

demurrage; and also receive and retain all contributions from non-contracting colonies, and the proportion of the United States payment. The steamers to be exempt from payment of light, harbour, and other dues, as at present; and that in all other respects the provisions of existing contract be given effect to.

(b.) To renew with the present contractors, for twelve months, the existing four-weekly Direct service, at a cost not to exceed £17,500 (exclusive of the cost of interprovincial service and light dues). The basis of payment to be: Letters 12s. per pound, books 1s. per pound, and newspapers 6d. per pound; and bonus at the rate of £5 per hour be paid for the early delivery of the mails, but no bonus for any voyage to be paid for any period in excess of forty-eight hours saved. That a penalty of £4 per hour be enforced for late arrival. That the time from Plymouth to New Zealand shall be forty-five days, and from New Zealand to Plymouth forty-two days. That the steamers be exempt from payment of light and harbour dues at the first port of arrival in the colony, and that in all other respects the provisions of existing contract be carried into effect.

No. 75.

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

New Zealand Shipping Company (Limited),

Christchurch, 23rd September, 1889.

SIR,—

I have the honour to acknowledge receipt of your letter of 16th instant, addressed to the chairman, and I am instructed to reply that this company accepts the offer of the Postmaster-General to extend the existing contract for the conveyance of mails between this colony and Plymouth for one year from December next subject to the following modifications:—

1. Bonus-payments limited to forty-eight hours on any voyage, as set forth in your letter.
2. No penalty to be imposed for the first forty-eight hours for late delivery of mails.
3. Port charges at final port of departure of mail-steamer from the colony to be remitted.
4. As the contract is for one year only, the contractors shall not be bound to reinstate any steamer which may be lost or disabled, and under such circumstances the penalty provided in clause 29 of the contract shall be waived. It is, of course, understood that this company will, as in the past, use its best efforts to carry out the contract in its integrity, but cannot render itself liable to incur the heavy expenditure involved in the compulsory reinstatement of any steamer which may be disabled during the continuance of a contract for so short a period.
5. The contractors shall not be liable for any penalties which may be incurred under the contract by reason of strikes either in the United Kingdom or in the colony.

The mails from London will be carried by the steamers of this company, and the mails from New Zealand by the steamers of Shaw-Savill and Albion Company, as at present.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 76.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

SIR,—

General Post Office, Wellington, 19th October, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 23rd ultimo, in reply to mine of the 16th idem, in which you intimate that your company is prepared to renew the contract for the Direct mail-service between the colony and Plymouth for twelve months, subject, however, to the modifications indicated in your letter, which were discussed and disposed of at the interview between the Hon. E. Richardson, Mr. Levin, yourself, and the Postmaster-General on the 28th ultimo.

The enclosed form of agreement for the year's extension has been drafted on the lines agreed upon at that interview, and is forwarded for the consideration and approval of your directors; and I am, at the same time, directed to reply in general terms to your letter.

The stipulation of your company that penalties for late arrival should not be inflicted for the first forty-eight hours could not, as you are aware, be agreed to. The Postmaster-General, however, decided not to enforce any penalty beyond forty-eight hours (see clause 5).

Nor did the Postmaster-General see his way to embody in the contract power for exempting from payment of pilotage, port charges, &c., at the final port of departure in the colony without some expression of opinion from the Harbour Boards in favour of the exemption. The Postmaster-General, however, expressed himself to the effect that he did not consider the request unreasonable, and that he would have pleasure in embodying the necessary provision in the agreement on learning that the Harbour Boards were willing to waive the charges.

The stipulation that your company shall not be bound to replace any steamer which might be disabled or lost was not entertained, but the Postmaster-General expressed his willingness to give your company the option of either providing a substitute vessel or giving immediate notice to the Postmaster-General of its intention to discontinue the service. This was agreed to, and will be found set out in clause 7 of the draft agreement.

The Postmaster-General agreed that penalties should not be enforced against your company for late departure or arrival when caused by a general labour dispute or strike other than the outcome of a difference of opinion between your company and its employes (see clause 6).

It is noted that the outward service, as at present, will be undertaken by your own steamers, and that the boats of the Shaw-Savill and Albion Company will perform the homeward service.