

No. 36.

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

SIR,—

General Post Office, Wellington, 2nd November, 1888.

I have the honour, by direction of the Hon. the Postmaster-General, to forward herewith copy of a communication of the 22nd September last from Mr. Creighton, Resident Agent for this colony at San Francisco, to this office, covering copy of letter from the Managing Director of the Oceanic Steamship Company to Mr. Creighton and copy of his reply, on the subject of the increased contribution by the United States Post Office towards the San Francisco mail-service.

You will have learned from my letter to you of the 5th September last that Mr. Creighton was instructed by cable to accept the increased payment up to November, 1889. The Postmaster-General was, of course, not aware at the time that any conditions were involved; otherwise he would have communicated with your office before cabling Mr. Creighton. But Sir Harry Atkinson is of opinion that the proviso for a twelve hours' detention of the steamers at San Francisco should be agreed to, as he does not think that such power is likely to be exercised by the United States Post Office except when it would be necessary to detain the steamer for the British as well as the United States mails. He purposes, therefore, advising Mr. Creighton that, subject to the concurrence of your Government, he confirms the twelve hours' detention. It will be observed that the actual payment to be made by the United States Post Office is at the rate of \$46,000 per annum; but it has not yet been officially stated how this amount is to be apportioned. So soon as particulars are received they will be communicated to your office.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 37.

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

SIR,—

General Post Office, Wellington, 2nd November, 1888.

I have the honour to acknowledge the receipt of your letter of the 22nd September last, enclosing original from Mr. J. D. Spreckels to yourself and copy of your reply, in the matter of the increased contribution of \$50,000 from the United States Post Office towards the cost of the San Francisco mail-service for the twelve months ending November, 1889. The correspondence has been submitted to the Postmaster-General, and a copy forwarded to the New South Wales Post Office.

As the United States Post Office law now stands, it is needless to obtain the consent of the colonial Postmasters-General to the reduction of \$1,000 per quarter in respect of the "Zealandia." The Postmaster-General therefore regards it as a foregone conclusion that the actual payment to the service will be at the rate of \$46,000, and not \$50,000, per annum.

With reference to the proviso stated to be insisted upon by the United States Post Office to detain the steamers for twelve hours at San Francisco, the Postmaster-General, subject to the concurrence of New South Wales Post Office, confirms your action in agreeing to the detention. When the Postmaster-General authorised you by cablegram to accept the offer you communicated by cable he was, of course, unaware that any conditions were attached to the offer of the increased contribution; but, as it is probable that the power will only be exercised when it would be as necessary to detain the steamers for the British as for the United States mails, the Postmaster-General has little hesitation in approving what has practically already been settled. The Postmaster-General, however, relies on the United States Post Office not forwarding its mails from the East subsequently to the despatch of the last instalment of the British mails from New York. But this will be more particularly dealt with on receipt of the agreement which is to be concluded between the United States Post Office and the Oceanic Company.

I have also the honour to forward, for your information, copy of a letter, dated the 3rd September last, from the Postmaster-General, Washington, announcing that he now feels warranted in increasing his department's annual payment to the San Francisco service to \$50,000. Mr. Dickinson writes very favourably of the service, and adds "that the limitations upon a more liberal co-operation have been from statutory conditions, and not from the disposition of this department." On this statement the Postmaster-General feels compelled to remark that, as the payments hitherto made must have been considerably less than what were contemplated under the "statutory conditions," it is difficult to understand why the service has so long been denied what the law actually authorised. Not only this, but it was not until it had been represented that the colonies would probably abandon the service unless the United States bore a larger share of the cost, and not until considerable pressure was brought to bear by the Messrs. Spreckels and their friends, that any disposition to be even fairly liberal was evinced by Mr. Dickinson's department.

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq., 328, Geary Street, San Francisco, California.

No. 38.

Mr. GRAY to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 3rd November, 1888.

I have the honour to acknowledge the receipt of your letter of the 3rd September last, and thank you for the reply therein that the power conferred on your department by law permits the increase of the present annual payment to American steamship companies for the carriage of mails