

This is the only official communication received by the last mail on the matter of the increased payment by the United States Post Office. From a private source I learn that the actual sum agreed to be paid is \$50,000, and that this payment will date from the 1st ultimo. Of this sum the contractors will be entitled to retain \$30,000, and to divide with the contracting colonies the balance of \$20,000.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 29.

Mr. GRAY to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 6th October, 1888.

I have the honour to acknowledge the receipt of your letter of the 25th August last, and to thank you for the information you give on the subject of the increased contribution which the United States Postmaster-General undertakes to make towards the cost of the San Francisco mail-service. You rightly understood that the San Francisco contract had been extended up to November, 1889, only.

I look for full particulars by the next mail on those points in your letter which necessarily you left unfinished at the time of writing. A copy of your letter has been sent to the Postmaster-General, Sydney.

I have, &c.,

R. J. Creighton, Esq., Resident Agent for New Zealand,
San Francisco, California.

W. GRAY, Secretary.

No. 30.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 6th October, 1888.

I have the honour to inform you that I have been advised by Mr. Creighton, our Resident Agent at San Francisco, that the Postmaster-General of the United States has agreed to increase the contribution of his office towards the cost of the San Francisco service from \$20,000 to a sum which Mr. Creighton sets down at about \$47,000 a year. From private advices, however, I learn that the actual amount is \$50,000 a year, and that of this amount the contractors will be entitled to claim \$30,000, the equivalent of the United States postages payable for the conveyance of the American mails, and also one-third of the balance of \$20,000, the other two-thirds of the latter sum being divided equally between the contracting colonies. I should add that this decision of the United States Postmaster-General is not the outcome of the determination of the New Zealand Parliament not to renew the San Francisco service, but the result of appeals made by Mr. Creighton and by gentlemen acting on behalf of the mail contractors.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,
Agent-General for New Zealand, London.

H. A. ATKINSON, Postmaster-General.

No. 31.

Mr. GRAY to the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 14th July, 1888.

Up to the present time no official reference has been made by this office to your predecessor's letter, of the 26th October last, addressed to the late Acting Resident Agent at San Francisco for this department, in which General Vilas states that, in the event of the San Francisco mail service being renewed for an extended term, the present annual payment made by the United States Post Office "can be maintained if American companies carry the mails, and probably increased \$10,000, making \$30,000 annually," conditionally on the contract providing "for the United States the full extent and measure of use of the vessels employed, and give to the United States as full a right to demand the service of such vessels for the despatch of her mails as the Government of New Zealand or any of the colonies shall possess by the contract, and the same rights to impose fines or deductions for failure or refusal to comply with any duty under the contract."

General Vilas's letter has been under consideration, and I have the honour to inform you that the Government is exceedingly disappointed to learn that your office is not prepared, in the event of a new service being arranged, to contribute more than \$30,000 annually, and on conditions unacceptable to this department. As the service has hitherto been maintained at the joint expense of New South Wales and New Zealand, it had been anticipated that the United States would at least agree to contribute a substantial sum towards the cost of a service which has been of great advantage to your country and Post Office. The \$30,000 would have no appreciable effect in reducing the cost of the service to the colonies, as the contractors would be entitled to claim nearly two-thirds of the amount for the conveyance of the United States portion of the mails.

I therefore hope that you may see your way to reconsider the question, and to propose a payment more in keeping with the interests of your country in the maintenance of regular and direct intercourse by steamer with New Zealand and Australia.

I have, &c.,

The Postmaster-General, Washington, D.C.

W. GRAY,
(For the Postmaster-General).