

Enclosure in No. 35.

Mr. LAMBTON to Messrs. GILCHRIST, WATT and Co., Sydney.

General Post Office, New South Wales, Sydney,

1st August, 1876.

GENTLEMEN,—

Adverting to your letter, dated the 8th May last, enclosing an extract from a letter received by you from the General Agent at San Francisco of the Pacific Mail Steamship Company, with reference to the forwarding of mails, and also the computation of time, I am directed to inform you that, after communicating with the New Zealand Government in the matter, the Postmaster-General is willing to agree to the suggestion made by the Agent of your Company at San Francisco, that the time occupied on the voyage shall date from the hour at which the pilot leaves or takes charge of the vessel at either Sydney, Port Chalmers, Auckland, or San Francisco. It is considered, however, that the steamers should sail so soon as the mails are shipped, and in the event of any serious or needless delay in their sailing (and the Postmasters-General of the two colonies to be the judges as to whether the delay is needless), that the time should then be computed from the hour at which the mails were finally shipped. I am to add that, in consenting to this arrangement, the two Governments reserve the right to waive the concession at any time; and it should also be clearly understood that, in acceding to the request which you make on behalf of the contractors, that fact shall not prejudice the contract in any way.

F. 3c, Enclosure in No. 1.

I have, &c.,

S. H. LAMBTON,

Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 36.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

Sir,—

Sydney, 4th August, 1876.

With reference to your favour, dated 25th April, we have the honor, on behalf of the Pacific Mail Steamship Company, again to make application to you for payment of the outstanding subsidies for the early voyages; and, in venturing respectfully to request your reconsideration of the matter, we have the honor to hand you herein copies of our correspondence on the subject with our Postmaster-General, dated 3rd, 21st, 22nd, 25th, 28th, 31st ultimo, and 2nd instant, from which you will observe that the sum of £1,529 16s. 2d. has been paid to us here in respect of the outward service of the "Vasco de Gama," in November, 1875, and £1,729 16s. 2d. in respect of the inward service of the "City of San Francisco," in January, 1876.

F. 3, No. 113.

We have the honor to request your favourable consideration of the enclosed correspondence, and we trust you may see fit, under the circumstances, to accord settlement for these services on a similar basis.

We have also to bring under your notice that the outward subsidy earned by the "Mikado," in January, 1876, has not yet been paid by you; and we respectfully beg that a settlement may be made in accordance with the schedule rate, inasmuch as although the prescribed route was not strictly adhered to, the contractors, so far as lay in their power, endeavoured to fulfil their agreement to the letter; and we think that an appreciation of the late results of their efforts to carry out an unfavourable contract in its integrity, despite all difficulties and complication, should induce you to treat them with a liberal spirit, and to refrain from inflicting penalties for delays and accidents entirely beyond their control, and inevitable in the initiation of so great an undertaking, which has only been up to the present time a serious loss of money.

The Postmaster-General here paid us £1,529 16s. 2d. for the "Mikado," on 31st March, 1876.

A sum of money is also due for the service of the "Granada" along the New Zealand coast, in February, when she carried the "City of Melbourne's" mails from Auckland to Port Chalmers.

Begging your early attention to the foregoing, and in the hope that you will intimate to us your favourable decision by cable, in order that the feelings of dissatisfaction engendered between the contractors and the Colonial Governments, by the long delay in the settlement of these matters, may be set at rest,

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 36.

Messrs. GILCHRIST, WATT, and Co., to the Hon. the POSTMASTER-GENERAL, Sydney.

Sir,—

Sydney, 3rd July, 1876.

We have the honor to bring under your notice the long-outstanding subsidies due to the Pacific Mail Steamship Company for the services of the "Vasco de Gama," "Colima," "Cyphrenes," and "City of San Francisco," and to respectfully request that payment may be made to us for same.

We forwarded you, on 2nd May, copy of a letter from Messrs. John Elder and Co., Donald, R. Macgregor, and Lawrence Clark and Co., dated 15th March, 1876, giving a full history of the initiation of the service, and explaining how unusual efforts were made to get the ships ready with the utmost rapidity, and how, in consequence of the interruption of the cable, it was found necessary to send the first vessels *via* Auckland.

On all these matters you have now had an opportunity of conferring with Sir Daniel Cooper, your representative in arranging the contract, and ascertaining the accuracy of the statements made.