

San Francisco for a period of three years from the 1st of November last, together with copies of your cablegram and of his cablegram in reply, and of the contract of your Government and that of New South Wales with the Union Steamship Company.

I transmit to you herewith a copy of the telegram received here, and now upon the files of this department, dated Wellington, 23rd September, 1885, and also of the Postmaster-General's reply. You will observe that the copy which you transmitted is quite different from that which was received here. It was understood as being for \$4,000 in excess of amount paid, which would, however, make a sum not less than \$20,000 (£4,000), mentioned in article 10 of the contract.

The statutes of the United States do not authorize the Postmaster-General to make any contract for the carriage of foreign mails for a longer period than two years, and authorizes such contract only after advertisement for tenders. But the sum proposed to be paid (£4,000 annually) is within the discretion of the Postmaster-General to allow; and, while he cannot, in the present state of legislation, bind the Government to the payment for the period named, he will, in the exercise of his discretion, make such allowance, according to the terms of his telegram, while desirable, unless Congress forbids. It is not now foreseen to be probable that any occasion for a change in the exercise of this discretion will arise, or that Congress will interrupt the course of payment.

Recognitions of the steamships "Alameda" and "Mariposa" have already been ordered for services hitherto rendered, and payment will be promptly made for such services as shall be hereafter performed. Your office shall be kept advised, as you may request, of the dates and amounts of such payments.

The services of the Oceanic Steamship Company in conveying mails from San Francisco to Honolulu, Auckland, and Sydney, by the steamers "Alameda" and "Mariposa," from the 1st of November to the 31st of December last, have been recognized by this department as follows:—

Sailing-Date.	Name of Steamer.	For Mails for New Zealand and Australia.	For Mails for Honolulu, &c.
November 23, 1885	"Alameda"	\$1,136-18	\$180-08
December 20, 1885	"Mariposa"	\$1,032-14	\$178-89

These services were paid for by drafts upon the Postmaster of San Francisco drawn in favour of J. D. Spreckels and Brothers: that for the New Zealand and Australian mails being No. 2,125, which was mailed from this department to Spreckels and Brothers on the 18th February last, and was paid on the 25th of that month; and that for the Hawaiian mails being included in draft No. 2,147 mailed to Spreckels and Brothers on the 11th of February last, and paid on the 25th of that month.

The draft last referred to (No. 2,147) was for the sum of \$751-80; of which, however, the sum of \$392-83 was for services rendered by the "Alameda" and "Mariposa" prior to the 21st November last, and by the steamer "St. Paul" in conveying mails to Honolulu on the 5th December last, the services of the steamer "St. Paul" not being understood to be embraced in contract between your department and the Union Steamship Company; which leaves \$358-97 as the sum paid on account of services rendered under the contract in question in conveying mails to Honolulu.

I have, &c.,

N. M. BROOKS,

Acting-Superintendent Foreign Mails.

The Postmaster-General, &c., Wellington, New Zealand.

No. 87.

Mr. GRAY to the ACTING-SUPERINTENDENT of FOREIGN MAILS, Washington.

SIR,—

General Post Office, Wellington, 13th May, 1886.

I have the honour to acknowledge receipt of your letter of the 2nd ultimo, in the matter of the renewal of the San Francisco mail service by contract with the Union Steamship Company of New Zealand in conjunction with the Oceanic Company, and to thank you very heartily for the approval you are good enough to convey of the new service, and for the contribution your department undertakes to make in aid of the service, unless Congress forbids. I cannot but regret that, before receiving the copy of my telegram of the 23rd September, you were misled as to the scope of the request of this department for the subsidy-in-aid.

I shall be very glad if you will be kind enough to inform me from time to time of the payments which your office may make the contractors towards the cost of the service.

I have, &c.,

W. GRAY,

(For the Postmaster-General.)

The Superintendent (Acting),
Office of Foreign Mails, Post Office Department, Washington.

No. 88.

Mr. GRAY to the ACTING GENERAL MANAGER, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 13th May, 1886.

I have the honour to send you, for your information, the attached copy of a letter of the 2nd ultimo from the Superintendent of Foreign Mails (Acting), Washington, in which the