

## GOVERNMENT NOTIFICATION.—No. 400.

The following is published for general information.

By Command,

ARATHOON SETH,  
for the Colonial Secretary.

Colonial Secretary's Office, Hongkong, 21st September, 1889.

COPY of TREASURY MINUTE, dated the 18th July 1889, and of the CONTRACT with the CANADIAN PACIFIC RAILWAY COMPANY, dated the 15th July 1889, for the Conveyance of HER MAJESTY'S MAILS, TROOPS, and STORES between *Halifax* or *Quebec* and *Hong Kong*, and for the Hire and Purchase of VESSELS as CRUISERS or TRANSPORTS.

TREASURY MINUTE, dated 18th of July 1889.

MY LORDS have before them the contract, dated the 15th July 1889, which has been arranged with the Canadian Pacific Railway Company for the conveyance of Her Majesty's mails, troops, and stores between *Halifax* or *Quebec* and *Hong Kong*, and for the hire and purchase of vessels as cruisers or transports.

This contract is the result of a tender made by the company in response to the public advertisement of the Postmaster General in October 1885, inviting tenders for a mail service between *Vancouver* (Coal Harbour) and *Hong Kong*, as part of the Eastern mail service, for which the existing contracts were to terminate on 31st January 1888.

Two tenders were received for this portion of the service.

(1.) From Mr. A. Holt, Manager of the Ocean Steamship Company of *Liverpool*, for a fortnightly service between *Vancouver* and *Hong Kong*, at 11 knots for 108,000 *l.* a year, with an abatement for a 10½-knot speed, and an increase for a 12-knot speed.

(2.) From the Canadian Pacific Railway Company for a fortnightly service between *Vancouver* and *Hong Kong* in 460 hours, and between *Hong Kong* and *Vancouver* in 420 hours, exclusive of detention at *Yokohama* on both voyages (implying an average rate of speed of 13 knots and 14·02 knots respectively), for the sum of 100,000 *l.* per annum for 10 years.

In consideration of this subsidy, the Company also offered to carry the mails between *Halifax* or *Quebec* and *Vancouver* by train free of cost; to carry troops on service, and stores, at absolute cost; and to carry a moderate amount of such stores free between *Vancouver* and *Hong Kong*; larger quantities to be carried at the lowest rate for private goods.

They also offered to construct for the purposes of the contract, under Admiralty supervision, vessels of a high speed adapted for the conveyance of troops, and for conversion into armed cruisers.

This tender of the Company offered, at a less cost, a considerably better service than that offered by Mr. Holt; but as the payment to the Peninsular and Oriental Steam Navigation Company for the conveyance of the China Mails (which it was decided not to separate from the other Eastern Mail Services) would not be reduced by the diversion of part of the mails to another route, the tender of the Canadian Pacific Railway Company was not accepted.

The importance, however, of the establishment of an alternative route, both for the conveyance of mails, and for military and naval purposes, was continually pressed upon their Lordships, and in July 1887 the Canadian Pacific Railway Company submitted to the Government a modification of their previous tender.

For a subsidy of 60,000 *l.* a year they offered to provide a monthly instead of a fortnightly service. They proposed to bring the port of *Shanghai* within the main route of the mail steamers; and they consented to include the land carriage within the time contract so as to meet the possibility of delay which might be caused by physical or climatic difficulties upon the railway. It was at the same time intimated to the Government that the Canadian Government would be prepared to contribute 15,000 *l.* a year towards the subsidy.

Her Majesty's Government considered the scheme as a whole, offering as it does direct communication entirely through British territory, and an alternative route to the East, desirable in the interests of the Empire, apart from postal considerations, and under these circumstances my Lords again took the question into consideration.

Though the scheme is not justifiable upon postal reasons alone, it offers an alternative service which saves several days as compared with the *Suez* route, and it is, therefore, of considerable value from a postal point of view. It has the land transit lying wholly within British territory, and as a military route it is held by the military and naval authorities to be of the highest importance. The offer of the company to construct mail steamers which could be employed by the Admiralty as armed cruisers in case of need, also accords with the policy already adopted in the case of certain other large steamship companies.

The Canadian Parliament in the Session of 1889 passed an Act authorising the payment of an annual subsidy of 15,000 *l.* sterling for a line of monthly mail steamers, running between the terminus of the Canadian Pacific Railway in British Columbia and Hong Kong, and the payment of 25,000 *l.* sterling per annum if the service were made fortnightly.

Some difficulty was felt with regard to the Atlantic portion of the line, the control of which is entirely in the hands of the Dominion Government. Satisfactory assurances were, however, given by that Government that the necessary acceleration of the service should be secured; and after much negotiation the terms of a contract were agreed upon, of which the following are the principal heads:—

#### POSTAL CLAUSES.

(2.) The service between Halifax or Québec (according to the season) and Hong Kong will be one continuous and complete service at intervals of four weeks. Mails will be carried for any intermediate place at which the trains or vessels may call.

(6.) The vessels will call at Yokohama and Shanghai.

(7.) The periods of transit between Halifax or Québec and Hong Kong will be within 684 hours from April to November, and within 732 hours from December to March, including stoppages.

(32.) In the event of purchase by the Admiralty of a vessel the Company will provide a substitute vessel for the Postal Service.

(33.) The subsidy will be 60,000 *l.* per annum, subject to penalties.

(34.) The penalty for failure to start a boat or train at the appointed time is fixed at 500 *l.*; and at 100 *l.* for every 24 hours' delay.

(35.) The penalty for late arrival is fixed at 100 *l.* for every 12 hours.

(38.) The contract runs for 10 years from the first departure from Hong Kong; it will be terminable on the 31st January 1898, if notice is given six months beforehand, and on payment of 20,000 *l.* by the Postmaster General. The first departure from Hong Kong is not to be fixed, without consent of the Company, earlier than 18 months from the date of the Agreement.

(39.) The penalty for not commencing the service on the appointed day is fixed at 100 *l.* for 24 hours' delay, but it is not to exceed a total sum of 20,000 *l.*

(44.) The Company may not underlet the Agreement, or any part of it, without the consent of the Postmaster General.

#### ADMIRALTY CLAUSES.

##### *Schedule 2.*

(1.) The Admiralty may require the conveyance (with their families) of eight officers, four non-commissioned and warrant officers, and ten seamen, marines, soldiers, or artificers by any one train or vessel, at first, second, and third class fares respectively, with regulation baggage.

(9.) Troops, &c., on service will be conveyed "at cost."

(10.) Small packages will be conveyed for the Admiralty at the lowest rate of freight charged by the Company on private goods of a similar character; heavy goods will be carried at rates specified in the contract.

##### *Schedule 3.*

(1.) The Company undertake to construct all vessels engaged for the service with gun platforms and other fittings required by the Admiralty, and to sell them to the Admiralty if required.

(2.) The vessels are to run 17½ knots an hour on the measured mile, and 16 knots an hour on sea trial.

(3.) The Admiralty may hire the vessels at 20 *s.* per ton per month, the Admiralty providing and paying the crew.

(6.) The purchase price will be the value on the day of purchase, with 10 per cent. for compulsory sale, and a further sum to be settled by agreement representing the cost of delivery on the North Pacific station. The value on the day of purchase will be the cost price to the Company in the United Kingdom, less 6 per cent. per annum, from the day of completion to the day of purchase.

(7.) A contract vessel sold to a British shipowner will remain subject to the terms of the agreement.

(8.) The Company undertake to employ, as far as possible, members of the Royal Naval Reserve.

(11.) The risk and expense of a vessel hired by the Admiralty will be borne by the Admiralty from the date on which the Admiralty provides the officers and crew.

The net cost of the service to the Imperial Government, after deducting the contribution of 15,000 *l.* which the Dominion Government has agreed to pay, will amount to 45,000 *l.* a year. A sum of about 2,165 *l.* a year now paid to France and Italy for the conveyance of the China and Japan Mails by other routes, may perhaps be saved; on the other hand, the cost of conveying the mails across the Atlantic may amount to 650 *l.* a year.

The Canadian Pacific Railway will present an alternative route for Australian and New Zealand Mails. At present those mails, when sent *viâ* America, travel *viâ* New York and San Francisco, and a specially high rate is paid for the United States land transit. Under the proposed Contract, it will be possible to send them *viâ* Quebec (or Halifax) and Vancouver on payment of the ordinary Postal Union rates of transit to the Canadian Post Office, and possibly the mail route *viâ* the Pacific to Australia will be diverted from San Francisco to Vancouver.

My Lords approve the Contract.

Let Copy of the Contract and of the above Minute be laid before Parliament.

COPY of a CONTRACT, dated 15th July 1889, between HER MAJESTY'S POSTMASTER GENERAL, the LORDS COMMISSIONERS OF THE ADMIRALTY, and the CANADIAN PACIFIC RAILWAY COMPANY for the CONVEYANCE of MAILS, TROOPS, and STORES, between *Halifax* (or *Quebec*) and *Hong Kong*, and for the Hire and Purchase of VESSELS as CRUISERS or TRANSPORTS.

CONTRACT OF 15TH JULY 1889.

CONVEYANCE OF MAILS, TROOPS, AND STORES BETWEEN HALIFAX  
(OR QUEBEC) AND HONG KONG.

And for the HIRE and PURCHASE of VESSELS as CRUISERS or TRANSPORTS.

ARTICLES OF AGREEMENT under seal made and entered into this Fifteenth day of July 1889 between the Right Honourable Henry Cecil Raikes Her Majesty's Postmaster General (hereinafter called the Postmaster General in which term is included any and every his successor in office Her Majesty's Postmaster General for the time being) on behalf of Her Majesty of the first part the Commissioners for executing the Office of Lord High Admiral of the United Kingdom of Great Britain and Ireland (hereinafter called the Admiralty) on behalf of Her Majesty of the second part the Canadian Pacific Railway Company whose place of business in the United Kingdom is at 88 Cannon-street in the City of London (hereinafter called the Company) of the third part and Sir George Stephen Baronet of the City of Montreal in the Dominion of Canada and Sir Donald Alexander Smith K.C.M.G. of the City of Montreal in the Dominion of Canada of the fourth part.

These presents Witness that the Postmaster General (as to the covenants agreements and stipulations hereinafter contained on his part) and the Admiralty and their successors (as to the covenants and agreements and stipulations hereinafter contained on their part) do respectively hereby covenant and agree with the Company and their successors and the Company for themselves their successors and assigns (as to the covenants agreements and stipulations hereinafter contained on their part) do hereby covenant and agree with the Postmaster General and as a separate covenant with the Admiralty and their successors in manner following (that is to say):

SERVICES TO BE PERFORMED.

1. For all the purposes of these presents the term "mails" shall be construed and held to comprehend all boxes bags or packets of letters postcards newspapers books or printed papers parcels and all other articles which under the regulations of the Post Office for the time being are transmissible by the post without regard either to the place to which they may be addressed or to that in which they may have originated and also all empty bags empty boxes baskets and other receptacles and other stores and articles used or to be used in carrying on the Post Office service which shall be sent by to or from any Post Office in any country or place to or from which mails are required to be conveyed in pursuance of this Agreement.

2. Subject to the provisions of this Agreement the Company shall and will during the continuance of this Agreement at their own costs and charges in all respects convey or cause to be conveyed once in every four weeks in each direction all mails which the Postmaster General or any of his deputies officers servants or agents shall from time to time require to be conveyed in either direction between Halifax or Quebec (as hereinafter provided) in the Dominion of Canada and the port of Hong Kong in China and between the several ports and places mentioned in the First Schedule hereto. Such conveyance

shall be effected by way of the port of Vancouver in the Province of British Columbia and shall be effected between Halifax or Quebec (as the case may be) and the said port of Vancouver by means of railway trains and between the said port of Vancouver and the said port of Hong Kong by means of steam vessels. All such trains and vessels respectively shall be provided by the Company and such conveyance shall be conducted throughout as one continuous and complete service and the Company shall be responsible for the safe conveyance and delivery of the mails by means of such trains and vessels.

**Land service routes.**

3. All mails to be conveyed by the Company in pursuance of this Agreement by means of railway trains shall be conveyed over the railways of the Company during the summer season or period when the navigation of the St. Lawrence River is open from and to Quebec direct to and from the steam vessels to be despatched from and to arrive at the said port of Vancouver and during the winter season or period when the navigation of the St. Lawrence River is closed from and to Halifax direct to and from the said steam vessels at the said port of Vancouver.

**Mails to be conveyed at times fixed by Postmaster-General.**

4. All mails to be conveyed under this contract as aforesaid shall be conveyed by the Company on such days and at such hours as the Postmaster General shall appoint either by a time table or time tables from time to time approved by him in accordance with the terms of this Agreement or otherwise as he shall think fit.

**Manner of conveyance.**

5. Subject to the provisions of this Agreement the conveyance of the mails between Halifax or Quebec (as the case may be) and Hong Kong shall be effected by the Company in the following manner :

- (1.) On the journey from Halifax or Quebec (as the case may be) to Hong Kong a train to be provided by the Company shall start from the Inter-Colonial Railway Terminus at Halifax or the Louise Embankment at Quebec (as the case may be) at the time appointed by the Postmaster General or so soon thereafter as the mails shall have been delivered alongside the train by the steamer which has conveyed the said mails across the Atlantic or by any tender serving such steamer and can be placed in such train. The Company shall load the mails in such train and such train shall proceed with the said mails to the said port of Vancouver. The Company shall accept at all stations or places at which such train shall stop such mails as shall be tendered to them under the provisions of this Agreement and at the said port of Vancouver the Company shall transfer the mails conveyed under this Agreement to one of the steam vessels to be provided by the Company and shall accept and embark in such vessel such other mails as may be tendered for conveyance by such vessel at the said port of Vancouver and the said steam vessel to be so provided shall put to sea from the said port so soon as the mails are embarked and shall proceed on her voyage to Hong Kong touching or calling at the several ports or places hereinafter mentioned.
- (2.) On the journey from Hong Kong to Halifax or Quebec (as the case may be) one of the vessels to be provided by the Company under this Agreement shall put to sea from Hong Kong at the time appointed by the Postmaster General and shall proceed on her voyage to Vancouver touching or calling at the several ports or places hereinafter mentioned and at the said port of Vancouver the Company shall disembark the said mails and transfer to one of the trains to be provided by the Company all such of the said mails as are intended for conveyance to Halifax or Quebec (as the case may be) or to any station or place at which such train shall stop between Vancouver and Halifax or Quebec and shall hand the residue of the said mails to the Postmaster of the said port of Vancouver and a train to be provided by the Company shall start from Vancouver so soon as such mails as aforesaid can be placed in such train and shall proceed with the said mails to the Inter-Colonial Railway Terminus at Halifax or the Louise Embankment at Quebec (as the case may be) and on arrival thereat the Company shall deliver the mails to the Atlantic steamer proceeding to England or to any tender serving such steamer but if no steamer be ready to take the mails to England the Company shall deliver the mails to the Postmaster of Halifax or Quebec (as the case may be) to be by him delivered to the Atlantic steamer when ready.

6. On the outward voyages from the port of Vancouver aforesaid to the port of Hong Kong the vessels to be provided by the Company shall call at Yokohama and Shanghai and on the homeward voyages from the port of Hong Kong to the port of Vancouver the said vessels shall call at Shanghai and Yokohama and at the option of the Company at the port of Hiogo (Kobi). Places of call.

7. All mails to be conveyed under the provisions of this Agreement by such trains and vessels respectively as aforesaid from Halifax or Quebec (as the case may be) to the port of Hong Kong or from Hong Kong to Halifax or Quebec (as the case may be) shall be so conveyed by the Company during the continuance of this Agreement within the complete and entire periods next hereinafter mentioned (that is to say) between the 1st day of April and the 30th day of November (both inclusive) in each year within a total period of 684 hours and between the 1st day of December and the 31st day of March (both inclusive) in each year within a total period of 732 hours which said periods respectively shall be calculated in the manner hereinafter mentioned or specified and shall respectively include all stoppages of the said vessels and trains. Periods of transit.

8. The periods of 684 hours and 732 hours hereinbefore mentioned are hereinafter called periods of transit and shall in all cases be reckoned from the time of the despatch of the train or vessel by which respectively the first part of the transit shall be performed to the completion of the voyage of the vessel or the journey of the train by which the last part of the transit shall be performed. Calculation of periods of transit.

9. The times of the commencement and completion of every such journey and voyage comprised in each such period of transit as aforesaid shall be ascertained and recorded by officers of the Postmaster-General in pursuance of arrangements to be from time to time made by him for such purposes and the decision of the Postmaster General as to all questions relating to periods of transit shall be final and conclusive. Postmaster-General to decide as to such questions.

10. A voyage from Hong Kong shall be deemed to commence so soon after the time appointed by the Postmaster-General for the commencement thereof or after the completion of the embarkation of the mails on board the vessel by which the voyage is intended to be performed whichever shall last happen as (having regard to practical considerations) the anchor of the vessel can be weighed or the vessel can be loosed from her moorings and a voyage to Hong Kong shall be deemed to be completed when the vessel by which the voyage has been performed has arrived at a position in the port of Hong Kong from which the mails can be conveniently delivered and has dropped her anchor or been attached to her moorings. Commencement and end of service at Hong Kong.

#### RAILWAY SERVICE.

11. The Company shall and will at all times during the continuance of this Agreement or so long as the whole or any part of the services hereby agreed to be performed by means of railway trains ought to be performed in pursuance hereof and at the cost and charges of the Company provide furnish and keep in complete repair and readiness to the satisfaction of the Postmaster-General for the purpose of conveying the mails as herein provided between Halifax or Quebec (as the case may be) and the port of Vancouver a sufficient number of good and substantial railway carriages with all proper internal and external fittings and appliances for the conveyance of the mails therein and also a sufficient number of suitable locomotive engines of adequate power capacity and speed for the expeditious and punctual conveyance of the said mails in accordance with this Agreement and all such other accommodation for the purposes of the due and proper conveyance of the mails by railway as herein provided as the Postmaster-General his deputies officers servants or agents may from time to time reasonably require. Railway trains to be provided for land service.

12. If the Postmaster-General shall at any time consider any of the railway carriages to be provided and furnished by the Company for the purposes of this Agreement as aforesaid unfit for the conveyance of mails under this Agreement the Company shall upon being required so to do either by the Postmaster-General or such other person or persons as he may at any time or times in that behalf authorise substitute another carriage or other carriages for the conveyance of mails in the place of the carriage or carriages so considered unfit for the purposes aforesaid. Unfit carriages to be taken off.

13. The Company shall to the satisfaction of the Postmaster-General at their own cost provide in each train to be provided under this Agreement a separate and suitable carriage compartment of a carriage or other place for the convenient and secure deposit of the mails under lock and key and take and adopt all such other proper measures and precautions as may be necessary or expedient for the safety of the mails during their conveyance by train under this Agreement. Place for the deposit of mails.

Guards to take charge of mails.

14. The guards or other servants from time to time employed in the railway business of the Company shall at all times without any remuneration other than the subsidy herein provided to be paid to the Company take charge of all mails conveyed or intended to be conveyed under this Agreement by any train over the railways of the Company and shall at all times take due care of and protect the mails to the utmost of their power.

Power to delay trains.

15. The Postmaster-General or any of his deputies officers or agents may in the event of delay in the arrival at Halifax or Quebec respectively of any of the steamers carrying from the United Kingdom mails intended to be conveyed under this Agreement or in any other event in which in his or their opinion it may be requisite for the public service so to do delay the departure from Halifax or Quebec respectively of any special mail train intended to convey mails under this Agreement beyond the time appointed for the departure of such train from such place respectively and may for such purpose order such delay by letter addressed to the station master of the Company or person acting as such station master at Halifax or Quebec (as the case may be) and any such letter shall be deemed a sufficient authority for any such detention.

#### SEA SERVICE.

Vessels to be provided for sea service.

16.—(1.) For the purpose of conveying the mails by sea as in this Agreement provided the Company shall and will at all times during the continuance of this Agreement or so long as the whole or any part of the services hereby agreed to be performed by means of steam vessels ought to be performed in pursuance hereof provide keep seaworthy and in complete repair and readiness to the satisfaction of the Postmaster-General a sufficient number of good substantial and efficient steam vessels of adequate power and speed and supplied with first rate appropriate steam engines and in all respects suited to the performance of the services herein agreed to be performed within the respective times herein stipulated.

(2.) In particular and without prejudice to the generality of the preceding provision the Company shall and will for the purpose aforesaid construct and provide at least three new steam vessels to be approved in all respects as well by the Postmaster-General as by the Admiralty and will so far as possible perform the services by this Agreement agreed to be performed by means of such vessels from the day of the commencement of such services throughout the continuance of this Agreement.

Equipment.

17. The vessels to be provided under this Agreement shall be always furnished with all necessary and proper tackle stores boats fuel lamps oil tallow provisions machinery engines anchors cables fire-pumps and all other proper and requisite means of extinguishing fire lightning-conductors charts chronometers proper nautical instruments and all other furniture and apparel and whatsoever else may be requisite and necessary for equipping the said vessels and rendering them constantly efficient for the said services and shall be manned with legally qualified and competent officers with appropriate certificates granted pursuant to the Act or Acts in force for the time being relative to the granting certificates to officers in the British merchant service and also with competent engineers and a sufficient crew of able seamen and other men and with a competent surgeon.

Unfit vessels to be taken off.

18. If the Postmaster-General shall consider any of the Company's vessels unfit for the conveyance of mails he may by writing under his hand or under the hand of one of the secretaries or assistant secretaries of the Post Office require the Company to show cause why such vessel should not be withdrawn from the service and unless within six weeks after such requisition the Company shall show cause to the contrary to the satisfaction of the Postmaster-General he may at any time after the expiration of the said period of six weeks by writing under his hand or under the hand of one of the secretaries or assistant secretaries of the Post Office declare such vessel to be unfit for the conveyance of mails and after such declaration shall have been made it shall not be lawful for the Company to employ such vessel in the performance of this Agreement and in order to determine whether the Postmaster-General is justified in declaring any vessel unfit for the conveyance of mails or whether the Company is able to show cause to the contrary a special examination shall if required by the Postmaster-General be made of the hull and machinery of any such vessel by such person or persons as may be selected for that purpose by the Postmaster-General.

Equipment to be subject to approval of Postmaster-General.

19. The equipment officers engineers and crew of each vessel when such vessel is in any British port shall be subject at all times to the inspection of the Postmaster-General or of such other person or persons as he shall at any time or times authorise to make such inspection.

20. The Company shall at their own cost provide on each of the vessels to be employed in the service under this Agreement a separate and suitable room or rooms for the convenient and secure deposit of the mails under lock and key. Place of deposit for mails.

21. The master or commander of every vessel employed in the performance of this Agreement shall without any remuneration other than the subsidy herein provided to be paid to the Company take charge of the mails conveyed or tendered for conveyance by every such vessel and adopt all necessary measures and precautions for the safety of the said mails to the satisfaction of the Postmaster-General his officers and agents. Master to take charge of mails.

22. Each of such masters or commanders shall make the usual declaration or declarations required or which may hereafter be required by the Postmaster-General in such and similar cases and furnish such journals, returns and information and perform such services in connection therewith as the Postmaster-General or his agents may require and every such master commander or officer duly authorised by him having the charge of mails shall himself immediately on the arrival of any such vessel at any port or place deliver all mails addressed to or intended for delivery at such port or place into the hands of the Postmaster or of such other person at such port or place as the Postmaster-General shall authorise and receive in like manner all the return or other mails to be forwarded in due course. Declaration.

23. The Company shall at all times be at liberty to land and embark the mails at Shanghai by means of a small steam vessel plying between the landing place at the said port of Shanghai and the place of anchorage at or near the lightship at the mouth of the Woosung River and accordingly the Company shall in addition to the vessels hereinbefore mentioned provide at the port of Shanghai aforesaid a small steam vessel which said vessel shall be so constructed as to be able at all states of the tide to land and embark the mails at Shanghai aforesaid and shall at all times keep such last-mentioned vessel in complete repair and ready for landing and embarking the mails thereat accordingly. Landing and embarkation of mails at Shanghai.

24. Should it be deemed by the Postmaster-General his officers or agents requisite for the public service that any vessel to be employed under this Agreement should at any time delay her departure from any port from which the mails are to be conveyed under this Agreement beyond the time appointed for her departure therefrom the Postmaster-General or any of his officers or agents shall have power to order such delay (not however exceeding 24 hours) by letter addressed by him or them to the master of any such vessel or any person acting as such and any such letter shall be deemed a sufficient authority for such detention. Power to delay vessels.

25. The Company shall undertake and make all necessary and proper arrangements relative to quarantine in respect of the vessels employed in the performance of the services under this Agreement and no deduction shall be made from the subsidy hereinafter mentioned nor shall the Company be otherwise liable for or by reason of any delay in the landing, embarkation, delivery or conveyance of any mails arising from the imposition of quarantine. Quarantine.

26. The Company shall not nor shall any master or commander of any vessel belonging to or chartered or hired by the Company receive or permit to be received on board any such vessel any letter for conveyance other than those contained in Her Majesty's mails and such letters as are not required by law to pass through the Post Office nor shall the Company nor any such master or commander receive or permit to be received on board any vessel any mails for conveyance on behalf of any British Possession (except the Dominion of Canada) or any foreign country without the consent of the Postmaster-General and the entire postage of all mails conveyed by any vessel under this Agreement shall in all cases (except in the case of such mails originating in the said Dominion of Canada as may be thereby conveyed under any Contract between the Company and the Government of the said Dominion) belong to the Postmaster-General and be absolutely free from all claims or demands whatsoever of or by the Company under or by virtue of this Agreement or otherwise. Other letters not to be carried.

27. The Company shall not convey in any vessel employed by them in pursuance of this Agreement any nitro-glycerine or any other article which shall have been legally declared specially dangerous. Dangerous articles.

#### MODIFICATION OF SERVICES.

28. If at any time or times the Postmaster-General shall either on account of any alteration in the ports of call or for any other reason whatever desire to alter the particular days or hours appointed for the conveyance of the mails under this Agreement As to time.

he shall be at liberty so to do on giving to the Company three calendar months' notice in writing of such his desire provided such alterations do not necessitate any increase in the respective rates of speed which under the provisions hereinbefore contained will have to be maintained by the respective vessels and trains to be employed under this Agreement for the conveyance of the mails within the respective periods of transit hereinbefore prescribed.

As to other matters.

29. The Postmaster-General may from time to time on reasonable notice to the Company modify the services hereby agreed to be performed in other respects than as aforesaid (as for example by increasing or decreasing the frequency of the conveyance of mails between any of the ports or places between which mails are to be conveyed under this Agreement or by extending the conveyance of mails to any other ports or places not specified in this Agreement or by discontinuing the conveyance of mails to or from any port or place specified in this Agreement) and from and after the expiration of any such notice the modified services thereby required to be performed shall be accordingly performed by the Company in lieu of the services hereby agreed to be performed and in every such case if such notice cause an increase of the services hereby agreed to be performed the Postmaster-General shall in respect of such increase pay to the Company in addition to the subsidy hereinafter agreed to be paid such sum of money as may be agreed upon between the Postmaster-General and the Company or failing such agreement as shall be determined by arbitration or if such notice cause a decrease of the services hereby agreed to be performed the Postmaster-General shall in respect of such decrease deduct from the said subsidy such sum of money as may be agreed on as aforesaid or failing such agreement as shall be determined by arbitration.

Substitution of altered days and hours.

30. Any days and hours appointed under the last two preceding clauses hereof or either of them shall for the time being be deemed to be the days and hours appointed under this Agreement and shall be observed and kept by the Company accordingly.

#### ADMIRALTY CLAUSES.

Admiralty clauses.

31. During the continuance of this Agreement the several stipulations and conditions specified in the Second and Third Schedules hereto shall be binding upon the Company and the Admiralty respectively.

Substitution of other vessels in certain events.

32. In the event of the Admiralty at any time during the continuance of this Agreement considering it necessary for the public interest to purchase under the power in that behalf contained in the Third Schedule hereto any vessel for the time being employed or intended to be employed under this Agreement or to charter the same exclusively for Her Majesty's service the services hereby contracted to be performed shall if possible be performed by another vessel to be provided by the Company to the satisfaction of the Postmaster-General and the Admiralty. And in the event of the Company in consequence of any such purchase as aforesaid being unable (wholly or in part) to perform such services the subsidy hereinafter mentioned shall cease to be paid or (as the case may be) there shall be paid to the Company instead of such subsidy such annual sum of money as shall be agreed upon between the Postmaster-General and the Company or in case of difference shall be determined by arbitration.

#### SUBSIDY AND DEDUCTIONS.

Subsidy.

33. In consideration of the covenants and agreements herein contained and on the part of the Company to be observed and performed and of the due and faithful performance by the Company of all the services under this contract there shall be payable to the Company during the continuance of this Agreement (out of such aids or supplies as may from time to time be appropriated by Parliament for that purpose) a yearly subsidy or sum after the rate of 60,000 *l.* per annum or (in the event of any such default or failure as hereinafter mentioned) so much of the said subsidy or sum as shall remain payable in respect of any year after making such deductions therefrom (if any) as hereinafter in that behalf mentioned in respect of any such default or failure.

Penalties for not providing train or vessel.

34. If at any time the Company fail to provide a proper and suitable railway train as hereinbefore specified at Halifax or Quebec (as the case may be) ready to start on and at the appointed day and hour or an efficient vessel at the Port of Hong Kong ready to put to sea on and at the appointed day and hour or if such train or vessel fail



to start or put to sea on or at the appointed day and hour then and so often as any such default shall happen there shall be deducted from the subsidy which would in the absence of any such default be payable to the Company for the current year the sum of 500 l. and also the further sum of 100 l. for every successive 24 hours which shall elapse until such train or vessel actually starts or proceeds to sea on the appointed journey or voyage in pursuance of this Agreement Provided always that the total amount of the sums deducted as last aforesaid shall not in the aggregate exceed by a sum greater than the sum of 500 l. that part of the said subsidy of 60,000 l. for the current year which shall be applicable to the whole journey reckoned from the station or port of departure to the port or station of arrival in respect of which default shall have been made.

35. If at any time or times Her Majesty's mails shall not be conveyed from Halifax or Quebec (as the case may be) as aforesaid to Hong Kong or from Hong Kong to Halifax or Quebec (as the case may be) as aforesaid within the respective periods of transit hereinbefore stipulated in that behalf then and so often as the same shall happen there shall be deducted from the subsidy which but for this provision would be payable to the Company for the current year a sum of 100 l. for every complete period of 12 hours by which the time actually occupied in the conveyance of such mails shall have exceeded the period of transit hereinbefore stipulated in that behalf respectively. Provided always that the total amount of the sums deducted in respect of any such default or failure as hereinbefore mentioned in the delivery of mails shall not exceed that part of the said subsidy of 60,000 l. for the current year which shall be applicable to the journey in respect of which such default or failure occurs.

Penalties for  
overtime.

36. Each of the deductions hereinbefore mentioned and hereby agreed to be made shall be made and the yearly subsidy of 60,000 l. shall be reduced accordingly although no damage or loss shall have been sustained by reason or in connexion with such default and no such deduction shall in any case be deemed to be a penalty or in the nature of a penalty and the payment by the Postmaster-General of what shall from time to time remain due in respect of the said subsidy of 60,000 l. after making any such deduction as aforesaid shall in no case prejudice the right of the Postmaster-General to treat as a breach of this Agreement the failure of the Company to provide an appropriate train or vessel at any appointed place or time or to perform any service at or within the appointed period.

Nature of  
deductions.

37. All accounts in relation to the said subsidy and any deduction therefrom or additions thereto as hereinbefore provided shall be made out and settled up to and on or as soon as conveniently may be after the 31st day of March the 30th day of June the 30th day of September and the 31st day of December in each year and the amount or balance (if any) which shall be justly due to the Company on each such quarterly account shall be paid by the Postmaster-General out of such aids or supplies as aforesaid upon the settlement of such account and for the purposes of such accounts the said yearly subsidy of 60,000 l. or any increased or decreased subsidy which may become payable under or by virtue of any of the provisions herein contained shall be deemed to accrue from day to day subject to the liability of the same to be reduced by such deductions as aforesaid.

Accounts.

#### TERM OF AGREEMENT AND INCIDENTAL PROVISIONS.

38.—(1.) The Company shall commence the performance of the services hereby agreed to be performed on the day on which the first of the said steam vessels shall be appointed by the Postmaster-General to start with the mails from the said port of Hong Kong and this Agreement shall continue in force until the expiration of ten years from the day of the said first departure from Hong Kong and shall then absolutely determine.

Term.

(2.) Provided nevertheless that it shall be lawful for the Postmaster-General absolutely to determine this Agreement on the 31st day of January 1898 by giving to the Company six months' previous notice in writing to that effect under his hand or the hand of one of the secretaries or assistant secretaries for the time being of the Post Office and in the event of such notice being given this Agreement shall determine accordingly on the said last-mentioned day.

(3.) Provided also that in the event of the determination of this Agreement on the 31st day of January 1898 as hereinbefore provided the Postmaster-General shall pay to the Company in addition to the subsidy or sum which may be payable to them

under this Agreement up to the 31st day of January 1898 the sum of 20,000 £. which said last-mentioned sum shall be received and accepted by the Company in full satisfaction of all damages expenses claims and demands which they may sustain or incur by reason or in consequence of such earlier determination of this Agreement as aforesaid.

(4.) The Postmaster-General shall not without the consent of the Company appoint a day on which the first of the said steam vessels shall start from the said port of Hong Kong earlier than the first day after the expiration of 18 months from the date of this Agreement.

Failure to commence services.

39.—(1.) If the Company shall fail to commence the performance of the services hereby agreed to be performed by means of such new vessels as aforesaid and generally in manner hereby provided on the day appointed by the Postmaster-General in that behalf the Company shall pay to Her Majesty her heirs or successors the stipulated or ascertained damages in respect of such default the sum of 100 £ for every successive period of 24 hours which shall elapse before the Company shall commence the performance of such services. Provided always that the total amount which shall become payable by the Company in respect of such default as aforesaid shall not in the aggregate exceed 20,000 £.

(2.) Provided also that if the Company shall be prevented by strikes or combinations of workmen from providing one of the new vessels to be constructed under the provisions of this Agreement for the conveyance of the mails from Hong Kong on the day appointed for the commencement of the services under this Agreement the Company shall not be liable to make such payments as in this clause provided if the Company provide another vessel for the conveyance of such mails and if the Company provide such new vessels for the performance of the said services within such time after the said appointed day as the Postmaster-General may think reasonable.

Completion of journey at end of Agreement.

40. If on the determination of this Agreement any vessel or vessel or any train or trains shall have started or ought to have started with any mails on any voyage or voyages or journey or journeys in conformity with this Agreement the whole journey and voyage between Halifax or Quebec (as the case may be) and Hong Kong on which any such train or vessel shall have started shall be continued and performed and the mails shall be conveyed embarked transferred and delivered during and at the determination of the same as if this Agreement had remained in force. And with respect to such trains vessels and services as last aforesaid respectively this Agreement shall be considered as having terminated when the whole journey and voyage between Halifax or Quebec (as the case may be) and Hong Kong on which any such train or vessel shall have started shall be completed and all services in connection with such journey and voyage shall have been performed but the Company shall not be entitled to receive any payment or compensation over and above the subsidy payable on the day when this Agreement (otherwise than as to the said journey or journeys voyage or voyages) determined.

#### SUPPLEMENTAL PROVISIONS.

Company to load unload land embark and transfer mails.

41.—(1.) The Company shall at their own cost load and land the mails conveyed or intended to be conveyed under this Agreement by the trains to be provided thereunder and land and embark the mails conveyed or intended to be conveyed under this Agreement by the steam vessels to be provided thereunder and shall at their own cost transfer the mails at the port of Vancouver from the trains to the vessels and from the vessels to the trains of the Company.

(2.) The Company shall accordingly at their own cost provide an adequate number of porters and other servants and suitable apparatus and other means for loading unloading landing embarking and transferring the mails as in this clause provided and shall be wholly responsible for the due loading unloading embarking landing transfer and delivery of the mails.

(3.) The Company and all officers agents and servants of the Company shall at all times punctually attend to the orders and directions of the Postmaster-General his deputies officers servants or agents as to the mode time and place of loading unloading landing embarking transferring and delivering the mails and shall at all times protect the mails to the utmost of their power.

Delegation of powers.

42. The Postmaster-General may from time to time delegate any of the powers vested in him by virtue of these presents to such person or persons as he shall think fit.

Notices.

43.—(1.) All notices or directions which the Postmaster-General his officers or agents or the Admiralty their officers or agents are hereby authorised to give to the

Company their officers servants or agents (other than any notice of termination of this Agreement) may at the option of the Postmaster-General his officers or agents or (as the case may be) the Admiralty their officers or agents be delivered or sent by post to the master of any of the said vessels or any other officer or agent of the Company in the charge or management of any vessel employed in the performance of this Agreement or be left for the Company at or sent by post to their office or house of business in London or any other place and any notices or directions so given or left shall be binding on the Company.

(2.) Provided always that any notice of determination of this Agreement shall be served on the Company their officers servants or agents at their office or last known office in London or sent by post to such office.

44. The Company shall not assign underlet or dispose of this Agreement or any part thereof without the consent of the Postmaster-General signified in writing under his hand or under the hand of one of the Secretaries or Assistant Secretaries of the Post Office. Restriction upon assignment or under-letting.

45. In case of any breach of this Agreement or any covenant matter or thing herein contained (relating to the obligations of the Company either towards the Postmaster-General or towards the Admiralty) on the part of the Company their officers agents or servants it shall be lawful for the Postmaster-General if he shall think fit and notwithstanding there may or may not have been any former breach of this Agreement by writing under his hand or under the hand of one of the Secretaries or Assistant Secretaries of the Post Office to determine this Agreement without any previous notice to the Company or their agents and the Company shall not be entitled to any compensation in respect of such determination and such determination shall not deprive the Postmaster-General of any right or remedy to which he would otherwise be entitled by reason of such breach or any prior breach of this Agreement. Determination of Agreement on breach.

46. All matters which in pursuance of the provisions herein or in the Schedules hereto contained are to be determined by arbitration shall be referred to two arbitrators or their umpire respectively resident in England and every or any such reference shall with regard to the mode and consequences thereof and in all other respects be made in conformity with and pursuant to the provisions in that behalf contained in the Common Law Procedure Act 1854 or any then subsisting statutory modification thereof and upon every or any such reference the arbitrators and umpire shall respectively have power to examine the parties and witnesses upon oath or affirmation and every or any such reference may be made a rule or order of any division of Her Majesty's High Court of Justice on the application of either party and such party may instruct counsel to consent thereto for the other party. Arbitration.

47. In pursuance of the provisions contained in an Act of Parliament passed in the 22nd year of the reign of King George the Third intituled "An Act for restraining any person concerned in any contract commission or agreement made for the public service from being elected or sitting and voting as a Member of the House of Commons" no Member of the House of Commons shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom contrary to the true intent and meaning of the said Act. Exclusion of Members of House of Commons from share in Contract.

48. The Schedules to this Agreement and the conditions marked A and B referred to in the Third of the said Schedules shall be deemed to be part of this Agreement in all respects as if the same had been incorporated therein. Schedules to be deemed part of Agreement.

49. This Agreement shall not be binding until it has been approved by a Resolution of the House of Commons of the United Kingdom. Approval of House of Commons.

#### BOND.

50. And lastly for the due and faithful performance of all and singular the covenants stipulations conditions provisoes clauses articles and agreements herein and in the Schedules hereto contained which on the part and behalf of the Company are or ought to be observed performed fulfilled and kept the Company and the said Sir George Stephen and Sir Donald Alexander Smith do hereby bind themselves jointly and severally and each and any two of them and their respective successors heirs executors administrators and assigns unto Our Sovereign Lady the Queen in the sum of 20,000 l. of lawful money of the United Kingdom to be paid to Our Lady the Queen Her heirs and successors by way of stipulated or ascertained damages hereby agreed upon between the Postmaster General the Admiralty and the said other parties hereto respectively in case of the failure on the part of the Company in the due execution of this Agreement or any part thereof. In witness whereof the said parties hereto have hereunto respectively set their hands and seals the day and year first before written. Bond.

## THE SCHEDULES.

### THE FIRST SCHEDULE HEREINBEFORE REFERRED TO.

#### PLACES BETWEEN WHICH MAILS ARE TO BE CONVEYED.

In either direction between Halifax or Quebec (as the case may be) and Hong Kong.

In either direction between Halifax or Quebec (as the case may be) and any port or place at which any vessel employed under this Contract may touch or call between Vancouver and Hong Kong.

In either direction between any place which is situate between Halifax or Quebec (as the case may be) and Vancouver and at which any train employed under this agreement shall stop and Hong Kong.

In either direction between any such place as last aforesaid and any port or place at which any vessel employed under this Contract may touch or call between Vancouver and Hong Kong.

In either direction between Vancouver and any port or place at which any vessel employed under this Contract may touch or call between Vancouver and Hong Kong.

In either direction between any two ports or places between Vancouver and Hong Kong.

### THE SECOND SCHEDULE HEREINBEFORE REFERRED TO.

#### STIPULATIONS AND CONDITIONS AS TO CONVEYANCE OF GOVERNMENT PASSENGERS

##### TROOPS AND STORES.

1. The company shall when and so often as they or the masters or commanders of their vessels to be employed under this Agreement shall be required in writing so to do by the Admiralty or by any officers or agents acting under their authority (such writing to specify the rank or description of the person or persons to be conveyed and the accommodation to be provided for him or them) receive provide for victual and convey between any of the ports or places between which any trains or vessels are to proceed in the performance of this Agreement (a) any number of naval military or civil officers in the service of Her Majesty not exceeding eight in any one train or ship with or without their wives and children as first class or chief cabin passengers (together with their servants male and female who are to have the same accommodation as that provided for the servants of other passengers or of officers of the Company) and (b) any number of non-commissioned and warrant officers not exceeding four in any one train or ship with or without their wives and children as second class or fore cabin passengers and also (c) any number of seamen marines soldiers or artificers in Her Majesty's service not exceeding 10 in any one train or ship with or without their wives and children as third-class or deck passengers to be always provided with effectual protection from rain sun and bad weather and not exposed on deck without such competent shelter and to have in the trains of the Company accommodation in the Colonist sleeping carriage and in the vessels of the Company hammocks or bunks (subject to the approval of the Admiralty) placed between decks The accommodation provided for first-class or chief cabin passengers is (if the passenger so desires) to include the use of a sleeping saloon berth in the trains of the Company upon payment of the usual extra charge therefor.

2. The passengers who shall be conveyed in pursuance of the last preceding clause (who are hereinafter designated Government passengers) with their families shall be treated in no respect whether as regards food cabin or other accommodation or aught else in a way inferior to that of ordinary passengers of the same class or to that required by the Regulations of Her Majesty's Transport Service The messing of the second-class Government passengers shall include in each day an imperial pint of good sound bottled or draft ale or beer and that of the third-class an imperial pint of draft beer or one-half gill of spirits The several classes of passengers shall mess in separate places and medical attendance medicine and medical comforts mess utensils and fittings cooking utensils articles for table use and mess places full lights requisite articles of bedding and all other necessaries shall be provided for them in like manner as for ordinary passengers of the like classes respectively.

3. The passage money for Government passengers and their families and servants respectively shall unless otherwise agreed between the Admiralty and the Company be the same as that charged by the Company for ordinary passengers of the same class and shall include all the particulars mentioned in the last preceding clause and if and whenever any alteration of rates for ordinary passengers shall be made by the Company the Admiralty shall be immediately apprised of such alteration.

4. Returns of the embarkation and disembarkation of all Government passengers shall be furnished to the Director of Transports immediately after the departure and arrival of each vessel.

5. Payments for passage money, for Government passengers shall be applied for by invoices according to a form to be obtained from the office of the Accountant-General of the Navy and shall be made by such Accountant-General or some other officer of the Admiralty only upon such applications and upon the production of the orders for the passage together with a certificate under the hand of the commanding officer specifying the number of the third-class passengers (men women and children) conveyed with the ages and sexes of the latter and stating the periods during which they have been respectively regularly supplied while travelling with provisions and also a certificate under the hand of each first and second-class passenger of his or her having been landed at or conveyed to the place of destination and of having been properly accommodated and messed during the voyage or journey and specifying the dates from and to which they were so messed computed from the first to the last dinner meal.

6. The Company shall convey for every Government passenger free of charge the quantity of baggage (whether such quantity shall be estimated or ascertained by bulk or weight) to which he is entitled as regards steam vessels under the Regulations of Her Majesty's Transport Service and as regards trains under the Regulations of the Company for the time being in force and any extra baggage of a Government passenger shall be paid for according to the Regulations of the Company for the time being applicable to extra baggage of an ordinary passenger of the same class.

7. The passage money for the wives and families and servants of commissioned and civil officers when not ordered to be conveyed at the public expense shall be paid to the Company by the officers themselves.

8. In all cases where an officer in the naval military or civil service of Her Majesty who may not be entitled to travel at the public expense shall require to travel by any train or vessel employed in the performance of this Agreement the Company shall be bound when they have room in such train or vessel to provide accommodation for such officer in preference to any private passenger and the amount payable by such officer for such journey or passage if such journey or passage is required in consequence of any order of any department of Her Majesty's Government shall upon presentation by such officer to the Company or their agents of the requisite documents be the rate chargeable for a similar journey or passage to any ordinary passenger less a special reduction to such officer of 25 per cent. thereof.

9. The Company agree to convey troops on service from Halifax or Quebec to Hong Kong and from Hong Kong to Halifax or Quebec at cost. The word "troops" is understood to include naval and military officers (whether commissioned non-commissioned or warrant officers) seamen marines soldiers or artificers in Her Majesty's Service and cost is assumed to be (a) for seamen marines soldiers and artificers (including accommodation in Colonist sleeping carriage by rail) 16 *l.* 4 *s.* per man to or from Halifax and 14 *l.* 8 *s.* 8 *d.* per man to or from Quebec (b) for non-commissioned and warrant officers entitled to second-class accommodation by land and sea 20 *l.* 13 *s.* 11 *d.* per man to or from Halifax and 18 *l.* 18 *s.* 7 *d.* per man to or from Quebec and (c) for commissioned officers entitled to first-class accommodation by land and sea (including sleeping saloon on the railway) 31 *l.* 4 *s.* 8 *d.* to or from Halifax and 28 *l.* 15 *s.* 5 *d.* to or from Quebec. The above-named rates are to apply to detachments of 50 or upwards and to include all such accommodation by land and sea and meals and rations as are specified in relation to Government passengers in preceding clauses of this Schedule but not to provide for rations in the event of the detention of the vessels after arrival in port owing to quarantine or other causes beyond the control of the Company.

10.—(1.) The Company shall receive on board each of the trains and vessels employed in the performance of this Agreement and shall convey on behalf of the Admiralty any small packages which may be ordered for conveyance and shall convey and deliver such small packages at the lowest rate of freight charged by the Company for private goods of a similar character or description and the Company shall give immediate notice to the Admiralty of any alteration in such rate of freight and shall in all cases be responsible for the custody and safe and speedy delivery of such packages.

(2.) The Company shall convey Government stores not exceeding 50 tons in weight in any one consignment from Halifax or Quebec to Hong Kong and from Hong Kong to Halifax or Quebec at cost the cost by railway being estimated at one halfpenny per ton weight per mile and the cost by sea at nothing beyond the charge of 4 *s.* per ton for loading and discharging and shall convey between the points aforesaid Government stores exceeding 50 tons in weight at the lowest tariff rates charged to the public at the time of shipment.

(3.) Provided always that the Company shall not be called upon under this clause to convey stores by passenger train or to convey by any train stores which cannot be conveyed by their ordinary rolling stock except on payment of such special rate as may be agreed on between the Admiralty and the Company or in case of difference be determined by arbitration.

## THE THIRD SCHEDULE HEREINBEFORE REFERRED TO.

## STIPULATIONS AND CONDITIONS AS TO PURCHASE AND HIRE OF VESSELS BY ADMIRALTY.

1. The Company hereby agree to construct under the supervision of the Admiralty with gun platforms all vessels which they may from time to time construct for the performance of the services specified in this Agreement and to meet the other usual requirements of the Admiralty to fit such vessels for service as armed cruisers or troopships and further to erect gun platforms on such other vessels as the Company may employ under this Agreement and to meet the other usual requirements of the Admiralty to fit such other vessels for such service as aforesaid and further to sell to the Admiralty at any time when required by the Admiralty so to do all or any of the vessels so constructed under this Agreement on the terms and subject to the conditions hereinafter declared.

2. The vessels so to be constructed by the Company are to be capable of maintaining a trial speed of not less than  $17\frac{1}{2}$  knots an hour on the measured mile and of maintaining a speed of not less than 16 knots an hour upon a sea trial of not less than 12 hours' duration.

3. The Company further agree to let on hire to the Admiralty from time to time or at any time and for any period during the continuance of this Agreement all or any of the said vessels so constructed by the Company. The rate of hire shall be 20 s. per gross registered ton per month the Admiralty providing and paying the crew.

4. The Company shall afford to the Admiralty every facility for fitting on board all vessels subject to this Agreement as and when taken up on hire for cruiser or transport purposes with permanent fittings and arrangements for their armament as will enable any such vessel to be prepared for sea within a week after she shall on arrival in the Company's terminal ports (namely Vancouver and Hong Kong) have discharged her cargo provided that such fittings and arrangements shall be compatible with the use of the vessels for mercantile purposes. The Admiralty agree to provide the racers and other fittings and gun mountings for the guns proposed to be placed on board the said vessels and the Company agree to keep and maintain the same racers fittings and mountings in good order and if required to keep them in their storehouse at Vancouver but any such racers fittings and mountings required to be kept at Hong Kong will be stored in the Admiralty Dockyard without charge to the Company ready to be immediately fitted on board the vessels and such fitting will be executed by the Admiralty at their own expense.

5. The Company shall not entertain any offers for sale or for charter in respect of any of the vessels subject to this Agreement unless the Company have previously given notice thereof to the Admiralty and allowed the Admiralty the option of purchasing or hiring such vessel or vessels within seven days from the receipt of such notice. Notice given by the Company as hereinbefore provided shall be accompanied by such evidence of the *bonâ fide* nature of the offer for sale or charter as shall be satisfactory in the opinion of the Admiralty otherwise the said notice shall be considered void and of no effect.

6. The price to be paid for any vessel which may be purchased by the Admiralty under this Agreement shall be the value of such vessel on the day of purchase (which shall be the day on which the Admiralty shall give notice to the Company of their intention to purchase such vessel) plus a sum equal to 10 per centum on such value by way of bonus for compulsory sale plus a sum to be agreed between the Company and the Admiralty or in case of difference to be settled by arbitration in respect of the cost of delivery of such vessel on the North Pacific Station such cost to be diminished by such sum as may be agreed or settled as aforesaid having regard to the time which has elapsed between the date of such delivery and the day of purchase. The value of such vessel on the day of purchase shall be taken to be the cost price to the Company in the United Kingdom (such cost price to be proved to the satisfaction of the Admiralty) less a sum equal to six per centum per annum on such cost price and on the subsequent depreciated value for the time elapsed between the date of completion of the vessel and the day of purchase by the Admiralty. Provided always that if after the date of these presents and the completion of any vessel subject to this Agreement any money shall be proved to the satisfaction of the Admiralty to have been expended on capital account in providing such vessel with new boilers or machinery such money shall (subject to such deduction as aforesaid for depreciation from the date of the same money having been expended) be added to the value of such vessel. The value ascertained as aforesaid of any vessel purchased by the Admiralty shall include the full equipment of the vessel so purchased but not the plated ware cutlery crystal earthenware basins counterpanes and table and bed linen of the vessel and consumable stores which the Company shall be entitled to remove therefrom with the exception of such proportionate quantity of such articles other than consumable stores as may be necessary for the numbers of officers and warrant officers that would form part of the vessel's complement if used as an armed cruiser and such proportionate quantity of such articles shall be considered part of the equipment so purchased by the Admiralty. In the event of the Admiralty hiring and subsequently electing to purchase any vessel under this Agreement three-eighths of the amount of hire accruing during any period not exceeding six months immediately preceding the purchase shall be allowed by way of rebate from the price.

7. If any vessel subject to this Agreement is sold by the Company to any British shipowner approved by the Admiralty such vessel shall notwithstanding such sale remain subject to this Agreement and shall be sold subject to the provisions thereof and the purchaser thereof shall be bound by all the said provisions as if the purchaser were a party to this Agreement. Provided always that on any such sale the Admiralty may upon receiving notice thereof give notice to the Company or to the purchaser that they release the vessel so sold from this Agreement and in that case this Agreement shall cease to take effect in regard thereto.

8. The Company agree to employ as far as possible members of the Royal Naval Reserve in the complement of the crew of the vessels subject to this Agreement and they further agree to facilitate by special agreement in the ship's articles or otherwise the securing as far as possible of the services to the Admiralty of such European members of the crew as are not members of the Royal Naval Reserve in the event of any vessel subject to this Agreement being hired as an armed cruiser or transport.

9. The Admiralty shall have the right of inspecting the vessels subject to this Agreement once in every year to see that such vessels are in thoroughly seaworthy condition and if the Admiralty are of opinion on any such inspection that such condition is not maintained in the case of any vessel the Admiralty shall give notice to the Company to that effect and the Company shall forthwith at their cost and charge put any vessel to which such notice relates into such condition as aforesaid.

10. The Admiralty shall have the right on giving notice to the Company of their intention so to do to take possession of any vessel which they require to purchase on hire under the provisions of this Agreement immediately on the arrival of such vessel at Vancouver or Hong Kong (as the case may be) from the voyage on which such vessel shall then be engaged at the time of the receipt by the Company of such notice.

11. Any vessel hired by the Admiralty under the provisions of this Agreement shall during the period of such hire be subject to the following conditions namely:—

1. All risk and expense of ship and stores shall be borne by the Admiralty from the date on which the Admiralty provide the officers and crew but the Company shall leave on board the equipment required by the Regulations for Her Majesty's Transport Service which equipment shall be returned by the Admiralty or paid for on the termination of the service fair wear and tear excepted.

2. The Admiralty shall have the right to alter or remove any or all of the fittings or arrangements on board any vessel hired by them and to erect new fittings on such vessel provided that such vessel shall be given up to the Company in as good condition and fitted up as she was when taken by the Admiralty fair wear and tear alone excepted.

12. The Company shall be allowed seven days at the stipulated rate of hire for any vessel hired under this Agreement for taking down cabin fittings not required by the Admiralty and 10 days at the same rate at the termination of the service for replacing these fittings the work of dismounting dismantling and reinstating to be performed by the Company at the expense of the Admiralty. If the Company shall neglect or refuse to perform the same then the work may be done by the Admiralty.

13. The hire for the vessels shall be paid monthly in advance that is to say immediately on the Admiralty taking over any vessel subject to this Agreement on hire the Company shall be entitled to receive a bill for one calendar month's hire according to the rates for tonnage hereinbefore specified provided the vessel so hired be then in the condition in which the Company have agreed to keep her and if such vessel is not in such condition then the Company shall be entitled to such bill as soon as such vessel is put into such condition which shall be done by the Admiralty at the expense of the Company and at the commencement of each month after such first payment during the continuance of such vessel in the service of the Admiralty the Company shall be entitled to receive a further bill for one month's hire all which aforesaid payments shall be made in England by bills payable at sight by Her Majesty's Paymaster General. Provided always and it is hereby agreed and declared that if at any time or times hereafter it shall be made to appear to the Admiralty that any delay has been caused or accrued by breach of orders or neglect of duty on the part of the Company or the servants under its control or that the vessel so hired has become unfit for the purposes of the Admiralty from any defect deficiency breach of orders or from any cause whatsoever which the Company could by the performance of their proper duty under this Agreement have avoided then and in every such case it shall be lawful for the Admiralty to retain in arrear the said pay payable in respect of the then next succeeding month and to put the said vessel out of pay or to make such abatement by way of mulct out of the hire of the said vessel then next payable as they shall adjudge fit and reasonable or by themselves or by any officer authorised by them to dismiss from the said vessel the master or any of the ship's company found by them or by the authorised officer to be in default and at the cost and charge of the Company to appoint others in place of those so in default at the Company's usual rate of pay.

14. The Admiralty shall (but subject and without prejudice to the provisions of the last preceding Clause) be entitled to terminate the hire of any vessel subject to this Agreement by bringing such

vessel into the port at which such vessel was taken up and by giving subsequent notice in writing to the Company and the period of hire shall be held to terminate 10 days after the date of the delivery of such notice.

15. Every question or difference that shall arise between the parties hereto as to the construction or operation of the stipulations and conditions contained in this Schedule or the rights duties or liabilities of any party in connection therewith or with any vessel made subject to the said stipulations and conditions shall be referred to and determined by arbitration.

Signed sealed and delivered by the above-named Henry Cecil Raikes, Her Majesty's Postmaster General in the presence of } HENRY CECIL RAIKES.

F. A. R. LANGTON,  
Private Secretary to the Postmaster General.

Signed sealed and delivered by Admiral Sir A. W. A. Hood, K.C.B., and Rear Admiral Charles F. Hotham, C.B., two of the Commissioners for executing the office of Lord High Admiral of the United Kingdom of Great Britain and Ireland in the presence of } A. W. A. HOOD.  
CHAS. F. HOPHAM.

EVAN M'GREGOR,  
Secretary of the Admiralty.

The Common Seal of the Canadian Pacific Railway Company was hereunto affixed in the presence of } W. C. VAN-HORN,  
President.  
C. DRINKWATER,  
Secretary.

A. R. G. STEWARD,  
Canadian Pacific Railway Company, Montreal.

Signed sealed and delivered by the above-named Sir George Stephen, Bart., in the presence of } GEO. STEPHEN.  
HARRY MOODY

Signed sealed and delivered by the above-named Sir Donald Alexander Smith, K.C.M.G., in the presence of } DONALD A. SMITH.  
A. PIERS.

GOVERNMENT NOTIFICATION.—No. 401.

Government Notification No. 392 of the 14th instant is hereby cancelled, and the following is substituted in lieu thereof.

By Command.

ARATHON BERN,  
for the Colonial Secretary.

Colonial Secretary's Office, Hongkong, 21st September, 1889.

Particulars and Conditions of the letting by Public Auction Sale, to be held on Monday, the 30th day of September, 1889, at 4.30 P.M., by Order of His Excellency the Officer Administering the Government, of One Lot of Crown Land, in the Colony of Hongkong, for a term of 999 Years.

PARTICULARS OF THE LOT.

No. of Sale.	Registry No.	LOCALITY.	Boundary Measurements.				Contents in Square ft.	Annual Rent.	Upset Price.
			N.	S.	E.	W.			
1	Inland Lot No. 1,219.	South of Kennedy Road and immediately East of the Tramway, }	feet.	feet.	feet.	feet.	\$	\$	
			201	253	116	128	25,995	120	5,199