

## No. 3.

Mr. JAMES MILLS to the SECRETARY, General Post Office, Wellington.

SIR,—

Dunedin, 13th April, 1887.

I have the honour to acknowledge receipt of your favour of the 24th ultimo, seeking confirmation of the draft copy of the articles of agreement embodying the modifications and alterations in the San Francisco service mail contract, forwarded by you on the 25th February last.

The general tenor of the agreement appears to be in order, but I have delayed returning it in the hope that some information would be communicated throwing light upon the clause of Section 5, providing for the division of the contribution payable by the United States Government. As I have already had the honour of advising you, it was stipulated in the original contract (Clause 10) that the contractors were to receive the whole amount paid by the United States Government for the carriage of their mails, and, in addition, one-third of a sum of £4,000 per annum, which the United States Government had agreed to give by way of subsidy in excess of mail-money. So far the Governments of New Zealand and New South Wales have deducted from us each a third of the sum of £4,000, while we have received nothing from the Government of the United States beyond payments at the rate of £4,000 per annum, and these we consider to be payable on account of mail-money, and therefore our exclusive property. Clause 5 of the new agreement does not make it quite clear that the New Zealand and New South Wales Governments recognise this.

I have, &amp;c.,

JAMES MILLS,

Managing Director.

The Secretary, General Post Office, Wellington.

## No. 4.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

Post Office Department, Office of Foreign Mails,

SIR,—

Washington, D.C., 16th May, 1887.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 26th of March last, advising this department that the contractors for the San Francisco mail-service make the following representations: "When the contract was made between the Government and ourselves the agreement was that we were to receive the whole amount paid for the carriage of United States mails, and, in addition, one-third of a sum of £4,000 per annum, which the United States Government had agreed to give by way of subsidy. This is borne out by Clause 10 of the contract. Up to the present we have not received anything in excess of a sum equal to £4,000 per annum, and we therefore claim that the payments so made are really on account of our own mail-money, and that no payment has yet been made by the United States Government on account of the subsidy which was to be apportioned between New Zealand and New South Wales Governments and ourselves;" and inquiring with reference to previous correspondence whether the £4,000 mentioned by the contractors is in excess of the amounts formerly paid by this department for similar service.

In reply, I am directed to inform you that the payments of \$5,000 per quarter, which this department has made to Messrs. J. D. Spreckels and Brothers, for services rendered by the Oceanic Steamship Company since the 21st of November, 1885, under contract for the San Francisco mail-service, referred to in your letter under reply, have not been \$5,000 in addition to the sums allowed for similar services rendered prior to the 21st November, 1885, but are estimated to be \$1,000 per quarter in excess of said sums (\$4,000 per annum), which was understood to be the proposition submitted in your telegram of the 23rd September, 1885, as was fully explained in my letter of the 2nd April, 1886, transmitting a copy of said telegram as received at this department in reply to yours of the 26th February. That said sums of \$5,000 per quarter were in full compensation for the conveyance of United States mails transported by vessels of the Oceanic Steamship Company, under the contract above referred to, Messrs. J. D. Spreckels and Brothers were informed by letters dated 11th May and 2nd October, 1886, respectively, which advised them of the orders of the Postmaster-General relative to the rates of compensation to be allowed by this department for the services in question. I am directed to inform you further that, under these circumstances, the Postmaster-General does not feel authorised to make any additional allowance for the conveyance of said mails.

I have, &amp;c.,

NICHOLAS M. BELL,

Superintendent of Foreign Mails.

The Hon. the Postmaster-General, Wellington, New Zealand.

## No. 5.

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

SIR,—

General Post Office, Wellington, 3rd December, 1887.

I have the honour, by direction of the Postmaster-General, to forward you the accompanying copy of correspondence between the Superintendent of Foreign Mails, Washington, and this office, on the matter of the United States contribution of \$20,000 a year towards the cost of the San Francisco mail-service.

The contractors assert that the payment now being made to them by the United States Post Office is not in excess of the sum they would otherwise be entitled to receive for the carriage of the