

Sydney 25th, to go as far as Canterbury only, and thence return to Sydney, via Wellington and Nelson, reaching Sydney say two or three days prior to new date of sailing hence; thus dovetailing new dates into old.

I have &c.
H. LAWSON

The Hon. the Postmaster General &c., &c.,
New Zealand.

No. 20.

Panama, New Zealand and Australian
Royal Mail Company, Limited,
July 26th, 1864.

SIR,—

The Directors having considered the correspondence in reference to the withdrawal of the subsidy of £1600 per annum for the extension of the service between Sydney and Cook's Straits, have desired me to express their surprise at the injustice of the course which you have adopted.

The Company's General Manager, Capt. Vine Hall, was urged to undertake the extra service, which he did, as soon as he could complete his arrangements, but just as the line is in full operation, and the traffic being developed, the Government put an end to the said service without any previous intimation, and the Company are consequently subjected to the expenses inseparable from preliminary operations.

The Directors conceive that it is as necessary now as it was 6 months ago, that direct communication should be maintained between Sydney and the Southern Provinces of New Zealand, and they believe it would have been easy to have arranged the Time Tables in such a manner as not to have two departures from the one port on the same day.

The Directors consider the Company has been very unfairly treated in this matter, and also contend that the undertaking contained in Mr. Crosbie Ward's letter of the 17th December, 1863, (copy of which is forwarded herewith,) that the present Intercolonial Services "shall continue on their present footing until the 1st January, 1865," is binding on the Government, and further, that in any case the Company are entitled to receive six instead of three months notice of termination, in accordance with the resolutions of the Colonial Parliament passed in the session of 1862,—I have therefore to submit that some re-arrangement of the Service may be made, by which the Cook's Straits line may be restored to its former utility, and the payment of the subsidy continued.

I have &c.
CLAUD HAMILTON,
Chairman.

The Hon. T. B. Gillies Esq., Postmaster General,
New Zealand.

Enclosure to No. 20.

London, December 17th, 1863.

MY LORD,—

Agreeably with the Board's request, I undertake and agree on the part of the General Government of New Zealand, 1st,—that the Time Table for the Panama Service shall always be arranged so that the vessels engaged in that service may continue their voyage from Wellington or other the port of arrival in New Zealand to Sydney, in performance of the Intercolonial Service to be performed under the agreement of the 28th May, 1858, and may return from Sydney to Wellington or other the port of departure in New Zealand in time to perform the service to Panama, thus making one continuous through line between Sydney, New Zealand, and Panama: 2nd—That the port of arrival in New Zealand for such Intercolonial Service to be performed under the agreement of 28th May, 1858, shall always be the port of departure for Panama, and that such port shall be the only port in New Zealand to which the Intercolonial service under the said agreement of 1858 shall extend.

3rd,—That when a fine shall be imposed under the original Contract of 1858, in connection with the Intercolonial Service between Sydney and New Zealand, a fine is not to be imposed for any consequent delay or breach in the performance of the Panama Service, and vice versa, that is to say when a fine is imposed for a breach of the performance of the service between Panama and New Zealand, a fine is not to be imposed for any consequent breach of any service to be performed under the original contract of 1858.

4th,—That the Company shall be allowed 7 days for the performance of the service between New Zealand and Sydney, and for stoppages in New Zealand.

5th,—That the existing Intercolonial and Interprovincial Services shall continue on their present footing until 1st January, 1865.

It is also agreed between us that all the vessels now belonging to the Company are accepted for the performance of the present Mail Services, and the contemplated extra interprovincial service, subject to their being provided from time to time with certificates from the Steam Navigation Board in Sydney.

I have &c.
CROSBIE WARD.

Right Hon. Lord Claud Hamilton, M.P., Chairman of the
I. C. R. M. Steam Packet Company, Limited.