

1886.
NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE

(FURTHER PAPERS RELATIVE TO).

[In continuation of papers presented on the 17th September, 1885.]

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

No. 1.

Mr. C. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

606, Montgomery Street, San Francisco, 31st July, 1885.

General Vilas, the Postmaster-General of the United States, having expressed his determination of repaying the \$400,000 appropriation made by Congress for mail services into the Treasury, and not rendering any assistance to the Australian route, I deemed it my duty to correspond with him on the subject, so I wrote and forwarded the enclosed letter and enclosure to him, of date 20th July, 1885, but as yet have received no response thereto.

No official report of General Vilas's intentions is known at the Post Office here, and all that I can learn is gathered from the newspapers, which are exceedingly contradictory in their reports; but from all I can gather the Postmaster-General bases his intention to not expend the fund upon the ground that the sea-rate of postage—2 cents per ounce—is sufficient to pay for cost of transportation. He also says that the direct service *via* this port is of no benefit to this country, and that the mail can be carried just as expeditiously by way of London as under the present system.

The San Francisco Chamber of Commerce has taken a lively interest in the continuation of the existing service, and has forwarded resolutions—a copy of which I enclose—to the President and the Postmaster-General.

In response to cablegram received, I interviewed Messrs. Spreckels, and found that they were entirely undecided whether they would undertake the service or not, and so cabled to the Postmaster-General.

The "Australia" made an exceptionally quick trip up this time, and I am happy to be able to report that she will sail on time for New Zealand.

I have, &c.,

W. Gray, Esq., Secretary, Post Office Department,
New Zealand.

CHARLES CREIGHTON.

Enclosure in No. 1.

Mr. C. CREIGHTON to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

San Francisco, 20th July, 1885.

Having seen in the public Press rumours of your determination not to make disbursement of the fund provided for in the Post Office Appropriation Act passed by last Congress in favour of the Australian and New Zealand mail service, I take the liberty of addressing this communication to you to ascertain the authenticity of such reports.

I beg leave to submit for your consideration the annexed enclosure, which is a copy of the original memorandum filed by Mr. R. J. Creighton, Special Postal Commissioner from New Zealand, in your department, and which, together with the other documents on file, gives a succinct history of the mail service since its inception.

The Government of New Zealand is desirous of continuing uninterruptedly the rapidly-growing commercial intercourse between the United States and that colony, and, with this end in view, is disposed to assist in the continuation of the mail service, provided the Government of the United States will co-operate with it. And I may add that the New Zealand Government is under the impression now, and since the passage of the Act by Congress, that your Government would co-operate in the matter with it.

I have, &c.,

Hon. William F. Vilas, Postmaster-General,
Washington.

CHARLES CREIGHTON,
Resident Agent for New Zealand.

No. 2.

Mr. GRAY to Mr. C. CREIGHTON.

SIR,—

General Post Office, Wellington, 27th August, 1885.

I have the honour to acknowledge receipt of your letter of the 31st ultimo, together with the three enclosures therein, containing the representations of yourself to the Postmaster-General of the United States, and also those of the San Francisco Chamber of Commerce, in favour of aid from the United States Government to the San Francisco Mail Service. I beg to thank you for your action, which has been duly submitted for the consideration of the Hon. the Postmaster-General.

C. Creighton, Esq., Acting Resident Agent for New Zealand,
Montgomery Street, San Francisco.

I have, &c.,

W. GRAY,
Secretary.

No. 3.

The Hon. Sir J. VOGEL to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 9th May, 1885.

WE propose to negotiate for fast service between Auckland Frisco. Two steamers for five years. We will also arrange for connection Sydney Auckland by separate steamers. I wish ascertain if you will be willing continue to pay present subsidy for use of line on present terms, with reservation that, if English Government throw on us extra cost for carriage mails between Frisco London, and London Frisco, you bear same for your portion mail. With this reservation we propose offering continue carriage mails other colonies, same as present; but think you should pay moderate fixed subsidy, as Sydney will be first and last port arrival departure in Australia. I do not anticipate any change made by English Government will much increase cost. Kindly reply promptly.

Hon. Postmaster-General, Sydney.

JULIUS VOGEL.

No. 4.

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

(Telegram.)

Sydney, 12th May, 1885.

INCLINED to agree to your proposition as to accelerated Frisco mail, on understanding that branch service to Sydney forms part of contract, and steamers connect without loss of time; but must consult Cabinet.

Hon. Postmaster-General, Wellington.

JAMES NORTON,
Postmaster-General.

No. 5.

The Hon. the PREMIER to the AGENT-GENERAL, London.

(Telegram.)

Wellington, 18th May, 1885.

URGENTLY require decision regarding continuing Frisco service. May we rely present postal arrangements until January, eighty-eight?

The Agent-General, London.

No. 6.

The AGENT-GENERAL to the Hon. the PREMIER, Wellington.

(Telegram.)

London, 21st May, 1885.

FRISCO service.—Lefevre has asked Treasury for decision.

The Hon. the Premier, Wellington.

No. 7.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 23rd May, 1885.

FRISCO—Treasury decision not disturb present arrangements until January, 1888.

The Hon. the Premier.

No. 8.

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

SIR,—

7, Westminster Chambers, London, S.W., 21st May, 1885.

I received in due course your telegram of the 18th instant, stating that a decision was urgently required as to the continuance of the San Francisco service, and asking whether you could rely on the present postal arrangements being maintained till January, 1888.

I at once addressed the General Post Office again, reminding them of my letter of the 28th January last; and I have just received a reply, to the effect that the Postmaster-General has again brought the question before the Treasury for decision.

I have accordingly sent you a telegram to that effect, and copies of the correspondence and telegram are annexed.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1 in No. 8.

The AGENT-GENERAL to the SECRETARY, General Post Office, London.

SIR,—

7, Westminster Chambers, London, S.W., 18th May, 1885.

Adverting to my letter of the 28th January last, I have to inform you that I received this morning a telegram from the New Zealand Government stating that it had become urgently necessary for them to know, with reference to the continuation of the San Francisco service, whether they might rely on the present postal arrangements being maintained until January, 1888. May I request you to do me the favour of informing me on this point as early as you are able.

I have, &c.,

The Secretary, General Post Office.

F. D. BELL.

Enclosure 2 in No. 8.

Mr. REA to the AGENT-GENERAL, London.

SIR,—

General Post Office, London, 21st May, 1885.

I am directed by the Postmaster-General to acknowledge the receipt of your further letter of the 18th instant, representing that it has become urgently necessary for the New Zealand Government to know, with reference to the continuation of the San Francisco service, whether they may rely on the present postal arrangements being maintained until January, 1888.

In reply, Mr. Shaw Lefevre desires me to inform you that he has again brought the question to the notice of the Lords Commissioners of Her Majesty's Treasury, and will not fail to give you early intimation of their Lordships' decision.

I have, &c.,

Sir Francis Dillon Bell, K.C.M.G.

EDWARD H. REA.

No. 9.

The AGENT-GENERAL to the HON. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 28th May, 1885.

In continuation of my letter of the 21st instant, I transmit herewith a copy of a letter I have received from the General Post Office, intimating that the Lords Commissioners of the Treasury have decided not to disturb the existing postal arrangements until the expiry of the Peninsula and Oriental contract in 1888.

I sent you a telegram informing you of this, copy whereof is annexed.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure 1 in No. 9.

Mr. REA to the AGENT-GENERAL, London.

SIR,—

General Post Office, London, 23rd May, 1885.

With reference to your letter of the 18th instant, and previous correspondence, inquiring, with reference to the continuation of the San Francisco mail service, whether the New Zealand Government may rely on the present postal arrangements being maintained until January, 1888, I am directed by the Postmaster-General to acquaint you that he has received a communication from the Lords Commissioners of Her Majesty's Treasury, from which it appears there is no intention of disturbing the present arrangement until the expiration, on the 31st of January, 1888, of the existing mail contract between Her Majesty's Government and the Peninsular and Oriental Steam Navigation Company.

I have, &c.,

Sir F. D. Bell, K.C.M.G.

EDWARD H. REA.

Enclosure 2 in No. 9.

The AGENT-GENERAL to the SECRETARY, General Post Office, London.

SIR,—

7, Westminster Chambers, London, S.W., 26th May, 1885.

I have to acknowledge the receipt of your letter of the 23rd instant, informing me that the Lords Commissioners of the Treasury have no intention of disturbing the present postal arrangements until the expiration in 1888 of the existing mail contract with the Peninsular and Oriental Company.

I beg you to do me the favour of conveying to the Postmaster-General the thanks of the New Zealand Government for this communication, which will enable them to carry out the measures they have in contemplation respecting the San Francisco service.

I have, &c.,

The Secretary, General Post Office.

F. D. BELL.

No. 10.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 6th August, 1885.

Sir Julius Vogel desires me to send you, for the information of the Hon. Mr. Norton, the accompanying particulars and conditions of the renewal by this colony of the San Francisco mail service.

I have, &c.,

S. H. Lambton, Esq., Secretary, General Post Office, Sydney.

W. GRAY.

No. 11.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 20th August, 1885.

I am directed by the Postmaster-General to acknowledge, with thanks, the receipt of two copies of the particulars and conditions of the renewal by your colony of the San Francisco mail service contract, forwarded with your letter of the 6th instant.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON.

No. 12.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 6th August, 1885.

In connection with the advertising for tenders for the renewal of the San Francisco mail service, I have taken the liberty of informing the tenderers that the particulars and conditions may be seen at your office. May I ask you, therefore, to be so good as to give effect to this by distributing the forms when applied for. Ten copies have been forwarded you.

I have, &c.,

W. GRAY,

The Secretary, General Post Office, Sydney.

Secretary.

No. 13.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 14th August, 1885.

I have the honour to forward to you six copies of the finally-revised particulars and conditions of contract for the new San Francisco mail service, which please substitute for those sent by the "Rimutaka." I also enclose copies of *Hansard*, Nos. 13 and 15, containing reports of the debates on the service, to which I draw your attention.

You will observe that the House of Representatives has limited the subsidy to £30,000 a year (the colony to retain the Australian postages), and also that the service between San Francisco and New Zealand must terminate at Auckland, and that the branch service to an Australian port is to be undertaken by vessels other than those of the main line.

It may be found necessary to extend the time for receiving tenders; in which case you will be informed by cable, and I may ask your assistance.

I enclose a short cypher, should it be necessary to communicate by cable.

I have, &c.,

Sir F. D. Bell, K.C.M.G.,
Agent-General for New Zealand, London.

JULIUS VOGEL,
Postmaster-General.

No. 14.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Sydney, 21st August, 1885.

I have the honour to acknowledge receipt of your letter of the 6th instant, forwarding ten copies of the particulars and conditions of the renewal of the San Francisco mail service contract by your colony, and requesting that they may be distributed to the tenderers who may apply for them at this office; and, in reply, to inform you that your request will be complied with by this department.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON.

No. 15.

The Hon. Mr. NORTON to the Hon. Sir J. VOGEL.

(Telegram.)

Sydney, 17th September, 1885.

My Cabinet objects to proposed Honolulu Mail Service, but will submit to Parliament any proposition to contribute not more than ten thousand to a four-weekly service 'Frisco, Auckland, Sydney, you retaining all contributions from other colonies.

J. NORTON,

The Hon. Sir J. Vogel, Wellington.

Postmaster-General.

No. 16.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 18th September, 1885.

From Auckland telegram published this morning in Sydney papers, I am afraid my last telegram to you may have been misunderstood. Let it be distinctly understood that my Government will not be a party to any junction service.

JAMES NORTON,

Sir Julius Vogel, Postmaster-General, Wellington.

Postmaster-General.

No. 17.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 21st September, 1885.

PLEASE inform whether you have or can arrange mail service Frisco Auckland Sydney.

JAMES NORTON,

Sir Julius Vogel, Postmaster-General, Wellington.

Postmaster-General.

No. 18.

The Hon. Sir J. VOGEL to the Hon. JAMES NORTON, Sydney.

(Telegram.)

Wellington, 22nd September, 1885.

YOUR telegrams received *re* Frisco. Venture ask you reconsider matter. Connection at Honolulu will mean contract in which Union Company, Mr. Pearce, and Oceanic Company, chiefly owned by Messrs. Spreckels Brothers, all interested. Suitable arrangements will be made for transshipping mails, passengers, and cargo at Honolulu. Oceanic Company runs fortnightly steamers between Honolulu Frisco. They have two vessels, each three thousand tons and three thousand horse-power, capable high speed, splendidly fitted for passengers, modern improvements, built 1883. Superior anything hitherto on Frisco line. Our mail-agent has reported very favourably on them. We think also Spreckels's influence secures us facilities from railway companies and additional speed which English companies quite unable command. The route would be Sydney, Auckland, Honolulu, Frisco, and back. Spreckels would do Honolulu Frisco; and Union Company and Pearce, Honolulu, Auckland, Sydney. Time not exceed twenty and twenty-five days Auckland and Sydney respectively, but shall try obtain half day concession. Contract for three years. You will have by far the greater advantage from this service; and we will accept seven thousand pounds from you, you paying and receiving third bonuses and penalties, and leaving us contributions other colonies. Great importance, reply quickly. Spreckels's agent has to return, besides many arrangements require to be made to take up service.

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 19.

The Hon. the POSTMASTER-GENERAL to the Hon. the POSTMASTER-GENERAL, Washington.

(Telegram.)

Wellington, 23rd September, 1885.

NEGOTIATING for service Sydney, Auckland, Honolulu, Frisco, connecting at Honolulu with Spreckels's steamers. Will you undertake for three years give twenty thousand dollars yearly in excess of present payments for carriage American mails? Reply immediately definitely, as continuance service probably depends on your decision.

Postmaster-General of the United States, Washington.

VOGEL,

Postmaster-General.

No. 20.

The Hon. the POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL.

(Telegram.)

Washington, 23rd September, 1885.

SUCH continuous contract not authorized. Will allow such sum while desirable, unless Congress forbids.

Postmaster-General, Wellington.

VILAS,

Postmaster-General.

No. 21.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 23rd September, 1885.

AFTER careful reconsideration this Government is willing, subject to approval of Parliament, to join in service between Sydney and Frisco, *via* Auckland and Honolulu, for seven thousand per annum; but requires to see proposed contract, and to be furnished with full particulars of steamers and arrangements.

Sir Julius Vogel, Postmaster-General, Wellington.

JAMES NORTON,

Postmaster-General.

No. 22.

The Hon. Sir J. VOGEL to the Hon. J. NORTON, Sydney.

(Telegram.)

Wellington, 24th September, 1885.

AM I to understand that your telegram of yesterday refers to service proposed, with break at Honolulu, and that you include third share bonuses and premiums? Will you also bring at once before Parliament, subject, of course, to your approving contract and steamers? I am waiting enter into particulars of contract with intending contractors until I hear positively from you. When we go into details, I shall advise and consult you.

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 23.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 24th September, 1885.

As this colony must be party to contract for Frisco service, and you ask us to bear and receive one-third bonuses and penalties, would it not be simpler for this colony to pay ten thousand, being one-third of contract, and receive the postages of the other Australian Colonies, being thus joint-contractors? We would be able to remit pilotage and dock dues, as under former contract.

JAMES NORTON,

Sir Julius Vogel, Postmaster-General, Wellington.

Postmaster-General.

No. 24.

The Hon. Sir J. VOGEL to the Hon. J. NORTON, Sydney.

(Telegram.)

Wellington, 25th September, 1885.

YOUR telegram yesterday received. There are practical difficulties making you party to contract because of time. I will make going to Sydney contingent on your arranging with us. We can then enter into sub-contract with you, based on contract. If you prefer paying ten thousand and receiving half colonial contributions, and paying and receiving half bonuses and penalties, I am willing. Otherwise seven thousand and third premiums and penalties, we taking all from other colonies. Dock and light-dues understood to be free in either case. Have cabled Postmaster-General, United States, urgently asking special contribution four thousand yearly in addition to payment American mail-matter which contractors receive. If—which I doubt—four thousand be granted, will divide equally between you, contractors, and ourselves. I understand you approve connection at Honolulu. Please reply whole subject.

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 25.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 25th September, 1885.

WE see no practical difficulty in being made party to contract, which is what we understood you offered. We want direct control over contractors so far as our part of service is concerned. We never remit dues except to vessels under contract to us. We prefer to pay ten thousand, and pay and receive one-third bonuses and penalties, receiving, not half, but all contributions of other Australian Colonies, which probably will not amount to the extra three thousand. We do not object to change of vessels at Honolulu, provided contract and our payment cover entire service Sydney to Frisco. We will submit question to Parliament, which we expect will approve.

JAMES NORTON,

Sir Julius Vogel, Postmaster-General, Wellington.

Postmaster-General.

No. 26.

The Hon. Sir J. VOGEL to the Hon. J. NORTON, Sydney.

(Telegram.)

Wellington, 26th September, 1885.

TO meet your wishes, will frame contract to make you party to it. Must, however, ask you let us fix date departure London Sydney, to alternate with direct service. You are misinformed amount other colonies' contributions. For years not below five, now about six thousand; and, as Union Company, Pearce, and Spreckels mean push trade, American correspondence sure increase. You must choose between ten thousand and half contributions, or seven thousand and we keeping the whole; in either case you paying and receiving one-third bonuses penalties. Please reply.

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 27.

The Hon. Sir J. VOGEL to the Hon. J. NORTON, Sydney.

(Telegram.)

Wellington, 26th September, 1885.

BELOW see cablegram to Washington and tolerably favourable reply. I propose dividing the four thousand equally between you, contractors, and ourselves. "Postmaster-General, United States.—Negotiating for service Sydney, Auckland, Honolulu, Frisco, connecting at Honolulu with Spreckels's steamers. Will you undertake for three years give twenty thousand dollars yearly in excess of present payments for carriage American mails? Reply immediate definitely, as continuance service probably depends on your decision." *Reply*.—"Such continuous contract not authorized. Will allow such sum while desirable, unless Congress forbids.—VILAS, Postmaster-General, Washington."

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 28.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 28th September, 1885.

FRISCO service: We understand your proposition to be as follows: Contract between New Zealand, New South Wales, Union Company, Pearce, and Oceanic Company for three years' service between

Sydney, Auckland, Honolulu, without break, by Union Company or Pearce's boats; thence between Honolulu and Frisco by Oceanic Company's boats, which will wait at Honolulu, if necessary, twenty-four hours without demurrage. Time not to exceed twenty-five days between Sydney and Frisco. New South Wales to pay ten thousand per annum, and one-third bonuses for extra speed; and to receive half contributions from other Australian Colonies, one-third penalties chargeable to contractors, and one-third of any subsidy which may be obtained from United States. New South Wales to remit to contract-boats all dock and other dues, as in case of late Pacific contract. Proper provision to be made in contract for suitable boats and conveniences for transshipment, as mentioned in your telegrams. You to prepare contract and submit it to us for approval. You may fix timetable. On receipt of your reply confirming above we will submit matter for approval of Parliament.

Sir Julius Vogel, Postmaster-General, Wellington.

JAMES NORTON,
Postmaster-General.

No. 29.

The Hon. Sir J. VOGEL to the Hon. J. NORTON, Sydney.

(Telegram.)

Wellington, 29th September, 1885.

YOUR telegram correct, excepting that we are only to divide the four thousand from United States, indicated by the telegrams of which I sent you copy. Other subsidies, if any, obtainable from States, contractors keep. Desirable, if possible, you should avoid publishing cablegram on the two points relating to twenty-five days' service and demurrage, as we are trying to make voyage twenty-four and half days, and to obtain forty-eight hours free of demurrage at Frisco and Honolulu. If known you are contented with less, contractors will not grant. The contract will be made between two Postmasters-General and contractors. We shall all sign, and then send to you. There will be clause making contract inoperative without your signature, and declaring that if there are any points with which you are not satisfied, they shall be subject to reconsideration. Hope you will get parliamentary sanction at once. I calculate net cost of service, exclusive penalties and bonuses, will be about sixteen thousand to us, and to you about six thousand. This, of course, exclusive of postages you and we will receive in our own colonies and from England.

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 30.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 29th September, 1885.

I EXPECT you to obtain further concessions in matter of time and demurrage, but thought it better to accept terms mentioned by you, so as to leave final arrangement entirely in your hands, relying on your expressed expectation of obtaining better terms. I fully understand that contractors are to keep all payments from United States except the four thousand. My last telegram to you was published this morning.

Sir Julius Vogel, Postmaster-General, Wellington.

JAMES NORTON,
Postmaster-General.

No. 31.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

(Telegram.)

29th September, 1885.

NEGOTIATING fresh Frisco service including Sydney. Advise best day leave London and New York. Agent-General, New Zealand, London.

JULIUS VOGEL.

No. 32.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

(Telegram.)

30th September, 1885.

FRISCO service: Post Office advises Thursdays, London; Saturdays, New York.
Treasurer, New Zealand.

No. 33.

The Hon. Sir J. VOGEL to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 4th October, 1885.

PAPER contains cablegram that your Parliament prorogued with view to general election. Will you sign contract without express authority, or sign subject to subsequent ratification by Parliament, or to its remaining on table without disallowance during sixty days first session, which I believe is English mode of procedure? Payments under contract to be continued until disallowance.

The Hon. the Postmaster-General, Sydney.

JULIUS VOGEL.

No. 34.

The Hon. J. NORTON to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 3rd October, 1885.

I WILL sign contract subject to ratification by Parliament, and will continue payments until disallowance.

Sir Julius Vogel, Wellington.

JAMES NORTON,
Postmaster-General.

No. 35.

The Hon. Sir J. VOGEL to the Hon. J. NORTON, Sydney.

(Telegram.)

Wellington, 7th October, 1885.

I ATTACH copy of clause *re* your signature and approval your Parliament. The contract is with Union Company, who sub-contract with Oceanic. Option open to Pearce to come in until Friday. If he refuse, better vessels will be employed. Time, twenty-five days. Bonuses not to exceed thirty-six hours and detentions Honolulu Frisco thirty-six hours free demurrage. Beyond that until mails ready, five pounds an hour. Reply if you approve. Clause as follows: "This contract shall not be operative, but wholly void, unless the Postmaster-General of New South Wales shall execute it within twenty days after the date first hereinbefore written. And it is hereby expressly agreed that if there are matters in the said contract with which the said Postmaster-General is dissatisfied, or which he desires to be reconsidered, the same shall be open to reconsideration, and he may execute the contract subject to such reconsideration. If the Postmaster-General of New South Wales shall avail himself of this provision, the Postmaster-General of New Zealand shall be deemed equally entitled to reconsider the same matters, and his execution of these presents shall be deemed to have been made subject to this reservation. If such reconsideration is required, then it shall take place in such manner as may be mutually agreed on between the Postmasters-General and the contractors. And it is further provided that the execution of this contract by the Postmaster-General of New South Wales shall be subject to the condition that he adopts the contract subject to its being ratified by the Parliament of New South Wales during its next succeeding session, but that until the ratification is refused, the said Postmaster-General shall continue to perform this contract on his part, including payments for any voyage commenced at the time of such refusal by the said Parliament."

Hon. James Norton, Sydney.

JULIUS VOGEL.

No. 36.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

(Telegram.)

Wellington, 7th October, 1885.

Fr'isco service: Contract arranged Union Company. Sydney and Washington contribute. Union run between Sydney Honolulu. Sub-contract with Spreckels Honolulu Frisco. Union give Pearce option till Friday use his boats; otherwise provide two themselves. Send copy this Pearce immediate.

Agent-General, London.

No. 37.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

(Telegram.)

Wellington, 12th October, 1885.

Fr'isco time-table: Leave London November fifth, Frisco twenty-first; arrive Auckland Sydney, eleventh sixteenth December. Leave Sydney Auckland, third eighth December; arrive Frisco twenty-eighth December, London January thirteenth. And every succeeding four weeks. Advise Post Office, London, Washington.

Agent-General, London.

No. 38.

The AGENT-GENERAL to the Hon. Sir J. VOGEL.

(Telegram.)

London, 15th October, 1885.

Fr'isco time-table: Washington received notice.

Treasurer, New Zealand.

No. 39.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 10th October, 1885.

I am directed by the Postmaster-General to forward you three copies of the proposed contract for the San Francisco mail service, which has been agreed to by the contracting company, and was signed yesterday by Sir Julius Vogel. The Union Company will execute early next week; and so soon as their seal has been affixed the contract will be forwarded to you for ratification and execution by your Postmaster-General.

I also enclose half a dozen copies of the approved time-table; and would add that it has now been definitely arranged that Mr. Pearce is to come in, and that his boats, the "Australia" and "Zealandia," are to be employed to carry out that part of the service between Sydney and Honolulu. The boats to be employed between Honolulu and San Francisco are the "Alameda" and the "Mariposa," owned by the Oceanic Steamship Company—in every way suitable for the service. They are vessels of 3,000 tons, capable of attaining a speed of sixteen knots an hour, and fitted with all modern improvements.

I have, &c.,

W. GRAY,

The Secretary, General Post Office, Sydney.

Secretary.

No. 40.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 10th October, 1885.

I have pleasure in informing you that the negotiations for renewal of the San Francisco service have been concluded, and have resulted in a contract being entered into by the Union Steamship Company of New Zealand for a three-years' service. The Union Company are acting in conjunction with Mr. W. Pearce, of Messrs. Elder and Company, and with Messrs. J. D. Spreckels Brothers, San Francisco. The service is not a continuous through service, there being a break for transshipment at Honolulu. Between Sydney, Auckland, and Honolulu, the "Australia" and "Zealandia" will be employed, and between Honolulu and San Francisco the "Alameda" and "Mariposa"—very fine vessels of 3,000 tons, fitted with all modern improvements, and capable of attaining a speed of sixteen knots an hour.

From the contract you will learn the terms and conditions of the service, and also that out of the total subsidy of £30,000, New South Wales is to contribute £10,000. There is also a promise of £4,000 a year from the United States Post Office unless Congress forbids it—an unlikely contingency.

I enclose half a dozen copies of the partly-signed contract, and also six copies of the approved time-table. So soon as the contract is completely executed, a number of copies will be sent you.

I have, &c.,

JULIUS VOGEL,

Postmaster-General.

Sir F. D. Bell, K.C.M.G., Agent-General for New Zealand, London.

No. 41.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company.

SIR,—

General Post Office, Wellington, 12th October, 1885.

The new contract for the San Francisco service, in triplicate, has been forwarded to the Chief Postmaster, Dunedin, for the purpose of being handed to your company for affixing the seal. Mr. Barr has been instructed to obtain the contracts after being executed by your directors, and to forward them to the Postmaster-General, Sydney, by the "Te Anau." I should therefore be glad if you would at once call a meeting of your directors for the purpose of executing the contract.

I have, &c.,

The Managing Director,

W. GRAY,

Union Steamship Company of New Zealand (Limited), Dunedin.

Secretary.

No. 42.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 12th October, 1885.

By the "Hauroto," on Saturday, I forwarded you copies of the new San Francisco contract, as signed by the Postmaster-General of this colony. I now forward you in triplicate the contract, executed by the Union Steamship Company as well, for the purpose of having it signed by the Postmaster-General of New South Wales.

You will observe that the name of the Postmaster-General of your colony has been left blank. This somewhat unusual course had to be followed in consequence of it having been assumed that Mr. Norton had resigned, and his successor had not been officially announced. You will, no doubt, see fit to communicate by telegraph, should there be any points in the contract requiring elucidation.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY.

No. 43.

The UNION STEAMSHIP COMPANY, Dunedin, to the SECRETARY, General Post Office, Wellington.

Union Steamship Company of New Zealand (Limited),

SIR,—

Dunedin, 16th October, 1885.

I have the honour to acknowledge the receipt of your favour of the 12th instant, in accordance with which the three copies of the San Francisco mail contract were duly completed and handed to Mr. Barr, and also the fourth copy for your office.

In making up our November time-table I have assumed that the "Zealandia," leaving Frisco on 21st November, being the first of the new contract, will not reach Auckland before Saturday, the 12th December; and I have just made the usual arrangements for the Manukau boat to leave with the mail on arrival, as hitherto. The slight extension of time was not provided for when arranging the contract, but it was understood that the first trip would not be made within the reduced time, and that a certain amount of latitude would be allowed. This, I presume, is in accordance with your own ideas?

Would you kindly let me know what arrangements you have made for telegraphing the arrival and departure of the steamers at San Francisco, as by having this information before us it may save duplicating.

I have, &c.,

T. W. WHITSON,

(for Managing Director.)

The Secretary, General Post Office, Wellington.

No. 44.

The Hon. J. SEE, Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 28th October, 1885.

Re Frisco service: Is Pearce in the contract?

Hon. Postmaster-General, Wellington.

JOHN SEE,

Postmaster-General.

No. 45.

The Hon. Sir J. VOGEL to the Hon. J. SEE, Sydney.

(Telegram.)

Christchurch, 28th October, 1885.

THE Union is to work Pearce's boats under sub-arrangements of which I am not cognizant. Believe they have settled terms between them on basis Union acting as Pearce's agents. We have primarily to look to Union Company.

Hon. John See, Sydney.

JULIUS VOGEL.

No. 46.

The Hon. the POSTMASTER-GENERAL to the AGENT-GENERAL.

(Telegram.)

Christchurch, 29th October, 1885.

Fr'isco service: Advise Post Office be continued under new contract.

Agent-General, London.

No. 47.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 26th October, 1885.

As the steamers "Alameda" and "Mariposa" are comparatively unknown in the colonies, I have been directed to forward you the following particulars, gathered from the "List of Merchant Vessels of the United States" for 1884, published by the United States Treasury, and also from the reports furnished by one of our mail-agents:—

Both of the steamers were built in 1883. They are stated to be of 3,158 tons gross, 1,959 net; and the engines, of 3,000 horse-power nominal. The steamers are fitted with the electric light. Each is capable of accommodating one hundred saloon-passengers, and the accommodation is said to be very superior. The cabins are large and elegantly appointed, the berths being fitted with spring-mattresses and other modern improvements. Each steamer has a social hall on the upper deck, and it is stated that the saloon-accommodation arrangements are similar to those on the "Wairarapa" and "Manapouri." The saloon-cabins are on the upper and lower decks, as in the case of the "Australia" and "Zealandia." The nominal speed of the steamers is between fifteen and sixteen knots. The steamers run between Honolulu and San Francisco regularly in seven days. This is at a speed of 12·5 knots an hour, and they accomplish the distance with ease. The steamers were specially built for the trade they are now engaged in—that is, between San Francisco and Honolulu—and they are every way suitable to carry out that part of the mail service in which it is intended they shall be employed. By the return of the "Zealandia" further particulars, and also drawings of the "Alameda" and "Mariposa," will be received, and copies will be sent you at the earliest opportunity.

I have, &c.,

W. GRAY,

Secretary.

The Secretary, General Post Office, Sydney.

No. 48.

Mr. GRAY to the Hon. Sir J. VOGEL, Dunedin.

(Telegram.)

Wellington, 3rd November, 1885.

REUTER'S Sydney telegrams say that it is understood arrangements have been made for "Australia" and "Zealandia" to run from Sydney to Frisco direct, calling at Honolulu, pending decision New South Wales Parliament respecting continuance Frisco service. Union Company's agent here has just had instructions to substitute "Mararoa" and "Alameda" for "Australia" and "Zealandia" in Frisco service advertisement. Newspapers very anxious to know whether Postmaster-General could inform them of the cause of the change of steamers, and whether there is any truth in the rumoured arrangement between Sydney and the "Australia" and "Zealandia."

The Hon. Sir Julius Vogel, Dunedin.

W. GRAY.

No. 49.

The Hon. Sir J. VOGEL to Mr. GRAY, Wellington.

(Telegram.)

Dunedin, 6th November, 1885.

"ALAMEDA" comes through from Frisco with November mails. Send following to Postmaster-General, Washington. "'Alameda' starts new postal contract. Send all mails by her. Sign Postmaster-General, New Zealand."

W. Gray, Esq., Wellington.

JULIUS VOGEL.

No. 50.

The Hon. J. SEE to the Hon. Sir J. VOGEL, Wellington.

(Telegram.)

Sydney, 4th November, 1885.

HAVE signed 'Frisco contract, subject to insertion of words "without transhipment except at Honolulu" after word "Honolulu," line three of clause five, and insertion of words "Sydney being the terminal port for all such voyages" after word "cargo" in line seven of same clause. I return to you two parts by post, retaining one for use here.

JOHN SEE,

Postmaster-General.

Sir Julius Vogel, K.C.M.G., Postmaster-General, Wellington.

No. 51.

The Hon. Sir J. VOGEL to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Dunedin, 6th November, 1885.

FRISCO contract: Union Company written formal letter approving alterations you desire. I also concur. Cable received "Alameda" comes right through San Francisco to Auckland and Sydney. I have telegraphed Postmaster-General, Washington, as follows: "Alameda" starts new postal contract from Frisco. Send all mails by her.—POSTMASTER-GENERAL, New Zealand." Desirable you should send similar cablegram. It will be courteous to do so, for United States virtually party to contract.

Hon. John See, Postmaster-General, Sydney.

JULIUS VOGEL.

No. 52.

The Hon. the POSTMASTER-GENERAL to the Hon. the POSTMASTER-GENERAL, United States.

(Telegram.)

Wellington, 6th November, 1885.

"ALAMEDA" starts new postal contract. Send all mails by her.

POSTMASTER-GENERAL,

The Hon. Postmaster-General, United States, Washington.

New Zealand.

No. 53.

The Hon. the POSTMASTER-GENERAL to Mr. CREIGHTON, San Francisco.

(Telegram.)

Wellington, 7th November, 1885.

"ALAMEDA" starts new contract. Washington instructed send all mails by her. Instruct mail-agent ship mails "Alameda."

POSTMASTER-GENERAL,

Creighton, San Francisco.

New Zealand.

No. 54.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 4th November, 1885.

With reference to the cablegram sent to-day by the Postmaster-General of this colony to Sir Julius Vogel, I am directed to forward to you two parts of the contract agreement between New South Wales, New Zealand, and the Union Steamship Company, duly executed, the third part having been retained here for the use of this department.

I have, &c.,

S. H. LAMBTON,

The Secretary, General Post Office, Wellington, New Zealand.

Secretary.

No. 55.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 17th November, 1885.

I have the honour to acknowledge receipt of your letter of the 4th instant, and of the two copies which it enclosed of the contract agreement between New South Wales, New Zealand, and the Union Steamship Company for the San Francisco mail service, duly executed, the third copy having been retained in your office. The additions made by the Hon. Mr. See, and which had been advised by cablegram, are noted.

I have, &c.,

W. GRAY,

The Secretary, General Post Office, Sydney.

Secretary.

No. 56.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company.

SIR,—

General Post Office, Wellington, 19th November, 1885.

I have the honour to transmit to you one copy of the contract agreement, duly executed, between New South Wales, New Zealand, and your company, for the performance of the San Francisco mail service, the other two copies having been retained by the Colony of New South Wales and this office respectively.

I invite your attention to the additions, in red ink, in the 5th clause, made by the Hon. the Postmaster-General of New South Wales.

The Managing Director,
Union Steamship Company of New Zealand (Limited), Dunedin.

I have, &c.,
W. GRAY,
Secretary.

No. 57.

CONTRACT.

ARTICLES OF AGREEMENT made and entered into this ninth day of October, one thousand eight hundred and eighty-five, between the Honourable Sir JULIUS VOGEL, K.C.M.G., the Postmaster-General of the Colony of New Zealand, as such Postmaster-General, and acting for and on behalf of the Government of the said colony, of the first part; the Postmaster-General of the Colony of New South Wales for the time being, as such Postmaster-General, and acting for and on behalf of the Government of the said colony, of the second part; and THE UNION STEAMSHIP COMPANY OF NEW ZEALAND (LIMITED), of Dunedin, in the Colony of New Zealand, hereinafter designated "the Contractors," of the third part. Witness that the Contractors do for themselves, their successors, 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 Zealand and his successors, and with the Postmaster-General of the Colony of New South Wales 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 Zealand and the Postmaster-General of the Colony of New South Wales 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 and their successors 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 New Zealand" means the Postmaster-General for the time being of that colony:

"Postmaster-General of New South Wales" means the Postmaster-General for the time being of that colony:

"Postmasters-General" means the Postmaster-General for the time being of New Zealand and the Postmaster-General for the time being of New South Wales:

"Contractors" includes the successors and assigns of the Contractors:

"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 any 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 hereafter, during a period of three years, computed from the twenty-first day of November, one thousand eight hundred and eighty-five, unless previously terminated in pursuance of the provision in that behalf hereinafter contained, 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, from and to the following ports, that is to say, Sydney, Auckland, Honolulu, San Francisco, and any port or ports intermediate between Sydney and San Francisco at which the steam-vessels hereinafter mentioned may call as hereinafter mentioned, or any of such ports, and within the respective times and in manner hereinafter provided for, 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 register tonnage than two thousand five hundred tons each, constructed of iron, and propelled by first-rate engines of adequate power for the performance of the voyages, within the times hereinafter specified, and having spar decks, and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes.

Of the vessels to be so provided, two vessels shall be employed between San Francisco and Honolulu, and two vessels between Honolulu, Auckland, and Sydney. One half of the passenger accommodation afforded by each vessel running between San Francisco and Honolulu is to be reserved for and appropriated to passengers to and from Auckland and Sydney; and one half of the passenger accommodation afforded by each vessel running between Honolulu, Auckland, and Sydney is to be reserved for and appropriated to passengers to and from each of the said colonies respectively: Provided that should any of the four screw steam-vessels aforesaid become disabled through tempestuous weather or by reason of accident beyond the control of the Contractors, then it shall be lawful for the Contractors to provide and equip a screw steam-vessel or vessels as substitute or substitutes, capable of performing the voyage within the time specified,

and any substitute vessel shall not be of any less gross tonnage than two thousand five hundred tons: Provided further that in any special case, and with the written consent of the Postmasters-General, a vessel of less than two thousand five hundred tons gross register may be used as such substitute vessel as aforesaid, and every such vessel shall be subject to the terms and conditions of this contract for or in respect of any voyage as aforesaid so far as such terms and conditions are applicable.

3. The steam-vessels to be employed under this contract 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 the performance of the voyages within the times hereinafter specified, and for the service hereby agreed to be performed, and also manned and provided with competent and legally-qualified officers, the master or commander having ample experience in command of screw-steam-vessels, 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. Every vessel used for the purposes of this contract other than those now or lately used in the existing San Francisco mail service, known as the "Zealandia" and "Australia," shall be fitted with refrigerators or ice-chambers, in which fish ova or other natural productions may be carried or conveyed, and such refrigerators shall be fitted with all necessary appliances and machinery for working and keeping the same effective:

Provided nevertheless, and it is hereby declared, that the Contractors, so long as they shall convey the mails within the times and in the manner hereinafter provided, shall not be required to keep more than four vessels actually engaged in conveying the mails, and furnished with stores, fuel, and provisions, and manned and provided with officers, engineers, crew, and a surgeon as hereinbefore provided for.

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 Postmasters-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 mails shall be conveyed thirteen times in each year between San Francisco, Auckland, and Sydney by way of Honolulu, and at the same rate between Sydney, Auckland, and San Francisco by way of Honolulu, *without transshipment except at Honolulu*; and the vessels respectively employed to convey the mails shall leave the said ports of Sydney, Auckland, Honolulu and San Francisco on the days and at the times to be from time to time appointed for the purpose by the Postmaster-General of New Zealand, who shall allow a sufficient time at the ports of Auckland and Honolulu for the delivery and receipt of mails, and the embarkation or landing of passengers and cargo, *Sydney being the terminal port for all such voyages*. The said vessels, on each voyage between San Francisco, Honolulu, Auckland, and Sydney, and between Sydney, Auckland, Honolulu, and San Francisco, shall call, if required, by the Postmasters-General, but not otherwise, off the Navigator Islands for the purpose of landing and receiving mails, and, with the consent in writing of the Postmasters-General, but not otherwise, at any other port intermediate between Sydney and San Francisco: Provided that, if any vessel shall be required as aforesaid to call off the Navigator Islands, and be detained for the purpose of receiving or delivering mails exceeding one hour, then such additional time beyond such hour shall be added to the duration of the voyage.

6. The Contractors, at their own expense, shall deliver and take the mails to and from the steamers at Honolulu and to and from the shore at convenient places, to be from time to time appointed by the Postmasters-General respectively, in the respective ports from and to which the mails are to be conveyed; and also shall convey the same and the officers having charge of them to and from such steamers and to and from the shore as may be necessary in suitable boats, furnished with suitable coverings for the mails, and properly equipped and manned. And shall from time to time convey the officers or agents of the Postmasters-General respectively to and from such steamers and 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 delayed 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 thirty-six hours at San Francisco or Honolulu, and not exceeding twenty-four hours at either Sydney or Auckland, free of charge for demurrage, 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.

And, in order to insure the due carrying of the mails to and from San Francisco and Honolulu, the Contractors, without any such notice, shall delay the departure of any vessels (if necessary) at San Francisco and Honolulu respectively six days to await the arrival of the mails from London for Australia and New Zealand, and six days at Honolulu, for the arrival there of the mails from Sydney and Auckland for London. For such detention at San Francisco, but not at Honolulu, demurrage at the rate of five pounds an hour shall be paid the Contractors, such days to be reckoned from the due date of the arrival of the said mails respectively, but for the first thirty-six hours there shall be no payment for demurrage. The Postmaster-General of New Zealand shall also be at liberty from time to time to postpone the times of departure of the said vessels from the port of Auckland for a longer period than twenty-four hours, with the consent of the Postmaster-General of New South Wales, but not otherwise; but for every hour over such twenty-four hours demurrage at the rate of five pounds an hour shall be paid.

8. If from any cause whatsoever, at any time or times hereafter, one of the vessels aforesaid shall not be at the ports of San Francisco, Honolulu, Auckland, and Sydney respectively ready to put to sea in due time to perform the services hereby contracted to be performed, the Contractors shall pay as liquidated damages to the Postmasters-General in respect of every mail that shall be delayed by reason of any such default as aforesaid, the sum of two hundred pounds, and the further sum of fifty pounds for every successive twenty-four hours which shall elapse between the time at which the mail shall be appointed to leave the port and the time at which the vessel conveying the same shall leave the port, whether such vessel shall be one of those aforesaid or any other vessel which the Postmasters-General shall think fit to employ or to sanction being employed for the purpose: Provided 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: Provided also that the maximum amount to be paid by the Contractors under this clause in respect of such defaults for any one voyage shall not exceed one thousand pounds.

9. The mails shall be safely conveyed from San Francisco to Sydney within six hundred hours, and from Sydney to San Francisco within a like period, and from San Francisco to Auckland within four hundred and eighty hours, and from Auckland to San Francisco within a like period; 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 at Auckland, 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.

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. The payment for all the services mentioned in this contract shall be thirty thousand pounds per annum, less the deduction next hereinafter mentioned, viz.: the Postmaster-General of the United States has agreed by cablegram to pay (in excess of present payments for the carriage of the United States mails) four thousand pounds towards the services herein provided unless Congress forbids, and, if such payment shall be made, two-thirds of the said sum of four thousand pounds shall be deducted from the total payment of thirty thousand pounds.

The Contractors shall collect the said four thousand pounds, and account as aforesaid to the Postmasters-General for two-thirds of that sum, which two-thirds shall be equally divided between the Postmasters-General, and the Contractors shall be entitled to retain the other third. If the Postmaster-General of the United States is prevented by Congress from paying the four thousand pounds, then the Postmasters-General shall make up the payment to the thirty thousand pounds aforesaid in the proportion of twenty thousand pounds by the Postmaster-General of New Zealand to ten thousand pounds by the Postmaster-General of New South Wales.

11. Of the total sum payable under this contract, ten thousand pounds shall be paid by the Postmaster-General of New South Wales, and twenty thousand pounds shall be paid by the Postmaster-General of New Zealand; but from such payments there shall be deducted by each of the Postmasters-General respectively an amount equal to one-third of the four thousand pounds agreed to be paid by the Postmaster-General of the United States as aforesaid.

12. The Contractors on account of each voyage shall pay to the Postmasters-General as a penalty four pounds for every hour in excess of the number of hours mentioned in clause 9, occupied by such voyage; and any such penalty may be deducted by the Postmasters-General from any payments due to the Contractors: Provided that the Postmasters-General may remit any of the penalties which in their joint opinion should not be enforced.

13. For each and every mail which the Contractors shall deliver at Sydney from San Francisco, or shall deliver at San Francisco from Sydney, before the expiration of the time appointed in clause 9, they shall be paid by the Postmasters-General the sum of five pounds by way of bonus for every complete hour saved; but no bonus for any voyage between San Francisco and Sydney and Sydney and San Francisco respectively shall be paid for any period in excess of thirty-six hours saved.

14. The sums payable to the Contractors under this contract shall be in full satisfaction for all services rendered in the conveyance, receipt, and delivery of all Her Majesty's mails which, and all

other mails which, may be conveyed under this contract from, to, and at all or any of the ports aforesaid, or otherwise, 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 in each colony, or the advice by cablegram from San Francisco, or by the return mail from thence, of the due delivery of the mail there shall be received, as the case may be: Provided always that the provisions hereinbefore contained for payment for the conveyance of mails otherwise than within the time stipulated for in clause 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 25 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 9 of these presents shall be deemed and held to be the essence of this contract.

15. 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 or payment 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, or any of the Polynesian Islands, 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. 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 Government other than as aforesaid 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 and either of the ports or places aforesaid, provided the arrangements for the services in respect of any such subsidy shall be approved by the Postmasters-General: Provided that nothing in this clause contained shall be deemed to affect the payments which may be made by the United States under clause 10.

16. The Contractors shall provide, to the satisfaction of the Postmasters-General, or either of them, 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; and every such place of deposit shall be rendered and kept vermin-proof.

17. The Contractors shall also provide, to the satisfaction of the Postmasters-General or either of them, 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 on the spar deck 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, and also render such other assistance as may from time to time be needed, without charge.

18. If the Postmasters-General, or either of them, shall think fit to intrust the charge and custody of the mails, 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.

19. 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, transshipping, 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.

20. 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; and excepting such payments as the United States may make for carriage of mails in excess of the four thousand pounds mentioned in clause 10.

21. The Contractors shall provide suitable first-class accommodation, including a cabin or state-room, for the exclusive use of a mail officer or agent for each of the Postmasters-General and for one assistant for such Postmasters-General or either of them 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 assistant 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 assistant shall be allowed to remain on board and shall be victualled as aforesaid.

22. Every such mail officer or agent and assistant shall be recognized and treated by the Contractors, their officers and agents, as the agents of the Postmasters-General respectively, or Postmaster-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 vessels.

23. 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 lighthouse dues or tonnage, or other harbour dues, as defined by "The Harbours Act, 1878," or any Act amending the same or read therewith, shall be made at Auckland in respect of any of the steam-vessels employed in carrying out this contract.

24. 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: Provided that for the performance of that portion of this contract which provides for the conveyance and delivery of mails between Honolulu and San Francisco and San Francisco and Honolulu, the Contractors are hereby empowered (without any such consent as aforesaid) to underlet such performance to a company incorporated under the laws of the State of California, and known as "The Oceanic Steamship Company" of San Francisco; but such underletting shall not be deemed to affect the liability of the Contractors for the due performance of the entire services provided for by this Contract.

25. 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 or 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 provision herein contained, and they shall so think fit (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 of any rights or remedies to which they would otherwise be entitled by reason of any non-observance or non-performance of any of the provisions herein contained.

26. The Postmasters-General, or either of them, may, if they or he 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.

27. 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 Dunedin of the Contractors or their agents, and any notices or directions so given or left shall be binding on the Contractors: Provided that any notice of the determination of this contract shall be given to the Contractors, or left for them at their last known office or place of business in Sydney or Dunedin, as the Postmasters-General may think fit.

28. 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.

29. 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 seven thousand five hundred pounds, to be divided between the Postmasters-General in the proportion of two-thirds to the Postmaster-General of New Zealand and one-third to the Postmaster-General of New South Wales, and such sum shall be received as liquidated damages, and not as a penalty.

30. 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.

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 corporate seal, 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 the Contractors, or left for them at their last-known office or place of business in Sydney, or Dunedin, as the case may be, by the one party or 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 matters 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, or successors or assigns, 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 Zealand 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 cost 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 Wellington, New Zealand; 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 the Supreme Court of Judicature of England or Ireland respectively, or of any division thereof, or of the Supreme Court in any of the said Colonies, on the application of either of the Postmasters-General or the Contractors.

43. Except where express provision is made to the contrary, all sums of money payable by the Postmasters-General, under or by virtue of this contract for delivery of mails, or for demurrage, shall be so paid in the proportion of two-thirds by the Postmaster-General of New Zealand, and one-third by the Postmaster-General of New South Wales. And, except as aforesaid, all sums payable by, or recoverable from, the Contractors for damages or as penalties shall be apportioned between the said Postmasters-General in the like proportion.

44. Notwithstanding anything contained in this Contract the period within which the services herein provided for shall terminate may be extended by the Postmasters-General, so as to include an additional voyage from San Francisco to Sydney, and all the terms and provisions of this contract so far as applicable shall apply and extend to the said voyage.

45. In any case under the provisions of this contract where any act or thing may be done or performed jointly by the Postmasters-General, it shall be sufficient for all purposes if any document signed or action taken by one of the said Postmasters-General purports to be so signed or taken as well on his own behalf as on behalf of the other Postmaster-General, and such document or action shall be binding and effectual as regards the Contractors accordingly, who shall not have any right to require proof that each Postmaster-General is a consenting party thereto. But, as between themselves, consent to the signing of any document, or the taking of any such joint action, may be communicated by one of the Postmasters-General to the other of them in any way he may think fit.

46. The Postmaster-General of New South Wales shall execute this contract within twenty-five days after the date first hereinbefore written. And it is hereby expressly agreed that if there are matters in the said contract with which the said Postmaster-General is dissatisfied, or which he desires to be reconsidered, the same shall be open to reconsideration, and he may execute the contract subject to such reconsideration. If the Postmaster-General of New South Wales shall avail himself of this provision, the Postmaster-General of New Zealand shall be deemed equally entitled to reconsider the same matters, and his execution of these presents shall be deemed to have been made subject to this reservation.

If any such re-consideration is required then it shall be determined in such manner as may be mutually agreed between the Postmasters-General and the Contractors.

And it is further agreed that the execution of this contract by the Postmaster-General of New South Wales shall be on the condition that he executes the contract subject to its being ratified by the Parliament of New South Wales during its next succeeding session, but until such ratification is refused the said Postmaster-General shall continue to perform this contract on his part, including payments for any voyage commenced at the time of such refusal by the said Parliament.

47. Should the Postmaster-General of New South Wales decline to execute the contract, or should such ratification as aforesaid be refused it shall be optional with the Postmaster-General of New Zealand to terminate this contract, upon his giving written notice to the Contractors for that purpose, or to undertake the joint liabilities of the said Postmasters-General under this contract, subject to such modifications thereof as he and the Contractors may agree.

In witness whereof the said parties to these presents of the first and second parts have hereunto set their hands and seals, and the Contractors have hereunto caused their common seal to be affixed the day and year first above written.

SIGNED, SEALED, AND DELIVERED by the said Sir JULIUS VOGEL as Postmaster-General of New Zealand, in the presence of

W. GRAY,
Secretary, Posts and Telegraphs.

(L.S.)

JULIUS VOGEL.

SIGNED, SEALED, AND DELIVERED by the said JOHN SEE, as Postmaster-General of New South Wales for the time being *subject to the alterations marked in red ink in clause five being made a part of the contract, in the presence of*

S. H. LAMBTON,
Secretary, Post Office, New South Wales.

(L.S.)

JOHN SEE.

The COMMON SEAL of THE UNION STEAMSHIP COMPANY OF NEW ZEALAND (LIMITED) was hereunto affixed in the presence of

GEO. McLEAN, } Directors of the
JAMES MILLS, } said Company.

(L.S.)

[NOTE.—The italics are the amendments made in red ink by the Postmaster-General of New South Wales.]

No. 58.

The UNION STEAMSHIP COMPANY, Dunedin, to the SECRETARY, General Post Office.

Union Steamship Company of New Zealand (Limited),
Dunedin, 23rd November, 1885.

SIR,—

I have the honour to acknowledge receipt of your favours (two) of the 19th instant, and thank you for the copy of the contract agreement of the San Francisco mail service enclosed. Your remarks with regard to clause 5 have our careful attention, as also those relating to premium and penalty accounts; and instructions will be forwarded to the commanders of the mail-steamers to afford the mail-agents all facilities for compiling their official log, as requested. . . .

I have, &c.,

E. P. HOUGHTON,

The Secretary, General Post Office, Wellington.

(For Managing Director.)

No. 59.

The UNION STEAMSHIP COMPANY, Dunedin, to the SECRETARY, General Post Office.

Union Steamship Company of New Zealand (Limited),
Dunedin, 25th November, 1885.

SIR,—

I have the honour to advise you that the steamship "Mararoa" arrived at Hobart on the afternoon of Monday, 23rd instant, and sailed from that port for Sydney at 6 o'clock this morning. We learn by cable from Hobart that she will require six days for overhaul at Sydney, and this may consequently make her a day or two late in leaving with the first mail. I hope, however, that, under the circumstances, you will be disposed to accede to this. We further propose to depart from the terms of the contract by running the steamers through from Sydney to San Francisco in the meantime, and so avoid the transshipment at Honolulu provided for in the contract; and I trust that this will meet the approval of the department.

Your telegrams regarding the accommodation to be provided on board the steamers to enable the officers of your department to carry out their duties efficiently, will have my best attention, and, if necessary, instructions will be sent to Sydney accordingly.

I have, &c.,

E. P. HOUGHTON,

(For Managing Director.)

The Secretary, General Post Office, Wellington.

No 60.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

(Telegram.)

Wellington, 28th November, 1885.

UNION Company applied to despatch "Mararoa" from Sydney on fourth, and to run through Frisco without transshipping Honolulu. Postmaster-General agrees, subject Hon. Mr. See's concurrence.

The Secretary, General Post Office, Sydney.

W. GRAY.

No. 61.

The SECRETARY, General Post Office, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 30th November, 1885.

MR. See thinks would be unwise sanction any variation of terms contract. Better let contractor's take risk of consequences of any alteration. Eighth clause provides penalty for non-starting appointed time, but there is provision to remit penalty. Mr. See thinks sanction for steamer proceed through Frisco unnecessary.

Secretary, Post Office, Wellington.

SECRETARY,

Post Office.

No. 62.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin,

SIR,—

General Post Office, Wellington, 2nd December, 1885.

I have the honour to acknowledge receipt of your letter of the 25th ultimo concerning the starting of the s.s. "Mararoa" on the first voyage of the new San Francisco mail service, &c. The matters in question have, in the meantime been disposed of by telegram.

I have, &c.

The Managing Director, Union Steamship Company
of New Zealand (Limited), Dunedin.

W. GRAY,

Secretary.

No. 63.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 5th October, 1885.

I have to acknowledge the receipt of your letter of the 14th August, transmitting the revised conditions of the San Francisco service, and calling my attention to the debates on the subject in the House of Representatives.

I need hardly say that I shall be very glad to give any assistance which the Government may call upon me for. Your telegram of the 29th September reached me in due course as to the best days for the departure of mails in this hemisphere; and, after consulting the General Post Office, I returned you a message stating that Thursday was considered the best day for London, and Saturday from New York.

I enclose herewith copy of a letter I lately received from Mr. William Pearce, stating that he intended to perform his part under the existing contract by sending on the mails of the 5th November from San Francisco on the 21st, in his steamship "Zealandia."

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure in No. 63.

Mr. PEARCE to the AGENT-GENERAL.

SIR,—

Fairfield Works, Govan, near Glasgow, 28th September, 1885.

With reference to a circular as to the cessation of the mail service between San Francisco, Auckland, and Sydney, recently issued by the Pacific Mail Steamship Company, the contractors, for

whom I am guarantor, I think it right to point out to you that the service, as indicated in that circular, does not finally complete the contract, which ends on the 29th November. In order to do so, a mail should leave San Francisco on the 21st November next (from London, 5th November); and, as I have always been desirous of carrying out my part of the contract in its integrity, I am prepared to carry the mails on that date from San Francisco by my steamship the "Zealandia," Captain Webber.

The Agent-General for New Zealand.

I have, &c.,

WM. PEARCE.

No. 64.

The Hon. Mr. TOLE to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 28th November, 1885.

I have duly received your letter of the 5th ultimo, referring to the best days of departure from London and New York of the mails *via* San Francisco under the new contract, and forwarding copy of a letter from Mr. Pearce concerning the despatch of the mails on the 21st instant from San Francisco. I have since received direct from Mr. Pearce the cablegram of which I enclose a copy, accompanied by copy of the letter that has been sent Mr. Pearce in reply.

I have, &c.,

Sir F. D. Bell, K.C.M.G.,
Agent-General for New Zealand, London.

Jos. A. TOLE,
(For Postmaster-General.)

No. 65.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 8th October, 1885.

I had the satisfaction to receive yesterday your telegram announcing the new contract for the San Francisco service, and beg to offer my respectful congratulations upon it, and especially upon your success in obtaining a contribution from the United States Government. I immediately telegraphed to Mr. Pearce in Scotland; he had, however, left for London; and I may not be able before the mail closes even to send you an indication of what he says in reply to the option given to him by the Union Company.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 66.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 9th October, 1885.

In continuation of my letter of yesterday, I have to state that I have to-day received a telegram from Mr. Pearce to the effect that he had cabled yesterday to the colony agreeing to the Union Company working his steamers on commission upon the gross earnings, the subsidy being paid to him. Mr. Pearce has not come to see me on the subject yet.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 67.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 20th October, 1885.

I received in due course your telegram of the 12th instant, containing the time-table of the new San Francisco mail service; and immediately communicated the same to the Imperial Post Office, also to the United States Postmaster-General, at Washington, who telegraphed to me an acknowledgment of it. Copies of the telegrams are annexed.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 68.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 31st October, 1885.

I received in due course your telegram of 29th instant, directing me to advise the Imperial Post Office that the San Francisco service would be continued under the new contract; which was duly done. I take this opportunity of transmitting herewith copy of a letter from the Post Office acknowledging the receipt of the time-table of the new service.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure in No. 68.

The GENERAL POST OFFICE, London, to the AGENT-GENERAL.

SIR,—

General Post Office, London, 29th October, 1885.

I duly received your letter of the 13th instant, in which you were good enough to send, for the information of the Postmaster-General, the time-table of the new service recently arranged by

your Government between Sydney, Auckland, and San Francisco. As the new service does not involve any change in the dates of despatch of the outward mails from this country, it does not seem necessary to issue any notice to the public on the subject. It is observed that under the new arrangement the homeward mails will be due in this country every fourth Wednesday, instead of every fourth Friday as hitherto; and this change will be duly notified in the next edition of the "Post Office Guide."

Sir Francis Dillon Bell, K.C.M.G.,
Agent-General for New Zealand.

I have &c.,

A. BUXTON FORMAN,
(For the Secretary.)

No. 69.

The UNION STEAMSHIP COMPANY, Dunedin, to the SECRETARY, General Post Office.

Union Steamship Company of New Zealand (Limited),
Dunedin, 21st December, 1885.

SIR,—

I have the honour to acknowledge receipt of your favours of the 15th and 17th instant, and various telegrams, for which I am obliged.

I note that the New South Wales portion of subsidy is to be collected by this company at Sydney on the completion of each voyage of the mail-steamers. I shall be glad, however, if you will kindly inform me how we are to deal with bonuses. What proportion are we to collect from the New Zealand and New South Wales Governments respectively?

With regard to the statement of "Alameda's" running forwarded by you, as she left San Francisco some fifty-two hours after contract time, I presume, after deducting the thirty-six hours stipulated in the contract which we are to wait for the mails, we are entitled to sixteen hours' demurrage. Is this recoverable from both Governments, and, if so, in what proportion? Any information on these points I shall be very pleased to receive.

Our Sydney manager, writing in reference to the "Mararoa," mentions that a spacious mail-room had been fitted up in the after-'tween-decks of the ship, which should be sufficient for all requirements of the service.

Awaiting the favour of your reply,

I have, &c.,

The Secretary, General Post Office, Wellington.

E. P. HOUGHTON,
(For Managing Director.)

No. 70.

Mr. GRAY to the UNION STEAMSHIP COMPANY, Dunedin.

SIR,—

General Post Office, Wellington, 29th December, 1885.

I beg to acknowledge receipt of your letter of the 21st instant.

In reply thereto, I have to inform you that the premium and penalty account will be adjusted by this office, and the full payments made your company from here.

The time the "Alameda" was actually detained would be subject to the deduction of thirty-six hours stipulated for by the contract; and demurrage amounting to the difference will be paid for at the rate fixed by the contract; and a claim should be rendered accordingly. Claims, therefore, for demurrage and bonus should be made to this office.

The manager for your company in Sydney scarcely, I think, realizes the requirements of this service—at least in so far as mail-accommodation is concerned. The sorting-room on board the "Mararoa," in the position you mention, is not at all suitable; and if the steamer is to be permanently in the service an alteration will have to be made.

The Managing Director,

Union Steamship Company of New Zealand (Limited), Dunedin.

I have, &c.,

W. GRAY,
Secretary.

No. 71.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 29th December, 1885.

With reference to the renewal of the San Francisco mail service by contract with the Union Steamship Company of New Zealand (Limited), I beg to say that this office proposes to adjust the premium and penalty and demurrage accounts, and to settle with the contractors, as their head office is in New Zealand.

I shall be glad if you will furnish to this office, after arrival of each steamer, notification of the time of arrival at Sydney, in the same way as under the last contract. It is, of course, assumed that your office will pay the company's agents in Sydney the proportion of the subsidy due from your Government, as was the case under the contract with the Pacific Mail Steamship Company.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY,
Secretary.

No. 72.

The Hon. Mr. TOLE to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 19th November, 1885.

I enclose copy of the cablegram sent you on the 7th ultimo.

It is necessary to explain that, in response to the latter part of the telegram, Mr. Pearce, by

cable, agreed with the Union Company for the use of the "Australia" and "Zealandia" under the new contract; but, owing to some hitch not yet explained, Mr. Pearce appears to have cancelled that arrangement. The "Australia" and "Zealandia" are at present advertised in the Sydney newspapers to run direct between San Francisco and Sydney, not calling at Auckland. The Union Company now open the service with their new steamer, the "Mararoa," from Sydney on the 3rd proximo, and have succeeded in getting Messrs. Spreckels Brothers to put on the "Alameda" from San Francisco on the 21st instant, in the place of the "Zealandia."

This is the explanations of the telegrams sent to the Postmaster-General of the United States, and Mr. Charles Creighton, San Francisco, on the 6th and 7th instant respectively, copies of which I enclose for your information.

I have, &c.,

Jos. A. TOLE,
(For Postmaster-General.)

Sir F. D. Bell, K.C.M.G.,
Agent-General for New Zealand, London.

No. 73.

Mr. C. CREIGHTON to Mr. GRAY.

SIR,—

San Francisco, 23rd November, 1885.

I have to acknowledge the receipt of your favour of the 10th October, 1885, containing notification of the conclusion of the negotiations and the execution of a three-years contract for carrying the mails *via* the San Francisco route, and also the enclosed copy of the contract and the time-table. In accordance with your instructions, I duly notified the San Francisco Post Office Department of the execution of the contract, and furnished it with a copy of the time-table.

On the 7th November, 1885, I received a cablegram (marked "Enclosure No. 1") from the Hon. the Postmaster-General, and, in accordance therewith, instructed the San Francisco Post Office and the mail-agent to ship all Australian mails by the steamship "Alameda" immediately upon their arrival at said post-office, the Messrs. Spreckels Brothers having informed me that the "Alameda" would be ready to receive said mails and carry them to their destinations without transhipment.

In pursuance of your instructions, I consulted with Mr. Glasson, the mail-agent, and notified Messrs. Spreckels Brothers that adequate accommodations would have to be provided for storing and sorting the mails, and also for the mail-agents, while on board said steamer.

Messrs. Spreckels Brothers informed me that the time was too limited to erect a permanent sorting-room upon the spar-deck of their steamers for this first trip, but that they would provide such rooms below. They have made a temporary mail-room on the lower deck, just aft of the collision bulkhead, in the bow of said steamer, which is in close proximity to the storing-room, and, I believe, in all respects in conformity with the contract except in its position, and sufficient for the requirements of the service. I would beg leave to suggest, however, that after the report of the mail-agent an inspection of the steamer should be held at Auckland with a view to ascertain the proper locality of the permanent mail-room.

The agents of the Pacific Mail Company here have demanded from me the mails for the steamship "Zealandia," which sails hence to-day, claiming that their contract does not expire until the 29th instant; but, acting under your said letter of the 10th October, the contract, and the said cablegram (Enclosure No. 1), I refused to recognize their right to carry the mails upon said steamship. I enclose copies of the correspondence, marked, Enclosures No. 2, No. 2A, No. 2B, No. 3, and No. 4. Upon receipt of Enclosure No. 2A the Postmaster desired me to officially notify him to ship said mail on the steamship "Alameda," which I duly did.

I beg leave, also, to acknowledge the receipt of your favour containing special code for use in shipment of fish ova; but as yet I have received no notification of the dispatch of any such ova for the New Zealand Government.

I regret to be compelled to report a delay of two days beyond schedule-time in the sailing of the steamship "Alameda." The mails arrived in New York on Sunday, the 15th instant, too late for despatch by that day's train, and, consequently, did not leave New York until the 16th instant, which should have brought them here on Sunday, the 22nd instant; but by some means a delay of another day occurred upon the Union Pacific Line. At the present writing I have been unable to ascertain the cause of said delay; but hope to be able to advise you before the hour of sailing. There would seem to be no good cause for said delay, as the domestic mail leaving New York upon the same train as the English mail arrived in due time yesterday.

I have, &c.,

CHARLES CREIGHTON,
Resident Agent for New Zealand.

W. Gray, Esq., Secretary,
Post Office Department, New Zealand.

Enclosure 1 in No. 73.

The Hon. the POSTMASTER-GENERAL to Mr. C. CREIGHTON.

(Telegram.)

"ALAMEDA" starts new contract. Washington instructed. Send all mails by her. Instruct mail-agent ship mails "Alameda."
To Creighton, San Francisco.

Wellington, 7th November, 1885.
POSTMASTER-GENERAL,
New Zealand.

Enclosure 2 in No. 73.

Messrs. WILLIAMS, DIMOND, and Co. to Mr. C. CREIGHTON.

Agency Pacific Mail Steamship Company, Williams, Dimond, and Co., General Agents,
San Francisco, 19th November, 1885.

SIR,—

We beg to hand you herewith copy of our letter of this date addressed to the Postmaster here, and to notify you that we are prepared to carry all mails destined for New Zealand and New South Wales by the steamship "Zealandia," and that said steamship will await arrival of the mails due here 22nd November; and will thank you to notify the New Zealand mail-agent to this effect, so that he may take the usual charge of such mails on the steamship "Zealandia."

We have, &c.,

WILLIAMS, DIMOND, AND Co.,

General Agents, Pacific Mail Steamship Company.

Charles Creighton, Esq., Agent New Zealand Post Office Department,
606, Montgomery Street, San Francisco, California.

Sub-Enclosure 1 to Enclosure 2 in No. 73.

Messrs. WILLIAMS, DIMOND, and Co. to the POSTMASTER, San Francisco.

SIR,—

San Francisco, 19th November, 1885.

We beg to hand you herewith copy of message from H. G. Pearson, Esq., Postmaster, New York, notifying us that he has forwarded 247 sacks of mail for the colonies of New Zealand and New South Wales, for despatch by the steamship "Zealandia."

Having been informed that you propose to deliver this mail to another steamer, we hereby notify you that our contract with the Governments of New Zealand and New South Wales does not expire until the 29th day of November next, that we are prepared to carry said mail on the steamship "Zealandia" in accordance with said contract, and shall hold you responsible for all losses and damage that may accrue to us by reason of your failing to deliver this mail to the steamship "Zealandia" as consigned.

We have, &c.,

WILLIAMS, DIMOND, AND Co.,

General Agents, Pacific Mail Steamship Company.

S. W. Backus, Esq., Postmaster, San Francisco.

Sub-Enclosure 2 to Enclosure 2 in No. 73.

The POSTMASTER, New York, to Messrs. WILLIAMS, DIMOND, and Co.

New York, 16th November, 1885.

ONE hundred and seventy-seven sacks of current British Australian mails, per steamship "Republic," supposed to be the final instalments, forwarded by the 6.15 p.m. train, Penn. R.R., this 16th day of November; making a total of 247 sacks for despatch by the steamship "Zealandia."

Williams, Dimond, and Co.

H. G. PEARSON.

Enclosure 3 in No. 73.

Mr. C. CREIGHTON to Messrs. WILLIAMS, DIMOND AND Co.

GENTLEMEN,—

San Francisco, 19th November, 1885.

Your favour of this date, containing notification that you are prepared to carry all New Zealand and New South Wales mails on the steamship "Zealandia," is duly to hand. In reply thereto I beg leave to again notify you that, acting under instructions from my Government, I have notified the Post Office authorities here and the mail-agent to ship all such mails on the steamship "Alameda."

I have, &c.,

CHARLES CREIGHTON,

Resident Agent for New Zealand.

Messrs. Williams, Dimond, and Co.,

Agents Pacific Mail Steamship Company.

Enclosure 4 in No. 73.

Messrs. WILLIAMS, DIMOND, and Co. to Mr. C. CREIGHTON.

SIR,—

Agency Pacific Mail Steamship Company, San Francisco, 20th November, 1885.

We beg to acknowledge your favour of the 19th instant, in which you state that, acting under instructions from your Government, you have notified the Post Office here and the mail-agent to ship all such mails on the steamship "Alameda." We are instructed to protest against this action, and to notify you that we shall hold the Government of New Zealand responsible for the failure to deliver the mails to the steamship "Zealandia" in accordance with the contract.

We have, &c.,

WILLIAMS, DIMOND, AND Co.,

General Agents, Pacific Mail Steamship Company.

Charles Creighton, Esq., Resident Agent for New Zealand.

Enclosure 5 in No. 73.

The POSTMASTER, San Francisco, to Mr. C. CREIGHTON.

SIR,—

Post Office, San Francisco, California, 23rd November, 1885.

I have called upon Superintendent Wilder, of the Railway Mail Service, and made other inquiries, but am unable to learn the cause of the delay to the through British mails, other than that it occurred beyond Ogden. I have reported the irregularity to the General Superintendent of the Railway Mail Service at Washington, and have asked that such steps be taken as will prevent, if possible, the repetition of accidents of this character.

I have, &c.,

SAMUEL W. BACKUS,

Postmaster.

Mr. Charles Creighton, Resident Agent New Zealand.

No. 74.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 28th November, 1885.

I had the satisfaction to receive your letter of the 10th October announcing the conclusion of the negotiations for renewing the San Francisco service, and transmitting the contract entered into with the Union Steamship Company. I immediately communicated your letter to the Imperial Post Office.

Although it is, of course, to be regretted that there is a break in the service at Honolulu, this disadvantage may one day be removed, and postally will not be felt.

Permit me especially to congratulate you on the success of your negotiation with the Government of New South Wales. However advantageous it would have seemed to have had the terminus at Auckland, I can hardly doubt that it will be recognized how essential it was to maintain, if possible, the union of the two colonies for the San Francisco line. I have often heard, however, since the opening of the Canadian Pacific Railway, that the intention of the railway company is to offer for a quick mail service from its Pacific terminus to Australasia; and, as such a line would be of great importance to Imperial interests in view of possible European wars, I should not be surprised if Her Majesty's Government should be disposed to contribute to it. Please to let me know whether it should be advocated here on condition of an Imperial subsidy.

The chairman of the New Zealand Shipping Company was with me lately, to urge an alteration in the time-table for the direct service; and perhaps he will send in his views in writing for your consideration.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 74.

The AGENT-GENERAL to the GENERAL POST OFFICE, London.

SIR,—

7, Westminster Chambers, London, S.W., 19th November, 1885.

I transmit to you herewith copy of a letter I have received this morning from the Postmaster-General of New Zealand, on the subject of the new contract for the San Francisco service, together with copies of the partly-signed contract and of the time-table. When the contract is fully executed I shall be glad to send you a copy.

I have, &c.

F. D. BELL.

The Secretary, General Post Office.

Enclosure 2 in No. 74.

The GENERAL POST OFFICE, London, to the AGENT-GENERAL.

SIR,—

General Post Office, London, E.C., 23rd November, 1885.

I beg leave to acknowledge the receipt of your letter of the 19th instant, and to thank you for being so good as to forward to this department a copy of a communication you had received from the Postmaster-General of New Zealand respecting the mail service between that colony and San Francisco, as well as copies of the partly-signed contract entered into with the Union Steamship Company of New Zealand, and of the time-table prepared for the service during the year 1886. This office will be glad to receive a copy of the contract when it has been fully executed.

I have, &c.,

EDWD. H. REA.

Sir F. Dillon Bell, K.C.M.G.

No. 75.

The SECRETARY, General Post Office, Sydney, to the SECRETARY, General Post Office, Wellington.

Sydney, 27th January, 1886.

PACIFIC contractors render vouchers to us for full rate at the ten thousand per annum; but eleventh clause provides for American portion being deducted, and tenth clause provides for contractors collecting the four thousand from America. Can you say if any arrangement has been made with America to pay contractors? If not, will not some joint authority from us be necessary? Please reply at once, and also let the Union Company know.

SECRETARY,

General Post Office.

The Secretary, General Post Office, Wellington.

No. 76.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

(Telegram.)

Wellington, 28th January, 1886.

POSTMASTER-GENERAL left it to contractors to negotiate, through their Frisco agents, with United States Post Office for payment of the four thousand. Messrs. Spreckels have already written Washington, but no payment as yet received, and we are paying full subsidy. Have communicated with Union Company. They will not object to deductions being made from subsidy, if this be desired. Contract authorizes contractors receive United States payments, and Postmaster-General did not deem it necessary to specially instruct Washington to pay. However, if your office thinks otherwise, Postmaster-General may reconsider.

The Secretary, General Post Office, Sydney.

W. GRAY.

No. 77.

The SECRETARY, General Post Office, Sydney, to the SECRETARY, General Post Office, Wellington.

Sydney, 4th February, 1886.

POSTMASTER-GENERAL suggests that copy of contract be forwarded by New Zealand to Washington, directing attention to clauses that affect payment of American subsidy. Meantime New South Wales will pay contractors in terms of contract—namely, less proportion of American subsidy.

SECRETARY,

The Secretary, Post Office, Wellington.

Post Office.

No. 78.

Mr. GRAY to the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 26th February, 1886.

I do myself the honour to forward you a copy of the contract recently entered into by the Governments of New South Wales and New Zealand with the Union Steamship Company of New Zealand (Limited)—with whom are associated the Messrs. Spreckels, of San Francisco—for the performance of a four-weekly mail service between Sydney, Auckland, Honolulu, and San Francisco, for a period of three years from the 21st November last; and to draw your special attention to clauses 10 and 11.

You will observe that the 10th clause embodies your agreement—as per attached copy of cablegram—to contribute £4,000 per annum towards the cost of the service, and also requires the contractors to collect the amount, and to account to the Postmasters-General for two-thirds of the sum. Clause 11 empowers the Postmasters-General to deduct from the subsidy-payments to be made the contractors the proportions of the £4,000 as specified in clause 10.

The deductions are now being made; and, under these circumstances, you will perhaps be good enough to direct that the contractors, or their authorized agents, shall be paid such proportion of the £4,000 as may be now due, and to further arrange for periodical payments. The Messrs. Spreckels, I understand, have already written you on the matter of payments.

I also enclose copy of my cablegram of the 23rd September last, to which yours of the 25th idem was a reply.

I have, &c.,

W. GRAY,

The Postmaster-General, Washington, D.C.

(For the Postmaster-General.)

No. 79.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 26th February, 1886.

I have been directed by the Postmaster-General to enclose you copy of a letter sent by the outgoing mail to the Postmaster-General, Washington, and to say that a copy has also been sent Messrs. Spreckels Brothers. As you are aware, Sir Julius Vogel arranged with Mr. Center that his firm should communicate with the United States Post Office; and it is at the suggestion of the New South Wales Post Office authorities that this office has addressed the Washington office. The Sydney Post Office has also intimated its intention of paying you its share of the subsidy, less the proportion of the American contribution, and Sir Julius Vogel has decided that a similar course should be followed by this office. The deductions will therefore be made from future payments by this office, and an adjustment of accounts, now rendered necessary, will be made on making the next payment.

I have, &c.,

W. GRAY,

The Managing Director,
Union Steamship Company of New Zealand (Limited), Dunedin.

Secretary.

No. 80.

Mr. GRAY to the Messrs. SPRECKELS.

GENTLEMEN,—

General Post Office, Wellington, 26th February, 1886.

I have been directed by the Postmaster-General to forward you the accompanying copy of a letter addressed by this mail to the Postmaster-General, Washington, in connection with

4—F. 3.

General Vilas's promised payment of £4,000 a year towards the cost of the San Francisco service. It is to be hoped he will have no difficulty in making the payment.

Messrs. J. and D. Spreckels, San Francisco, California.

I have, &c.,
W. GRAY,
Secretary.

No. 81.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,— General Post Office, Wellington, 26th February, 1886.
As suggested in your telegram of the 4th instant, a letter has been addressed to the Postmaster-General, Washington, by the outgoing mail, enclosing copy of contract, and drawing special attention to clauses 10 and 11. General Vilas has also been urged to make payment to the contractors.

The Secretary, General Post Office, Sydney.

I have, &c.,
W. GRAY,
Secretary.

No. 82.

The Hon. Sir J. VOGEL to the AGENT-GENERAL, London.

SIR,— General Post Office, Wellington, 16th March, 1886.
I have the honour to acknowledge the receipt of your letter of the 28th November last,* referring to the San Francisco service. I thank you for your congratulations.

The break at Honolulu has hitherto been avoided, and I expect the contract will shortly be so altered as to avoid it. The matter is under the consideration of the Government of New South Wales.

I doubt if the Canadian transcontinental route will give us so quick or so sure a service. Besides that, it will be without attractions to passengers, and not likely to prove useful for trading purposes. At present we are bound to the San Francisco route. In case of war with any country but America, that route would be of signal value; whilst in case of war with America, the Canadian route would be a risky one.

I have, &c.,
JULIUS VOGEL,
Postmaster-General.

Sir F. D. Bell, K.C.M.G., Agent-General for New Zealand.

No. 83.

The Hon. Sir J. VOGEL to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Waiwera, 4th February, 1886.

Union Company are willing to alter Frisco contract to permanently do service without break at Honolulu for additional seven thousand pounds yearly. We think break at Honolulu not unsatisfactory, but we will be willing to alter it in deference to what are understood to be the wishes in Sydney. We will pay one-half the seven thousand pounds, or, if you think we ought to do so, we will pay the same proportion as for rest of contract money—namely, two-thirds. Very desirable definitely settle matter.

The Postmaster-General, Sydney.

JULIUS VOGEL.

No. 84.

The Hon. F. B. SUTTOR to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 23rd March, 1886.

This Government will pay one-third of sum required by Union Company for carrying on Frisco service without break, as stated in your telegram of the 4th February, provided total to be paid by both colonies does not exceed seven thousand pounds yearly. Think company may take a lower sum. This arrangement to be subject to approval of Parliament. Will submit resolution as soon as I hear from you. Excuse delay in replying to you. Change of Government and my illness cause.

Sir Julius Vogel, Postmaster-General, Wellington.

F. B. SUTTOR,
Postmaster-General.

No. 85.

The Hon. Sir J. VOGEL to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 26th March, 1886.

Union Company will not take less than seven thousand. Have agreed with them for that sum, beginning with voyage "Mariposa" on way from San Francisco, and including "Alameda's" present voyage. We pay two-thirds, you one-third. Agreement subject to approval your Parliament.

Hon. F. B. Sutor, Postmaster-General, Sydney.

JULIUS VOGEL.

No. 86.

The ACTING-SUPERINTENDENT of FOREIGN MAILS to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Washington, D.C., 2nd April, 1886.

The Postmaster-General instructs me to acknowledge receipt of your communication of the 26th of February in respect to the mail service between Sydney, Auckland, Honolulu, and

San Francisco for a period of three years from the 1st of November last, together with copies of your cablegram and of his cablegram in reply, and of the contract of your Government and that of New South Wales with the Union Steamship Company.

I transmit to you herewith a copy of the telegram received here, and now upon the files of this department, dated Wellington, 23rd September, 1885, and also of the Postmaster-General's reply. You will observe that the copy which you transmitted is quite different from that which was received here. It was understood as being for \$4,000 in excess of amount paid, which would, however, make a sum not less than \$20,000 (£4,000), mentioned in article 10 of the contract.

The statutes of the United States do not authorize the Postmaster-General to make any contract for the carriage of foreign mails for a longer period than two years, and authorizes such contract only after advertisement for tenders. But the sum proposed to be paid (£4,000 annually) is within the discretion of the Postmaster-General to allow; and, while he cannot, in the present state of legislation, bind the Government to the payment for the period named, he will, in the exercise of his discretion, make such allowance, according to the terms of his telegram, while desirable, unless Congress forbids. It is not now foreseen to be probable that any occasion for a change in the exercise of this discretion will arise, or that Congress will interrupt the course of payment.

Recognitions of the steamships "Alameda" and "Mariposa" have already been ordered for services hitherto rendered, and payment will be promptly made for such services as shall be hereafter performed. Your office shall be kept advised, as you may request, of the dates and amounts of such payments.

The services of the Oceanic Steamship Company in conveying mails from San Francisco to Honolulu, Auckland, and Sydney, by the steamers "Alameda" and "Mariposa," from the 1st of November to the 31st of December last, have been recognized by this department as follows:—

Sailing-Date.	Name of Steamer.	For Mails for New Zealand and Australia.	For Mails for Honolulu, &c.
November 23, 1885	"Alameda"	\$1,136-18	\$180-08
December 20, 1885	"Mariposa"	\$1,032-14	\$178-89

These services were paid for by drafts upon the Postmaster of San Francisco drawn in favour of J. D. Spreckels and Brothers: that for the New Zealand and Australian mails being No. 2,125, which was mailed from this department to Spreckels and Brothers on the 18th February last, and was paid on the 25th of that month; and that for the Hawaiian mails being included in draft No. 2,147 mailed to Spreckels and Brothers on the 11th of February last, and paid on the 25th of that month.

The draft last referred to (No. 2,147) was for the sum of \$751-80; of which, however, the sum of \$392-83 was for services rendered by the "Alameda" and "Mariposa" prior to the 21st November last, and by the steamer "St. Paul" in conveying mails to Honolulu on the 5th December last, the services of the steamer "St. Paul" not being understood to be embraced in contract between your department and the Union Steamship Company; which leaves \$358-97 as the sum paid on account of services rendered under the contract in question in conveying mails to Honolulu.

I have, &c.,

N. M. BROOKS,

Acting-Superintendent Foreign Mails.

The Postmaster-General, &c., Wellington, New Zealand.

No. 87.

Mr. GRAY to the ACTING-SUPERINTENDENT of FOREIGN MAILS, Washington.

SIR,—

General Post Office, Wellington, 13th May, 1886.

I have the honour to acknowledge receipt of your letter of the 2nd ultimo, in the matter of the renewal of the San Francisco mail service by contract with the Union Steamship Company of New Zealand in conjunction with the Oceanic Company, and to thank you very heartily for the approval you are good enough to convey of the new service, and for the contribution your department undertakes to make in aid of the service, unless Congress forbids. I cannot but regret that, before receiving the copy of my telegram of the 23rd September, you were misled as to the scope of the request of this department for the subsidy-in-aid.

I shall be very glad if you will be kind enough to inform me from time to time of the payments which your office may make the contractors towards the cost of the service.

I have, &c.,

W. GRAY,

(For the Postmaster-General.)

The Superintendent (Acting),
Office of Foreign Mails, Post Office Department, Washington.

No. 88.

Mr. GRAY to the ACTING GENERAL MANAGER, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 13th May, 1886.

I have the honour to send you, for your information, the attached copy of a letter of the 2nd ultimo from the Superintendent of Foreign Mails (Acting), Washington, in which the

approval of the United States Post Office is conveyed of the contract with your company for the San Francisco mail service, and the agreement to contribute, unless Congress forbids, the sum asked for—£4,000 a year—in aid of the service is confirmed. The remarks explain themselves.

The Acting General Manager,
Union Steamship Company of New Zealand (Limited), Dunedin.

I have, &c.,
W. GRAY,
Secretary.

No. 89.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 13th May, 1886.

The Hon. the Postmaster-General directs me to forward, for the information of the Hon. Mr. Suttor, the attached copy of a letter of the 2nd ultimo from the Superintendent of Foreign Mails (Acting), Washington, in which the approval of the United States Post Office is conveyed of the new contract for the San Francisco mail service, and the agreement to contribute, unless Congress forbids, the sum asked for—£4,000—in aid of the service is confirmed. The remarks explain themselves.

I have, &c.,
W. GRAY,
Secretary.

The Secretary, General Post Office, Sydney.

[Approximate Cost of Paper.—Preparation, nil; printing (1,450 copies), £18 10s.]

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