

1874.

NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE,

(FURTHER PAPERS RELATING TO).

In continuation of Papers presented on 19th September, 1873.

No. 1.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
13th June, 1873.

SIR,—

In continuation of the correspondence which has taken place between the Colonial Office and myself relative to the San Francisco mail service, I have the honor to forward herewith, for the information of the Government, copies of Lord Kimberley's letter of 17th May, 1873, with enclosure, and of my reply thereto.*

You will observe that while I express my concurrence in the principle of Lord Kimberley's present proposal, namely, that the Imperial Government should afford assistance to each of the three postal services recommended by the Australasian Conference, I refrained from expressing any opinion as to the money part of the question. My object throughout these protracted negotiations has been to have the San Francisco service placed, so far as the Imperial Government is concerned, precisely on the same footing as that *viâ* Suez. This accomplished, and Webb's line being out of the way, there cannot, I apprehend, be any serious difficulty in establishing an efficient service, even if New Zealand, as hitherto, is obliged to maintain it single-handed. But as I gather from the correspondence you forwarded to me, that the inefficiency of Webb's line was the chief ground on which New South Wales refused to join New Zealand, it may reasonably be expected that the two colonies will now co-operate in the same way that they did in establishing and maintaining the Panama line.

I may add that I have reason to believe that the Government of the United States may be induced to afford material assistance when once assured that the service will be efficiently performed.

I have, &c.,

I. E. FEATHERSTON,

The Hon. the Colonial Secretary, Wellington.

Agent-General.

F. No. 3, 1873,
Nos. 19, 20, 22,
and 43, and
enclosures.F. No. 6, 1873,
No. 1, and en-
closures.

*Not received.

Enclosure in No. 1.

Mr. HERBERT to the AGENT-GENERAL.

SIR,—

Downing Street, 17th May, 1873.

I am directed by the Earl of Kimberley to transmit to you the enclosed copy of a telegram F. No. 6, 1873, which his Lordship caused to be sent at a late hour last evening to the Governors of the Australasian Colonies.

It was not possible for you to be made acquainted with the decision of Her Majesty's Government, as conveyed in this telegram, before the closing of the outward mail, and his Lordship has been obliged to defer, until next month, his Despatch on the subject of the mail service between this country and Australia.

I have, &c.,

Dr. Featherston.

ROBERT G. W. HERBERT.

No. 2.

The Hon. J. VOGEL to the Hon. the COLONIAL SECRETARY, New South Wales.

SIR,—

General Government Offices, Wellington, 27th September, 1873.

I have the honor to acknowledge the receipt of your letter of 30th August, enclosing copy of F. No. 3c, 1873, an extract from a telegram received by you from the Hon. Saul Samuel, in London, stating the sub. No. 1.

1—F. 2.

stance of an agreement provisionally entered into by Mr. Samuel and Mr. Russell, acting on behalf of the Governments of New South Wales and New Zealand respectively, for a mail service between the two colonies and San Francisco; and in which letter you make suggestions respecting the completion of the details of the contract, and you state that you would at once inform Mr. Samuel that your Government was prepared to confirm the agreement.

I have the honor to state, in reply, that I share with you the conviction that great advantage will be gained by cordial co-operation between New South Wales and New Zealand, not alone with respect to the contemplated San Francisco service, but generally; and I think I may assure you of the desire of this Government to promote such co-operation.

F. No. 3B, 1873,
No. 9.

Enclosure in No. 3
of this series.

I enclose a copy of the telegram received from Mr. Russell, as to the agreement made by Mr. Samuel and himself. I also enclose a copy of a telegram which I forwarded to you per "Claud Hamilton," and a copy of the resolution adopted by the House of Representatives of New Zealand on the 16th instant. That resolution was included in a cable message, addressed to Mr. Russell, which was sent per "Claud Hamilton" for transmission from Melbourne.

I have already pointed out to you, in my telegram, that I conceived you had misunderstood Mr. Samuel's message; and that it was intended the steamer from Kandavau to New Zealand should visit more than one port of the colony. I am sure that you will not object to this. Mr. Samuel, as you will have observed, says that the "fork" service "will cause no more delay at Kandavau than branch service;" and I need scarcely add that New South Wales will not be affected, whether the steamer which makes the voyage from Kandavau to New Zealand remains in one port until her day for starting on the return voyage, or visits several of our ports during the interval.

I will not at present refer to the other points raised in your letter, since I am not now in possession of the information necessary to enable me to do justice to them.

I am sure you will recognize that, with respect to points which may arise in connection with the contract upon which decisions have to be given, it is right the concurrence of this Government should be obtained. But as to the details of the contract generally, Mr. Russell is fully empowered to act for New Zealand; and I have no doubt that, in settling those details, he will be anxious to do all that is possible to meet Mr. Samuel's views.

I have, &c.,

JULIUS VOGEL.

The Hon. the Colonial Secretary, New South Wales.

Enclosure in No. 2.

The Hon. J. VOGEL to the Hon. H. PARKES.

(Telegram.)

Wellington, 20th September, 1873.

APPROVE arrangement made by Mr. Samuel and Mr. Russell. Have telegraphed Russell to that effect. Written you privately, and will write officially in few days. You do not quite realize arrangement made by Samuel when you say in your letter, "to and from a port in New Zealand." Arrangement is, to call at various ports here, as under Webb contract. This will not, however, in slightest degree affect you, since it will make no difference whether steamer to New Zealand remains in one port or visits several. In point of distance to be steamed, it will be about equal to New South Wales and to New Zealand.

Hon. Henry Parkes.

JULIUS VOGEL.

No. 3.

The Hon. J. VOGEL to Mr. RUSSELL.

SIR,—

General Post Office, Wellington, 30th September, 1873.

I have the honor to enclose copy of a resolution adopted by the House of Representatives on the subject of the Californian mail service, and also copy of the report of the debate which took place.

I beg you to observe that, although there was a division in the House, there was not raised any question affecting your action in the matter; on the contrary, the opinion seemed to be unanimously entertained that you had most ably and successfully conducted the negotiations.

I have to assure you that such is the opinion of the Government, and I have pleasure, on their behalf, in thanking you for your services.

A copy of the resolution of the House was forwarded to you by telegraph.

I have, &c.,

JULIUS VOGEL.

Thomas Russell, Esq., London.

Enclosure in No. 3.

RESOLVED, That this House approves of the arrangement entered into by Mr. Russell with Mr. Samuel, for a steam mail service *via* San Francisco, on the understanding that such arrangement is as follows:—

The Colonies of New South Wales and New Zealand jointly to contract for a twelve-knot service between San Francisco and Sydney, and San Francisco and Port Chalmers, for six years, to be commenced within twelve months. Thirteen round trips to be performed each year. The boats to be of 2,500 tons gross burden, or equal to 2,000 tons register. The route to be to and from Sydney and San Francisco, *via* Kandavau, and to and from Port Chalmers and San Francisco, *via* Lyttelton, Wellington, Auckland, and Kandavau, calling off Napier each way. The boats from Sydney and from Port Chalmers alternately to proceed through to San Francisco, and the boats from San Francisco alternately to proceed through to Port Chalmers and to Sydney. Transshipments to be made at Kandavau.

The contractors to have all subsidies except those from the British Government and from British Colonies; New South Wales and New Zealand each to pay £40,000 per annum; each to receive one-half the contributions of other colonies; and each to receive its own share of Imperial postages.

No. 4.

Mr. RUSSELL to the Hon. JULIUS VOGEL.

(Telegram.)

CONTRACT signed and forwarded you by mail to-day.

London, 28th November, 1873.

T. RUSSELL.

No. 5.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY.

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

31st October, 1873.

SIR,—

I have the honor to enclose a copy of the correspondence noted in the margin, which I have just received; also a table showing the rates of postage to be accounted for to the General Post Office, London, upon letters, newspapers, &c., posted in New Zealand, and forwarded *via* San Francisco to the United Kingdom, for transmission to certain colonies and foreign countries.

At the request of Mr. Russell, who I regret to say is too ill to attend to business, I have undertaken to carry out the details of the contract made by him and Mr. Samuel for the re-establishment of the San Francisco mail service.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

The Hon. the Colonial Secretary, Wellington.

Enclosure 1 in No. 5.

The Hon. SAUL SAMUEL to the SECRETARY, General Post Office, London.

SIR,—

No. 3, Westminster Chambers, London, 18th September, 1873.

In anticipation of the early establishment of a mail service between Great Britain and Australia, *via* San Francisco, of which you will receive due notice, I do myself the honor to request that you will be so good as to cause the requisite instructions to be issued as to the postage it will be necessary to collect in the colonies, on behalf of your office, on correspondence by that route, which may be forwarded to destination through the United Kingdom.

As it is desirable that this information should reach the New South Wales Post Office as early as possible in December next, I shall feel obliged if you could cause it to be furnished by the next mail to Sydney.

I have, &c.,

SAUL SAMUEL.

The Secretary, General Post Office, London.

Enclosure 2 in No. 5.

Mr. PAGE to SAUL SAMUEL, Esq.

SIR,—

General Post Office, London, 1st October, 1873.

With reference to your letter of the 29th ultimo, stating that, in view of the contemplated establishment of steam postal communication between Sydney and San Francisco, it will be requisite that some arrangement should be made for the direct transmission, by the new route, of correspondence from New South Wales to British Columbia, Canada, or other North American Provinces, Mexico, Central and South America, and for the West Indies, and inquiring whether this department could, under its convention with the United States Post Office, arrange for the direct transmission of this correspondence, I beg leave to inform you that the postal convention between this department and the United States does not provide for the exchange of such correspondence as that indicated.

I shall, however, be happy to write to the Postmaster-General of the United States, and inquire whether he would consent to receive, for the territorial transit and sea conveyance of any mails which the New South Wales Office may send to the countries and colonies named, the same rates that are fixed by the convention existing between the Post Office of New Zealand and the United States Post Office, viz., 25 cents per ounce for letters, and 20 cents per pound for printed papers.

Over and above these rates, there would have to be accounted for to this department,—

1st. On correspondence for the Western Coast of South America—

6d. per $\frac{1}{2}$ oz. for letters,

1d. per 4 oz. for newspapers, and

3d. per 4 oz. for other printed papers.

2nd. On correspondence for Canada or other British North American Provinces, Mexico, or the West Indies,—

4d. per $\frac{1}{2}$ oz. for letters,

1d. per 4 oz. for newspapers, and

3d. per 4 oz. for printed papers.

I have, &c.,

WM. JAS. PAGE.

Saul Samuel, Esq.,

3, Westminster Chambers,

Enclosure 3 in No. 5.

The Hon. SAUL SAMUEL to the Right Hon. the SECRETARY of STATE for the COLONIES.

MY LORD,—

London, 28th October, 1873.

With reference to the interview on the subject I had with your Lordship on the 14th August last, I do myself the honor to acquaint you that the Government of the Colonies of New South Wales and New Zealand, with the view of establishing steam postal communication with Great Britain by way of San Francisco, have jointly entered into a contract for the performance of a mail service once in every four weeks between San Francisco and those colonies, relying upon the offer of the Imperial Government to convey the mails to and from San Francisco free of charge, besides paying to each colony contributing to the service the postage received on outward correspondence conveyed by such route, less the inland British postage.

2. The mail service between the Colonies of New South Wales and New Zealand and San Francisco will commence by the despatch of a packet from the colonies about the 20th December next, and from San Francisco for the Colonies by the despatch of a packet on or about the 27th January next.

3. New South Wales and New Zealand are the only colonies which have agreed to pay a fixed contribution to the subsidy to be paid for the performance of this mail service, but it has been decided by the Governments of these colonies to convey correspondence which may be specially marked by the senders for transmission by way of San Francisco—from the United Kingdom to the non-contributing Australasian Colonies—provided that the Imperial Government will pay to New South Wales and New Zealand, to be equally divided between them, the ordinary outward postage on such correspondence less the inland British postage. In like manner, correspondence for the United Kingdom from the non-contributing Australasian Colonies will be conveyed by this route, by arrangement with such colonies for the payment to New South Wales and New Zealand of the postage on such correspondence.

4. I am informed that the same policy will be followed by the Victorian Government in regard to the conveyance of correspondence to and from those colonies that do not contribute to the subsidy to be paid for the mail service between Melbourne and Point de Galle, a contract for which has been entered into by that Government; and that a similar course will be pursued by the Queensland Government with reference to the mail service about to be established between Brisbane and Singapore *via* Torres' Straits.

5. As it is very desirable that the necessary details of postal arrangements between Great Britain and the Colony of New South Wales may be speedily completed, I shall feel obliged if your Lordship will cause the London postal authorities to be informed of the intended establishment of a mail packet service between San Francisco and Sydney, and of the policy of the New South Wales and New Zealand Governments in reference to the conveyance of correspondence by this route to and from the non-contributing colonies, namely, Victoria, Queensland, South Australia, Western Australia, and Tasmania.

6. As the bulk of correspondence to and from New South Wales will be conveyed by the new route, it is a matter of the utmost importance that the postal arrangements for the conveyance of mails between San Francisco and London should be so complete as to insure that no unnecessary detention shall occur on that portion of the route. I beg, therefore, that such action may be taken as will secure to the colony the transmission of its mails in the shortest time possible.

I have, &c.,

SAUL SAMUEL,

Postmaster-General.

The Right Hon. the Secretary of State for the Colonies,
London.

No. 6.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
14th November, 1873.

SIR,—

I have the honor to enclose copy of letters forwarded by me to the Colonial Office and the Postmaster-General, relative to the arrangements for establishment of the new mail service *via* San Francisco, and also copy of a reply which I have just received from the Postmaster-General on the subject.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

The Hon. the Colonial Secretary, Wellington.

Enclosure 1 in No. 6.

The AGENT-GENERAL to the Right Hon. R. G. W. HERBERT.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
4th November, 1873.

SIR,—

I have the honor to acquaint the Earl of Kimberley that an agreement has been entered into with certain British capitalists, by Mr. Thomas Russell, acting for the Government of New Zealand, and the Honorable Saul Samuel, Postmaster-General of New South Wales, acting on behalf of the Government of that colony, for the establishment of a steam mail service between those colonies and San Francisco. The service is to be performed once in every four weeks, and the steamers employed are to call each way at Honolulu, and Kandavau, one of the Fiji islands.

The establishment of this service has been undertaken by New Zealand and New South Wales with a view of carrying out the arrangement proposed in the Treasury minute of the 2nd June, 1873, under which the Imperial Post Office proposes to convey the colonial mails free of charge between London and San Francisco, and to pay to each colony contributing to such a service as that now in question, the outward postage on correspondence addressed to it, less the inland British rate.

F. No. 6A, 1873,
Sub-enclosure 1
in Enclosure 2 in
No. 1.

The formal contract has not yet been signed, but the agreement has been so far determined as to enable the date of the actual commencement of the service to be fixed. This date is, from New Zealand the 15th December, from New South Wales the 20th December, and from San Francisco the 27th January.

I shall feel obliged if his Lordship will be good enough to cause the above information to be communicated to the Imperial Post Office authorities, with a request that, from the commencement of the new service, all correspondence for New Zealand may be sent by way of San Francisco, unless specially directed to be sent by some other route. Correspondence, however, specially directed *viâ* Suez and Melbourne, or *viâ* Singapore and Torres' Straits, should be sent as directed.

With a view to the arrangement of the various details connected with the transmission of mails to and from New Zealand by the new route, it may probably be convenient that I should be placed in direct communication with the Postmaster-General.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

The Right Hon. R. G. W. Herbert, Downing Street.

Enclosure 2 in No. 6.

The AGENT-GENERAL to the POSTMASTER-GENERAL, London.

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

5th November, 1873.

SIR,—

Assuming that official intimations, which have been addressed to Lord Kimberley, of the proposed establishment by the Colonies of New Zealand and New South Wales of a steam mail service between those colonies and San Francisco, will have been communicated to the authorities of the General Post Office, I now beg leave to address you on some matters of detail connected with the transmission of mails by the above service.

The date on which the service will commence is stated in the communications to the Secretary of State above mentioned, as well as the desire of the New Zealand Government that all correspondence for that colony, not specially directed to be sent by any other route, shall be sent by way of San Francisco. Letters, however, specially addressed to be sent *viâ* Suez and Melbourne, or *viâ* Torres' Straits, should be sent by these routes.

With a view of enabling the New Zealand Post Office to collect the proper amounts of postage with which it will be necessary to credit the Imperial Post Office on correspondence from New Zealand sent in transit through the United Kingdom, I shall feel obliged if you will, by the earliest opportunity, forward to the Postmaster-General of New Zealand instructions as to what those amounts should be.

It will also be desirable that information should be transmitted to New Zealand as to the rates which will have to be collected for account of the British Post Office, on correspondence sent from the colony *viâ* San Francisco, for British Columbia, Canada, or other North American Provinces, Mexico, Central and South America, and the West Indies. I shall feel obliged if you will forward to New Zealand the necessary instructions upon this point, as well as upon any others connected with the transmission of mails by the new service, for which, had time permitted, the Post Office authorities of that colony would have applied to you.

You will doubtless be good enough to inform the Post Office of the United States that the mail steamer from New Zealand may be expected at San Francisco in the middle of January, and will leave that place on her return on the 27th, and request them to make such arrangements as will insure the colonial mails being forwarded through the United States territory with the least possible delay.

I have, &c.,

I. E. FEATHERSTON.

The Postmaster-General, General Post Office, London.

Enclosure 3 in No. 6.

Mr. PAGE to the AGENT-GENERAL.

SIR,—

General Post Office, 14th November, 1873.

I beg to acknowledge the receipt of your letter of the 5th instant, announcing the proposed establishment of a mail packet service between San Francisco, Sydney, and New Zealand, and to acquaint you that the necessary steps will be taken for despatching the mails by the new route at the time appointed.

I have already forwarded to the Postmaster-General of New Zealand a table showing the rates of postage to be accounted for on correspondence forwarded through the United Kingdom to foreign countries and British colonies, and the rates to be accounted for on correspondence for Central and South America, the West Indies, &c., &c., intended to be sent from San Francisco by United States mail packets, and I have informed the United States Post Office of the establishment of the new service, and have requested that such arrangements may be made as will insure the New Zealand and Australian mails being forwarded through the United States territory with the least possible delay.

I observe that it is the wish of the Government of New Zealand that all correspondence from this country, not specially addressed to be sent by any other route, should be forwarded by way of San

Francisco, but that when specially addressed, it should be forwarded according to such special direction.

Dr. Featherston, Agent-General for New Zealand.

I have, &c.,
WM. JAS. PAGE.

No. 7.

Mr. RUSSELL to the Hon. the POSTMASTER-GENERAL.

London, 28th November, 1873.

SIR,—

No. 3 of this series.

I have the honor to acknowledge the receipt of your letter of 30th September, 1873, enclosing copy of a resolution adopted by the House of Representatives on the subject of the Californian mail service, and also copy of the debate which took place thereon.

F. No. 3B, 1873,
No. 1.

Since my report of 11th July last, my attention has been steadily directed to the accomplishment of the important negotiation entrusted to me by your Government. Upon Mr. Samuel's arrival in London, I found that the New South Wales Government had entered into some engagements with Mr. H. H. Hall for the establishment of a service between New South Wales and San Francisco *via* Fiji; and Mr. Samuel informed me that his Government, having made those engagements, would be unable to join New Zealand in the establishment of the service offered to us by General Burnside and his associates. My advices from yourself and Mr. Stewart showed me plainly that Victoria was unwilling to give that assistance to a Californian service which would warrant New Zealand in establishing such a service with the terminus at Melbourne.

I could have obtained a service terminating in New Zealand, but apart from the question of cost, I felt that we should not be justified in undertaking a competing line, unless such a course should be forced upon us by the other colonies. I therefore determined, if possible, to make an arrangement with New South Wales for participation in a service in the place of the one they proposed to establish. After considerable negotiation, I arranged with Mr. Samuel that New South Wales and New Zealand should jointly establish the service on equal terms, and, in consideration of this arrangement, I agreed to accept Kandavau, in Fiji, as the port of call and transhipment. The contractor, Mr. Hall, seeing the great importance of obtaining the co-operation of New Zealand, agreed to forego his engagements with New South Wales, and to perform the altered service on the terms set out in my telegram to you of 27th August last. Your reply did not reach me until the beginning of October, but immediately thereafter the preliminary agreement was signed by Messrs. Hall and Forbes, and yesterday the final contracts and bonds were completed. You will observe that the gentlemen who were associated with Mr. Hall in his contract with New South Wales, are not connected with the present undertaking. The contracts are now in the hands of gentlemen of undoubted means, of great enterprise, and of the most extensive steamship experience, both as owners and managers of steam services.

F. No. 3B, 1873,
No. 9.

Mr. Mackrell, who has acted as solicitor for your Government in preparing the contract, will report upon it for your information, and it will therefore be unnecessary for me to discuss the contract in detail. The solicitors for the General Post Office here have examined it, and state it to be "admirably well drawn."

The principal points which I have kept in view in my negotiations, and which I think you will find fully covered by the contract, were,—

1st. To provide boats specially fitted for the voyage between New Zealand and San Francisco, and having the special accommodation required for comfort of passengers for such a voyage.

2nd. That the boats should be capable of maintaining a speed of twelve knots per hour.

3rd. That the Government should pay only for such speed as the boats actually accomplished,—not by deducting a penalty from a fixed sum, but by the method of payment for speed attained, set out in the schedule.

4th. That, in addition, the Government should have the fullest power of cancelling the contract if the contractors failed to maintain a twelve-knot service.

These seemed to me to be the principal features required in the service, and they are, I believe, essential to its success: for unless this San Francisco service can be put on a footing, in point of speed and accommodation, to compete successfully with the P. and O. service *via* Suez, it cannot, in my opinion, succeed, even with the present subsidies.

Although the contract provides the greatest inducement for the contractors to attain high speed, and the fullest power is given by them to the Government to compel that speed, I am glad to be able to say that the gentlemen who have taken up this service have gone into it with such spirit and liberality, as to afford even a stronger guarantee for the performance of it than can be given by the most stringent contract.

Immediately after signing the preliminary contract, and before the details of the permanent one were even discussed, they entered into agreements with the best shipbuilders in this country for building for this service, at a cost of £93,000 each, four magnificent steamships, which, as far as I can judge, are more than sufficient to insure the successful fulfilment of their contract, and, I believe, a handsome reward for their enterprise. The contractors will send you, by the "Cyphrenes," drawings and an exact model of the ships now being built.

The time required for the coast service between Auckland and Port Chalmers gave rise to much discussion. I was in great doubt about the time that should be allowed. The contractors asked for much more than I was willing to give, alleging the difficulty of handling, in harbour, ships of 360 feet in length, their ignorance of the coast service, and the prejudice existing against it. On referring to the Webb contracts, I found that no time whatever was fixed for the stay of his steamers in Auckland, and that he was allowed 110 hours from Auckland to Port Chalmers (but always took more). The stoppages on the coast were eventually fixed at 29 hours, viz., at Napier, 5 hours; Wellington, 12 hours; and Lyttelton, 12 hours. The contractors required 24 hours at Auckland, but I finally agreed for 18. The time from Auckland to Port Chalmers is thus fixed at 107 hours. Experience will

soon prove whether the time allowed be sufficient, or otherwise; and I have no doubt that any alteration in the stoppages that may be actually necessary or desirable on either side will be made. The Honorable John Hall gave me much assistance in the settlement of this question, and in settling the form of the contract. Dr. Featherston, also, used his great influence with Sir Charles Cowper, the Agent-General of New South Wales, in the early part of the negotiation, to bring about the assent of New South Wales to my proposals.

I enclose the contract and copy of the bond. The original bond and duplicate of the contract I have requested Mr. Mackrell to deposit with the Agent-General.

The Hon. the Postmaster-General, New Zealand.

I have, &c.,

THOMAS RUSSELL.

Enclosure 1 in No. 7.

PERMANENT CONTRACT.

ARTICLES OF AGREEMENT made and entered into, this twenty-seventh day of November, one thousand eight hundred and seventy-three, between the Honorable SAUL SAMUEL, the Postmaster-General of the Colony of New South Wales, as such Postmaster-General, and acting for and on behalf of the Government of the said colony, of the first part; the Honorable JULIUS VOGEL, the Postmaster-General of the Colony of New Zealand, as such Postmaster-General, and acting for and on behalf of the Government of the same colony, of the second part; HAYDEN HEZEKIAH HALL, of Sydney, New South Wales, Agent there for the United States of America; and PAUL SIEMEN FORBES, of 8, Bishopsgate Street Within, in the city of London, shipowner, hereinafter designated "the Contractors," of the third part: Witness that they the Contractors do, for themselves, their heirs, executors, administrators, and assigns, and each of them doth, for himself, his heirs, executors, administrators, and assigns (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Contractors), hereby covenant with the Postmaster-General of the Colony of New South Wales and his successors, and with the Postmaster-General of the Colony of New Zealand and his successors, and also as a separate covenant with each of the Postmasters-General and his successors; and the Postmaster-General of the Colony of New South Wales and the Postmaster-General of the Colony of New Zealand do, and each of them doth, for and on behalf of himself respectively as such Postmaster-General and his successors respectively, and the Government of the colony for which he is now respectively the Postmaster-General (but so far only as the covenants and agreements hereinafter contained are to be observed or performed by or are applicable to the Government of the said colonies respectively), hereby covenant with the Contractors, their executors and administrators, in the manner following, that is to say:—

1. In the construction of these presents, the following words and expressions shall mean and include (unless such meaning shall be inconsistent with the context) as follows:—"Postmaster-General of the Colony of New South Wales" means the Postmaster-General for the time being of that colony; "Postmaster-General of the Colony of New Zealand" means the Postmaster-General for the time being of that colony; "Postmasters-General" means the Postmaster-General for the time being of the Colony of New South Wales and the Postmaster-General for the time being of the Colony of New Zealand; "Contractors" includes the heirs, executors, administrators, and assigns of the Contractors, and of each of them; "Mails" includes all boxes, bags, or packets of letters, newspapers, books, or printed papers, patterns, and all other articles transmissible by post, without regard either to the place to which they may be addressed or to that in which they may have originated; also, all empty bags, empty boxes, and other stores and articles used, or to be used, in carrying on the Post Office service; "Mail" means the aggregate of mails transmitted at one time by any of the vessels for the time being employed in the mail service under this contract; and "Hours" means hours calculated according to Greenwich time.

2. The Contractors shall from time to time and at all times during the period of six years, to be computed from the twenty-seventh day of November, one thousand eight hundred and seventy-four, convey all Her Majesty's mails which, and all other mails of whatever country or place which, the Postmasters-General or either of them shall at any time and from time to time require the Contractors to convey between Sydney and San Francisco and between San Francisco and Sydney, and between New Zealand and San Francisco and between San Francisco and New Zealand, and from and to all and every or any of those ports to and from the ports of Honolulu in the Sandwich Islands, and Kandavau in the Fiji Islands, and according to the routes within the respective times and in manner hereinafter provided; and so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance of this contract, shall and will provide and keep seaworthy, and in complete repair and readiness for such purpose, a sufficient number of and not less than four good, substantial, and efficient screw steam vessels of the first class, and fully equal to Class 100 A1, Lloyd's Register, and of not less gross registered tonnage than two thousand five hundred tons each, constructed of iron and propelled by first-rate engines of adequate power for a minimum continuous speed of twelve nautical miles per hour; all such vessels and engines being built expressly for the purposes of this contract, and according to plans, sections, and specifications to be previously approved by or on behalf of the Postmasters-General, the vessels having spar decks and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes.

3. The steam vessels to be employed under this contract shall be of the capacity aforesaid, and shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps and other proper means for extinguishing fire, lightning conductors, charts, chronometers, nautical instruments, and whatsoever else may be necessary for equipping the said vessels and rendering them constantly efficient for travelling at a minimum continuous speed of twelve nautical miles per hour, and for the service hereby agreed to be performed; and also manned and provided with competent and legally qualified officers,

and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, and with a competent surgeon; to be in all respects, as to vessels, engines, equipments, and capacity, subject in the first instance, and from time to time and at all times afterwards, to the approval of the Postmasters-General, or of such other person or persons as they shall jointly or severally, at any time or times or from time to time, authorize to inspect and examine the same, and no vessel shall be employed or used for the purposes of this contract until approved as aforesaid.

4. The Postmasters-General, or either of them, shall have full power, whenever and as often as they or he may deem it requisite, by any of their or his qualified officers or agents, to inspect the officers, engineers, and crew of all or any of the vessels employed or to be employed in the performance of this contract, and to survey all or any of such vessels, and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments of every such vessel; and any defect or deficiency that may be discovered on any such survey shall be forthwith repaired or supplied by the Contractors; and for the purposes aforesaid the said vessels shall (if necessary) be opened in their hulls whenever the said officers or agents may so require. And if any such vessel, or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall, on any such survey, be declared by any such officers or agents unseaworthy or not adapted to the service hereby agreed to be performed, or any such officers, engineers, or crew shall be so declared ineligible, every vessel which shall be disapproved of, or in which such deficiency or defect shall appear, shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of mails until such defect or deficiency has been repaired or supplied, to the satisfaction of the Postmaster-General or officer requiring the same; and any of such officers, engineers, or crew declared ineligible shall not be employed in the said service.

5. The route by which the mails shall be conveyed as aforesaid shall be by way of Honolulu and Kandavau aforesaid, and *vice versa*, at each of which ports the said vessels shall call on each journey for the receipt and delivery of mails, allowing a sufficient time at each place for the purpose; but the said vessels shall not call at any other intermediate place without the consent in writing of the Postmasters-General. The mails shall be conveyed thirteen times in each year between San Francisco and the said colonies, and at the same rate between the said colonies and San Francisco, and the vessel employed to convey the same shall leave the respective ports of departure on the days and at the times to be from time to time appointed for the purpose by the Postmasters-General. The vessels conveying the mails from San Francisco shall proceed alternately to New South Wales and to New Zealand, and the mails for New Zealand or New South Wales, as the case may require, shall be transhipped at the said port of Kandavau into and be conveyed by another of the said vessels to the colony. The vessels conveying the mails to San Francisco shall proceed thither alternately from New South Wales and from New Zealand, and the mails from New Zealand or New South Wales, as the case may require, shall be conveyed by the Contractors in another of the said vessels to the said port of Kandavau, and be there transhipped into and conveyed by the vessel going to San Francisco. The New South Wales mails shall be delivered at and despatched from the port of Sydney, and the New Zealand mails shall be delivered at and despatched from the ports of Port Chalmers, Lyttelton, Wellington, and Auckland respectively; and in passing Hawke's Bay the mail vessel shall (weather permitting) call off Napier to deliver and receive mails to and from that place, the said last-mentioned mails to be delivered to and received from a steam launch to be provided by the Postmaster-General of New Zealand; and the Contractors shall convey with the mails from or to San Francisco, any local mails between the said ports of New Zealand respectively, as may be required by the Postmaster-General of New Zealand to be so conveyed.

6. The Contractors at their own expense shall deliver and take the mails to and from the shore at convenient places, to be from time to time appointed by the Postmasters-General respectively, in the respective ports (except Napier) where the mails are to be delivered or received; also shall convey the same and the officers having charge of them to and from the shore, as may be necessary, in suitable boats, furnished with suitable coverings for the mails, and properly equipped and manned; also shall tranship from one vessel into the other the mails which, under this contract, are to be transhipped at Kandavau, and shall from time to time convey the officers or agents of the Postmasters-General respectively to and from the shore at any of the said ports as often as may be necessary in the execution of their duties respectively, in the event of a suitable boat not being conveniently obtainable from the shore for the purpose.

7. If either of the said Postmasters-General or their respective officers or agents shall at any time deem it requisite for the public service that any vessel should be detained beyond the appointed time of departure, it shall be lawful for either of the Postmasters-General or such officers or agents to order such delay, not exceeding forty-eight hours at San Francisco and not exceeding twenty-four hours at Sydney or twenty-four hours at any other port, by letter addressed to and delivered to the commander of the vessel or the person acting as such, or left for him at the office of the Contractors, in the port or on board the vessel, three hours at least before the hour appointed for departure. If, when the through mail vessel going to San Francisco shall be ready to leave the port of Kandavau, the branch mail vessel shall not have arrived from Sydney or New Zealand, as the case may be, the through-going mail vessel shall wait at Kandavau for the arrival of the other vessel, but not exceeding seventy-two hours from the time of arrival there of the through-going vessel. And in order to insure the due carrying of the mails from San Francisco, the Contractors, without any such notice, shall delay any vessel (if necessary) seven days, to await the arrival of the English mails from New York for Australia or New Zealand. The Postmaster-General of New Zealand shall be at liberty from time to time to vary the times of departure of the mails at and from the ports in New Zealand, but not so as to vary the times of departure from the port of Auckland for Kandavau more than twenty-four hours, without the consent of the Postmaster-General of New South Wales.

8. If from any cause whatsoever, at any time or times hereafter, one of the vessels aforesaid shall not be at the ports of departure of San Francisco, Sydney, and Port Chalmers respectively, ready to put to sea in due time to perform the services hereby contracted to be performed, the Contractors shall pay, as and by way of liquidated damages, to the Postmasters-General (for the use of the Governments

of the said colonies, or for the Government of whichever of the said colonies may be affected by such default, as the case may be), in respect of every mail that shall be delayed by reason of any such default as aforesaid, the sum of three hundred pounds, and the further sum of one hundred pounds for every day which shall elapse between the time at which the mail shall be appointed to leave the port of departure, and the time at which the vessel conveying the same shall leave the port: Provided always that the Postmasters-General shall have power to remit or reduce any of the sums payable as in this clause mentioned, if they shall be satisfied that any such default as aforesaid was attributable to causes over which the Contractors had no control.

9. The mails, whether carried in through-going vessels or transhipped as aforesaid, shall be safely conveyed from San Francisco to Sydney and from Sydney to San Francisco within six hundred hours, and from San Francisco to Auckland and from Auckland to San Francisco within five hundred and forty-six hours, and from San Francisco to Port Chalmers and from Port Chalmers to San Francisco within six hundred and seventy-one hours, the times aforesaid to be calculated from the times appointed for the departure of the mail respectively, unless any vessel shall be delayed in consequence of the mail not being ready for embarkation in due time either at San Francisco or at Sydney or in New Zealand, in which case the time shall be calculated from the time of the mail being ready for delivery at the port where the delay shall take place. The Contractors admit and agree that in the times above named sufficient times have been allowed for coaling and stoppages at Honolulu and Kandavau and the ports of New Zealand respectively. The Contractors shall not be relieved or discharged of their liability or responsibility under this contract, by reason of any branch mail vessel not reaching Kandavau in time to forward its mail by the through-going vessel; and in case of the loss of any of the mails by wreck of any mail vessel or otherwise, the Contractors shall with all possible despatch, at their own cost, do all such acts and take all such measures as may be reasonably done and taken to recover the mails so lost; and the Contractors shall be liable for all damage or injury to any of the mails, from whatever cause the same may arise or happen, except fire, the act of God, or the Queen's enemies.

10. For the conveyance of each mail from San Francisco to Sydney, and *vice versa*, the Postmaster-General of New South Wales will pay to the Contractors at Sydney as follows, *videlicet*:—If the mail shall be conveyed within six hundred hours as aforesaid, the sum of one thousand five hundred and thirty-eight pounds nine shillings and twopence; but if the mail shall not be so conveyed, then in lieu thereof one of the lesser sums of money as mentioned in Schedule A hereunder written, according to the time within which the mail shall be conveyed. And if the time occupied in conveying the mail shall exceed seven hundred and eight hours, then the sum lastly mentioned in the said schedule to be paid shall be reduced in the proportion of two pounds for every hour in excess of seven hundred and eight hours occupied in conveying the mail. The times aforesaid to be computed as mentioned in clause No. 9 of these presents.

11. For the conveyance of each mail from San Francisco to New Zealand, and *vice versa*, the Postmaster-General of New Zealand will pay to the Contractors at Wellington as follows, *videlicet*:—If the mail from San Francisco to New Zealand shall be conveyed from San Francisco to Auckland within five hundred and forty-six hours, and shall also be conveyed from San Francisco to Port Chalmers within six hundred and seventy-one hours, or from New Zealand to San Francisco shall be conveyed from Port Chalmers to San Francisco within six hundred and seventy-one hours as aforesaid, as the case may be, then the sum of one thousand five hundred and thirty-eight pounds nine shillings and twopence; but if the mail shall not be so conveyed, then in lieu thereof one of the lesser sums of money as mentioned in Schedule B hereunder written, according to the time within which the mail shall be so conveyed. And if the time occupied in so conveying the mail shall exceed seven hundred and eighty-five hours, then the sum lastly mentioned in the said Schedule B to be paid shall be reduced in the proportion of two pounds for every hour in excess of seven hundred and eighty-five hours occupied in so conveying the mail. The times aforesaid to be computed as mentioned in clause No. 9 of these presents.

12. For each and every mail which the Contractors shall deliver at Sydney twenty-four hours before the expiration of the time appointed in clause No. 9, they shall be paid by the Postmaster-General of New South Wales the sum of twenty-five pounds; and for each and every mail which the Contractors shall deliver at Auckland twenty-four hours before the expiration of the time appointed in clause No. 9, they shall be paid by the Postmaster-General of New Zealand the sum of twenty-five pounds.

13. The sums payable to the Contractors under the three last preceding clauses shall be in full satisfaction for all services rendered under this contract, including the receipt, conveyance, and delivery, by the Contractors, of the mails to and from Honolulu and Kandavau respectively, and shall be payable, at the respective Treasuries in the places appointed for payment, to an agent to be appointed by the Contractors at each of those places to receive the same respectively, immediately after the due delivery of each mail, or the advice of such delivery, shall be received: Provided always that the provisions hereinbefore contained for payment for the conveyance of mails otherwise than within the times stipulated for in clause No. 9 of these presents, shall not be deemed or construed to relieve the Contractors from liability for default in the due performance of the stipulations contained in the same clause, or to disentitle the Postmasters-General to determine this contract, under clause No. 24 of these presents, on account of any such default, it being hereby expressly agreed that the performance of the service hereby contracted to be performed within the times mentioned in clause No. 9 of these presents shall be deemed and held to be the essence of this contract.

14. The Colonies of New South Wales and New Zealand, or either of them, shall be entitled to retain to their or its own use respectively, any subsidy allowed to them or either of them by the Government of the United Kingdom of Great Britain and Ireland, and to retain and divide between them equally any subsidy or payment which may be agreed to be paid by any other Australasian Colony or Dependency for the conveyance of mails over the aforesaid routes, after deducting any payments made or expenses (if any) incurred by the Postmasters-General, or either of them, for the conveying mails to or from either of the ports or places hereinbefore appointed for the receipt or

delivery of mails; but the Contractors shall be entitled to the benefit of and to receive any subsidies or payments which the Contractors may be able to induce any colony or dependency or Government other than the Governments of the United Kingdom of Great Britain and Ireland and of any Australasian Colony, to agree to pay for the conveyance of mails over the aforesaid routes, after deducting any payments made or expenses (if any) incurred by the Postmasters-General, or either of them, for the conveying mails to and from any or either of the ports or places aforesaid.

15. The Contractors shall provide, to the satisfaction of the Postmasters-General, on board all steam vessels employed under this contract, proper, safe, and convenient places of deposit for the mails, with locks, keys, and secure fastenings.

16. The Contractors shall also provide, to the satisfaction of the Postmasters-General, all necessary and suitable accommodation, including lights, for the purpose of sorting and making up the mails on board the several vessels employed under this contract; and on being required to do so by the Postmasters-General, or either of them, shall at their own cost erect or set apart in each of the said vessels a separate and convenient room for such purposes; 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 supplied by the servants of and at the cost of the Contractors. The master or commander of each of the said vessels shall also, if required, provide assistance for conveying the mails between the mail room and the sorting room without charge.

17. If the Postmasters-General, or either of them, shall think fit to entrust the charge and custody of the mail, or his respective mail, to the master or commander of any vessel to be employed under this contract, and in all cases where the officer or other person appointed to have charge of the mail shall be absent to the knowledge of the master or commander of such vessel, such master or commander shall, without any charge, take due care of, and the Contractors shall be responsible for, the receipt, safe custody, and delivery of the said mail at the several appointed places on the shore, in the respective ports, as part of the services hereby contracted to be rendered. The master or commander shall also make the usual Post Office declaration, and furnish such journal, returns, and other information, and perform such other services, as the Postmasters-General or either of them, or their or either of their officers, shall from time to time reasonably require.

18. The Contractors and all commanding and other officers in charge of the vessels employed under this contract shall at all times punctually attend to the orders and directions of the Postmasters-General, or either of them, their or either of their officers or agents, as to the mode, time, and place of landing, delivering, and receiving the mails, subject to the special provisions herein contained, and so far as such orders and directions are reasonable and consistent with the safety of the vessels.

19. The Contractors shall have no claim to any postage, nor to any sum on account thereof, for mails carried in any vessel employed in the service under this contract, or on account of any services rendered, except as herein specially provided to be paid.

20. The Contractors shall provide suitable first-class accommodation for a mail officer or agent and one assistant for each of the Postmasters-General on board each of the vessels employed under this contract, who shall be at liberty to use such accommodation as may be required for the performance of their duties, and such officers or agents and assistants shall be victualled by the Contractors as chief cabin passengers without charge either for their passages or victualling; and whilst the vessel stays at any port, excepting the ports of Sydney and San Francisco, to or from which the mails are conveyed, such officers, agents, and assistants shall be allowed to remain on board, and shall be victualled as aforesaid.

21. Every such mail officer or agent and assistant shall be recognized and treated by the Contractors, their officers and agents, as the agent of the Postmaster-General respectively, or Postmasters-General, by whom he may have been appointed, as the case may be, and as having full authority in all cases to require a due and strict performance of this contract: Provided that no such agent, officer, or assistant shall have power to control or interfere with any master, commander, or officer in the performance of his duty; and every such agent, officer, and assistant shall be subject to all general orders issued by the master or commander for the good order, health, and comfort of the passengers and crew, and the safety of the vessel.

22. During the continuance of this contract, and so long as the same shall be faithfully carried out by the Contractors, no charge for pilotage, tonnage, lighthouse, or harbour dues shall be made in New South Wales for any of the steam vessels employed in carrying out this contract; and the Contractors shall be at liberty to use once in every four weeks, for five days at a time, the Fitzroy Dry Dock at Sydney, if not leased or otherwise occupied, and also the workshops there, on payment only of the expenses of and attending such use; and no charge for pilotage, tonnage, lighthouse, or harbour dues shall be made at any port in New Zealand in respect of any of the steam vessels employed in carrying out this contract.

23. This contract, or any part thereof, shall not be assigned or underlet or disposed of by the Contractors without the joint consent in writing of the Postmasters-General first obtained for such purpose.

24. In case this contract, or any part thereof, shall be assigned, underlet, or otherwise disposed of by the Contractors otherwise than with such consent as last aforesaid, or in case of any great or habitual non-performance or non-observance of this contract, or of any of the covenants, matters, or things herein contained, and, on the part of the Contractors, their officers, agents, or servants, or any of them, to be observed and performed, and whether there be or be not any penalty or sum of money payable by the Contractors for any such non-observance or non-performance, it shall be lawful for the Postmasters-General, if they shall be of opinion that the Contractors are not *bonâ fide* carrying out the provisions herein contained, and they shall jointly so think fit (and notwithstanding there may or may not have been any former non-observance or non-performance of this contract), by writing under their hands, to determine this contract without any previous notice to the Contractors or their agents. And the Contractors shall not be entitled to any compensation in respect of such determination. And such determination shall not deprive the Postmasters-General, or either of them, of any rights or remedies to which they or he would otherwise be entitled by reason of any non-observance or non-per-

formance of any of the provisions herein contained: Provided always, that if within but not after twenty-eight days after any notice of the determination of this contract shall have been given to either of the Contractors, or left for them as hereinafter mentioned, the Contractors shall give notice in writing to the Postmasters-General that they require that the question, whether there was such a great or habitual non-observance or non-performance of this contract on the part of the Contractors as to justify the Postmasters-General in determining the same, shall be referred to arbitration, then such question shall be determined by arbitration in the manner hereinafter provided with regard to differences arising between the Postmasters-General and the Contractors. In case the arbitrator or arbitrators, or the umpire, shall at any time or times decide that the Postmasters-General were not justified in determining the contract, the Postmasters-General shall have and be entitled from time to time to exercise the power hereinbefore given to them to determine the contract as fully and effectually as if they had not on any previous occasion or occasions attempted to exercise such power.

25. The Postmasters-General may, if they think fit, except from any such determination any voyage or voyages; and if any vessel or vessels should have started before the determination of this contract, or before the masters or commanders thereof could have received the news of such determination, or should after the determination start with a mail on any voyage or voyages so excepted as aforesaid, the voyage or voyages shall be continued and performed, and the mails be delivered and received, as if this contract had remained in force with regard to any such vessels; and with respect to such vessels this contract shall be considered as having terminated only when such vessels shall have reached their port or place of destination, and the mails carried by them shall have been delivered.

26. All notices or directions which are hereby authorized to be given to the Contractors, their officers, servants, or agents, may be delivered to the master or commander of any of the said vessels, or other officer or agent of the Contractors in the charge or management of any vessel employed in the performance of this contract, on board such vessel, or left for the Contractors on board such vessel, or at either of the offices or houses of business at Sydney or Auckland of the Contractors or their agents, and any notices or directions so given or left shall be binding on the Contractors: Provided always that any notice of the determination of this contract shall be given to one of the Contractors, or left for them at their last known office or place of business in San Francisco, Sydney, or Auckland, if any, as the Postmasters-General may think fit.

27. It shall be lawful for the Postmasters-General, or either of them, by writing under their respective hands, at any time and from time to time to delegate all or any of the powers, whether joint or several, vested in them or him respectively by virtue of this contract, to such person or persons as they or he may think fit.

28. If the Contractors shall fail to commence the performance of the services hereby contracted to be by them performed according to the provisions hereof, or having commenced the same shall refuse or wilfully neglect to carry on the same according to the true intent and meaning of these presents, they shall forfeit and pay to the said Postmasters-General the sum of twenty-five thousand pounds, to be equally divided between the Postmasters-General, as and by way of liquidated damages and not by way of penalty.

29. All and every the sums of money hereby stipulated to be paid by the Contractors shall be considered as liquidated or ascertained damages, whether any damage or loss shall have or shall not have been sustained, and may be set off by the Postmasters-General, or either of them, against any moneys payable to the Contractors under or by virtue of these presents, or may be enforced by both or either of the Postmasters-General as a debt due, with full costs of suit, at their or his discretion: Provided always that the payment by the Contractors of any sums of money for any neglect or default in the observance or performance of the covenants or agreements herein contained, shall not in any manner prejudice the rights of the Postmasters-General, or either of them, to treat such defaults as a non-observance or non-performance of this contract on the part of the Contractors.

30. The Contractors, with two sureties, to be approved by the Postmasters-General, shall jointly and severally enter into a bond in the penal sum of £25,000 conditioned for the due and faithful performance of the covenants and agreements on the part of the Contractors herein contained, according to a draft already agreed upon.

31. If any dispute, question, difference, or controversy shall arise between the Postmasters-General or their respective Governments and the Contractors touching these presents, or any clause or thing herein contained, or the construction thereof, or any matter in any way connected with these presents, or the operation hereof, or the rights, duties, or liabilities of the said Governments respectively, or of the Contractors, in connection with the premises, then and in every or any such case the matter in difference shall be referred to arbitration in manner hereinafter mentioned, and the award of the arbitrator or the arbitrators or the umpire appointed as hereinafter mentioned, as the case may be, shall be binding and conclusive in every respect.

32. Unless the Postmasters-General and the Contractors shall concur in the appointment of a single arbitrator, each party, on the request of the other party, shall nominate and appoint an arbitrator to whom such dispute, question, difference, or controversy shall be referred; and every appointment of an arbitrator shall be made on the part of the Postmasters-General under their hands, and on the part of the Contractors under their hands, or under the hand of either of them, or under the hand of the accredited agent of the Contractors, if any, at Sydney or Auckland; and such appointment shall be made in duplicate, and be delivered one part to the other party and the other part to the arbitrator on the part of the party by whom the same shall be made; and after any such appointment shall have been made, neither party shall have power to revoke the same without the consent of the other, nor shall the death of either party operate as a revocation; and if for the space of fourteen days after any such dispute shall have arisen, and after a request in writing, in which shall be stated the matters required to be referred to arbitration, shall have been served upon the Postmasters-General respectively, or given to either of the Contractors, or left for them at their last known office or place of business in San Francisco, Sydney, or Auckland (if any), as the case may be, by the one party on the other party, to appoint an arbitrator, such last-mentioned party fail to appoint an arbitrator, then

upon such failure the party making the request, and having appointed an arbitrator, may appoint such arbitrator to act on behalf of both parties, and such arbitrator may proceed to hear and determine the matters which shall be in dispute, and in such case the award or determination of such single arbitrator shall be final.

33. If, before the matter so referred shall be determined, any arbitrator appointed by either party die or become incapable, the party by whom such arbitrator was appointed, his successors in office, executors, or administrators may nominate and appoint in writing some other person to act in his place; and if for the space of fourteen days after notice in writing from the other party for that purpose he fail to do so, the remaining or other arbitrator may proceed *ex parte*, and every arbitrator so to be substituted as aforesaid shall have the same powers and authorities as were vested in the former arbitrator at the time of such his death or disability as aforesaid.

34. Where more than one arbitrator shall have been appointed, such arbitrators shall, before they enter upon the matters referred to them, nominate and appoint, by writing under their hands, an umpire, to decide on any such matters on which they shall differ, or which shall be referred to him; and if such umpire shall die or become incapable to act, they shall forthwith after such death or incapacity appoint another umpire in his place, and the decision of every such umpire, on the matters so referred to him, shall be final.

35. If, in either of the cases aforesaid, the said arbitrators shall refuse, or shall for fourteen days after the request of either party to such arbitration neglect, to appoint an umpire, the Governor for the time being of the Colony of New South Wales shall, on the application of either party to such arbitration, appoint an umpire, and the decision of such umpire on the matters on which the arbitrators shall differ or which shall be referred to him shall be final.

36. If, when a single arbitrator shall have been appointed, or shall be proceeding *ex parte* under any of the provisions herein contained, such arbitrator shall die or become incapable to act before he shall have made his award, the matters referred to him shall be determined by arbitration in the same manner as if no such arbitrator had been appointed.

37. If, where more than one arbitrator shall have been appointed, either of the arbitrators refuse or for fourteen days neglect to act, the other arbitrator may proceed *ex parte*, and the decision of such other arbitrator shall be as effectual as if he had been the single arbitrator appointed by both parties.

38. If, where more than one arbitrator shall have been appointed, and where neither of them shall refuse or neglect to act as aforesaid, such arbitrators shall fail to make their award within three calendar months after the day on which the last of such arbitrators shall have been appointed, or within such extended time (if any) shall have been appointed for that purpose by both such arbitrators under their hands, the matters referred to them shall be determined by the umpire to be appointed as aforesaid; and the umpire shall make his award within three calendar months after the time when his duties shall commence, or within such extended time (if any) as shall have been appointed for that purpose by the umpire under his hand.

39. The said arbitrator or arbitrators or their umpire may call for the production of any documents in the possession or power of either party which they or he may think necessary for determining the question in dispute, and may examine the parties or their witnesses on oath, and administer the oaths necessary for that purpose.

40. The costs of every such arbitration and of the award shall be in the discretion of the arbitrator, arbitrators, or umpire, who may direct to and by whom and in what manner the same or any part thereof shall be paid.

41. The arbitration shall take place and be conducted at Sydney aforesaid, and the arbitrator or arbitrators, or the umpire, as the case may be, shall deliver his or their award in writing to the Postmasters-General, and the Postmasters-General shall retain the same, and shall forthwith, on demand, at their own expense, furnish a copy thereof to the Contractors, and shall at all times, on demand, produce the said award, and allow the same to be inspected or examined by the Contractors or any person appointed by them for that purpose.

42. This submission to arbitration may be made a rule of any of the superior Courts of the United Kingdom of Great Britain and Ireland, or of the said colonies, on the application of either the Postmasters-General or the Contractors.

In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Schedule A above referred to.

Scale of payment to be made by the Postmaster-General of New South Wales for each mail conveyed from San Francisco to Sydney, and *vice versa* :—

If conveyed within six hundred hours, one thousand five hundred and thirty-eight pounds nine shillings and twopence.

If not so conveyed, but conveyed within six hundred and twenty-two hours, one thousand four hundred and forty-two pounds six shillings.

If not so conveyed, but conveyed within six hundred and forty-eight hours, one thousand three hundred and forty-six pounds three shillings.

If not so conveyed, but conveyed within six hundred and seventy-eight hours, one thousand two hundred and fifty pounds.

If not so conveyed, but conveyed within seven hundred and eight hours, one thousand one hundred and fifty-three pounds sixteen shillings and eleven pence.

Schedule B above referred to.

Scale of payment to be made by the Postmaster-General of New Zealand for each mail conveyed from San Francisco to New Zealand, and *vice versa* :—

If conveyed from San Francisco to Auckland within five hundred and forty-six hours, and from San Francisco to Port Chalmers within six hundred and seventy-one hours, or from Port Chalmers to

San Francisco within six hundred and seventy-one hours, as the case may be, one thousand five hundred and thirty-eight pounds nine shillings and twopence.

If not so conveyed, but conveyed from San Francisco to Auckland within five hundred and sixty-eight hours, and from San Francisco to Port Chalmers within six hundred and ninety-five hours, or from Port Chalmers to San Francisco within six hundred and ninety-five hours, as the case may be, one thousand four hundred and forty-two pounds six shillings.

If not so conveyed, but conveyed from San Francisco to Auckland within five hundred and ninety-one hours, and from San Francisco to Port Chalmers within seven hundred and twenty-two hours, or from Port Chalmers to San Francisco within seven hundred and twenty-two hours, as the case may be, one thousand three hundred and forty-six pounds three shillings.

If not so conveyed, but conveyed from San Francisco to Auckland within six hundred and seventeen hours, and from San Francisco to Port Chalmers within seven hundred and fifty-two hours, or from Port Chalmers to San Francisco within seven hundred and fifty-two hours, as the case may be, one thousand two hundred and fifty pounds.

If not so conveyed, but conveyed from San Francisco to Auckland within six hundred and forty-five hours, and from San Francisco to Port Chalmers within seven hundred and eighty-five hours, or from Port Chalmers to San Francisco within seven hundred and eighty-five hours, as the case may be, one thousand one hundred and fifty-three pounds sixteen shillings and elevenpence.

(L.S.) SAUL SAMUEL, as
Postmaster-General of New South Wales.

(L.S.) JULIUS VOGEL, as
Postmaster-General of New Zealand,
(by T. Russell his Attorney).

(L.S.) H. H. HALL.

(L.S.) PAUL S. FORBES.

Signed, sealed, and delivered by the above-named Hon. Saul Samuel, Hayden Hezekiah Hall, and Paul Siemen Forbes in the presence of

JNO. MACKRELL,
Solicitor, 21, Cannon Street, London.

JOHN WIDDECOMBE,
92, Gresham House, London.

Signed, sealed, and delivered by the above-named Hon. Julius Vogel, by Thomas Russell, his Attorney, in the presence of

JNO. MACKRELL.

Enclosure 2 in No. 7.

BOND.

KNOW all men by these presents that we, HAYDEN HEZEKIAH HALL, of the city of Sydney, in the Colony of New South Wales, Agent there for the United States of America; PAUL SIEMEN FORBES, of No. 8, Bishopsgate Street Within, in the City of London, shipowner; EDWARD MUNSTER DE BUSSCHE, of Ryde, in the Isle of Wight, in the county of Southampton, shipowner; and EDWARD CUNNINGHAM, of No. 8, Bishopsgate Street Within, aforesaid, merchant and shipowner; are jointly and severally held and firmly bound to the Hon. SAUL SAMUEL, the Postmaster-General of the said Colony of New South Wales, as such Postmaster-General, and acting for and on behalf of the Government of such colony, and to the Hon. JULIUS VOGEL, the Postmaster-General of the Colony of New Zealand, as such Postmaster-General, and acting for and on behalf of the Government of such colony, in the sum of £25,000 of lawful money of the United Kingdom of Great Britain and Ireland, to be paid to the said Saul Samuel and Julius Vogel, and their successors in their respective offices of Postmaster-General of the said Colony of New South Wales and Postmaster-General of the said Colony of New Zealand, for which payment to be well and truly made, we and each of us bind ourselves and himself, our and his heirs, executors, administrators, and assigns, and every of them, firmly by these presents. Sealed with our seals. Dated this 27th day of November, 1873.

WHEREAS by certain Articles of Agreement made and entered into on the 27th day of November, 1873, between the said Saul Samuel, as Postmaster-General of and acting for and on behalf of the Government of the said Colony of New South Wales, of the first part; the said Julius Vogel, as Postmaster-General of and acting for and on behalf of the Government of the said Colony of New Zealand, of the second part; and the above-bounded Hayden Hezekiah Hall and Paul Siemen Forbes, who in the said Articles of Agreement are designated "the Contractors," of the third part: it is witnessed that they, the Contractors, did for themselves, their heirs, executors, administrators, and assigns, and each of them did for himself, his heirs, executors, administrators, and assigns (so far as the covenants and agreements thereafter contained were to be observed and performed by the Contractors), covenant with the Postmaster-General of the said Colony of New South Wales and his successors, and with the Postmaster-General of the said Colony of New Zealand and his successors, and also as a separate covenant with each of the Postmasters-General and his successors (amongst other things, Article 2), that the Contractors should from time to time and at all times during the period of six years, to be computed from the 27th day of November, 1874, convey all Her Majesty's mails which, and all other mails, as in the Contract now in recital defined, which the Postmasters-General, or either of them, should at any time and from time to time require the Contractors to convey between Sydney and San Francisco and between San Francisco and Sydney, and between New Zealand and San Francisco and between San Francisco and New Zealand, and from and to all and every or any of those ports, to and from the ports of Honolulu in the Sandwich Islands and Kandavau in the Fiji Islands, and

according to the routes, within the respective times, and in manner thereafter provided; and, so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance of the now-reciting Contract, should and would provide and keep seaworthy, and in complete repair and readiness for such purpose, a sufficient number of and not less than four good, substantial, and efficient screw steam vessels of the first class, and fully equal to Class 100, A1, Lloyd's Register, and of not less gross registered tonnage than 2,500 tons each, constructed of iron, and propelled by first-rate engines of adequate power for a minimum continuous speed of twelve nautical miles per hour, all such vessels and engines being built expressly for the purposes of the now-reciting Contract, and according to plans, sections, and specifications to be previously approved by or on behalf of the Postmasters-General, the vessels having spar decks, and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes; (Article 3) that the steam-vessels to be employed under the now-reciting Contract should be of the capacity aforesaid, and should be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps and other proper means for extinguishing fire, lightning-conductors, charts, chronometers, nautical instruments, and whatsoever else might be necessary for equipping the said vessels and rendering them constantly efficient for travelling at a minimum continuous speed of twelve nautical miles per hour, and for the service thereby agreed to be performed, and also manned and provided with competent and legally qualified officers, and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, and with a competent surgeon, to be in all respects, as to vessels, engines, equipments, and capacity, subject, in the first instance, and from time to time, and at all times afterwards, to the approval of the Postmasters-General, or of such other person or persons as they should jointly or severally at any time or times, or from time to time, authorize to inspect and examine the same, and no vessel should be employed or used for the purposes of the now-reciting Contract until approved as aforesaid; (Article 4) that the Postmasters-General, or either of them, should have full power, whenever and as often as they or he might deem it requisite, by any of their or his qualified officers or agents, to inspect the officers, engineers, and crew of all or any of the vessels employed or to be employed in the performance of the now-reciting Contract, and to survey all or any of such vessels and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments of every such vessel, and any defect or deficiency that might be discovered on any such survey should be forthwith repaired or supplied by the Contractors, and for the purposes aforesaid the said vessels should (if necessary) be opened in their hulls whenever the said officers or agents might so require: And if any such vessel or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments, should on any such survey be declared by any such officers or agents unseaworthy, or not adapted to the service thereby agreed to be performed, or any such officers, engineers, or crew should be so declared ineligible, every vessel which should be disapproved of or in which such deficiency or defect should appear should be deemed insufficient for any service thereby agreed to be performed, and should not be again employed in the conveyance of mails until such defect or deficiency had been repaired or supplied to the satisfaction of the Postmaster-General or officer requiring the same, and any of such officers, engineers, or crew declared ineligible should not be employed in the said service; and in the now-reciting Contract it further covenanted and agreed (amongst other things, Article 28) that if the Contractors should fail to commence the performance of the services thereby contracted to be by them performed according to the provisions thereof, or having commenced the same should refuse or wilfully neglect to carry on the same according to the true intent and meaning of the now-reciting presents, they should forfeit and pay to the said Postmasters-General the sum of £25,000, to be equally divided between them the Postmasters-General, as and by way of liquidated damages, and not by way of penalty; (Article 29) that all and every the sums of money thereby stipulated to be paid by the Contractors should be considered as liquidated or ascertained damages, whether any damage or loss should have or should not have been sustained, and might be set off by the Postmasters-General, or either of them, against any moneys payable to the Contractors under or by virtue of the now-reciting presents, or might be enforced by both or either of the Postmasters-General as a debt due with full costs of suit at their or his discretion: Provided always that the payment by the Contractors of any sums of money for any neglect or default in the observance or performance of the covenants or agreements therein contained should not in any manner prejudice the rights of the Postmasters-General, or either of them, to treat such defaults as a non-observance or non-performance of the now-reciting Contract on the part of the Contractors; (Article 30) that the Contractors, with two sureties to be approved by the Postmasters-General, should jointly and severally enter into a bond in the penal sum of £25,000 conditioned for the due and faithful performance of the covenants and agreements on the part of the Contractors therein contained, according to a draft then already agreed upon, meaning the draft of these presents:

Now, the condition of the above-written Bond or obligation is such, that if in case the said Hayden Hezekiah Hall and Paul Siemen Forbes, while the whole or any part of the services by the said Articles of Agreement agreed to be performed might be performed in pursuance of the said Contract, shall not provide, or in case having provided, they shall not keep seaworthy and in complete repair and readiness for the purpose of conveying, from time to time, and at all times during the period of six years, to be computed from the 27th day of November, 1874, all Her Majesty's mails which, and all other mails which the Postmaster-General for the time being of the Colony of New South Wales, and the Postmaster-General for the time being of the Colony of New Zealand, or either of them, shall at any time, or from time to time, require the Contractors to convey between Sydney and San Francisco and between San Francisco and Sydney, and between New Zealand and San Francisco and between San Francisco and New Zealand, and from and to all and every or any of those ports, to and from the said ports of Honolulu and Kandavau, a sufficient number of and not less than four good, substantial, and efficient screw steam vessels of the first class, and fully equal to 100 A1, Lloyd's Register, and of not less gross registered tonnage than 2,500 tons each, constructed of iron, and propelled by first-rate engines of adequate power for a minimum continuous speed of twelve nautical miles per hour, or in case any of the vessels and engines employed in the said service shall not have been built expressly for the purposes of the said Contract, and according to plans,

sections, and specifications previously approved by or on behalf of the said Postmasters-General, or in case any of such vessels shall not have spar decks and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes, or in case any vessel shall be employed or used for the purposes of the said Contract which shall not have been approved as aforesaid, or in case any vessel which on any such survey as in the said Articles of Agreement mentioned shall have been disapproved of, or in which such deficiency or defect as in the said Articles mentioned shall have appeared shall be employed in the conveyance of mails before such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General or officer requiring the same, the said Hayden Hezekiah Hall, Paul Siemen Forbes, Edward Münster de Bussche, and Edward Cunningham, or some or one of them, or the executors or administrators of some or one of them, do and shall in any or either of the said cases pay unto the Postmasters-General for the time being of the said colonies, the sum of £25,000 as and for liquidated damages, then the above-written Bond or obligation shall be void, otherwise to remain in full force and virtue.

(L.S.)	H. H. HALL.
(L.S.)	PAUL S. FORBES.
(L.S.)	E. M. DE BUSSCHE.
(L.S.)	EDWARD CUNNINGHAM.

Signed, sealed, and delivered by the above-named
Hayden Hezekiah Hall, Paul Siemen Forbes,
Edward Münster de Bussche, and Edward
Cunningham, in the presence of,—

JOHN MACKRELL,
Solr., 21, Cannon Street, London.

JOHN WIDDECOMBE,
92, Gresham House, London.

Examined and compared with the original, of which we declare the above to be a true copy,
dated the twenty-eighth day of November, 1873.

J. D. B. LEWIS,
CHARLES BENNETT,
Clerks to Messrs. John Mackrell and Co., Solicitors,
21 Cannon Street, London.

No. 8.

Mr. T. RUSSELL to the Hon. the POSTMASTER-GENERAL.

SIR,—

London, 28th November, 1873.

I have the honor to enclose the contract made for a temporary mail service between New Zealand and San Francisco, to be performed during the time required for building the steamships for the permanent service, viz., to 27th November, 1874. The minimum speed allowed under this contract is ten knots per hour, but I am informed that the vessels employed to do this service have always maintained a much higher rate of speed, and the contractors confidently reckon on at least ten and a half or eleven knots, and by some of the vessels even more. The time table which I enclose has, however, been prepared for a ten-knot service only, in order to prevent the disappointment sure to follow if the table were prepared for a higher rate of speed which might not uniformly be attained.

You will observe that the schedule of prices in both contracts for ten-knot speed is £60,000 per annum, but that the premiums for speed in the temporary service are on a higher scale than those in the schedule to the permanent contract.

This extra price was demanded by the contractors as the inducement to them to put on the line larger and more powerful vessels than would be required for a mere ten-knot mail service, and to cover the heavy charges which devolve upon them by chartering and sending special vessels to a distant mail station (and afterwards sending them back) for the very short time required under the present contract.

I assented to this arrangement,

1. Because, under existing circumstances, Mr. Samuel urged the need to New South Wales of an immediate and efficient service, and I felt bound to co-operate with him.

2. Having reference to past failures, I felt the importance of beginning the new service with the best steamers obtainable, so as to insure, as far as possible, success for the future.

3. I thought, under the exceptional circumstances just referred to, that the demand was a reasonable one, should the ships attain the increased speed to entitle the contractors to the larger payments.

4. This temporary arrangement is only until November, 1874, and our share of the increased payment for extra speed is not likely to exceed the £40,000 per annum granted by the House of Representatives for the permanent service.

The Hon. the Postmaster-General, New Zealand.

I have, &c.,
THOMAS RUSSELL.

Enclosure in No. 8.

TEMPORARY CONTRACT.

ARTICLES OF AGREEMENT made and entered into, this twenty-seventh day of November, one thousand eight hundred and seventy-three, between the Honorable SAUL SAMUEL, the Postmaster-General of the Colony of New South Wales, as such Postmaster-General, and acting for and on behalf of the Government of the said colony, of the first part; the Honorable JULIUS VOGEL, the Postmaster-General of the

Colony of New Zealand, as such Postmaster-General, and acting for and on behalf of the Government of the same colony, of the second part; HAYDEN HEZEKIAH HALL, of Sydney, New South Wales, agent there for the United States of America; and PAUL SIEMEN FORBES, of 8, Bishopsgate Street Within, in the City of London, shipowner, hereinafter designated "the Contractors," of the third part: Whereas by articles of agreement bearing even date herewith, and made between the parties hereto, the Contractors have entered into a contract with the Postmasters-General for the conveyance of mails, from the twenty-seventh day of November, one thousand eight hundred and seventy-four, for a period of six years to be computed from that day, between San Francisco and Sydney and New Zealand, hereinafter referred to as "the Permanent Contract," and the parties hereto are desirous of making provisions for the conveyance of mails over the said route until the Permanent Contract shall come into operation: Now these presents witness that they the Contractors do, for themselves, their heirs, executors, administrators, and assigns, and each of them doth, for himself, his heirs, executors, administrators, and assigns (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Contractors), hereby covenant with the Postmaster-General of the Colony of New South Wales and his successors, and with the Postmaster-General of the Colony of New Zealand and his successors, and also as a separate covenant with each of the Postmasters-General and his successors; and the Postmaster-General of the Colony of New South Wales and the Postmaster-General of the Colony of New Zealand do, and each of them doth, for and on behalf of himself respectively as such Postmaster-General and his successors respectively, and the Government of the colony for which he is now respectively the Postmaster-General (but so far only as the covenants and agreements hereinafter contained are to be observed or performed by or are applicable to the Government of the said colonies respectively), hereby covenant with the Contractors, their executors and administrators, in manner following, that is to say:—

1. In the construction of these presents, the following words and expressions shall mean and include (unless such meaning shall be inconsistent with the context) as follows:—"Postmaster-General of the Colony of New South Wales" means the Postmaster-General for the time being of that colony; "Postmaster-General of the Colony of New Zealand" means the Postmaster-General for the time being of that colony; "Postmasters-General" means the Postmaster-General for the time being of the Colony of New South Wales and the Postmaster-General for the time being of the Colony of New Zealand; "Contractors" includes the heirs, executors, administrators, and assigns of the Contractors, and of each of them; "Mails" includes all boxes, bags, or packets of letters, newspapers, books, or printed papers, patterns, and all other articles transmissible by post, without regard either to the place to which they may be addressed or to that in which they may have originated; also all empty bags, empty boxes, and other stores and articles used, or to be used, in carrying on the Post Office service; "Mail" means the aggregate of mails transmitted at one time by any of the vessels for the time being employed in the mail service under this contract; and "Hours" means hours calculated according to Greenwich time.

2. The Contractors shall, on and from the twentieth day of December, one thousand eight hundred and seventy-three, and until the permanent contract shall come into operation, convey all Her Majesty's mails which, and all other mails of whatever country or place which, the Postmasters-General or either of them shall at any time and from time to time require the Contractors to convey between Sydney and San Francisco and between San Francisco and Sydney, and between New Zealand and San Francisco and between San Francisco and New Zealand, and from and to all and every or any of those ports to and from the ports of Honolulu in the Sandwich Islands, and Kandavau in the Fiji Islands, and according to the routes within the respective times and in manner hereinafter provided; and so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance of this contract, shall and will provide and keep seaworthy, and in complete repair and readiness for such purpose, a sufficient number of and not less than four good, substantial, and efficient screw steam vessels of the first class, and fully equal to Class 100 A.1, Lloyd's Register, and of not less gross registered tonnage than two thousand tons each, constructed of iron and propelled by first-rate engines of adequate power for a minimum continuous speed of ten nautical miles per hour.

Three of the first vessels to be put upon the line shall be the screw steamships "McGregor," "Tartar," and "Mongol," one of which shall be ready to leave the port of Sydney with mails at latest on the twentieth day of December, one thousand eight hundred and seventy-three, and a suitable vessel shall be ready to leave Port Chalmers with mails on the sixteenth day of December, one thousand eight hundred and seventy-three, to meet the same at Kandavau; another of the above-named vessels shall be ready to leave the port of San Francisco with mails on or about the twenty-seventh day of January next. Due notice shall be given to the Postmasters-General of any vessel or vessels proposed to be put upon the line, and no vessel shall be employed in the service hereby contracted to be performed, until approved by the Postmasters-General, or an officer or officers to be appointed by them jointly or severally for the purpose.

3. The steam vessels to be employed under this contract shall be of the capacity aforesaid, and shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps and other proper means for extinguishing fire, lightning conductors, charts, chronometers, nautical instruments, and whatsoever else may be necessary for equipping the said vessels and rendering them constantly efficient for travelling at a minimum continuous speed of ten nautical miles per hour, and for the service hereby agreed to be performed; and also manned and provided with competent and legally qualified officers, and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, and with a competent surgeon; to be in all respects, as to vessels, engines, equipments, and capacity, subject in the first instance, and from time to time and at all times afterwards, to the approval of the Postmasters-General, or of such other person or persons as they shall jointly or severally, at any time or times or from time to time, authorize to inspect and examine the same, and no vessel shall be employed or used for the purposes of this contract until approved as aforesaid.

4. The Postmasters-General, or either of them, shall have full power, whenever and as often as they or he may deem it requisite, by any of their or his qualified officers or agents, to inspect the officers,

engineers, and crew of all or any of the vessels employed or to be employed in the performance of this contract, and to survey all or any of such vessels, and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments of every such vessel; and any defect or deficiency that may be discovered on any such survey shall be forthwith repaired or supplied by the Contractors; and for the purposes aforesaid the said vessels shall (if necessary) be opened in their hulls whenever the said officers or agents may so require. And if any such vessel, or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall, on any such survey, be declared by any such officers or agents unseaworthy or not adapted to the service hereby agreed to be performed, or any such officers, engineers, or crew shall be so declared ineligible, every vessel which shall be disapproved of, or in which such deficiency or defect shall appear, shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of mails until such defect or deficiency has been repaired or supplied, to the satisfaction of the Postmaster-General or officer requiring the same; and any of such officers, engineers, or crew declared ineligible shall not be employed in the said service.

5. The route by which the mails shall be conveyed as aforesaid shall be by way of Honolulu and Kandavau aforesaid, and *vice versa*, at each of which ports the said vessels shall call on each journey for the receipt and delivery of mails, allowing a sufficient time at each place for the purpose; but the said vessels shall not call at any other intermediate place without the consent in writing of the Postmasters-General. The mails shall be conveyed thirteen times in each year between San Francisco and the said colonies, and at the same rate between the said colonies and San Francisco, and the vessel employed to convey the same shall leave the respective ports of departure on the days and at the times to be from time to time appointed for the purpose by the Postmasters-General. The vessels conveying the mails from San Francisco shall proceed alternately to New South Wales and to New Zealand, and the mails for New Zealand or New South Wales, as the case may require, shall be transhipped at the said port of Kandavau into and be conveyed by another of the said vessels to the colony. The vessels conveying the mails to San Francisco shall proceed thither alternately from New South Wales and from New Zealand, and the mails from New Zealand or New South Wales, as the case may require, shall be conveyed by the Contractors in another of the said vessels to the said port of Kandavau, and be there transhipped into and conveyed by the vessel going to San Francisco. The New South Wales mails shall be delivered at and despatched from the port of Sydney, and the New Zealand mails shall be delivered at and despatched from the ports of Port Chalmers, Lyttelton, Wellington, and Auckland respectively; and in passing Hawke's Bay the mail vessel shall (weather permitting) call off Napier to deliver and receive mails to and from that place, the said last-mentioned mails to be delivered to and received from a steam launch to be provided by the Postmaster-General of New Zealand; and the Contractors shall convey with the mails from or to San Francisco, any local mails between the said ports of New Zealand respectively, as may be required by the Postmaster-General of New Zealand to be so conveyed.

6. The Contractors at their own expense shall deliver and take the mails to and from the shore at convenient places, to be appointed by the Postmasters-General respectively, in the respective ports (except Napier) where the mails are to be delivered or received; also shall convey the same and the officers having charge of them to and from the shore, as may be necessary, in suitable boats, furnished with suitable coverings for the mails, and properly equipped and manned; also shall tranship from one vessel into the other the mails which, under this contract, are to be transhipped at Kandavau, and shall from time to time convey the officers or agents of the Postmasters-General respectively to and from the shore at any of the said ports as often as may be necessary in the execution of their duties respectively, in the event of a suitable boat not being conveniently obtainable from the shore for the purpose.

7. If either of the said Postmasters-General or their respective officers or agents shall at any time deem it requisite for the public service that any vessel should be detained beyond the appointed time of departure, it shall be lawful for either of the Postmasters-General or such officers or agents to order such delay, not exceeding forty-eight hours at San Francisco and not exceeding twenty-four hours at Sydney or twenty-four hours at any other port, by letter addressed to and delivered to the commander of the vessel or the person acting as such, or left for him at the office of the Contractors, in the port or on board the vessel, three hours at least before the hour appointed for departure. If, when the through mail vessel going to San Francisco shall be ready to leave the port of Kandavau, the branch mail vessel shall not have arrived from Sydney or New Zealand, as the case may be, the through-going mail vessel shall wait at Kandavau for the arrival of the other vessel, but not exceeding seventy-two hours from the time of arrival there of the through-going vessel. And in order to insure the due carrying of the mails from San Francisco, the Contractors, without any such notice, shall delay any vessel (if necessary) seven days, to await the arrival of the English mails from New York for Australia or New Zealand. The Postmaster-General of New Zealand shall be at liberty from time to time to vary the times of departure of the mails at and from the ports in New Zealand, but not so as to vary the times of departure from the port of Auckland for Kandavau more than twenty-four hours, without the consent of the Postmaster-General of New South Wales.

8. If from any cause whatsoever, at any time or times hereafter, one of the vessels aforesaid shall not be at the ports of departure of San Francisco, Sydney, and Port Chalmers respectively, ready to put to sea in due time to perform the services hereby contracted to be performed, the Contractors shall pay, as and by way of liquidated damages, to the Postmasters-General (for the use of the Governments of the said colonies, or for the Government of whichever of the said colonies may be affected by such default, as the case may be), in respect of every mail that shall be delayed by reason of any such default as aforesaid, the sum of three hundred pounds, and the further sum of one hundred pounds for every day which shall elapse between the time at which the mail shall be appointed to leave the port of departure, and the time at which the vessel conveying the same shall leave the port: Provided always that the Postmasters-General shall have power to remit or reduce any of the sums payable as in this clause mentioned, if they shall be satisfied that any such default as aforesaid was attributable to causes over which the Contractors had no control.

9. The mails, whether carried in through-going vessels or transhipped as aforesaid, shall be safely conveyed from San Francisco to Sydney and from Sydney to San Francisco within seven hundred and eight hours, and from San Francisco to Auckland and from Auckland to San Francisco within six hundred and forty-five hours, and from San Francisco to Port Chalmers and from Port Chalmers to San Francisco within seven hundred and eighty-five hours, the times aforesaid to be calculated from the times appointed for the departure of the mail respectively, unless any vessel shall be delayed in consequence of the mail not being ready for embarkation in due time either at San Francisco or at Sydney or in New Zealand, in which case the time shall be calculated from the time of the mail being ready for delivery at the port where the delay shall take place. The Contractors admit and agree that in the times above named sufficient times have been allowed for coaling and stoppages at Honolulu and Kandavau and the ports of New Zealand respectively. The Contractors shall not be relieved or discharged of their liability or responsibility under this contract, by reason of any branch mail vessel not reaching Kandavau in time to forward its mail by the through-going vessel; and in the case of the loss of any of the mails by wreck of any mail vessel or otherwise, the Contractors shall with all possible despatch, at their own cost, do all such acts and take all such measures as may be reasonably done and taken to recover the mails so lost; and the Contractors shall be liable for all damage or injury to any of the mail, from whatever cause the same may arise or happen, except fire, the act of God, or the Queen's enemies.

10. For the conveyance of each mail from San Francisco to Sydney, and *vice versa*, the Postmaster-General of New South Wales will pay to the Contractors at Sydney as follows, *videlicet* :—If the mail shall be conveyed within seven hundred and eight hours as aforesaid, the sum of one thousand one hundred and fifty-three pounds sixteen shillings and elevenpence; but if the mail shall be conveyed within a less period of time, then in lieu thereof one of the increased sums of money as mentioned in Schedule A hereunder written, according to the time within which the mail shall be conveyed. And if the time occupied in conveying the mail shall exceed the said period of seven hundred and eight hours, then the sum firstly above mentioned to be paid shall be reduced in the proportion of two pounds for every hour in excess of seven hundred and eight hours occupied in conveying the mail. The times aforesaid to be computed as mentioned in clause No. 9 of these presents.

11. For the conveyance of each mail from San Francisco to New Zealand, and *vice versa*, the Postmaster-General of New Zealand will pay to the Contractors at Wellington as follows, *videlicet* :—If the mail from San Francisco to New Zealand shall be conveyed from San Francisco to Auckland within six hundred and forty-five hours, and shall also be conveyed from San Francisco to Port Chalmers within seven hundred and eighty-five hours, or from New Zealand to San Francisco shall be conveyed from Port Chalmers to San Francisco within seven hundred and eighty-five hours as aforesaid, as the case may be, then the sum of one thousand one hundred and fifty-three pounds sixteen shillings and elevenpence; but if the mail shall be so conveyed within a less period of time, then in lieu thereof one of the increased sums of money as mentioned in Schedule B hereunder written, according to the time within which the mail shall be so conveyed. And if the time occupied in so conveying the mail shall exceed the said period of seven hundred and eighty-five hours, then the sum firstly above in this clause mentioned to be paid shall be reduced in the proportion of two pounds for every hour in excess of seven hundred and eighty-five hours occupied in so conveying the mail. The time aforesaid to be computed as mentioned in clause No. 9 of these presents.

12. For each and every mail which the Contractors shall deliver at Sydney twenty-four hours before the expiration of the time last mentioned in Schedule A hereunder written, they shall be paid by the Postmaster-General of New South Wales the sum of twenty-five pounds; and for each and every mail which the Contractors shall deliver at Auckland twenty-four hours before the expiration of the time last mentioned in Schedule B hereunder written for delivery at Auckland, they shall be paid by the Postmaster-General of New Zealand the sum of twenty-five pounds.

13. The sums payable to the Contractors under the three last preceding clauses shall be in full satisfaction for all services rendered under this contract, including the receipt, conveyance, and delivery, by the Contractors, of the mails to and from Honolulu and Kandavau respectively, and shall be payable, at the respective Treasuries in the places appointed for payment, to an agent to be appointed by the Contractors at each of those places to receive the same respectively, immediately after the due delivery of each mail, or the advice of such delivery, shall be received.

14. The Colonies of New South Wales and New Zealand, or either of them, shall be entitled to retain to their or its own use respectively, any subsidy allowed to them or either of them by the Government of the United Kingdom of Great Britain and Ireland, and to retain and divide between them equally any subsidy or payment which may be agreed to be paid by any other Australasian Colony or Dependency for the conveyance of mails over the aforesaid routes, after deducting any payments made or expenses (if any) incurred by the Postmasters-General, or either of them, for the conveying mails to or from any or either of the ports or places hereinbefore appointed for the receipt or delivery of mails; but the Contractors shall be entitled to the benefit of and to receive any subsidies or payments which the Contractors may be able to induce any colony or dependency or Government other than the Governments of the United Kingdom of Great Britain and Ireland and of any Australasian Colony, to agree to pay for the conveyance of mails over the aforesaid routes, after deducting any payments made or expenses (if any) incurred by the Postmasters-General, or either of them, for the conveying mails to and from any or either of the ports or places aforesaid.

15. The Contractors shall provide, to the satisfaction of the Postmasters-General, on board all steam vessels employed under this contract, proper, safe, and convenient places of deposit for the mails, with locks, keys, and secure fastenings.

16. The Contractors shall also provide, to the satisfaction of the Postmasters-General, all necessary and suitable accommodation, including lights, for the purpose of sorting and making up the mails on board the several vessels employed under this contract; and on being required to do so by the Postmasters-General, or either of them, shall at their own cost erect or set apart in each of the said vessels a separate and convenient room for such purposes; 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 supplied by the servants of and at the cost of the Contractors. The master or commander of each of the said vessels shall also, if required, provide assistance for conveying the mails between the mail room and the sorting room without charge.

17. If the Postmasters-General, or either of them, shall think fit to entrust the charge and custody of the mail, or his respective mail, to the master or commander of any vessel to be employed under this contract, and in all cases where the officer or other person appointed to have charge of the mail shall be absent to the knowledge of the master or commander of such vessel, such master or commander shall, without any charge, take due care of, and the Contractors shall be responsible for, the receipt, safe custody, and delivery of the said mail at the several appointed places on the shore, in the respective ports, as part of the services hereby contracted to be rendered. The master or commander shall also make the usual Post Office declaration, and furnish such journal, returns, and other information, and perform such other services, as the Postmasters-General or either of them, or their or either of their officers, shall from time to time reasonably require.

18. The Contractors and all commanding and other officers in charge of the vessels employed under this contract shall at all times punctually attend to the orders and directions of the Postmasters-General, or either of them, their or either of their officers or agents, as to the mode, time, and place of landing, delivering, and receiving the mails, subject to the special provisions herein contained, and so far as such orders and directions are reasonable and consistent with the safety of the vessels.

19. The Contractors shall have no claim to any postage, nor to any sum on account thereof, for mails carried in any vessel employed in the service under this contract, or on account of any services rendered, except as herein specially provided to be paid.

20. The Contractors shall provide suitable first-class accommodation for a mail officer or agent and one assistant for each of the Postmasters-General on board each of the vessels employed under this contract, who shall be at liberty to use such accommodation as may be required for the performance of their duties, and such officers or agents and assistants shall be victualled by the Contractors as chief cabin passengers without charge either for their passages or victualling; and whilst the vessel stays at any port, excepting the ports of Sydney and San Francisco, to or from which the mails are conveyed, such officers, agents, and assistants shall be allowed to remain on board, and shall be victualled as aforesaid.

21. Every such mail officer or agent and assistant shall be recognized and treated by the Contractors, their officers and agents, as the agent of the Postmaster-General respectively, or Postmasters-General, by whom he may have been appointed, as the case may be, and as having full authority in all cases to require a due and strict performance of this contract: Provided that no such agent, officer, or assistant shall have power to control or interfere with any master, commander, or officer in the performance of his duty; and every such agent, officer, and assistant shall be subject to all general orders issued by the master or commander for the good order, health, and comfort of the passengers and crew, and the safety of the vessel.

22. During the continuance of this contract, and so long as the same shall be faithfully carried out by the Contractors, no charge for pilotage, tonnage, lighthouse, or harbour dues shall be made in New South Wales for any of the steam vessels employed in carrying out this contract; and the Contractors shall be at liberty to use once in every four weeks, for five days at a time, the Fitzroy Dry Dock at Sydney, if not leased or otherwise occupied, and also the workshops there, on payment only of the expenses of and attending such use; and no charge for pilotage, tonnage, lighthouse, or harbour dues shall be made at any port in New Zealand in respect of any of the steam vessels employed in carrying out this contract.

23. This contract, or any part thereof, shall not be assigned or underlet or disposed of by the Contractors without the joint consent in writing of the Postmasters-General first obtained for such purpose.

24. In case this contract, or any part thereof, shall be assigned, underlet, or otherwise disposed of by the Contractors otherwise than with such consent as last aforesaid, or in case of any great or habitual non-performance or non-observance of this contract, or of any of the covenants, matters, or things herein contained, and, on the part of the Contractors, their officers, agents, or servants, or any of them, to be observed and performed, and whether there be or be not any penalty or sum of money payable by the Contractors for any such non-observance or non-performance, it shall be lawful for the Postmasters-General, if they shall be of opinion that the Contractors are not *bonâ fide* carrying out the provisions herein contained, and they shall jointly so think fit (and notwithstanding there may or may not have been any former non-observance or non-performance of this contract), by writing under their hands, to determine this contract without any previous notice to the Contractors or their agents. And the Contractors shall not be entitled to any compensation in respect of such determination. And such determination shall not deprive the Postmasters-General, or either of them, of any rights or remedies to which they or he would otherwise be entitled by reason of any non-observance or non-performance of any of the provisions herein contained: Provided always, that if within but not after twenty-eight days after any notice of the determination of this contract shall have been given to either of the Contractors, or left for them as hereinafter mentioned, the Contractors shall give notice in writing to the Postmasters-General that they require that the question, whether there was such a great or habitual non-observance or non-performance of this contract on the part of the Contractors as to justify the Postmasters-General in determining the same, shall be referred to arbitration, then such question shall be determined by arbitration in the manner hereinafter provided with regard to differences arising between the Postmasters-General and the Contractors. In case the arbitrator or arbitrators, or the umpire, shall at any time or times decide that the Postmasters-General were not justified in determining the contract, the Postmasters-General shall have and be entitled from time to time to exercise the power hereinbefore given to them to determine the contract as fully and effectually as if they had not on any previous occasion or occasions attempted to exercise such power.

25. The Postmasters-General may, if they think fit, except from any such determination any voyage or voyages; and if any vessel or vessels should have started before the determination of this contract, or before the masters or commanders thereof could have received the news of such determi-

nation, or should after the determination start with a mail on any voyage or voyages so excepted as aforesaid, the voyage or voyages shall be continued and performed, and the mails be delivered and received, as if this contract had remained in force with regard to any such vessels; and with respect to such vessels this contract shall be considered as having terminated only when such vessels shall have reached their port or place of destination, and the mails carried by them shall have been delivered.

26. All notices or directions which are hereby authorized to be given to the Contractors, their officers, servants, or agents, may be delivered to the master or commander of any of the said vessels, or other officer or agent of the Contractors in the charge or management of any vessel employed in the performance of this contract, on board such vessel, or left for the Contractors on board such vessel, or at either of the offices or houses of business at Sydney or Auckland of the Contractors or their agents, and any notices or directions so given or left shall be binding on the Contractors: Provided always that any notice of the determination of this contract shall be given to one of the Contractors, or left for them at their last known office or place of business in San Francisco, Sydney, or Auckland, if any, as the Postmasters-General may think fit.

27. It shall be lawful for the Postmasters-General, or either of them, by writing under their respective hands, at any time and from time to time to delegate all or any of the powers, whether joint or several, vested in them or him respectively by virtue of this contract, to such person or persons as they or he may think fit.

28. If the Contractors shall fail to commence the performance of the services hereby contracted to be by them performed according to the provisions hereof, or having commenced the same shall refuse or wilfully neglect to carry on the same according to the true intent and meaning of these presents, they shall forfeit and pay to the said Postmasters-General the sum of twenty-five thousand pounds, to be equally divided between the Postmasters-General, as and by way of liquidated damages and not by way of penalty.

29. All and every the sums of money hereby stipulated to be paid by the Contractors shall be considered as liquidated or ascertained damages, whether any damage or loss shall have or shall not have been sustained, and may be set off by the Postmasters-General, or either of them, against any moneys payable to the Contractors under or by virtue of these presents, or may be enforced by both or either of the Postmasters-General as a debt due, with full costs of suit, at their or his discretion: Provided always that the payment by the Contractors of any sums of money for any neglect or default in the observance or performance of the covenants or agreements herein contained, shall not in any manner prejudice the rights of the Postmasters-General, or either of them, to treat such defaults as a non-observance or non-performance of this contract on the part of the Contractors.

30. The Contractors, with two sureties, to be approved by the Postmasters-General, shall jointly and severally enter into a bond in the penal sum of £25,000 conditioned for the due and faithful performance of the covenants and agreements on the part of the Contractors herein contained, according to a draft already agreed upon.

31. If any dispute, question, difference, or controversy shall arise between the Postmasters-General or their respective Governments and the Contractors touching these presents, or any clause or thing herein contained, or the construction thereof, or any matter in any way connected with these presents, or the operation hereof, or the rights, duties, or liabilities of the said Governments respectively, or of the Contractors, in connection with the premises, then and in every or any such case the matter in difference shall be referred to arbitration in manner hereinafter mentioned, and the award of the arbitrator or the arbitrators or the umpire appointed as hereinafter mentioned, as the case may be, shall be binding and conclusive in every respect.

32. Unless the Postmasters-General and the Contractors shall concur in the appointment of a single arbitrator, each party, on the request of the other party, shall nominate and appoint an arbitrator to whom such dispute, question, difference, or controversy shall be referred; and every appointment of an arbitrator shall be made on the part of the Postmasters-General under their hands, and on the part of the Contractors under their hands, or under the hand of either of them, or under the hand of the accredited agent of the Contractors, if any, at Sydney or Auckland; and such appointment shall be made in duplicate, and be delivered one part to the other party and the other part to the arbitrator on the part of the party by whom the same shall be made; and after any such appointment shall have been made, neither party shall have power to revoke the same without the consent of the other, nor shall the death of either party operate as a revocation; and if for the space of fourteen days after any such dispute shall have arisen, and after a request in writing, in which shall be stated the matters required to be referred to arbitration, shall have been served upon the Postmasters-General respectively, or given to either of the Contractors, or left for them at their last known office or place of business in San Francisco, Sydney, or Auckland (if any), as the case may be, by the one party on the other party, to appoint an arbitrator, such last-mentioned party fail to appoint an arbitrator, then upon such failure the party making the request, and having appointed an arbitrator, may appoint such arbitrator to act on behalf of both parties, and such arbitrator may proceed to hear and determine the matters which shall be in dispute, and in such case the award or determination of such single arbitrator shall be final.

33. If, before the matter so referred shall be determined, any arbitrator appointed by either party die or become incapable, the party by whom such arbitrator was appointed, his successors in office, executors, or administrators may nominate and appoint in writing some other person to act in his place; and if for the space of fourteen days after notice in writing from the other party for that purpose he fail to do so, the remaining or other arbitrator may proceed *ex parte*, and every arbitrator so to be substituted as aforesaid shall have the same powers and authorities as were vested in the former arbitrator at the time of such his death or disability as aforesaid.

34. Where more than one arbitrator shall have been appointed, such arbitrators shall, before they enter upon the matters referred to them, nominate and appoint, by writing under their hands, an umpire, to decide on any such matters on which they shall differ, or which shall be referred to him; and if such umpire shall die or become incapable to act, they shall forthwith after such death or

incapacity appoint another umpire in his place, and the decision of every such umpire, on the matters so referred to him, shall be final.

35. If, in either of the cases aforesaid, the said arbitrators shall refuse, or shall for fourteen days after the request of either party to such arbitration neglect, to appoint an umpire, the Governor for the time being of the Colony of New South Wales shall, on the application of either party to such arbitration, appoint an umpire, and the decision of such umpire on the matters on which the arbitrators shall differ or which shall be referred to him shall be final.

36. If, when a single arbitrator shall have been appointed, or shall be proceeding *ex parte* under any of the provisions herein contained, such arbitrator shall die or become incapable to act before he shall have made his award, the matters referred to him shall be determined by arbitration in the same manner as if no such arbitrator had been appointed.

37. If, where more than one arbitrator shall have been appointed, either of the arbitrators refuse or for fourteen days neglect to act, the other arbitrator may proceed *ex parte*, and the decision of such other arbitrator shall be as effectual as if he had been the single arbitrator appointed by both parties.

38. If, where more than one arbitrator shall have been appointed, and where neither of them shall refuse or neglect to act as aforesaid, such arbitrators shall fail to make their award within three calendar months after the day on which the last of such arbitrators shall have been appointed, or within such extended time (if any) as shall have been appointed for that purpose by both such arbitrators under their hands, the matters referred to them shall be determined by the umpire to be appointed as aforesaid; and the umpire shall make his award within three calendar months after the time when his duties shall commence, or within such extended time (if any) as shall have been appointed for that purpose by the umpire under his hand.

39. The said arbitrator or arbitrators or their umpire may call for the production of any documents in the possession or power of either party which they or he may think necessary for determining the question in dispute, and may examine the parties or their witnesses on oath, and administer the oaths necessary for that purpose.

40. The costs of every such arbitration and of the award shall be in the discretion of the arbitrator, arbitrators, or umpire, who may direct to and by whom and in what manner the same or any part thereof shall be paid.

41. The arbitration shall take place and be conducted at Sydney aforesaid, and the arbitrator or arbitrators, or the umpire, as the case may be, shall deliver his or their award in writing to the Postmasters-General, and the Postmasters-General shall retain the same, and shall forthwith, on demand, at their own expense, furnish a copy thereof to the Contractors, and shall at all times, on demand, produce the said award, and allow the same to be inspected or examined by the Contractors or any person appointed by them for that purpose.

42. This submission to arbitration may be made a rule of any of the superior Courts of the United Kingdom of Great Britain and Ireland, or of the said colonies, on the application of either the Postmasters-General or the Contractors.

In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Schedule A above referred to.

Scale of payment to be made by the Postmaster-General of New South Wales for each mail conveyed from San Francisco to Sydney, and *vice versâ* :—

If conveyed within seven hundred and eight hours, one thousand one hundred and fifty-three pounds sixteen shillings and elevenpence.

If conveyed within six hundred and seventy-eight hours, one thousand two hundred and ninety-eight pounds one shilling and sixpence.

If conveyed within six hundred and forty-eight hours, one thousand four hundred and forty-two pounds six shillings and one penny.

If conveyed within six hundred and twenty-two hours, one thousand five hundred and eighty-six pounds ten shillings and eightpence.

If conveyed within six hundred hours, one thousand seven hundred and thirty pounds fifteen shillings and four pence.

Schedule B above referred to.

Scale of payment to be made by the Postmaster-General of New Zealand for each mail conveyed from San Francisco to New Zealand, and *vice versâ* :—

If conveyed from San Francisco to Auckland within six hundred and forty-five hours, and from San Francisco to Port Chalmers within seven hundred and eighty-five hours, or from Port Chalmers to San Francisco within seven hundred and eighty-five hours, as the case may be, one thousand one hundred and fifty-three pounds sixteen shillings and elevenpence.

If conveyed from San Francisco to Auckland within six hundred and seventeen hours, and from San Francisco to Port Chalmers within seven hundred and fifty-two hours, or from Port Chalmers to San Francisco within seven hundred and fifty-two hours, as the case may be, one thousand two hundred and ninety-eight pounds one shilling and sixpence.

If conveyed from San Francisco to Auckland within five hundred and ninety-one hours, and from San Francisco to Port Chalmers within seven hundred and twenty-two hours, or from Port Chalmers to San Francisco within seven hundred and twenty-two hours, as the case may be, one thousand four hundred and forty-two pounds six shillings and one penny.

If conveyed from San Francisco to Auckland within five hundred and sixty-eight hours, and from San Francisco to Port Chalmers within six hundred and ninety-five hours, or from Port Chalmers to San

Francisco within six hundred and ninety-five hours, as the case may be, one thousand five hundred and eighty-six pounds ten shillings and eightpence.

If conveyed from San Francisco to Auckland within five hundred and forty-six hours, and from San Francisco to Port Chalmers within six hundred and seventy-one hours, or from Port Chalmers to San Francisco within six hundred and seventy-one hours, as the case may be, one thousand seven hundred and thirty pounds fifteen shillings and fourpence.

(L.S.) SAUL SAMUEL, as
Postmaster-General of New South Wales.

(L.S.) JULIUS VOGEL, as
Postmaster-General of New Zealand,
(by T. Russell his Attorney).

(L.S.) H. H. HALL.
(L.S.) PAUL S. FORBES.

Signed, sealed, and delivered by the above-named Hon. Saul Samuel, Hayden Hezekiah Hall, and Paul Siemen Forbes, in the presence of

JNO. MACKRELL,
Solicitor, 21, Cannon Street, London.
JOHN WIDDECOMBE,
92, Gresham House, London.

Signed, sealed, and delivered by the above-named Hon. Julius Vogel, by Thomas Russell, his Attorney, in the presence of

JNO. MACKRELL.

No. 9.

BOND.

KNOW all men by these presents that we, HAYDEN HEZEKIAH HALL, of the city of Sydney, in the Colony of New South Wales, Agent there for the United States of America; PAUL SIEMEN FORBES, of No. 8, Bishopsgate Street Within, in the City of London, shipowner; EDWARD MUNSTER DE BUSSCHE, of Ryde, in the Isle of Wight, in the county of Southampton, shipowner; and EDWARD CUNNINGHAM, of No. 8, Bishopsgate Street Within, aforesaid, merchant and shipowner; are jointly and severally held and firmly bound to the Hon. SAUL SAMUEL, the Postmaster-General of the said Colony of New South Wales, as such Postmaster-General, and acting for and on behalf of the Government of such colony, and to the Hon. JULIUS VOGEL, the Postmaster-General of the Colony of New Zealand, as such Postmaster-General, and acting for and on behalf of the Government of such colony, in the sum of £25,000 of lawful money of the United Kingdom of Great Britain and Ireland, to be paid to the said Saul Samuel and Julius Vogel, and their successors in their respective offices of Postmaster-General of the said Colony of New South Wales and Postmaster-General of the said Colony of New Zealand, for which payment to be well and truly made, we and each of us bind ourselves and himself, our and his heirs, executors, administrators, and assigns, and every of them, firmly by these presents. Sealed with our seals. Dated this 27th day of November, 1873.

WHEREAS by certain Articles of Agreement made and entered into on the 27th day of November, 1873, between the said Saul Samuel, as Postmaster-General of and acting for and on behalf of the Government of the said Colony of New South Wales, of the first part; the said Julius Vogel, as Postmaster-General of and acting for and on behalf of the Government of the said Colony of New Zealand, of the second part; and the above-bounden Hayden Hezekiah Hall and Paul Siemen Forbes, who in the said Articles of Agreement are designated "the Contractors," of the third part: after reciting that, by Articles of Agreement bearing even date therewith, and made between the parties to the said Articles of Agreement now in recital, the Contractors had entered into a Contract with the Postmasters-General for the conveyance of mails from the 27th day of November, 1874, for a period of six years to be computed from that day, between San Francisco and Sydney, and New Zealand, in the said first-mentioned Articles of Agreement now in recital referred to as "the permanent Contract," and that the parties to the first-mentioned Articles of Agreement now in recital were desirous of making provision for the conveyance of mails over the said route until the permanent Contract should come into operation: it is witnessed that they, the Contractors, did, for themselves, their heirs, executors, administrators, and assigns, and each of them did, for himself, his heirs, executors, administrators, and assigns (so far as the covenants and agreements thereafter contained were to be observed and performed by the Contractors), covenant with the Postmaster-General of the Colony of New South Wales and his successors, and with the Postmaster-General of the Colony of New Zealand and his successors, and also as a separate covenant with each of the Postmasters-General and his successors, amongst other things (Article 2), that the Contractors should, on and from the 20th day of December, 1873, and until the permanent Contract should come into operation, convey all Her Majesty's mails which, and all other mails, as in the Contract now in recital defined, which the Postmasters-General, or either of them, should at any time or from time to time require the Contractors to convey between Sydney and San Francisco and between San Francisco and Sydney, and between New Zealand and San Francisco and between San Francisco and New Zealand, and from and to all and every or any of those ports, and to and from the ports of Honolulu in the Sandwich Islands and Kandavau in the Fiji Islands, and according to the routes, within the respective times, and in manner thereafter provided; and, so long as the whole or any part of the services thereby agreed to be performed ought to be performed in pursuance of that Contract, should and would

provide and keep seaworthy, and in complete repair and readiness for such purpose, a sufficient number of and not less than four good, substantial, and efficient screw steam vessels of the first class, and fully equal to Class 100, A1, Lloyd's Register, and of not less gross registered tonnage than 2,000 tons each, constructed of iron, and propelled by first-rate engines of adequate power for a minimum continuous speed of ten nautical miles per hour; that three of the first vessels to be put upon the line should be the screw steamships "McGregor," "Tartar," and "Mongol," one of which should be ready to leave the port of Sydney with mails at latest on the 20th day of December, 1873, and a suitable vessel should be ready to leave Port Chalmers with mails on the 16th day of December, 1873, to meet the same at Kandavau, and another of the above-named vessels should be ready to leave the port of San Francisco with mails on or about the 27th day of January next; that due notice should be given to the Postmasters-General of any vessel or vessels proposed to be put upon the line, and no vessel should be employed in the service thereby contracted to be performed until approved by the Postmasters-General, or an officer or officers to be appointed by them jointly or severally for that purpose; (Article 3) that the steam-vessels to be employed under the now-reciting Contract should be of the capacity aforesaid, and should be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps and other proper means for extinguishing fire, lightning-conductors, charts, chronometers, nautical instruments, and whatsoever else might be necessary for equipping the said vessels and rendering them constantly efficient for travelling at a minimum continuous speed of ten nautical miles per hour, and for the service thereby agreed to be performed, and also manned and provided with competent and legally qualified officers, and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, and with a competent surgeon, to be in all respects, as to vessels, engines, equipments, and capacity, subject, in the first instance, and from time to time, and at all times afterwards, to the approval of the Postmasters-General, or of such other person or persons as they should jointly or severally, or at any time or times, authorize to inspect and examine the same, and no vessel should be employed or used for the purposes of the now-reciting Contract until approved as aforesaid; (Article 4) that the Postmasters-General, or either of them, should have full power, whenever and as often as they or he might deem it requisite, by any of their or his qualified officers or agents, to inspect the officers, engineers, and crew of all or any of the vessels employed or to be employed in the performance of the now-reciting Contract, and to survey all or any of such vessels and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments of every such vessel, and any defect or deficiency that might be discovered on any such survey should be forthwith repaired or supplied by the Contractors; and for the purposes aforesaid the said vessels should, if necessary, be opened in their hulls whenever the said officers or agents might so require: And if any such vessel or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments, should on any such survey be declared by any such officers or agents unseaworthy, or not adapted to the service thereby agreed to be performed, or any such officers, engineers, or crew should be so declared ineligible, every vessel which should be disapproved of or in which such deficiency or defect should appear should be deemed insufficient for any service thereby agreed to be performed, and should not be again employed in the conveyance of mails until such defect or deficiency should have been repaired or supplied to the satisfaction of the Marine Board or officer requiring the same, and any of such officers, engineers, or crew declared ineligible should not be employed in the said service; and in the now-reciting Contract it was further covenanted and agreed (Article 28) that if the Contractors should fail to commence the performance of the services thereby contracted to be by them performed according to the provisions thereof, or having commenced the same should refuse or wilfully neglect to carry on the same according to the true intent and meaning of the now-reciting presents, they should forfeit and pay to the said Postmasters-General the sum of £25,000, to be equally divided between the Postmasters-General, as and by way of liquidated damages, and not by way of penalty; (Article 29) that all and every the sums of money thereby stipulated to be paid by the Contractors should be considered as liquidated or ascertained damages, whether any damage or loss should have or should not have been sustained, and might be set off by the Postmasters-General, or either of them, against any moneys payable to the Contractors under or by virtue of the now-reciting presents, or might be enforced by both or either of the Postmasters-General as a debt due with full costs of suit at their or his discretion: Provided always that the payment by the Contractors of any sums of money for any neglect or default in the observance or performance of the covenants or agreements therein contained should not in any manner prejudice the rights of the Postmasters-General, or either of them, to treat such defaults as a non-observance or non-performance of the now-reciting Contract on the part of the Contractors; (Article 30) that the Contractors, with two sureties to be approved by the Postmasters-General, should jointly and severally enter into a bond in the penal sum of £25,000 conditioned for the due and faithful performance of the covenants and agreements on the part of the Contractors therein contained, according to a draft then already agreed upon, meaning the draft of these presents:

Now, the condition of the above-written Bond or obligation is such, that if in case the said Hayden Hezekiah Hall and Paul Siemen Forbes, while the whole or any part of the services by the said recited Articles of Agreement agreed to be performed ought to be performed, shall not provide, or in case having provided, they shall not keep seaworthy and in complete repair and readiness for the purpose of conveying, on and from the 20th day of December, 1873, and until the said permanent Contract shall come into operation, all Her Majesty's mails which, and all other mails which the Postmaster-General for the time being of the Colony of New South Wales, and the Postmaster-General for the time being of the Colony of New Zealand, or either of them, shall at any time, or from time to time, require the Contractors to convey between Sydney and San Francisco and between San Francisco and Sydney, and between New Zealand and San Francisco and between San Francisco and New Zealand, and from and to all and every or any of those ports, to and from the said ports of Honolulu and Kandavau, a sufficient number of and not less than four good, substantial, and efficient screw steam vessels of the first class, and fully equal to Class 100, A1, Lloyd's Register, and of not less gross registered tonnage than 2,000 tons each, constructed of iron, and

propelled by first-rate engines of adequate power for a minimum continuous speed of ten nautical miles per hour, or in case one of the said screw steam ships shall not be ready to leave the port of Sydney with mails, at latest, on the 20th day of December, 1873, or in case a suitable steamship shall not be ready to leave Port Chalmers with mails on the 16th day of December, 1873, to meet the same at Kandavau, or in case another of the said screw steam ships shall not be ready to leave the port of San Francisco with mails on or about the 27th day of January next, or in case any vessel shall be employed in the said service which shall not have been approved by the Postmasters-General or an officer or officers appointed by them for the purpose, or in case any vessel which on any such survey as in the said recited Articles of Agreement mentioned shall have been disapproved of, or in which such deficiency or defect as in the said recited Articles mentioned shall have appeared, shall be employed in the conveyance of mails before such defect or deficiency has been repaired or supplied to the satisfaction of the Postmasters-General or officer requiring the same, the said Hayden Hezekiah Hall, Paul Siemen Forbes, Edward Münster de Bussche, and Edward Cunningham, or some or one of them, or the executors or administrators of some or one of them, do and shall in any or either of the said cases pay unto the Postmasters-General for the time being of the said colonies, the sum of £25,000 as and for liquidated damages, then the above-written Bond or obligation shall be void, otherwise to remain in full force and virtue.

(L.S.) H. H. HALL.
 (L.S.) PAUL S. FORBES.
 (L.S.) E. M. DE BUSSCHE.
 (L.S.) EDWARD CUNNINGHAM.

Signed, sealed, and delivered by the above-named
 Hayden Hezekiah Hall, Paul Siemen Forbes,
 Edward Münster de Bussche, and Edward
 Cunningham, in the presence of,—

JOHN MACKRELL,
 Solr., 21, Cannon Street, London.
 JOHN WIDDECOMBE,
 92, Gresham House, London.

Examined and compared with the original, of which we declare the above to be a true copy.
 Dated the twenty-eighth day of November, 1873.

J. D. B. LEWIS,
 CHARLES BENNETT,
 Clerks to Messrs. John Mackrell and Co., Solicitors, 21, Cannon Street,
 London.

No. 10.

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

DEAR SIR,—

21, Cannon Street, London, E.C., 28th November, 1873.

At the request of Mr. Russell we send enclosed prints of the contracts he has concluded with Messrs. Hall and Forbes for the postal service between San Francisco and New Zealand and New South Wales, and the report he asked us to make to him descriptive of the arrangements entered into.

We send also, at his request, by book post, ten prints of each of the contracts, and will, by next mail, send 100 more of each for use in the colony.

We hope the form of the contracts will meet with your approval, and that our report is sufficiently explanatory of their provisions.

The Hon. Julius Vogel, Wellington, New Zealand.

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

Enclosure in No. 10.

Messrs. JOHN MACKRELL and Co. to Mr. T. RUSSELL.

DEAR SIR,—

21, Cannon Street, London, E.C., 27th November, 1873.

In compliance with your request, we send you a short description of the arrangement which you and the Hon. Mr. Saul Samuel have, after very difficult negotiation, succeeded in concluding with Messrs. Hall and Forbes for a postal service between San Francisco and the Colonies of New Zealand and New South Wales.

The arrangement is necessarily of a two-fold character, as the contractors could not in less than twelve months procure vessels to be specially built for a twelve-knot service, and two contracts have therefore been entered into—one called “the temporary contract,” and the other “the permanent contract,” the former coming into operation on the 20th December next, and continuing until the latter takes effect, which is to be on the 27th November, 1874, after which it is to continue for a period of six years from that day.

Most of the stipulations contained in those contracts are common to both, but they necessarily vary with reference to the character of vessels to be employed, the time within which the services are to be performed, and the amount to be paid for the conveyance of mails.

It may be more convenient, therefore, to first explain the provisions which are common to both contracts, and then to describe those which are special to each.

The contractors are to convey all or any mails of whatever kind, which the Postmasters-General or either of them may require them to convey between the colonies, Honolulu, Kandavau, and San

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.

The contractors and their officers are to attend to the orders and directions of the Postmasters-General or either of them, or either of their officers or agents, as to the mode, time, and place of the landing, delivery, and receipt of the mails.

The contractors are to have no claim to any postage.

The contractors are to provide first-class accommodation for a mail officer or agent and one assistant for each colony, who are to be victualled as chief cabin passengers without charge, and are to be allowed to remain on board and be victualled whilst the vessel is in any port except those of Sydney and San Francisco.

Every mail officer is to be recognized and treated by the contractors as having full authority to require strict performance of the contract, not interfering, however, with the master or commander in the performance of his duty, and is to be subject to the general orders for the health and comfort of the passengers and crew, and for the safety of the vessel.

No pilotage, tonnage, lighthouse, or harbour dues are to be charged for the mail vessels, and the contractors are to have the use, once in every four weeks, for five days, of the Fitzroy Dock at Sydney if not in lease, and of the workshops there, on payment of expenses.

The contract is not to be assigned, or under-let, or disposed of without the joint consent, in writing, of the Postmasters-General first obtained. If the contract be assigned, under-let, or otherwise disposed of without consent, or if there be a great or habitual non-performance or non-observance of the contract, or any of its provisions, on the part of the contractors, their officers, agents, or servants, the Postmasters-General, if they think the contractors are not *bonâ fide* carrying out the contract, may determine the same without compensation, and without depriving themselves of any rights or remedies they might otherwise have in respect of such non-observance or non-performance; but the contractors may require to have referred to arbitration the question whether there was such a great or habitual non-observance or non-performance of the contract on their part, as to justify the Postmasters-General in determining it, and if it be decided that the Postmasters-General were not so justified, their right to determine the contract is not to be prejudiced in the future.

In determining the contract, the Postmasters-General may except any voyage or voyages, and if any vessels shall have started before the determination be known, the voyage is to be continued and the mails delivered as if the contract was still in force.

All notices to the contractors may be given to the master or commander of any of the vessels, or other officer or agent of the contractors in charge, or left for the contractors, either on board the vessels or at either of their offices or houses of business in Sydney or Auckland; but a notice to determine the contract is to be given to one of the contractors, or left at their last known office or place of business at San Francisco, Sydney, or Auckland, as the Postmasters-General may think fit.

The Postmasters-General, or either of them, may delegate to any person or persons any of the powers vested in them under the contract.

If default is made in commencing the service, or if the contractors refuse or wilfully neglect to carry on the same according to the true intent and meaning of the contract, they are to pay £25,000 as liquidated damages.

All moneys payable by the contractors are to be considered as ascertained damages, whether or not any loss or damage may have been sustained, and the Governments may set off the same, or the same may be recovered as a debt, with costs of suit; but the retention or payment of such moneys is not to prejudice the rights of the Postmasters-General to determine the contract.

A proper bond, with two sureties, is to be entered into to secure payment of £25,000 in case of default on the part of the contractors in providing the necessary vessels, or in keeping them in the service. Any disputes or questions which may arise under the contract are to be referred to arbitration; and if a single arbitrator is not agreed upon, each party is to appoint an arbitrator, and such arbitrators are to appoint an umpire, failing which an umpire is to be appointed by the Governor of New South Wales for the time being, and the award is to be final. Special stipulations are inserted as to the times and manner within which any arbitration is to be conducted.

These are the stipulations which are common to both contracts, and we will now describe those which apply specially to each.

Firstly, as regards the temporary contract:—

The vessels to be provided and kept on the service are to be of not less gross registered tonnage than 2,000 tons each, and propelled by first-rate engines of adequate power for a minimum continuous speed of ten nautical miles per hour, the first vessels being the “Macgregor,” “Tartar,” and “Mongol,” one of which is, to be at Sydney by the 20th December, another at Port Chalmers by the 16th December, to meet the other vessel at Kandavau, and the third at San Francisco on or about the 27th January next. Due notice is to be given of any other vessel proposed to be employed, and no vessel is to be employed until approved of by the Postmasters-General or their officer or officers.

The mails from San Francisco to Sydney, and *vice versâ*, are to be conveyed within 708 hours, and from San Francisco to Auckland, and *vice versâ*, within 645 hours, and from San Francisco to Port Chalmers, and *vice versâ*, within 785 hours.

For the conveyance of each mail between San Francisco and Sydney, and *vice versâ*, the Postmaster-General of New South Wales is to pay as follows:—

						£	s.	d.
For a 10 knot service	...	...	...	...	...	1,153	16	11
“ 10½ ”	...	...	...	...	...	1,298	1	6
“ 11 ”	...	...	...	...	...	1,442	6	1
“ 11½ ”	...	...	...	...	...	1,586	10	8
“ 12 ”	...	...	...	...	...	1,730	15	4

For each mail between San Francisco and New Zealand, and *vice versâ*, the Postmaster-General of New Zealand is to pay at the same rate, but the services must be performed within the specified time,

not merely from San Francisco to Port Chalmers, but also from San Francisco to Auckland, to entitle the contractors to the larger payment.

And, secondly, as regards the permanent contract:—

The vessels to be provided and kept on the service are to be of not less gross registered tonnage than 2,500 tons each, and propelled by first-rate engines of adequate power for a minimum rate of twelve nautical miles per hour, all such vessels and engines being built expressly for this service, and according to plans, sections, and specifications, to be previously approved by or on behalf of the Postmasters-General, the vessels having spar decks and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes.

The mails from San Francisco to Sydney, and *vice versa*, are to be conveyed within 600 hours, and from San Francisco to Auckland, and *vice versa*, within 546 hours, and from San Francisco to Port Chalmers, and *vice versa*, within 671 hours.

For the conveyance of each mail from San Francisco to Sydney, and *vice versa*, the Postmaster-General of New South Wales is to pay as follows:—

						£	s.	d.
For a 12 knot service	...	...	...	...	...	1,538	9	2
" 11½ "	...	...	...	...	...	1,442	6	0
" 11 "	...	...	...	...	...	1,346	3	0
" 10½ "	...	...	...	...	...	1,250	0	0
" 10 "	...	...	...	...	...	1,153	16	11

For each mail between San Francisco and New Zealand, and *vice versa*, the Postmaster-General of New Zealand is to pay at the same rate, but the service must be performed within the specified time, not merely from San Francisco to Port Chalmers, but also from San Francisco to Auckland, to entitle the contractors to the larger payments.

It is expressly stipulated, however, that notwithstanding provision is made for payment for services slower than a twelve-knot service, such a service is to be deemed the very essence of the contract.

Proper bonds, in accordance with the terms of the contracts, have been executed by the contractors and their sureties, Mr. Münster de Bussche and Mr. Edward Cunningham.

Mr. de Bussche was one of those acting with the contractors in the negotiations, and accepted as a surety when you concluded the negotiations. Mr. Cunningham is a partner in the house of Messrs. Russell and Co., the leading American house in China; and Messrs. Barings state that they consider him very eligible as a surety, both as regards means and character.

It is not, of course, for us to express any opinion as to the advantage likely to result to the colonies from the arrangements thus concluded, but you may be glad to know that it is generally considered that they will materially promote the welfare of both colonies, and from what we learn from two of the leading mercantile houses in London, there seems to be no doubt that the contractors will fully carry out the arrangements.

It may be satisfactory, however, if we state that we consider the terms of the contracts themselves are such as to be more likely to secure a punctual performance of the services than those of the contracts which have been concluded by the British Government with the Peninsular and Oriental Company, or of any other contracts which we have seen entered into by the Postmaster-General of any of the colonies.

Under these contracts the payments for the services are made absolutely dependent upon the performance of the service within specific definite periods, without any power to the Postmasters-General to make any other payment: whereas in all other contracts we have seen a one fixed sum is contracted to be paid, subject to deduction by way of penalty if the service be not performed at the stipulated rate of speed—an arrangement often entailing upon the Postmaster-General a considerable amount of difficulty, trouble, and unpleasantness. Besides this, in the permanent contract the performance of the twelve-knot service is expressly made the very essence of the contract, so that it can be determined in case of any great or habitual default.

Considering the short time which has elapsed since you agreed upon the heads of the arrangement and gave instructions for the contracts, and the number of parties with whom the various details of the arrangements have had to be discussed and arranged, we think you may congratulate yourself upon having obtained completion of the arrangement by the execution of the contracts and bonds by all parties in time for the outward mail to-morrow.

It will be necessary that the Hon. Mr. Vogel should execute contracts, notwithstanding that you have done so on his behalf; and if the authority of the Governor for his doing so has not been obtained, it will be necessary that it should be procured in order to comply with the provisions of the Post Office Act of 1858.

The contractors will doubtless establish a company to carry out the service, and apply for permission to assign the contracts to such company, in which case we recommend that the permission to assign, if given, be only given on terms of the company executing similar contracts, so as to come under direct contract with the Postmasters-General, when the existing contracts can be put an end to.

The company should also execute a proper bond, with sureties to be approved of.

Thomas Russell, Esq.

We are, &c.,

JOHN MACKRELL AND CO.

No. 11.

The Hon. J. VOGEL to Messrs. JOHN MACKRELL and Co.

GENTLEMEN,—

General Government Offices, Wellington, 12th February, 1874.

I have the honor to acknowledge the receipt of your letter of 28th November last, together with the contracts relating to the San Francisco service, and your report upon the same.

In thanking you for those documents, allow me to congratulate you upon the very able manner in which the contracts have been drawn up by your firm.

Messrs. John Mackrell and Co., Solicitors,
21, Cannon Street, London, E.C.

I have, &c.,
JULIUS VOGEL.

No. 12.

The Hon. J. VOGEL to Mr. T. RUSSELL.

SIR,—

General Government Offices, Wellington, 12th February, 1874.

I have received the contracts for the San Francisco service, which were sent to me by Messrs. Mackrell and Co. by your direction, and I have also received the report of those gentlemen upon the contracts.

I have to express, on behalf of the Government, their great satisfaction at the termination of your negotiations. The arrangements which you have made are eminently satisfactory, and must have occasioned you immense anxiety and labour. There appears every reason to expect that the services will be most successful. The provisions of the contract assure, as far as such assurance is possible, a service with which the colonies have every reason to be pleased.

The Government thank you very much for your able and disinterested services: they recognize how much the result is due to your energy and ability.

Thomas Russell, Esq., London.

I have, &c.,
JULIUS VOGEL.

No. 13.

JOHN MACKRELL and Co. to the Hon. J. VOGEL.

DEAR SIR,—

21, Cannon Street, London, E.C., 17th December, 1873.

At the request of Mr. Russell, we send enclosed our further report to him, explaining the terms of the bonds, and the reasons for their being framed as they are.

The Hon. Julius Vogel, Postmaster-General,
Wellington, New Zealand.

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

Enclosure in No. 13.

JOHN MACKRELL and Co. to Mr. T. RUSSELL.

DEAR SIR,—

21, Cannon Street, London, E.C., 15th December, 1873.

Postal Contracts.

In continuation of our report to you upon these contracts, we now, as requested, explain the reason for the bonds for the performance of these contracts being in the form in which they have been executed.

It has been the ordinary practice, in contracts of this kind, to stipulate for the payment of a sum of money, by way of liquidated damages, in the event of the non-observance or non-performance of any of the stipulations contained in the contract; but notwithstanding that the money may be reserved and made payable by way of liquidated and ascertained damages, the Courts will always treat the same as in the nature of a penalty, and allow the party claiming it to recover only to the extent of damage actually sustained by such breach or non-observance.

To avoid this, it is necessary to make payable a specific sum of money in the case of each particular non-observance or non-performance, and when the draft contracts were under discussion, it was considered that if the sum of £25,000 could be secured to be paid in case the vessels contracted to be put upon the service should not be duly provided, and a like sum in case the vessels, when provided, should not be kept upon the service, this would be sufficient security to the Governments of the colonies.

It was thought that if the vessels should be provided, and kept upon the services, there would be little risk of the contractors not properly carrying out the contracts, as they would be so deeply interested in doing so for their own sakes.

Accordingly, the bonds have been framed so as to secure payment of £25,000 in either of these two events, but Counsel advised that they should also extend to the case of the employment of improper vessels, contrary to the terms of the contract, and they are made to secure payment of a similar amount in such an event.

In framing the bonds, counsel has followed a form which has stood the test of litigation.

Thomas Russell, Esq., London.

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

No. 14.

Mr. J. WARBURTON to Messrs. JOHN MACKRELL and Co.

GENTLEMEN,—

General Post Office, Wellington, 19th March, 1874.

I am directed to acknowledge the receipt of your letter of the 17th December last, and to thank you for your further report which it contained, addressed to Mr. Russell, explaining the terms

of the bonds for the performance of the contracts for the conveyance of mails between San Francisco and the Colonies of New Zealand and New South Wales, and the reasons for their being framed as they are.

Messrs. John Mackrell and Co.,
21, Cannon Street, London, E.C.

I have, &c.,
J. WARBURTON
(for the Secretary).

No. 15.

Mr. T. RUSSELL to the Hon. the POSTMASTER-GENERAL.

SIR,—

London, 29th November, 1873.

I have the honor to enclose a letter addressed to Mr. Samuel and myself by the contractors, soliciting, under certain circumstances narrated in the letter, an extension of time for beginning the permanent mail service between New Zealand and San Francisco, and a copy of the reply given to them by Mr. Samuel and myself. In addition to what is stated in our reply, I beg to inform you that I made inquiry from competent persons, and found that twelve months was too short a time to allow the contractors for building four such steamships as those they have given orders for; but my telegram to you of 27th August had then been despatched. Twelve months was the time mentioned in it for the commencement of the contract, and as my authority followed the words of my telegram, it did not permit my giving them a longer period. The contractors have done all that has been possible to procure delivery of the ships within the prescribed time—they contracted for building the four vessels, as stated in their letter, before the permanent mail contract was signed, and, to insure a speedier delivery, they divided the building of the vessels between two eminent firms of shipbuilders, so that I feel sure, if they make the temporary service an efficient one, and really require two or three months extension of time to get the large ships on to the station, that the Government of New Zealand will deal liberally with them in this respect.

The Hon. the Postmaster-General, Wellington.

I have, &c.,
THOMAS RUSSELL.

Enclosure 1 in No. 15.

Mr. H. H. HALL to the Hon. SAUL SAMUEL and Mr. T. RUSSELL.

DEAR SIR,—

London, 27th November, 1873.

We have, as you are aware, entered into contracts for building four steamships for the mail service between San Francisco and the colonies, in terms of our engagement with you, but we think it will not be possible to get all four ships on the station within the twelve months mentioned in our contract. As you know, we made the contracts with the builders before we signed the permanent contract with you, and to insure speedy delivery we gave two ships only to each builder. The best builders in Great Britain have been selected to build the ships, viz., Messrs. J. Elder and Co., of Glasgow, and Mr. James Laing, of Sunderland. We expect all four ships will be launched by June, 1874. The ships will be of the very highest class, and will cost us here £93,000 each. We could have got ships ready for the service in less time, but they would not have been what we desired to have, to insure the success we mean to aim at in the permanent service. The contractors are bound down in the most stringent manner, but there are provisos, viz., strikes, locks, &c., which may cause detention for a few months. What we now desire is, that you will obtain from your Governments permission for us to continue our temporary service for two or three months over our contract time, the 27th November, 1874, should we, from unforeseen circumstances, require that extension. Of course, if this concession is given to us, we will consent to the subsidies for the extended time being reckoned according to the scale in the schedule to the permanent contract.

We are, &c.,

For the Contractors,
H. H. HALL.

The Hon. Saul Samuel, Postmaster-General for New South Wales.

Thomas Russell, Esq., Special Agent for the Postmaster-General for New Zealand.

Enclosure 2 in No. 15.

The Hon. Mr. SAMUEL and Mr. T. RUSSELL to Messrs. HALL and FORBES.

GENTLEMEN,—

London, 27th November, 1873.

We have the honor to acknowledge the receipt of your letter of this day's date, asking us to represent to our respective Governments your request for extension of time, under the circumstances stated in your letter.

We recognize the promptness with which you have entered into the contracts for building the new ships, and the liberal efforts you are making to insure success. We have made inquiry, and find that the time given you is barely sufficient to insure delivery on the station, and though we cannot promise anything further, we shall represent the facts to our respective Governments; and we have no doubt if, from unforeseen circumstances, you actually require two or three months more to get the new ships to the station, the Governments of New South Wales and New Zealand will deal liberally with you.

We have, &c.,

SAUL SAMUEL,
Postmaster-General of New South Wales.

THOMAS RUSSELL,
For the New Zealand Government.

To Messrs. Hall and Forbes.

No. 16.

The Hon. the COLONIAL SECRETARY to the Hon. the COLONIAL SECRETARY, New South Wales.
SIR,— Colonial Secretary's Office, New Zealand, 4th March, 1874.

I have the honor to enclose a Memorandum by Mr. Vogel on the subject of an application made by the contractors for the Californian mail service for an extension of the limit of the period fixed for the temporary service.

I shall be glad to be favoured with the views of your Government on this proposal, and with advice of the action, if any, that may be taken by the Postmaster-General of New South Wales in regard to it.

The Hon. the Colonial Secretary, Sydney,
New South Wales.

I have, &c.,

DANIEL POLLEN.

Enclosure in No. 16.

MEMORANDUM for the COLONIAL SECRETARY.

THE contractors for the Californian mail service have addressed a letter to the Hon. Saul Samuel and Mr. Thomas Russell, asking that they may be allowed an extension of two or three months for the temporary service, as they are not certain that the new boats will be ready by the time provided by the contract.

Mr. Russell, who forwards the letter to me, advises that the contractors have done all that has been possible to expedite the construction of the boats, and he evidently thinks that it would be well the extension of time should be allowed.

I have, therefore, to advise that this department will agree to the extension, if the Postmaster-General of New South Wales approves of it.

I think it desirable there should be an understanding that any application of the kind shall be dealt with by the two Governments jointly. I propose, consequently, not to make any present reply to the contractors: but if the Postmaster-General of New South Wales should approve of granting the extension, he will be able to signify to the contractors that the Governments concur on the subject.

General Post Office, March 3, 1874.

JULIUS VOGEL.

No. 17.

The Hon. the COLONIAL SECRETARY, New South Wales, to the Hon. the COLONIAL SECRETARY.
SIR,— Colonial Secretary's Office, Sydney, 14th March, 1874.

I have the honor to acknowledge the receipt of your despatch dated 4th instant, enclosing a Memorandum by Mr. Vogel on the subject of an application made by the contractors for the Californian mail service, for an extension of the limit of the period fixed for the temporary service.

2. Your letter has been laid before the Postmaster-General of this colony, who recommends that, under the circumstances stated in the contractors' letter to Mr. Russell and himself, dated 27th November last, the request of the Contractors be complied with.

3. This request, as stated by themselves, is for permission to continue the temporary service for two or three months over the contract time, the 27th November, 1874, should they from unforeseen circumstances require that "extension," the contractors consenting, in the event of this concession being made, to receive subsidies for the extended time calculated according to the scale in the schedule to the permanent contract.

4. This Government, on the recommendation of Mr. Samuel, has decided to comply with the contractors' request, and this decision, conjointly with that of New Zealand, has been communicated to them accordingly, as suggested in Mr. Vogel's Memorandum.

The Hon. the Colonial Secretary of New Zealand.

I have, &c.,

HENRY PARKES.