

Francisco, and *vice versa*, for which purpose they are to provide and keep seaworthy a sufficient number and not less than four good, substantial, and efficient iron screw steam vessels of the first class, and full equal to Class 100 A1, Lloyd's Register; such vessels to be of a certain capacity, and to be always furnished with all necessary and proper machinery, engines, equipments, &c., so as to be efficient for travelling at a certain minimum rate of speed, and are to be properly officered and manned, and to be subject at all times to the approval of the Postmasters-General, or of such other person or persons as they shall jointly or severally appoint; and no vessel is to be employed until approved.

The Postmasters-General or either of them may, whenever they think fit, have the vessels, engines, machinery, officers, engineers, and crew surveyed or inspected, and, if necessary, the hulls of the vessels examined; and if a vessel shall on any account be declared ineligible, it is not to be again employed until any defect or deficiency has been repaired or supplied to the satisfaction of the Postmasters-General or officer requiring the same; and any officers, engineers, or crew declared ineligible are not to be again employed.

The route by which the mails are to be conveyed is by way of Honolulu and Kandavau and *vice versa*, the vessels calling at those places for receipt and delivery of mails, and at no other intermediate port without consent of the Postmasters-General, and the mails are to be conveyed thirteen times every year each way between San Francisco and the colonies. The vessels are to leave the ports of departure at times to be from time to time appointed by the Postmasters-General, those conveying the mails from San Francisco proceeding alternately to New South Wales and to New Zealand, the mails for the other colony being transhipped at Kandavau and forwarded by another vessel, and those conveying the mails from the colonies proceeding to San Francisco alternately from each colony, the mails from the other colony being conveyed by another vessel to meet, and being transhipped into, the through-going vessel at Kandavau. The New South Wales mails are to be delivered and despatched at and from Sydney, and the New Zealand mails at and from Port Chalmers, Lyttelton, Wellington, and Auckland, calling off Hawke's Bay, weather permitting, for mails to and from Napier, the Postmaster-General for New Zealand providing a steam launch there to receive and deliver the mails, and any local mails between the ports of New Zealand are also to be carried.

The contractors are to take and deliver the mails at convenient places on the shore, to be appointed from time to time by the Postmasters-General respectively, in the different ports (except Napier), and are to convey the officers in charge to and from the shore, and to be responsible for the transhipment at Kandavau, conveying also the Post Office officials to and from the shore, when necessary, in the execution of their duty, if no suitable boat is conveniently obtainable from the shore.

Either of the Postmasters-General or their respective officers or agents may delay the departure of a mail vessel not exceeding forty-eight hours at San Francisco, and not exceeding twenty-four hours at any other port; and the through-going vessel is to wait at Kandavau not exceeding seventy-two hours after arrival of the branch mail vessel, and the contractors are without notice to wait at San Francisco, if necessary, seven days for the arrival of the English mails from New York to either of the colonies. The Postmaster-General of New Zealand may vary the times of departure of the mails at any ports there, but not so as to vary the departure of the mails at Auckland for Kandavau more than twenty-four hours without the consent of the Postmaster-General of New South Wales, so as to avoid detention at Kandavau.

If from any cause a vessel is not at San Francisco, Sydney, or Port Chalmers ready to put to sea in due time for the service, the contractors are to pay to the Governments or Government affected by the default (as the case may be) £300 for every mail delayed, and £100 for every day which shall elapse between the time appointed for departure and the time of the vessel leaving the port; but the Postmasters-General may remit or reduce these sums, if satisfied that the default was attributable to causes over which the contractors had no control.

The times within which the mails are to be conveyed are to be calculated from the times appointed for the departure of the mails, unless the vessel be detained waiting for the mails, in which case the time is to be calculated from the time when the mails shall be ready for delivery. If the branch mail vessel fail to catch the through mail vessel, the contractors are not to be relieved of their responsibility to deliver the mails within the stipulated time. If the mails be lost, the contractors are at their own cost to take all such means as may be reasonably done and taken to recover them; and they are to be liable for all damage or injury to the mails from any cause, except the act of God or the Queen's enemies.

For every mail not delivered within a ten-knot service, the payment for that rate is to be reduced £2 for every hour in excess. For any mail delivered at Sydney or Auckland twenty-four hours before the contract time, the contractors are to receive £25 extra.

All moneys payable to the contractors are to be payable at the Treasuries at Sydney and Wellington respectively, to an agent to be appointed by the contractors.

The colonies, or either of them, are to retain to their or its own use any subsidies allowed by Great Britain, and to retain and divide between them equally any subsidy or payment agreed to be paid by any other Australian Colony or Dependency for conveyance of mails over this route, after deducting any extra expenses incurred; but the contractors are to have the benefit of any subsidies they may be able to induce any other colony, or dependency, or Government to agree to pay, less any extra expense incurred by the Postmasters-General.

Proper, safe, and convenient places for deposit of the mails, with locks, &c., are to be provided on board all vessels.

All necessary accommodation, including lights for sorting and making up mails on board, are to be provided, and a separate room, with furniture, lamps, fittings, &c., if required; the contractors keeping in repair and cleaning all lamps required for sorting the mails, and finding assistance to convey the mails from the mail-room to the sorting-room.

The mails may be entrusted to the master or commander of any vessel, who is to take charge of the mails if the mail officer be absent, the master or commander making the usual Post Office declaration, and furnishing journal returns, &c.