

if not subsequently rescinded, I hold that I have the authority, under exceptional circumstances such as now related, to detain the contract steamers even four days when required. If there has been any modification of these instructions I should be at once advised, as it must be apparent to the Department by this incident alone that such power is absolutely necessary if proper connections are to be assured. My cable therefore to you was more for information and confirmation. The mails ex "Arabic" in this case consisted approximately of three hundred bags, and being the last despatch from Europe, probably is the most important portion of the whole mail.

The question of the responsibility for this serious error at Chicago will form the subject of an official communication to Washington as soon as the data are supplied by the United States Railway Mail-service Department.

The entire Atlantic service, by reason of the war and the winter season, is badly demoralized. The use of none but slow vessels is obtainable, and there is a comparatively infrequent service. The mails which arrived here by the R.M.S. "Maitai" at midnight on the 3rd December did not leave New York until the 12th, going forward upon the "St. Paul" (a slow vessel), and only reached Liverpool on the 20th, some seven days late. The "Moana's" mails arrived here on the 31st December, and left New York for Europe on the 4th January by the "Minneapolis" (another slow boat), so another quite late delivery may be expected.

I trust that I may be informed that my position in this case is the correct one, and that my actions will receive the approval of the Department.

I have, &c.,

H. STEPHENSON SMITH,

Resident Agent for the Dominion of New Zealand.

The Secretary, General Post Office, Wellington.

### Enclosure 1 in No. 12.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the AGENTS, Union Steam Ship Company, San Francisco.

GENTLEMEN,— Resident Agency for New Zealand, San Francisco, 4th January, 1915.

I have the honour to inform you that, owing to the late arrival at New York of the s.s. "Arabic" conveying the last portion of the European mails destined to the Dominion of New Zealand, it will be necessary to detain the R.M.S. "Moana" until such hour on Thursday, the 7th January, as will assure a connection with the Southern Pacific mail-train from New York due on that date.

This notice is given under the provisions of the existing contract for the conveyance of mails from this city to the Dominion of New Zealand (clause No. 15), and subsequent arrangements entered into between the Union Steam Ship Company and the Dominion Government pertaining to this matter.

I will duly advise you later as to the progress of the train referred to, and also as to the precise hour on the 7th at which the mails will be ready to depart.

I have, &c.,

H. STEPHENSON SMITH,

Resident Agent for New Zealand.

Messrs. Hind, Rolph, and Co., Agents for the Union Steam Ship Company of New Zealand (Limited), San Francisco.

### Enclosure 2 in No. 12.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the AGENTS, Union Steam Ship Company, San Francisco.

GENTLEMEN,— Resident Agency for New Zealand, San Francisco, 6th January, 1915.

Reverting to my communication of the 4th instant in reference to the above subject, wherein I requested the detention of this vessel until the 7th instant in order to effect a connection for the British Australasian mails in transit from New York, I have now the honour to inform you that later advices from the transportation companies indicate that the entire mails ex s.s. "Arabic" have erroneously been switched at Chicago to St. Paul, with the undoubted intention of making a connection at Vancouver, B.C., with the next steamer of your line scheduled to leave that port on the 20th January.

Immediately upon receipt of this information steps were taken by telegraph to locate and arrest these mails and divert them to this city. I am just in receipt of advices that this object has been attained, and that the mails have been sent from St. Paul to Seattle where they will connect with the Shasta Limited, and will be due in this city on Friday evening, the 8th instant.

Therefore I regret the necessity of requesting a further delay of the R.M.S. "Moana" until the arrival of the train referred to, thus to make a connection for these important mails. This request is made under the provisions of the existing contract between the Dominion Government and your company, supplemented by subsequent authority vested in me by the said Government.

I have, &c.,

H. STEPHENSON SMITH,

Resident Agent for New Zealand.

Messrs. Hind, Rolph, and Co., Agents for the Union Steam Ship Company of New Zealand (Limited), San Francisco.