

the whole cost of the proposed services, from which it must be expected to benefit to at least an equal extent as the Colonies concerned.

I have, &c.,

(Signed) E. W. STAFFORD.

The Honorable the Colonial Secretary,
Sydney, N.S.W.

COPY OF A MEMORANDUM BY THE GOVERNOR.

Government House, Auckland,
9th December, 1858.

As Her Majesty's Government contribute largely towards a Steam Postal Service between the Australian Colonies and New Zealand, it will be necessary that the Governor should inform the Secretary of State that subsidies have been voted by two Provincial Governments for other Services between Australia and New Zealand. In order to complete the information the Governor wishes to know the views of his Advisers on the subject.

(Signed) T. GORE BROWNE.

COPY OF A MEMORANDUM BY MR. STAFFORD.

Colonial Secretary's Office,
Auckland, 11th January, 1859.

Steam Postal
Service.

With reference to His Excellency's Memorandum of the 9th ultimo, relative to Subsidies being paid by two Provincial Governments for Steam Services, in addition to the Service contracted for on behalf of the Imperial and Colonial Governments, it may be observed that, as the Imperial Government has not yet delegated to the Governor the powers reserved to the Admiralty under the contract with Messrs Pearson & Co., no definite action can be taken with reference to the respective Steamers now subsidised in New Zealand, so as to ensure that the greatest amount of public advantage may be obtained at the least cost.

The delegation of these powers may, however, be expected to arrive shortly (probably with Mr. Sewell), when the Government will be enabled to act conclusively with a view to the establishment of the best Steam Service which may be practicable.

(Signed) E. W. STAFFORD.

MR. COLEMAN TO POSTMASTER-GENERAL.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Auckland, April 2nd, 1859.

SIR,—

In accordance with the desire expressed by yourself and the other Members of the Colonial Government, with whom I had the honour of an interview yesterday, I beg leave most respectfully to reduce to writing the plan agreed upon for re-constructing the route, and extending the services to be hereafter performed by this Company's Steam Vessels,—subject to confirmation by the Board of Directors, London, on behalf of the Company whom I have the honor to represent.

1. The route prescribed in the Contract, and the Time Tables thereunto annexed, to be considered as annulled during the term of this agreement, and that instead thereof the Company's Steam Vessels do perform the service hereinafter mentioned.

2. One Steamship to run between Sydney and Auckland direct, and *vice versa*, monthly.

3. One Steamship to run between Sydney and the Ports of Nelson, Wellington, Port Lyttelton, and Port Chalmers, and *vice versa*, monthly.

4. One Steamship to run between the Manukau and Taranaki, Nelson, Wellington, Canterbury, and Otago, and *vice versa*, monthly.

5. That no other Steam Vessels but those of the Company be employed or subsidised by the General Government during the term of this agreement.

6. That either party be allowed to return to the *status quo ante* on giving to the other, four calendar months' notice of their intention so to do; and at the termination of such notice, the original contract to resume its full force and virtue, with the proviso that the Company's Steamers shall complete the Inter-Provincial link in such manner as to afford a direct monthly postal communication between all the said Ports of New Zealand, subject to the stipulation that the Colonial Government do not subsidise any other Steam Vessels but those of the Company.

7. Time Tables, showing the probable arrival and departure of the Company's Steamers at and from all the said Ports, to be forthwith prepared by the Company and approved by the Government.

8. That in consideration of the extended services hereinbefore mentioned, the Colonial Government shall pay to the Company an addition subsidy of £6000 per annum, in monthly instalments, over and above the subsidy payable under the present contract.