

and American mail for that place now in this city, I have the honor to invite your attention to clause 2 of the contract for mail service between San Francisco and the Colonies of New Zealand and New South Wales of date 23rd July, 1875, which requires that the contractors "shall from time to time and at all times during the period of eight years," from November 15, 1875, "convey all Her Majesty's and all other mails of whatever country or place" to, amongst other ports specified, "the Port of Honolulu, in the Sandwich Islands"; also, to clause 5 of said contract, which provides that "the mail route shall be by way of Honolulu," &c.

You will be good enough to inform me whether you have authority from my Government to order the mail steamer as aforesaid not to call at Honolulu on her outward trip, thereby delaying delivery at that port of Her Majesty's mail and the United States mail now at the Post Office, San Francisco, for an indefinite period, as I have not been informed of a modification of the contract to that effect by the Postmaster-General of New Zealand, although I have been apprised of its modification by the omission of Kandavu as a port of call, and discontinuance of the New Zealand Coastal Service. You will also be good enough to inform me whether such avoidance of Honolulu will be permanent or only for this occasion.

I need hardly indicate to you the serious inconvenience which may arise to Her Majesty's subjects having business relations with the Sandwich Islands through this determination on your part, not to speak of the interruption to the business intercourse of this city with Hawaii, which is very considerable, and which my Government, in its desire to promote intimate business relations with the United States, is anxious to facilitate.

Meantime, it is my duty to inform you that any departure from the express terms of the contract in this particular is done solely at the risk of the contractors, and subject to such subsequent action as the New Zealand Government may deem proper to take.

Your reply in time to forward to the New Zealand Government will be esteemed a favour.

I have, &c.,

Messrs. Williams and Blanchard,
Agents, Pacific Mail Company, San Francisco.

ROBT. J. CREIGHTON,
Resident Agent, New Zealand Post Office.

Enclosure 2 in No. 33.

Mr. COEY to Messrs. WILLIAMS, BLANCHARD, and Co.

GENTLEMEN,—

Post Office, San Francisco, 16th July, 1877.

Will you please inform me whether the steamer "Australia," to sail from here on Wednesday next for New Zealand and Australia, will stop at Honolulu. If she does not the merchants and the business men in Great Britain and the British merchants and subjects residing at the Islands must suffer great disappointment and loss by the detention of their correspondence at this place, which has just been received. The fact that it has just reached here is presumptive evidence that the Post Office authorities of Great Britain intended it to be conveyed by the steamer to sail on the 18th instant.

I have, &c.,

Messrs. Williams, Blanchard, and Co.,
Agents, Pacific Mail Steam Shipping Company, San Francisco.

JAMES COEY,
Postmaster.

Enclosure 3 in No. 33.

Messrs. WILLIAMS, BLANCHARD, and Co. to Mr. COEY.

Agency Pacific Mail Steam Shipping Company, San Francisco,
17th July, 1877.

DEAR SIR,—

We have received your esteemed note of yesterday. In arriving at the determination to send our steamers direct from this port to Auckland, omitting the Port of Honolulu, we fully recognized the fact that many of our friends and fellow-citizens would feel the effect of the withdrawal of that convenience and accommodation which we have heretofore rendered them solely at the cost of this Company.

The people and Legislature of His Hawaiian Majesty's Government have at all times shown a disposition to acknowledge the great advantage conferred on that country by our line of steamers, but a committee of influential gentlemen, to whose discretion was committed the power to remunerate us in some reason for our labour, have taken upon themselves to decide adversely to our claims for a reasonable subsidy.

In pursuance of that natural rule of self-protection, after giving all concerned sufficient time to reflect on the injustice of their treatment of this Company, we have decided, on our own behalf, that we can no longer continue to render the important service heretofore given, unless we are at least partially paid for the heavy loss which the performance of that work has entailed upon us.

We beg now to say that the "Australia," sailing to-morrow at noon, will not call at Honolulu, and further, the discontinuance of our intercourse will be permanent, unless that generosity to which we deem ourselves entitled is extended to our line by the Government and people of Hawaii.

We own our very decided preference for the inclusion of the Port of Honolulu among our regular places of call, also our high regard and esteem for the gentlemen composing the Cabinet of His Hawaiian Majesty and all his people, but we are simply managing a line of steamers for stockholders, who are not here, and cannot in common justice make their interests in any way subservient to our wishes and preferences.

Begging you to command our services without reserve,

We are, &c.,

James Coey, Esq., Postmaster.

WILLIAMS, BLANCHARD, AND Co.,
Agents.