

Contract"—therefore, I cannot speak positively upon that point. But from conversations on the subject with the Directors, and the fact of their building two superior steamers, to serve as tenders to the Panama boat, *i. e.*, to distribute mails and passengers, I am inclined to think that they expect to perform that service (which would amount to one whole Inter-Provincial one, Wellington being the Port of Call) under the Contract. Also, feeling that the short stay in port would scarcely enable the Panama boat to supply the commercial part of the Inter-Colonial line fully, it was thought another boat would be necessary. There would I apprehend be no difficulty in the Company consenting to forego ostensibly the "Coleman Contract," as such, if understanding on certain agreed terms, that such services should be secured to them, as it is most likely to work the whole service satisfactorily if the Company carried to their destinations—at all events to the larger ports—their own Passengers and Mails.

I have, &c.,

JOHN VINE HALL.

The Honourable the Postmaster General.

No. 3.

Auckland, December 29th, 1864.

DEAR SIR,—

Your letter of the 24th instant would have been earlier replied to had not Sunday, and a holiday intervened. You are aware from our conversation that the Government are prepared to carry into effect the arrangement proposed by Mr. Crosbie Ward, after certain modifications which I mentioned to you, have been made. I observe in your note under reply that you do not make any reference to the "Coleman Contract," of which due notice of termination has been given; and I understand that the two sums mentioned by you are those which, if agreed to, would induce the Company to enter into a contract between Wellington and Panama, similar to that purported to have been entered into by Mr. Ward, but without the conditions which I mentioned to you as objected to by the Assembly. I am not prepared at present to state how far it would be practicable to accede to these terms; neither can I well submit them for the consideration of my colleagues until I am sure that we entirely understand each other.

May I request an early reply, as I leave for Wellington on Friday next.

Yours, &c.,

J. RICHARDSON,

Postmaster General.

To Captain Vine Hall,
Auckland.

No. 4.

Panama, New Zealand, and Australian Royal Mail Company, (Limited),
Sydney, Melbourne, and New Zealand.

Auckland, December 29th, 1864.

SIR,—

I have the honor to submit concisely for your consideration, and the further elucidation of my letters of the 24th and 28th instant, the modifications in the Panama Contract to which I believe this Company will consent.

1st. Waiving the Inter-Provincial services therein stipulated to be performed at certain rates, and likewise Clause 27, the Company to perform the Mail Service as per Contract, between Panama and Sydney, and *vice versa*, for the sum of £95,000 per annum.

2nd. If a ten knot service be required, the amount to be £120,000 per annum.

3rd. Also to forego the "Coleman Contract," on condition of carrying on the Mails and Passengers (North and South) from Wellington on certain agreed terms, and having one Inter-Colonial service, Sydney and Wellington, or Sydney and Auckland.

I may observe that the amounts payable for these services performed are not additions to the cost of the Panama line, and the object in desiring to secure them is principally to carry out the whole scheme more completely, and to have a definite employment for the vessels which have been prepared at a large cost for these supplementary services.

As an unexpected delay has occurred in the ratification of the Contract, causing considerable loss to the Company, from the vessels now built being in the interim unemployed—it is confidently hoped that the extra lines, viz: 1 East Coast, and 1 West Coast, ("Ashley" and "Airedale"), now being worked by this Company, will not be determined whilst negotiations are pending, until