

Enclosure 1 in No. 46.

The SECRETARY, Post Office, Sydney, to the MANAGER, Union Steamship Company of New Zealand (Limited), Sydney.

SIR,—

General Post Office, Sydney, 2nd December, 1889.

Referring to my letter of the 21st June last, I am directed to inform you that on the 5th September last the following resolution was passed by the Legislative Assembly of this colony—namely, “That this House approves of the continuance of the mail-service between Sydney and San Francisco, *via* Auckland and Honolulu, by the Union Steamship Company of New Zealand (Limited), for a further term of twelve months from November next, on the following terms: namely, The subsidy to be reduced to £33,500, and the Government of New South Wales to be responsible therefor, with the proviso that if the Government of New Zealand should hereafter join in this extension of contract, or should contribute, either in the shape of postages or by direct subsidy, any sum in excess of £6,000, such excess to the extent of £3,500 shall be allowed to the company in consideration of the abatement of £3,500 they have agreed to make in the amount of present subsidy of £37,000. Duration of voyage to be 600 hours, as at present, but no penalties to be imposed provided voyage does not exceed 648 hours. No premiums to be paid for early arrival. Any contribution from the United States to be divided between the contractors and the Government of New South Wales, the former taking one-third and the latter two-thirds thereof. All postages from other colonies to be retained by the New South Wales Government, subject to adjustment of a share thereof with the New Zealand Government should that colony agree to occupy a similar position in this extended contract to that which it now occupies in regard to the existing service. The spirit of the existing contract, in regard to the size of the vessels employed, and in all other respects, to be adhered to in the extended contract, and only European crews to be employed.”

I am also to intimate to you that on the 13th September last the Parliament of New Zealand agreed to join the Government of New South Wales in renewing the contract for another year, payment to be made by that colony at the rate of £11,250, New South Wales receiving and retaining contributions from non-contracting colonies and United States, paying also demurrage and receiving penalties.

The subsidy payable to you will therefore be at the rate of £37,000 per annum—namely, £25,750 by the Postal Department of New South Wales, and £11,250 by the Postal Department of New Zealand.

It is not considered needful that a formal agreement should be executed for this renewed service, as the correspondence, &c., contain a sufficient indication of what the arrangement is.

I am to request that you will be so good as to furnish me with such a reply to this communication as will convey your assent to the arrangement in question, and to the understanding and modification of conditions in regard to premiums, penalties, and crews, alluded to in the resolution on the subject passed by the Legislative Assembly of New South Wales on the 5th September last.

I have, &c.,

S. H. LAMBTON, Secretary.

The Manager, Union Steamship Company of New Zealand (Limited), Sydney.

P.S.—It will be clearly understood that the New Zealand Government will, under this arrangement, enjoy all the powers it possessed under the formal contract agreement, modified, of course, in regard to the disposal of contributions from other countries, and as to premiums, penalties, and crews.—S. H. L.

Enclosure 2 in No. 46.

The MANAGER, Union Steamship Company of New Zealand (Limited), to the SECRETARY, Post Office, Sydney.

Union Steamship Company of New Zealand (Limited),
Sydney, 10th December, 1889.

SIR,—

In acknowledging receipt of your letter of the 2nd instant I have the honour to inform you that I have sent a copy thereof to the company's head office in New Zealand, asking for authority to officially reply in terms of the concluding paragraph of your communication.

I have, &c.,

The Secretary, General Post Office, Sydney.

F. W. JACKSON, Manager.

No. 47.

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

SIR,—

General Post Office, Wellington, 16th January, 1890.

I have the honour to acknowledge the receipt of your letter of the 13th ultimo, answering my telegraphed request for information on the subject of the Pacific mail-service contract renewed, and to thank you for the copy which you enclosed therewith of the set of papers laid before Parliament on the 19th July last, together with the press copy of additional correspondence between your office and the contractors. I look forward to receiving the further set of printed papers which you are good enough to promise.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.