and messed during the voyage, and specifying the dates from and to which they were messed, computed from the first to the last dinner meal.

6. The company shall convey for every Government passenger, free of charge, the quantity of baggage (whether such quantity shall be estimated or ascertained by bulk or weight) to which he is entitled under the Government regulations for the time being in force, and freight shall be payable for any extra baggage of a Government passenger after the same rate as the freight payable according to the regulations of the company for the time being for extra baggage of an ordinary passenger of the same class, but the same must be paid by the passengers themselves.

7. The passage-money for the wives, families, and servants of commissioned and civil officers, when not ordered to be conveyed at the public expense, shall be paid to the company by the officers themselves.

8. In all cases where an officer in the naval, military, or Civil service of Her Majesty, who may not be entitled to a passage at the public expense, shall require a passage on board any of the mail-ships, the company shall be bound to provide when they have room in such mail-ship a passage for such officer in preference to any non-official passenger not already booked, and shall charge no higher rate for such passage than is chargeable for an ordinary passenger.

9. (1.) The company shall receive on board each of the mail-ships, and shall convey on behalf of the Admiralty—

(a.) Any small packages which may be ordered for conveyance, and also

(b.) (On receiving from the British naval officer in command of any naval station two days' previous notice) any naval or other stores not exceeding at any one time in any one mail-ship 10 tons weight or 15 tons of 40 cubic feet each in measurement.

(2.) The company shall convey and deliver such small packages and stores at the lowest rates of freight charged by the company for private goods of a similar character or description, and shall give immediate notice to the Admiralty of any alteration of such rates of freight, and shall in all cases be responsible for the custody and safe and speedy delivery of such packages and stores.

Signed, sealed, and delivered by the above-named Henry, Duke of Norfolk, Her Majesty's Postmaster-General, in the presence of ANDREW M. OGILVIE, Private Secretary to the Postmaster-General.

NORFOLK, E. M. (L.S.)

The common seal of the Peninsular and Oriental Steam Navigation Company was hereunto affixed in the presence of—

THOS. SUTHERLAND  
LEVEN AND MELVILLE } Directors.  
F. D. BARNES  
H. H. JOSEPH, Secretary. (L.S.)

HER MAJESTY'S POSTMASTER-GENERAL AND THE ORIENT STEAM NAVIGATION COMPANY—  
AUSTRALIAN MAILS.

CONTRACT.

Articles of agreement under seal, made and entered into this 25th day of May, 1897, between the Most Noble Henry, Duke of Norfolk, Earl Marshal and Hereditary Marshal of England, K.G., Her Majesty's Postmaster-General (hereinafter called the "Postmaster-General," in which term his successors in the office of Her Majesty's Postmaster-General for the time being shall be deemed to be included), on behalf of Her Majesty of the first part, the Orient Steam Navigation Company (Limited), whose registered office is at No. 13, Fenchurch Avenue, in the City of London (hereinafter called "the company," in which term their successors and permitted assigns shall be deemed to be included), of the second part, and the Law Guarantee and Trust Society (Limited), whose registered office is situate at 49, Chancery Lane, in the County of London, of the third part.

THESE presents witness that, in consideration of the matters hereinafter appearing, it is hereby agreed and declared between and by the parties hereto, and the Postmaster-General (as to the covenants, agreements, and stipulations hereinafter contained on his part) doth hereby covenant and agree with the company, and the company (as to the covenants, agreements, and stipulations hereinafter contained on their part) do hereby covenant and agree with the Postmaster-General in manner following, that is to say:—

*Interpretation of Terms.*

1. For all the purposes of this agreement—

The term "mails" means and includes all bags, boxes, baskets, or other packages of letters and other postal packets, including parcels (each parcel not exceeding the maximum weight of 11 lb.), without regard either to the country or place to which such packages may be addressed, or to the country or place in which they may have originated, and also all empty bags, boxes, baskets, or other receptacles, and all stores and other articles used or to be used in carrying on the Post Office service.

The term "postal packet" means any article for the time being transmissible by post, and includes a parcel.

The term "parcel" means a parcel within the meaning of "The Post Office (Parcels) Act, 1882."

The term "mail-ship" means a vessel provided for the conveyance of mails under this agreement.

The term "Adelaide" means the signalling-station (known as "Adelaide Semaphore") at or off the port of the City of Adelaide, in South Australia.

*Services to be performed.*

2. (1.) Subject to the provisions of this agreement, the company shall once in every fortnight during the continuance of this agreement, at their own costs and charges in all respects, convey *viâ* the Suez Canal and by means of mail-ships in each direction between Naples and Adelaide, and between all other ports from which the mail-ships shall start, or at which they shall call or arrive under the provisions of this agreement or for the purposes of the company, all mails which the Postmaster-General or any of his officers or agents shall from time to time and at any time or times require to be conveyed.

(2.) For the purposes of this clause of this agreement the postal authorities of the several possessions or colonies of Ceylon, Western Australia, South Australia, Victoria, and New South Wales, and their respective officers and agents, shall, unless and until the Postmaster-General shall give notice to the company to the contrary, be deemed the agents of the Postmaster-General.

3. (1.) Subject to the provisions of this agreement, one of the mail-ships shall once in every fortnight, upon such days at regular intervals and at such hours respectively as the Postmaster-General shall from time to time appoint (either by a time-table or time-tables, to be from time to time approved by him or otherwise as he shall think fit), and immediately after the mails are embarked, put to sea from Naples and proceed (*viâ* the Suez Canal) to Adelaide, and one of the mail-ships shall at like periods and times and in like manner put to sea from Adelaide and proceed (*viâ* the Suez Canal) to Naples, and each of such mail-ships shall on each outward and Homeward voyage respectively proceed to call at and start from the following intermediate ports or places—namely, Colombo and Albany (or Fremantle).



(2.) The company shall use the Princess Royal Harbour at the Port of Albany whenever the use of such harbour is practicable.

(3.) The company shall (if requested by the Postmaster-General so to do, and upon reasonable notice) substitute the Port of Fremantle, in Western Australia, for the Port of Albany as a port of call under this agreement, as soon as the mail-ships can use the Port of Fremantle with safety, and cargo-work and coaling can be carried on at such port in all states of the weather: Provided that whenever the mail-ships call at Fremantle such an additional number of hours shall be added to the period of transit hereinafter referred to as shall be agreed upon between the Postmaster-General and the company, or, failing agreement, be settled by arbitration.

4. (1.) Each of the mail-ships shall on every outward voyage from Naples to Adelaide, as aforesaid, start from a port in the United Kingdom, and after the due delivery at Adelaide of the mails intended to be delivered at that port continue her voyage to Melbourne and thence to Sydney, and each of the mail-ships shall on every Homeward voyage commence her voyage to Naples at Sydney (calling at Melbourne on the route to Adelaide), and after the due delivery of the mails at Naples continue her voyage to a port in the United Kingdom, whether any mails may or may not be required to be conveyed in any such mail-ship from or to the United Kingdom or to or from Melbourne or Sydney on any such voyage.

(2.) The times at which the mail-ships shall start from or arrive at the port of departure or arrival in the United Kingdom, Melbourne, and Sydney, and the rate of speed of the mail-ships between the United Kingdom and Naples and between Adelaide, Melbourne, and Sydney shall be fixed by the company at their discretion, but not so as to affect the period of transit between Naples and Adelaide hereinafter referred to.

(3.) The company shall be at liberty, at their option, to continue the outward voyage of any mail-ship beyond and after calling at Sydney to Newcastle (New South Wales), and to commence the Homeward voyage of the said mail-ship from Newcastle aforesaid, provided she calls at Sydney.

(4.) In the event of any accident or delay which would, if any voyage of any mail-ship were continued beyond Adelaide or Melbourne respectively, prevent such mail-ship from starting on her return Homeward voyage from Adelaide at the time appointed for that purpose in pursuance of the provisions of this agreement, the company shall be at liberty to terminate the outward voyage of such mail-ship at Adelaide or Melbourne (as the case may be), and forthwith to commence the Homeward voyage of such mail-ship at the same place as the circumstances of the case may require.

(5.) In any such case as is mentioned in the last subclause the company shall bear the cost of conveying to Sydney or to Melbourne and Sydney (as the case may be) all parcels on board the mail-ship intended for those places, and also the cost of the necessary conveyance from Sydney or Melbourne to Adelaide of any parcels from Sydney or Melbourne intended to be conveyed by the mail-ship on her Homeward voyage.

5. (1.) Each entire voyage of each of the mail-ships in either direction between Naples and Adelaide shall be completed within a period of 696 hours (hereinafter called "the period of transit").

(2.) The period of transit shall include the time allowed for all stoppages of the mail-ships at the intermediate ports, and the mail-ships shall stop on both the outward and Homeward voyages at Albany (or Fremantle) for six hours, and no less, and at Colombo for such period as may be necessary for the purpose of delivering, receiving, or exchanging mails, and in no case less than the period (not exceeding twenty-four hours) appointed by the Postmaster-General in that behalf.

(3.) During the prevalence of the south-west monsoon the period of transit from Adelaide to Naples shall be extended by thirty-six hours.

6. (1.) Each period of transit shall be deemed to commence so soon after the time appointed by the Postmaster-General for the departure of the mail-ship from Naples and Adelaide respectively, or after the completion of the embarkation of the mails intended to be thereby conveyed (whichever shall last happen), as (having regard to practical considerations) the anchor of such mail-ship can be weighed, or the mail-ship can be loosed from her moorings, and each such period of transit shall be deemed to be completed when the mail-ship has arrived and been anchored or moored in some position at the port or place of destination from which the mails can conveniently be disembarked.

(2.) In any case in which any outward or Homeward voyage between Naples and Adelaide may by reason of accident or other necessity be performed by more than one mail-ship the period of transit shall be reckoned from the commencement of the voyage of the mail-ship by which the first part of the conveyance shall be performed to the completion of the voyage of the mail-ship by which the last part of the conveyance shall be performed.

(3.) The times of commencement and completion of each period of transit shall be ascertained and recorded, and all calculations in connection therewith shall be made by officers of the Postmaster-General in pursuance of arrangements to be from time to time made by him for such purpose, and the decision of the Postmaster-General on all such questions shall be final and conclusive.

7. Should it be deemed by the Postmaster-General, his officers, or agents, requisite for the public service that any mail-ship should at any time or times delay her departure from any port from which the mails are to be conveyed under this agreement beyond the time appointed for her departure therefrom, the Postmaster-General or any of his officers or agents shall have power to order such delay (not, however, exceeding twenty-four hours), by letter addressed to the master of any such mail-ship or any person acting as such, and such letter shall be deemed a sufficient authority for such detention, and in any such case an equivalent addition shall be made to the period of transit during which such detention shall take place.

*Character of Mail-ships and Conditions of Mail Service.*

8. Every mail-ship shall be a good substantial and efficient steamship, of adequate power and speed, and supplied with first-rate appropriate steam-engines, and shall be in all respects suited to the performance of the services herein agreed to be performed within the respective times herein stipulated, and shall be provided and kept by the company seaworthy and in complete repair and readiness to the satisfaction of the Postmaster-General.

9. Every mail-ship shall be always properly and sufficiently equipped in all respects so as to render her constantly efficient for the said services and safe for the conveyance of mails, and shall be manned with legally qualified and competent officers with appropriate certificates granted pursuant to the Act or Acts in force for the time being relative to the granting of certificates to officers in the merchant service, and also with competent engineers and a sufficient crew of able seamen and other men, and with a competent and registered surgeon.

10. Every mail-ship, and the equipment, officers, engineers, and crew thereof, shall be subject at all times to the inspection of the Postmaster-General, or of such person or persons as he shall at any time or times authorise to make such inspection.

11. (1.) If the Postmaster-General shall at any time consider any mail-ship unfit for service under this agreement, he may require the company to show cause why such mail-ship should not be withdrawn from the service, and unless the company shall forthwith show cause to the contrary to the satisfaction of the Postmaster-General he may declare such mail-ship to be unfit for service under this agreement; and after such declaration shall have been made the company shall not employ such ship in the performance of this agreement.

(2.) In order to determine whether the Postmaster-General shall be justified in declaring any mail-ship unfit for service, or whether the company shall be able to show cause to the contrary, a special examination may be made of the hull and machinery of any such mail-ship by such person or persons as may be appointed for that purpose by the Postmaster-General.

12. The company shall, at their own cost and to the satisfaction of the Postmaster-General, provide on each mail-ship a separate room or rooms for the convenient and secure deposit of the mails, under lock and key, and the services of the crew of every such mail-ship shall from time to time be given in the conveyance of the mails to and from such mail room or rooms.

13. (1.) The company shall, at their own cost, land, deliver, and embark the mails at all ports or places at which the mails are to be landed, delivered, and embarked, and shall accordingly, at their own cost, provide suitable means and proper assistance for and shall be responsible for the due landing, delivery, and embarkation of the mails.

(2.) The company, and all commanding and other officers of the mail-ships, and all agents, seamen, and servants of the company, shall at all times punctually attend to the orders and directions of the Postmaster-General, his officers, or agents, as to the mode, time, and place of landing, delivering, and embarking the mails, and shall at all times protect the mails to the utmost of their power.

14. (1.) The master or commander of each of the mail-ships shall, whenever required by the Postmaster-General, his officers, or agents so to do (without any remuneration other than the subsidy payable to the company under this agreement), take charge of the mails conveyed, or intended to be conveyed, by such mail-ship, and shall adopt all necessary measures and precautions for the safety of the mails to the satisfaction of the Postmaster-General, his officers, and agents.

(2.) Each of such masters or commanders shall make the usual declaration or declarations required, or which may hereafter be required by the Postmaster-General in such and similar cases, and furnish such journals, returns, and information to and perform such services as the Postmaster-General, his officers, or agents may require.

(3.) Every such master or commander, or officer duly authorised by him, having charge of mails, shall himself immediately on the arrival of the mail-ship at any port or place deliver all mails for such port or place into the hands of the Postmaster of such port or place, or of such other person at such port or place as the Postmaster-General shall authorise to receive the same, and shall in like manner receive all the return or other mails to be forwarded in due course.

15. The company shall undertake and make all necessary and proper arrangements in connection with any statutory regulations of the Local Government Board relative to public health, or in connection with quarantine, which may be required in respect of the mail-ships, and no deductions shall be made from the subsidy payable under this agreement, nor shall the company be otherwise liable for or by reason of any delay in the landing, embarkation, delivery, or conveyance of any mails arising from the observance of any such regulations or the imposition of quarantine.

16. (1.) Nothing in this agreement shall exempt the company or any mail-ship from the operation of any Act of Parliament, Order in Council, by-law, or other provision of the law in relation to explosives.

(2.) The company shall not convey in any mail-ship any article which, in the opinion of the Postmaster-General, is likely to endanger the mails.

17. The company shall be responsible for the loss or damage of any parcel, or of any registered postal packet of any kind conveyed, or tendered for conveyance, under this agreement (unless such loss or damage be caused or occasioned by act of God, the Queen's enemies, pirates, restraints of princes, rulers, or people, jettison, barratry, fire, collision, or perils or accidents of the seas, rivers, and steam navigation), and in the event of any such loss or damage (except as aforesaid) the company shall be liable to pay to the Postmaster-General in respect of each parcel or registered postal packet so lost or damaged (subject to the proviso hereinafter contained) such sum of money as shall be equal to the amount which may have been awarded and paid by the Postmaster-General at his sole option and discretion (and although not under any legal obligation) to the

sender or addressee of such parcel or registered postal packet as compensation for the loss or damage thereof: Provided that such sum shall not in any case exceed £1 per parcel or £2 per registered postal packet.

18. The company shall not, nor shall any master or commander of any mail-ship, receive, or permit to be received on board any mail-ship for conveyance thereby any letters other than those which they are required or expressly permitted to carry under this agreement, and any such letters as are not required by law to pass through the Post Office, nor shall the company or any such master or commander receive, or permit to be received, on board any mail-ship for conveyance thereby any mails on behalf of any colony or foreign country without the consent of the Postmaster-General, and the entire postage of all mails conveyed by any mail-ship under this agreement shall in all cases (as between the Postmaster-General and the company) belong to the Postmaster-General, and shall be absolutely free from all claims or demands whatever of or by the company under or by virtue of this agreement or otherwise.

*Modification of Services.*

19. If at any time or times the Postmaster-General shall for any reason whatever desire to alter the particular days, times, or hours appointed for the departure from and arrival at Naples and Adelaide respectively of the mail-ships, he shall give to the company three calendar months' notice in writing of such desire.

20. (1.) It at any time or times the Postmaster-General shall deem it necessary or expedient in the public interest that the mails shall be conveyed between the United Kingdom and Adelaide, Melbourne, or Sydney by way of the Cape of Good Hope or Cape Horn, instead of by way of the Suez Canal, the company, as soon as reasonably practicable after receiving notice from the Postmaster-General to that effect, shall, in lieu of the services hereinbefore contracted to be performed, convey the mails by means of the mail-ships by way of the Cape of Good Hope or Cape Horn (at the discretion of the company) between Plymouth or such other convenient port or place in the United Kingdom as may be agreed upon between the company and the Postmaster-General, and Adelaide, Melbourne, or Sydney, calling at Albany (or Fremantle).

(2.) In such case the mails shall be conveyed between the United Kingdom and Adelaide, Melbourne, or Sydney at such rates of speed (and on such other conditions) as may be agreed between the Postmaster-General and the company, or, in default of agreement, may be determined by arbitration.

(3.) Subject to the provisions of this clause, all the provisions of this agreement with reference to the services to be performed by the company shall (so far as the same are applicable) apply to the embarking, conveying, landing, and delivery of the mails under the provisions of this clause.

(4.) The Postmaster-General shall not, in respect of the substituted service in this clause mentioned, make any additional payment to the company unless by reason of the performance of such substituted service and on no other account the company shall sustain a loss of general revenue, or incur expenses exceeding the expenses ordinarily incurred, in the conveyance of the mails to and from Naples under the provisions of this agreement.

(5.) Should any such loss or additional expenses as last aforesaid be sustained or incurred by the company, the Postmaster-General shall pay to the company, in addition to the subsidy hereinafter mentioned, such sum of money as may be agreed upon between him and them, or, failing such agreement, as shall be determined by arbitration, and upon such arbitration due regard shall be had to the respective interests of the company and the Postmaster-General in the performance of the voyage or voyages of any mail-ship by which the mails shall have been conveyed under the provisions of this clause.

21. (1.) If at any time the Postmaster-General shall deem it necessary or expedient in the public interest to substitute for Naples as the port or place for the commencement and termination of the respective outward and Homeward services under this agreement another port on the Continent of Europe or in the United Kingdom the company shall, on receiving reasonable notice from the Postmaster-General to that effect, convey the mails to and from such other port or place in substitution for Naples, and this agreement shall, in respect of the services to be rendered by the company, be read and construed as if the name of such other port or place on the Continent of Europe or in the United Kingdom appeared throughout the same in lieu of the word "Naples."

(2.) In the event of such substitution as hereinbefore mentioned the period of transit between Naples and Adelaide shall be liable to be increased or diminished to such an extent as shall be agreed upon between the Postmaster-General and the company, or, failing agreement, as shall be determined by arbitration, and the subsidy payable hereunder shall be liable to be increased or diminished in such manner as (having regard to all the circumstances of the case, and particularly to any expense or loss incurred, or to any risk run by or any advantage accruing to the company in consequence of such substitution) shall be agreed upon between the Postmaster-General and the company, or, failing agreement, shall be determined by arbitration.

22. The powers conferred upon the Postmaster-General by the two last preceding clauses may be exercised in relation to a temporary or a permanent change of route or of port (as the case may be), and in the case of a temporary change may be exercised as often as the Postmaster-General deems it expedient, and the Postmaster-General may, in his notice requiring the change, specify the period during which such change shall take effect, or require such change to be made until further notice, and at the expiration of the time limited by the Postmaster-General, or upon receiving reasonable notice from the Postmaster-General to that effect (as the case may be) the company shall revert to the original route or port (as the case may be).

23. The company may at any time, on giving three calendar months' previous notice in writing of their desire so to do, substitute Brindisi for Naples as the port or place for the com-

mencement and determination of the outward and Homeward voyages of the mail-ships, and from and after the expiration of such notice the Port of Brindisi shall for all the purposes of this agreement be substituted for the Port of Naples, and the several provisions of this agreement shall be read and construed as if the word "Brindisi" appeared throughout the same in lieu of the word "Naples."

*Subsidy and Deductions.*

24. In consideration of the covenants and agreements herein contained, and on the part of the company to be observed and performed, and of the due and faithful performance by the company of all the services under this agreement, there shall be payable to the company during the continuance of this agreement (out of such aids or supplies as may from time to time be appropriated by Parliament for that purpose) a yearly subsidy or sum after the rate of £85,000 per annum, or (in the event of any such default or failure as hereinafter mentioned) so much of the said subsidy or sum as shall remain payable in respect of any year after making such deductions therefrom (if any) as hereinafter in that behalf mentioned in respect of any such default or failure.

25. There shall be forfeited and paid by the company to the Postmaster-General the following sums in the following events (that is to say):—

(1.) If the company shall fail to commence the performance of the services hereby agreed to be performed on the 1st day of February, 1898, or on such subsequent day as the Postmaster-General may appoint, the company shall forfeit and pay the sum of £100 for every complete period of twenty-four hours which shall elapse before the company shall commence the performance of such services: Provided that the amount which shall become payable by the company in respect of such default as aforesaid shall not in the aggregate exceed the sum of £20,000.

(2.) On each occasion when after the company have commenced the performance of the services hereby agreed to be performed the company shall fail to provide a mail-ship at Naples or Adelaide ready to put to sea in accordance with this agreement at the appointed time, or any mail-ship provided by the company as aforesaid shall not in fact put to sea and proceed on her voyage at the appointed time, the company shall forfeit and pay the sum of £250, and also the further sum of £50 for every successive twenty-four hours which shall elapse until such mail-ship shall actually put to sea and proceed on her voyage in pursuance of this agreement: Provided that the aggregate amount of the sums payable as last aforesaid shall not exceed by more than £1,000 that part of the said subsidy for the current year which shall be applicable to the voyage in respect of which default shall have been made, and provided further that the provisions of this subclause shall not apply to such services as may be required under clause 20.

(3.) On each occasion when the mails shall not be conveyed from Naples to Adelaide, or from Adelaide to Naples, within the period of transit hereinbefore specified, the company shall forfeit and pay a sum of £100 for every complete twenty-four hours by which the time actually occupied in the conveyance of such mails from Naples to Adelaide, or from Adelaide to Naples (as the case may be), shall have exceeded the period of transit hereinbefore prescribed in that behalf: Provided that—(a) the aggregate amount of the sums payable in respect of any such default or failure as in this subclause mentioned shall not exceed that part of the said subsidy for the current year which shall be applicable to the voyage which has been performed, or which ought to have been performed, in the conveyance of such mails; and (b) no such payment as in this subclause mentioned shall be made if the company shall prove to the satisfaction of the Postmaster-General that such default arose wholly or in part from any cause or causes altogether beyond the control of the company.

(4.) Each and all of the said several sums of money hereinbefore stipulated to be paid by the company to the Postmaster-General in the event of failure or default of the company as aforesaid shall be due and payable as stipulated, ascertained, or liquidated damages, and not by way of penalty, and (except as aforesaid) from whatever cause or causes such failure or default shall have arisen, and although such failure or default may have arisen wholly or in part from any cause or causes beyond the control of the company, and although no loss shall be or may have been sustained by reason or in consequence of such failure or default; and every such sum shall, at the option and discretion of the Postmaster-General, be either deducted by him from any moneys then payable or thereafter to become payable to the company under this agreement, or be recovered as a debt to Her Majesty with full costs of suit.

(5.) The payment of or liability to pay any sum hereinbefore mentioned shall in no way prejudice the right of the Postmaster-General to treat as a breach of this agreement the failure in respect of which such sum shall become payable by the company as aforesaid.

26. All accounts between the Postmaster-General and the company in relation to the said subsidy, and any deductions therefrom as hereinbefore provided, shall be made out and settled quarterly up to, and on, or as soon as conveniently may be after the 31st day of March, the 30th day of June, the 30th day of September, and the 31st day of December in each year, and the amount or balance (if any) which shall be due to the company on each such quarterly account shall be paid by the Postmaster-General at the General Post Office, London, out of such aids or supplies as aforesaid upon the settlement of each such account; and for the purposes of such accounts the said subsidy shall be deemed to accrue from day to day, subject to the liability of the same to the several deductions aforesaid, and all such payments shall be received by the company in full satisfaction and discharge of all claims and demands by them for or on account of the services hereby contracted to be performed, and for or on account of all and every other the covenants and agreements herein contained and on the part of the company to be kept, observed, and performed, or any damages, losses, or expenses which may be sustained by the company in respect thereof.

*Term of Agreement and Incidental Provisions.*

27. This agreement shall come into operation on the 1st day of February, 1898, and shall continue in force until the 31st day of January, 1905, inclusive, and shall then determine if notice in writing to that effect shall have been given twenty-four calendar months previously to the said last-mentioned date, either to the company by the Postmaster-General or to the Postmaster-General by the company, and if not so determined this agreement shall continue in force after such last-mentioned date until the expiration of a notice of a like duration given by either party at any time.

28. (1.) If on the determination of this agreement any mail-ship shall or ought to have started or shall start on any voyage with the mails on board in conformity with this agreement, such voyage shall be continued and performed and the mails be delivered and embarked during and at the completion of the same, and all the provisions of this agreement be observed as if this agreement had remained in force with regard to such mail-ship and services, and with respect to such mail-ship and services this agreement shall be considered as having terminated when such mail-ship shall have reached her port or place of destination and such services shall have been performed.

(2.) In respect of any such voyage as in this clause mentioned, the company shall not be entitled to receive any payment or compensation for the same over and above the subsidy payable under this agreement on the day when this agreement (otherwise than as to any such voyage) determines.

*Supplemental Provisions.*

29. It shall be lawful for the Postmaster-General at any time and from time to time to delegate any of the powers vested in him by virtue of these presents to such person or persons as he shall think fit.

30. The company shall not assign, underlet, or dispose of this agreement or any part thereof without the consent of the Postmaster-General, signified by an instrument in writing.

31. In case this agreement or any part thereof is assigned, underlet, or otherwise disposed of, and in case of any great or habitual breach on the part of the company, their officers, agents, or servants of this agreement, or of any covenant, matter, or thing herein contained, it shall be lawful for the Postmaster-General, if he shall think fit, and notwithstanding there may or may not have been any former breach of this agreement, by an instrument in writing, to determine this agreement without any previous notice to the company, and the company shall not be entitled to any compensation in respect of such determination, and such determination shall not deprive the Postmaster-General of any right or remedy to which he would otherwise be entitled by reason of such breach or of any prior breach of this agreement: Provided always that in case, within seven days after service as aforesaid on the company of a notice determining this agreement, the company give a notice in writing to the Postmaster-General that they dispute the sufficiency of such breach to justify the Postmaster-General in determining this agreement, such dispute shall be referred to arbitration, and in such case this agreement shall, notwithstanding such notice of determination, continue in force, unless and until an award shall be made to the effect that such breach or breaches was or were sufficient to justify the Postmaster-General in giving such notice of determination as aforesaid.

32. The Postmaster-General will use his good offices with the Governments of the several Australian Colonies with a view to secure that the company shall not be compelled to pay in respect of any mail-ship calling at any port or place in any of the said colonies any port or light dues or other charges of a public nature other than or in excess of the dues or charges for the time being payable at the like port or place in respect of any other vessel of a like character, whether employed in the conveyance of mails or not.

33. (1.) Any notice to terminate this agreement, if given by the Postmaster-General, shall be served by being left at or forwarded by post to the company at their registered office, and any such notice, if given by the company, and any other notice given by the company, shall be served by being sent by post to the Secretary of the Post Office at the General Post Office, London.

(2.) All notices or directions (other than any notice to terminate this agreement) which the Postmaster-General, his officers, or agents are hereby authorised to give to the company, their officers, servants, or agents, may, at the option of the Postmaster-General, his officers, or agents, either be delivered or sent by post to the master of any mail-ship or to any other officer or agent of the company in the charge or management of any mail-ship, or be left for or forwarded by post to the company at any office or place of business of the company, and any notices or directions so given, left, or sent by post shall be binding on the company.

34. In pursuance of the provisions contained in an Act of Parliament passed in the twenty-second year of the reign of King George the Third intituled "An Act for restraining any Person concerned in any Contract, Commission, or Agreement made for the Public Service from being elected or sitting and voting as a Member of the House of Commons," no member of the House of Commons shall be admitted to any share or part of this agreement or to any benefit to arise therefrom contrary to the true intent and meaning of the said Act.

35. This agreement shall not be binding until it has been approved by a resolution of the House of Commons.

*Bond.*

36. And, lastly, for the due and faithful performance of all and singular, the covenants, conditions, provisoes, clauses, articles, and agreements hereinbefore contained which on the part and behalf of the company are or ought to be observed, performed, fulfilled, and kept, the company do hereby bind themselves and their successors, and the said Law Guarantee and Trust

Society (Limited) do hereby bind themselves and their successors, jointly and severally, unto our Sovereign Lady the Queen in the sum of £20,000 of lawful money of the United Kingdom, to be paid to our said Lady the Queen, her heirs, and successors, by way of stipulated or ascertained damages hereby agreed upon between the Postmaster-General and the company in case of the failure on the part of the company in the due execution of this agreement or any part thereof.

In witness whereof the Postmaster-General hath hereunto set his hand and seal, and the company and the Law Guarantee and Trust Society (Limited) have hereunto affixed their respective common seals, the day and year first before written.

Signed, sealed, and delivered by the above-named Henry, Duke of Norfolk, Her Majesty's Postmaster-General, in the presence of ANDREW M. OGILVIE, Private Secretary to the Postmaster-General.

NORFOLK, E. M. (L.S.)

The common seal of the Orient Steam Navigation Company (Limited) was hereunto affixed in the presence of—

JOHN BELL  
J. G. S. ANDERSON } Two of the Managers. (L.S.)

The common seal of the Law Guarantee and Trust Society (Limited) was hereunto affixed in the presence of—

NOEL F. TERRY, 49, Chancery Lane, London, W.C.  
Clerk to the said Society. (L.S.)

Signed for and on behalf of the Law Guarantee and Trust Society (Limited)—

HENRY ROSCOE } Directors.  
THO. RAWLE }  
TH. R. RONALD, General Manager and Secretary.

### Enclosure 2 in No. 79.

*Return to an Order of the Honourable the House of Commons, dated 4th August, 1904, for Copy of Contract, dated the 25th day of July, 1904, between the Postmaster-General and the Peninsular and Oriental Steam Navigation Company, for the conveyance of the East India, China, and Australia Mails, being supplemental to the contract dated the 25th day of May, 1897 (H.C. No. 259 of Session 1897), together with copy of Treasury Minute thereon, dated the 2nd day of August, 1904.*  
[328: 1904.]

#### POST OFFICE (EAST INDIA, CHINA, AND AUSTRALIA MAILS).

(Treasury Minute dated the 2nd August, 1904.)

My Lords have before them a contract, dated the 25th July, 1904, between the Postmaster-General and the Peninsular and Oriental Steam Navigation Company, for the conveyance of the East India, China, and Australia mails, being supplemental to the contract dated the 25th May, 1897, which will expire on the 31st January, 1905 (House of Commons Paper, 259, of 1897).

By this new agreement the present arrangement with the company is continued, subject to certain alterations, for a period of three years from the 1st February, 1905, to the 31st January, 1908, but power is reserved to the Postmaster-General to extend the period to either five or seven years—*i.e.*, until either the 31st January, 1910, or the 31st January, 1912.

The changes are:—

(1.) An acceleration of the service by twenty-four hours each way (subject to an extension of the south-west monsoon allowance from twenty-four hours to thirty-six).

(2.) An increase in the yearly subsidy from £330,000 to £340,000, the latter sum being, however, subject to reduction to £330,000 or £315,000, with retrospective effect for the whole period, in the event of the extension of the contract to five or seven years respectively.

(3.) The company reserves to itself liberty to abandon the Australian section of the service in certain circumstances, and provision is made for a reduction of the subsidy in such an event.

My Lords refer to the report of the Inter-Departmental Committee appointed on the 21st May, 1903, under the chairmanship of Mr. Evelyn Cecil, M.P., for the purpose of considering the best means of providing for this service on the expiration of the existing contracts with the Peninsular and Oriental Steam Navigation Company and the Orient Steam Navigation Company (Cd. 2082 of 1904).

The Committee considered the subject very fully, and the terms of the present renewal are generally in accordance with the recommendations made in paragraphs 6 and 23 of their report.

My Lords have accepted those recommendations, and approve of the contract before them.

#### HIS MAJESTY'S POSTMASTER-GENERAL AND THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.—EAST INDIA, CHINA, AND AUSTRALIA MAILS.

##### CONTRACT.

This indenture, made the 25th day of July, 1904, between the Right Honourable Edward George Villiers Stanley, C.B., commonly called Lord Stanley, His Majesty's Postmaster-General (hereinafter called "the Postmaster-General," in which term his successors in the office of His Majesty's Postmaster-General for the time being shall be deemed to be included) on behalf of His Majesty of the one part, and the Peninsular and Oriental Steam Navigation Company, whose office is situate at 122, Leadenhall Street, in the City of London (hereinafter called "the company," in which term their successors and permitted assigns shall be deemed to be included) of the other part.

WHEREAS this indenture is supplemental to certain articles of agreement under seal, dated the 25th day of May, 1897, and made between the Most Noble Henry, Duke of Norfolk, Earl Marshal

and Hereditary Marshal of England, K.G., then Her late Majesty's Postmaster-General, on behalf of Her late Majesty of the one part, and the company of the other part (hereinafter referred to as "the principal agreement");

And whereas in pursuance of article 37 of the principal agreement notice determining that agreement on the 31st day of January, 1905, was duly given by the Postmaster-General to the company on the 30th day of January, 1903; now this indenture witnesseth that in consideration of the matters hereinafter appearing it is hereby agreed and declared between and by the parties hereto, and the Postmaster-General (as to the covenants, agreements, and stipulations hereinafter contained on his part) doth hereby covenant and agree with the company, and the company (as to the covenants, agreements, and stipulations hereinafter contained on their part) do hereby covenant and agree with the Postmaster-General in manner following (that is to say):—

1. (1.) The said notice of determination so given by the Postmaster-General to the company as aforesaid shall be deemed to have been withdrawn and cancelled.

(2.) Subject to the provisions hereof the principal agreement shall continue in force as from the 31st day of January, 1905, until the 31st day of January, 1908, and the provisions of the principal agreement shall be binding on the parties hereto in all respects, subject always to the modifications hereinafter contained.

(3.) The Postmaster-General may at his option—

(a.) By giving to the company notice in writing at any time during the operation of the principal agreement as extended by subclause (2) hereof require the continuance of the principal agreement (as modified by these presents) until the 31st day of January, 1910; or

(b.) By giving such notice as aforesaid at any time during the operation of the principal agreement as extended by subclause (2) or by subclause (3) (a) hereof require such continuance until the 31st day of January, 1912.

2. The principal agreement shall from and after the 31st day of January, 1905, be read, construed, and take effect as if in lieu of articles 5, 6, and 7 thereof the following articles were inserted:—

"5. (1.) Subject to the provisions of this agreement, all mails to be conveyed under the provisions of this agreement upon mail route No. 1 shall be conveyed in either direction between Brindisi and Bombay within a period of 278 hours (hereinafter referred to as the "period of transit").

"(2.) The period of transit shall include three hours allowed for a stoppage at Aden, and there shall be a stoppage at Aden on both the outward and Homeward voyages for that time and no less.

"(3.) During the prevalence of the south-west monsoon the period of transit from Bombay to Brindisi shall be extended by thirty-six hours.

"6. (1.) Subject to the provisions of this agreement, all mails to be conveyed under this agreement on mail route No. 2 shall be conveyed from Brindisi to Shanghai within a period of 712 hours, and from Shanghai to Brindisi within a period of 718 hours (each of which periods is hereinafter referred to as the "period of transit").

"(2.) The periods of transit shall respectively include the following times allowed respectively for a stoppage at each of the following ports (that is to say): At Aden, three hours; at Colombo, twenty-four hours; at Penang, six hours; at Singapore, twenty-four hours; at Hong Kong (on outward voyage), twenty-four hours; at Hong Kong (on Homeward voyage), thirty hours.

"(3.) During the prevalence of the north-east monsoon the period of transit from Brindisi to Shanghai shall be extended by forty-eight hours, and during the prevalence of the south-west monsoon the period of transit from Shanghai to Brindisi shall be extended by thirty-six hours.

"7. (1.) Subject to the provisions of this agreement, all mails to be conveyed under this agreement on mail route No. 3 shall be conveyed in either direction between Brindisi and Adelaide within a period of 662 hours (hereinafter referred to as the "period of transit").

"(2.) The period of transit shall include the time allowed for all stoppages of the mail-ships at the intermediate ports, and the mail-ships shall stop on both the outward and Homeward voyages at Albany (or Fremantle) for six hours, and no less, and at Colombo for such period as may be necessary for the purpose of delivering, receiving, transferring, transhipping, or exchanging mails, and in no case less than the period (not exceeding twenty-four hours) appointed by the Postmaster-General in that behalf.

"(3.) During the prevalence of the south-west monsoon the period of transit from Adelaide to Brindisi shall be extended by thirty-six hours."

3. (1.) Subject to the provisions hereof, the principal agreement shall, from and after the 31st day of January, 1905, be read, construed, and take effect as if a yearly subsidy or sum after the rate of £340,000 per annum were inserted in article 33 thereof, instead of a yearly subsidy or sum after the rate of £330,000 per annum.

(2.) Provided that in the event of the Postmaster-General exercising the option hereinbefore conferred upon him of continuing the principal agreement until the 31st day of January, 1910, the said yearly subsidy or sum of £340,000 per annum shall be reduced to the sum of £330,000 per annum during the whole period of five years from the 31st day of January, 1905, and the company shall repay to the Postmaster-General the payments (if any) made by him to the company in excess of the said sum of £330,000 per annum as for the period from the 31st day of January, 1905.

(3.) Provided also that in the event of the Postmaster-General—(a) Exercising his said option of continuing the principal agreement until the 31st day of January, 1912; or (b) having exercised his said option of continuing the principal agreement until the 31st day of January, 1910, requiring the continuance of the principal agreement until the 31st day of January, 1912, as hereinbefore provided, the said yearly subsidy or sum of £340,000 per annum shall be reduced

to the sum of £315,000 per annum during the whole period of seven years from the 31st day of January, 1905, and the company shall repay to the Postmaster-General the payments (if any) made by him to the company in excess of the said sum of £315,000 per annum as for the whole period from the 31st day of January, 1905.

(4.) The Postmaster-General may, at his option and discretion, either deduct any sum of money which may be due to him from the company in respect of such excess payments as aforesaid from any moneys payable or to become payable to the company under the principal agreement, or recover the said sum of money as a debt to His Majesty with full costs of suit.

4. (1.) If by reason of new legislation of the Australian Commonwealth relating to shipping the maintenance of a service of mail-ships to and from Australia becomes impossible except under conditions commercially disastrous to the company in relation to the working of the Australian line, the company shall be at liberty at any time after the 31st day of January, 1905, upon giving to the Postmaster-General six calendar months' previous notice in writing in that behalf, to cease to convey mails upon mail route No. 3 to and from Australia in the principal agreement specified.

(2.) In case the company shall cease to convey mails upon the said route as aforesaid, the subsidy payable under the principal agreement (as modified by these presents) shall be diminished in such manner as shall be agreed upon between the Postmaster-General and the company, or, failing agreement, shall be determined by arbitration.

5. This indenture shall not be binding until it has been approved by a resolution of the House of Commons.

In witness whereof the Postmaster-General hath hereunto set his hand and seal, and the company have hereunto affixed their common seal, the day and year first before mentioned.

Signed, sealed, and delivered by the before-named Edward George Villiers Stanley, C.B., His Majesty's Postmaster-General, in the presence of A. E. W. CODRINGTON, Private Secretary, General Post Office.

STANLEY. (L.S.)

The common seal of the Peninsular and Oriental Steam Navigation Company was hereunto affixed in the presence of—

THOS. SUTHERLAND } Directors. (L.S.)  
LEVEN AND MELVILLE }  
G. F. JOHNSON, Secretary.

## No. 80.

The AGENT-GENERAL to the Hon. the PRIME MINISTER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

11th February, 1905.

(Memorandum.)

IN reply to the Hon. Minister's letter of the 23rd November last [not printed], I am sending to the Secretary, Post and Telegraph Department, by book-post by to-day's mail, the three copies ordered of Parliamentary Paper No. Cd. 2082, Report of the Eastern Mail Service Committee, 1904.

WALTER KENNAWAY, for the Agent-General.

The Hon. the Premier, Wellington.

## Enclosure in No. 80.

### REPORT OF THE EASTERN MAIL-SERVICE COMMITTEE, 1904.

On the 21st May, 1903, an inter-departmental committee was appointed to consider the best means of providing for the conveyance of the mails to and from the East and Australasia on the expiration of the existing contracts with the Peninsular and Oriental Steam Navigation Company and the Orient Steam Navigation Company.

The committee was constituted as follows: Mr. Evelyn Cecil, M.P. (Chairman); Mr. H. Buxton Forman, C.B., Assistant Secretary, Post Office; Sir John Anderson, K.C.M.G., Principal Clerk, Colonial Office; Mr. F. C. Holiday, Auditor of Home Accounts, India Office; Mr. E. A. Doran, Deputy Director-General of the Post Office of India; Mr. S. J. Graff, C.B., Civil Assistant to the Director of Transports, Admiralty; Mr. W. E. Smith, C.B., Superintendent of Construction Accounts, Admiralty; Sir Thomas W. P. Blomefield, Bart., C.B., Assistant Secretary for the Finance Department, Board of Trade; with Mr. Arthur G. Ferard, of the Secretary's Office, Post Office, as Secretary.

### REPORT.

To the Postmaster-General.

MY LORD,—

In accordance with the request of your predecessor, Mr. Austen Chamberlain, we have carefully considered the best means of conveying His Majesty's mails to the East and Australia on the expiration of the existing contracts on 31st January 1905. We were instructed that this question does not include the apportionment between Great Britain, India, and the eastern colonies of the money payable as mail subsidy.

1. Throughout our deliberations, which have extended to eighteen meetings, we have borne in mind that the primary object of mail-contracts is the regularisation of fast communication, which shall insure at a reasonable cost postal services at fixed dates; that increase of speed and reduction of cost (so far as compatible) are always to be desired; that unduly long contracts



involve risk of excluding the mail-service from the benefit of the most recent marine inventions and appliances; and that rapid postal communication mainly, and in fact necessarily, follows the lines of great commercial traffic.

2. More precisely, we have examined the subject with a view of ascertaining whether the present means of conveying mails to and from the East and Australia can be improved in respect of (i.) Conditions of speed; (ii.) cost, which is related to the questions of competition and the length of mail contracts; (iii.) new routes or other facilities available since the date of the existing contracts; (iv.) new places of call; (v.) Admiralty requirements; (vi.) any condition as to not giving undue preference to foreigners with regard to freights; and (vii.) special privileges for Government passengers and general comforts. We have also considered (viii.) what is the best means of conveying these mails in consequence of the decision of the Australian Commonwealth to make no mail contract with shipping companies employing coloured labour, even though it be that of His Majesty's Indian subjects—a decision in which the Imperial Government have intimated that they cannot concur.

3. (i.) *Conditions of Speed.*—The Government of India, as the largest contributor to the subsidy after the United Kingdom, has made strong representations to us in favour of the reduction of the contract time between Bombay and Brindisi by twenty-four hours in each direction. The Governments of Ceylon and the Straits Settlements also desire increase of speed, and prefer it to reduction of subsidy. The Government of Hong Kong specifies a twenty-five days' service from Great Britain as reasonable instead of the present twenty-nine days' service; but this is quite unobtainable as yet, even by the Siberian railway. Various representative bodies have declared themselves in favour of acceleration; and from several important private firms we have received expressions of satisfaction with the existing service, coupled with a hope for acceleration in the future. A leading member of a well-known Australian firm informed us that he did not think there was a great demand for increased speed of the mail packets, as cablegrams were resorted to in matters of urgency; but he did not doubt that individual traders would like an increase of speed if Great Britain was prepared to pay for it.

4. The question of speed for all mail packets is properly a question of expense, fixed in practice by commercial demands; and a higher speed is really obtainable in one part of the world rather than in another in consequence of the needs of commerce. Another fact is that the contract speed of any service under the Post Office must be determined by the speed of the slowest ship to be used in that service. We have compared the contract speeds of British and foreign mails. The speed of the Peninsular and Oriental Company under their present contract works out approximately at 14.5 knots between Brindisi and Bombay, 13.3 knots between Brindisi and Shanghai, and 14 knots between Brindisi and Adelaide. The company has pointed out to us that among the difficulties of acceleration on the Homeward voyage are the adverse influence of the south-west monsoon, which has frequently brought down the speed of 17-knot steamers to 12 knots; the difficulty of dovetailing on the Homeward voyage the Bombay, China, and Australian lines; and the inspection by the International Sanitary Council on the arrival of the Homeward-bound ships at Suez. In comparison, the mail contract made by the French Government with the Messageries Maritimes Company requires that their newest ships should run at 14 knots; and by the mail contract entered into by the German Government with the North German Lloyd Company for a period of fifteen years from 1st October, 1899, the speed between Naples and Yokohama for ships built after the date of the contract is to be 14 knots at the least, and between Naples and Adelaide 13.5 knots at the least. After careful consideration we are of opinion that it is desirable to increase the contract speed to and from India by not less than twenty-four hours, and also to increase the speed over the China sections of the service. This would raise the Indian mail speed to nearly 16 knots per hour.

5. (ii.) *Cost, Competition, and Length of Mail Contract.*—It has already been observed that the questions of speed and expense or cost are largely dependent upon each other. Cost, again, depends upon competition, and also upon the length of time for which a mail contract is secured to the company which undertakes it. The mileage rate of the French Messageries Maritimes subsidy for their Australian service works out at 8s. 4d. a mile; the mileage rate of the North German Lloyd subsidy for their East Asian and Australian service amounts to 5.05 marks (5s.); and the Peninsular and Oriental mileage rate on their Indian, Chinese, and Australian service is 5s. 5.92d. a mile, as calculated by the Post Office on their subsidy of £330,000 a year, although Sir Thomas Sutherland, the chairman of the Peninsular and Oriental Company, contends that, owing to various causes the real mileage rate paid to that company works out at 4s. a mile.

6. However this may be, we think that competitive tenders are obviously for the national benefit, and that these could be most readily obtained by inviting them not merely for the service as a whole, but for each of the component sections specified in the Appendix A to this report. Even in the case of the whole service we would suggest that in view of encouraging competition tenders should be invited for two alternating fortnightly services in addition to tenders for one weekly service for Bombay, and that similarly tenders should be invited for two alternating four-weekly services to and from China and Australia in addition to tenders for one fortnightly service. The services of the Peninsular and Oriental Company in carrying mails are deservedly recognised in many quarters, but their excellence, however great, cannot suffer by the test of public tender. We have reason to believe that effective competition would not be forthcoming if tenders were called for immediately. Shipowners or shipping companies intending to compete often need two or three years to build the requisite ships and make arrangements should their tenders be accepted, and we therefore are of opinion that the present contract with the Peninsular and Oriental Company should, on certain conditions mentioned in paragraph 23, be extended for three years. The subject is referred to again in paragraph 21.

7. Before leaving the question of competition, we should add that two special suggestions have been before us—one in favour of employing His Majesty's ships as mail-ships, and the other,

emanating from Mr. Alfred Holt, of the Ocean Steamship Company, in favour of constructing a particular type of despatch boat for the exclusive purpose of carrying mails. As regards the first suggestion, it has been urged that the nation pays a very large sum for maintaining ships of high speed in the navy, that often some of these ships have little to do, and that they might profitably employ their spare time by running from port to port with the mails. His Majesty's ships do in fact already carry some mails for the Falkland Islands from Monte Video; and it is said that they might also be useful in helping to form links in an extended postal service. On the other hand the Admiralty strongly object to have the movements of His Majesty's ships, built and maintained for wholly different purposes, interfered with by postal arrangements, which might require the fastest ships and would tie them to certain ports and times. These objections will probably be found to be insuperable.

8. The second suggestion, Mr. Holt's, might possibly have economy to recommend it, though this is not altogether certain; but in any case it would necessitate the experimental and expensive construction of a considerable fleet, the value of which is by no means assured. Among the chief practical objections to it we would mention that the Peninsular and Oriental Company might run their steamers faster than the contract rate fixed for the mail packets, and that the mail-service would be entirely devoid of that contingent commercial usefulness which is widely admitted, though not very easily measured or described. Nor would this kind of despatch-boat in any way serve Admiralty purposes.

9. With regard to the length of time for which a mail contract should generally be made, we are aware that short periods have at different times been supported in the House of Commons. It is true that the North German Lloyd contract extends over fifteen years; but in view of possible improvements in methods of construction and of propulsion, such as those afforded by the turbine, fifteen years appears too long. We prefer seven years as a term of mail contracts; but if an extension to ten years involves a substantial reduction of the subsidy, that term should be considered.

10. (iii.) *New Routes or other Facilities available since the Date of the existing Contract.*—Foremost among these is the trans-Siberian route, over which mails have been despatched from London since November, 1903, reaching Peking in about twenty-three to twenty-six days. This route cannot fail, if maintained and thoroughly developed, to become the most expeditious for communication with Japan and China, and perhaps Hong Kong. It would seem possible for mails from London to reach Yokohama *via* Siberia under twenty-seven days, as compared with thirty-two days *via* Vancouver, thirty days *via* Seattle, thirty-three days *via* San Francisco, and thirty-eight days *via* Suez. It is not certain that as yet the Siberian post is absolutely reliable for important communications, for which the alternative routes *via* Vancouver, Tacoma, Seattle or San Francisco, or *via* Suez, are always open; and financially the Suez route will remain by far the cheapest. The prospect of the rapid improvement of the fast route *via* Siberia is, we think, an additional reason for extending the existing Peninsular and Oriental contract for only three years, as the Hong Kong and Shanghai services might then require alteration; but it is desirable, when tenders are next called for, to invite two alternative tenders from European ports—namely, one for a service to Hong Kong and one for a service to Shanghai. It seems unlikely that within three years great improvements will be effected in respect of speed on the Canadian and United States routes to the Far East.

11. The proposal that mails should be carried across India to the Far East *via* Bombay, Calcutta, and Singapore was made and dropped in 1896, partly owing to the difficult navigation of the Hooghly. A trans-Indian route *via* Bombay and Madras appears, however, quite feasible, and is favoured by the Government of India. British mails are, in fact, already forwarded by a trans-Indian land-service to Penang every other week, when there is no British service from Brindisi to Penang and Singapore, or, in other words, in the week in which the mails for Singapore are forwarded by the fortnightly French packet from Marseilles, which does not call at Penang. The proposal is calculated by the Government of India to compete well in point of speed with an all-sea service *via* Colombo, the rapidity of the railway journey fully compensating for the delay in transshipment at Bombay and Madras; and it would be an advantage to India if other parts of the Empire become interested in the acceleration of the service between Europe and Bombay. For the land-transit the Indian Post Office is prepared to charge ordinary Postal Union rates if the mails are conveyed by ordinary trains, and if special trains are used only the actual cost of those trains. The proposal fits in with the policy we have advocated of inviting sectional tenders; and there are good steamship companies trading in the Indian Ocean and the East which might be attracted with due notice to tender. We therefore recommend that sea services connected with a scheme for an Indian land-transit of mails from Bombay to Madras should be included in the list of tenders to be invited.

12. We are of opinion that the land-transit of mails across Egypt from Alexandria to Suez is not advisable. Even though there appears to be no objection to the quarantine regulations which have been submitted to us, the route involves a double transfer of mails at ports only about 220 miles apart; and, according to the President of the Egyptian Railway Board, the annual cost would be about £12,300, with certain additions, for a saving of about twelve or fourteen hours in time. Nor is there much reason to suppose that a steamship company which trades from Europe to the Indian Ocean would take off any considerable or perhaps any portion of the subsidy, because it was excused from taking the mails through the Suez Canal. It would, in fact, have to maintain an administration both at Alexandria and Suez. If the Egyptian railways extended, for instance, to Suakin, an Egyptian land-transit might be valuable to save time; but in existing circumstances we do not think the gain is worth the great extra cost.

13. Another new route which we have considered is the Baghdad Railway; but we think that the scheme is still too much in the air to be brought into a discussion of arrangements to be made at no distant date.

14. (iv.) *New Places of Call.*—Perhaps the most important matter arising under this heading is the respective merits of Marseilles, Naples, Reggio, Messina, and Brindisi as European ports of departure or arrival for the Eastern mails. It may be stated at once that Reggio and Messina are impracticable for the purpose. The harbour at Reggio is not considered quite safe, and is only suitable for very small vessels; and though Messina is a much better port, the mails would have to be carried in ferry steamers six miles across the straits, and serious delays would ensue. We have carefully examined the relative advantages of Marseilles, Naples, and Brindisi. Naples is a good enough harbour; but Sir Thomas Sutherland has made a calculation that there would only be a difference of about seven hours really in the transit of Eastern mails as between Naples and Marseilles, so that it is hardly worth while going to Naples for the sake of saving something like seven hours; and the difference between Brindisi and Naples is, approximately, fifteen hours in favour of Brindisi. This leaves the choice between Brindisi and Marseilles. There would, no doubt, be a larger annual economy in running the postal train to Marseilles instead of the longer distance to Brindisi, though Sir Thomas Sutherland did not think there would be any difference in sea-cost as between the two ports. He further estimated that the actual difference as between Marseilles and Brindisi would only be sixteen hours in favour of Brindisi; but on the outward journey, as large steamers cannot leave Marseilles except at daylight and the London mail has to be made up too late at night to reach Marseilles in time for the mail-steamer to leave by daylight the following day, there would in practice be a further loss of six or seven hours, making nearly twenty-four hours in all. In view of the general desire for acceleration we recommend that the Brindisi service be for the present continued.

15. Detailed information regarding the mail-service with Malta has been submitted to us, and some inquiry has been made whether the island could become a port of call for the eastern mail steamers; but we consider that the postal arrangements with Malta are satisfactory, and that any alteration, either by requiring the eastern mail-steamers to call there or by instituting a British contract line of steamers, would cause serious delay to the eastern mail service, or expense not warranted by the circumstances.

16. At the request of the Indian Government we recommend that tenders should be invited for a weekly service between Aden and Karachi in connection with the mail-service to and from Bombay, though the acceptance of any tender ought clearly to depend upon its reasonableness and moderation.

17. Several other places have been spoken of as possible places of call, either by direct mail-steamer or a branch steamer; but the evidence before us does not justify any important change in standing arrangements. To British New Guinea, for instance, the weekly correspondence from the United Kingdom amounts only to about seventy letters and one sack of printed matter, and in any case it is best served, as now, from Australia. To British North Borneo the average weekly mail made up in London contains about 200 letters and 360 newspapers or packets of printed matter, for the conveyance of which from Singapore to North Borneo the British Government pays about £20 a year.

18. (v.) *Admiralty Requirements.*—The Admiralty decided a few months ago only to subsidise for cruiser purposes merchant vessels which could run at a speed of 22 knots per hour. As the supply of such ships is so restricted the Post Office is compelled to be content with a lesser speed—there are, in fact, no 22-knot vessels at present trading in the eastern seas—and Admiralty and Post Office interests are to this extent now separate. At the same time we think that clause 22 of the existing Peninsular and Oriental contract, reserving to the Admiralty liberty to purchase or charter the mail-ships at any time during the continuance of the contract, may be usefully retained in the public interest with scarcely any modification in future mail contracts. This would provide for the possible requirements of the Admiralty. It is pertinent to observe that the decision of the Admiralty only to subsidise merchant vessels attaining a speed of 22 knots will set free a number of ships now carrying special Admiralty fixtures, and enable them to give more space for commercial purposes and mails. Other Admiralty requirements connected with mail contracts relate to special facilities for Government parcels and stores, as to which we have no change to suggest, and to the conveyance of Government passengers, which is more comprehensively dealt with in paragraph 20.

19. (vi.) *Any Condition as to not giving undue Preference to Foreigners with regard to Freights.*—The question of some control over rates of freight, either absolutely or with a view of preventing undue preference to foreigners, was considered by the Select Committee on Steamship Subsidies in their report of 1902, which suggested that no subsidy should be granted without Government control over maximum rates of freight. A resolution was further passed at the Conference of Colonial Premiers in 1902, recommending that “in all new contracts provisions should be inserted to prevent excessive freight charges, or any preference in favour of foreigners.” This principle was acted upon last year in a general clause in the agreement between His Majesty’s Government and the Cunard Steamship Company; but we prefer a more specific clause if the provision as to undue preference is to be thoroughly effective. There are no doubt great practical difficulties; rare occurrences might even arise where it might actually be desirable to give foreigners some preference so as to attract commerce from foreign channels; but we believe that there is a strong opinion among many business men in favour of such a clause, and we suggest the following for the consideration of His Majesty’s Government: “The company shall not in relation to the conveyance of persons or goods by vessels carrying mails give or agree for any undue preference to traders or other customers or persons outside the United Kingdom and the possessions and dependencies of the British Crown over traders, customers, and persons in the said United Kingdom, possessions, and dependencies. The President of the Board of Trade may receive and by himself or an arbitrator appointed by him determine, in accordance with the provisions of ‘The Arbitration Act, 1889,’ complaints of breach of the preceding condition, and give directions for compliance with the said condition.”

This clause appears to us to have the merit of simplicity, and the word "undue" would probably be held to provide for the rare occurrences to which reference has been made. Though a decision by the Railway and Canal Commission might be urged as preferable to a decision by an arbitrator, the Railway and Canal Commission could not have jurisdiction without fresh legislation, with its attendant delay. It may be a further matter of comment that the clause does not provide a remedy for its past infringement; but as the Postmaster-General for the time being, who would be one of the parties before the arbitrator, could not show loss, no liquidated damages could, we are advised, legally be payable to him; and no liquidated damages could be secured to a third party except by making the Postmaster-General a trustee for the complainant—a provision which no business man on the one hand, and no steamship company on the other, would probably tolerate. Another comment has been made to the effect that the object in view would be well attained by forbidding what is known as the rebate system, described in paragraph 28 of the steamship subsidies report, 1902, but we doubt whether such an interference is practicable. We have to add that Sir Thomas Blomefield, the member of our Committee representing the Board of Trade, was instructed to dissent from the procedure for arbitration suggested in the second half of the above clause, but all the other members of the Committee felt that the matter is essentially one which ought to be taken up by the Board of Trade.

20. (vii.) *Special Privileges for Government Passengers and General Comforts.*—In several respects advantages are given in connection with Government individual passengers under the existing mail contract of the Peninsular and Oriental Company. Thus a limited number of third-class passengers is carried by all steamers and is provided for in accordance with the Transport Regulations, although in the company's ordinary trade third-class passengers are not carried at all. Next, a certain number of berths of each class is reserved for the Government on payment of the regular fare, but the full Government allowance of baggage is carried free, which is far in excess of the private allowance as regards first-class passengers. And among one or two other privileges, special facilities are given for the conveyance of small Government parcels and limited quantities of Government stores by all steamers. All these stipulations in the contract have our general approval. Outside the contract, the steamship company has given a reduction for large numbers of officers travelling at one time or over a limited period; but no fixed reduction is obtainable, such as that of 15 per cent. given by the French Messageries Maritimes to every military or naval officer or every consul, or of 20 per cent. granted by German subsidised companies as a condition of their mail subsidy. It is, however, material to recollect that fully two-thirds of the Peninsular and Oriental Company's Indian passengers are Government officials, whilst foreign Government officials travelling by foreign lines to the East are comparatively few; and Sir Thomas Sutherland declines on behalf of the Peninsular and Oriental Company to make a reduction unless his subsidy is increased *pro tanto*. The effect of this increase would be that if a percentage for Government passengers were taken off tickets of passengers travelling at the public expense the nation would gain that percentage, which it previously itself paid by increasing the mail subsidy; but if a percentage were taken off the tickets of Government passengers travelling at their own expense the nation is making those passengers a present of the percentage. Neither result seems to us satisfactory. We are informed that the Peninsular and Oriental Company gives to certain booking agencies a reduction of 5 per cent. on the value of the tickets by way of commission, and we consider it desirable that in the case of Government passengers the Government should receive a similar reduction of rates; but we see no advantage in obtaining that reduction merely by increase of the mail subsidy. With regard to clause 8 of Schedule 2 of the Peninsular and Oriental contract, we think that officers in His Majesty's service booking their passages directly from the company should be allowed the same reduction as that given to Government passengers. In respect of general comforts, such as the installation in the cabins of electric fans and the like, these matters do not appear to us of such a nature that they need to be made express conditions of the payment of a subsidy in a mail contract, though it is important that any mail company should keep as fully up to date as its foreign competitors.

21. (viii.) *What is the best Means of Conveying the Eastern and Australian Mails, in consequence of the Decision of the Australian Legislature to make no Mail Contract with Shipping Companies employing Coloured Labour?*—His Majesty's Government informed the Governor-General of Australia by a despatch in April, 1903, that they much regretted that, as such legislation principally affected His Majesty's Indian subjects, no other course was left open to them than to be dissociated in future from the Government of the Commonwealth in any mail contract. The Government of the Commonwealth accordingly itself advertised for tenders last September for a fortnightly service with the United Kingdom, beginning in 1905, for seven years, or five years at the option of the tenderers, and the tenders had to be received not later than the 31st January, 1904. We are, of course, unable to say at present what response has been made to this invitation, but in any case the action of the Commonwealth Government assists the policy we have advocated in paragraph 6, of asking for sectional tenders. If this division of the mail service into sections does not increase its total cost, which appears by no means necessary, an obvious disadvantage of dividing it is the more frequent transshipments, with their inseparable delays and opportunities for theft; but we believe the disadvantage of transshipment may be more than counterbalanced by the competition created, and the larger number of good British fleets encouraged. The experiment is well worth trying again thoroughly. Even if suitable sectional tenders are not forthcoming, the policy of asking for them is unexceptionable, and the outcome, whatever it be, must be a test of what is the best contract for the nation in all the circumstances. We have partly been led to recommend an extension of the Peninsular and Oriental contract for three years, so as to give all ship owners and companies an ample opportunity of considering the new conditions with a view to tendering, and building new ships if required.

22. In answer to the reference to our Committee, and bearing in mind the decision of the Australian Government against coloured labour, we therefore think that the best means of con-

veying the Eastern and Australian mails, when the Peninsular and Oriental and Orient contracts expire in 1905, will be determined by asking for sectional and through tenders for mail services to commence in 1908.

23. The remaining question to be answered is how is this interval of three years to be bridged over? Your Lordship is familiar with the communications which we have from time to time made to Mr. Austen Chamberlain and yourself, and with the negotiations which have been in progress between the Post Office and the Peninsular and Oriental Company with regard to an extension of their contract till the 31st January, 1908. We have viewed with some concern the necessity of dropping the mail contract with the Orient Company for the alternating fortnightly Australian service, especially as this is at variance with our general aim to encourage a number of good British fleets, but, considering the comparatively few really fast ships at this moment available, we are satisfied that it is useless at once to ask for sectional tenders; and it is equally useless without asking for them to dislocate the present Peninsular and Oriental service, especially when the twenty-four hours' acceleration can be obtained for which the Government of India so strenuously presses. In Appendix B to this report will be found the different schemes which the Peninsular and Oriental Company have put forward. With reference to these, we are opposed to an extension for seven or for five years; but a majority are in favour of an extension for three years with twenty-four hours' acceleration and an annual subsidy increased by £10,000, making £340,000 in all; and a minority voted for accepting the offer of an extension for three years without acceleration and an annual subsidy decreased by £10,000, making £320,000 in all. All members, however, are united in recommending that the options offered by the company of an extension for five or seven years with retrospective reduction of subsidy should be embodied in any agreement that may be framed. In connection with the Australian mails, it is convenient to recall here that the Australian Attorney-General has given an official opinion that mails may, under section 69 of "The Commonwealth Post and Telegraph Act, 1901," be placed on board an outgoing vessel with a coloured crew, without any breach of section 16 of the same Act which prohibits any contract or arrangement for the carriage of Australian mails unless it contains a condition that only white labour shall be employed. The Australian Government, however, has explained that it will not enter into any undertaking to adopt the course indicated, but that each case will be treated as a separate incident, leaving the Commonwealth Postmaster-General free at his discretion to avail himself of the opportunity or not.

24. We desire to acknowledge the valuable assistance which we have received during the inquiry from Mr. Arthur G. Ferard, of the Post Office, who has acted as Secretary.

We have, &c.,

(Signed)

EVELYN CECIL, Chairman.  
H. BUXTON FORMAN.  
JOHN ANDERSON.  
FRED. C. HOLIDAY.  
E. A. DORAN (per the Secretary).  
STEPHEN J. GRAFF.  
W. E. SMITH.  
T. W. P. BLOMEFIELD.

ARTHUR G. FERARD, Secretary.  
22nd January, 1904.

#### APPENDIX A.

##### EASTERN MAIL SERVICE.

###### *Sectional Tenders.*

A. *India*.—Tenders to be invited for one weekly service or two alternating fortnightly services:—

- (1.) Between a port of South Europe and Bombay, *via* Aden in each direction.
- (2.) Between the Port of Aden and Karachi in each direction.

B. *Straits Settlements and China*.—Tenders to be invited for one fortnightly service or two alternating four-weekly services:—

- (1.) (a.) Between a port of South Europe and Hongkong, *via* Aden, Colombo, Penang, and Singapore in each direction. (b.) Ditto, with extension to Shanghai.
- (2.) (a.) Between Colombo and Hong Kong, *via* Penang and Singapore in each direction. (b.) Ditto, with extension to Shanghai.

3. (a.) Between Madras and Hong Kong, *via* Penang and Singapore in each direction, connecting with the London-Bombay mail-service. (b.) Ditto, with extension to Shanghai.

- (4.) (a.) Between Singapore and Hong Kong. (b.) Ditto, with extension to Shanghai.

C. *Australia*.—Tenders to be invited for one fortnightly service or two alternating four-weekly services:—

(1.) (a.) From a port of the United Kingdom, calling at a port of South Europe, to Aden, Colombo, Fremantle, and Adelaide, and *vice versa*. (b.) Ditto, with extension to Melbourne and Sydney, and *vice versa*. (c.) Ditto, with extension to Melbourne, Sydney, and Pinkenba, and *vice versa*.

(2.) (a.) From a port of South Europe to Aden, Colombo, Fremantle, and Adelaide, and *vice versa*. (b.) Ditto, with extension to Melbourne and Sydney, and *vice versa*. (c.) Ditto, with extension to Melbourne, Sydney, and Pinkenba, and *vice versa*.

(3.) From a port of the United Kingdom, calling at a port of South Europe, and Aden to Colombo, and *vice versa*.

- (4.) From a port of South Europe to Aden and Colombo, and *vice versa*.

(5.) (a.) From Aden to Colombo, Fremantle, and Adelaide, and *vice versa*. (b.) Ditto, with extension to Melbourne and Sydney, and *vice versa*. (c.) Ditto, with extension to Melbourne, Sydney, and Pinkenba, and *vice versa*.

(6.) (a.) From Colombo to Fremantle and Adelaide, and *vice versa*. (b.) Ditto, with extension to Melbourne and Sydney, and *vice versa*. (c.) Ditto, with extension to Melbourne, Sydney, and Pinkenba, and *vice versa*.

## APPENDIX B.

## EASTERN MAIL SERVICE.

*Proposals of the Peninsular and Oriental Steam Navigation Company for an Extension of their Services after the 31st January, 1905. (Present Subsidy, £330,000.)*

Proposal No.	Annual Subsidy.	Conditions.
1	£ 320,000	Three years' extension of the contract on the present lines.
2	330,000 or 320,000	Three years' extension on the present lines, but with an acceleration of twenty-four hours in the delivery of the outward mail at Bombay, the Homeward service to remain unchanged. In the event of this arrangement being subsequently extended for a further period of two years— <i>i.e.</i> , five in all—the subsidy to be reduced retrospectively by £10,000 per annum.
3	330,000 or 315,000	Three years' extension with an acceleration of twenty-four hours for the Bombay and China mails, both outwards and Homewards, the company to have the option of conveying the China and Australian mails <i>via</i> Bombay with relaxation of penalties on the Homeward voyage, unless the present contract time is exceeded. The south-west monsoon allowance to be increased from twenty-four to thirty-six hours. In the event of this arrangement being subsequently extended for a further period of two years— <i>i.e.</i> , five in all—the subsidy to be reduced retrospectively by £15,000 per annum. (Under this proposal the Hongkong mails would be accelerated in the outward direction by twenty-four hours during the fair season and twenty-nine hours during the north-east monsoon. In the Homeward direction the transit would be eight hours shorter in the fair season and four hours longer in the south-west monsoon. The Singapore mails would gain twelve hours outwards, and Homewards would be at a disadvantage of twelve hours in the fair season and twenty-four hours in the south-west monsoon. Similarly the Penang mails would gain fifteen hours outwards, and be at a disadvantage of eleven hours or twenty-three hours Homewards, according to the season. The Colombo mails would be sixteen hours longer in transit outwards, and thirty-six or forty-eight hours longer in the Homeward direction, according to the season. The Australian transit would remain as before.)
4	330,000 or 305,000	Three years' extension with the substitution of Marseilles for Brindisi as the European port of departure and arrival of the mails. The company to have the option of conveying the China and Australian mails <i>via</i> Bombay. The time of transit to be as now on the India and China sections, but twenty-four hours longer on the Australian line. In the event of this arrangement being subsequently extended for a further period of two years— <i>i.e.</i> , five years in all—the subsidy to be reduced retrospectively by £25,000 per annum.
5	330,000	Five years' extension on the present lines with an acceleration of twenty-four hours for the Bombay mails, forty-eight hours for the China mails, and thirty hours for the Australian mails in each direction, but with relaxation of penalties on the Homeward voyages as under proposal 3.
6	340,000 or 330,000 or 315,000	Three years' extension with an acceleration of twenty-four hours to and from Bombay, Ceylon, the Straits Settlements, Hongkong, and Shanghai, under the present penalty clauses in both directions, but with a south-west monsoon allowance of thirty-six hours. In the event of this arrangement being prolonged for a further period of two years— <i>i.e.</i> , five in all—the subsidy to be reduced retrospectively by £10,000 per annum. A further retrospective reduction of £15,000 per annum to be given in the event of the arrangement being maintained for seven years in all.

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