

last mail. I enclose copy of my letter and of the reply. Mr. Bell's reply is vague, but I think it may be concluded that the United States Post Office considers that the colonies are entitled to share with the contractors the \$4,000.

In admitting that the contractors were entitled to claim \$20,000 of the \$46,000 now being contributed by the United States this office was actuated by the fact that there had been a considerable increase in the correspondence from the United States to the colonies since 1885. Figures extracted from the last report of the Superintendent of Foreign Mails show that the sea-postages payable for the conveyance of United States mails to the Australian Colonies by the San Francisco mail-steamers for the year ended 30th June last was \$28,349 84c. Messrs. Spreckels were therefore well within the mark in naming \$20,000 as the sum payable to the contractors on account of the sea-postage. But in accepting these figures this office did not necessarily admit that the contractors were entitled to claim the whole of the former contribution of \$20,000. On the contrary, this office has not admitted the claim, and refused to discuss the matter until it had communicated with the Washington Post Office.

After perusing Mr. Bell's letter I shall be glad to learn whether, in your opinion, the contractors' claim for refund of the proportions of the \$4,000 deducted from the subsidy should be refused.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 74.

Mr. GRAY to the PRESIDENT, Oceanic Steamship Company, San Francisco.

SIR,—

General Post Office, Wellington, 4th April, 1889.

Adverting to your letter of the 19th October last, replied to by mine of the 1st December, on the subject of the contractors' claims to the whole of the \$20,000 formerly paid by the United States Government to the San Francisco mail-service, I have the honour now to forward the letter (copy) from Washington which I mentioned in my communication to you of the 15th ultimo, that this office was waiting for.

The Superintendent of Foreign Mails, you will observe, upholds the view that the deductions from the subsidy-payments have been made in accordance with the understanding on which the sum of \$20,000 was agreed to be paid by the United States Government. The matter has been referred (with a copy of Mr. Bell's letter) to the Postmaster-General of New South Wales for a decision, and I will again write you on receiving his reply.

I have, &c.,

John D. Spreckels, Esq., President,

W. GRAY, Secretary.

Oceanic Steamship Company, San Francisco, California.

No. 75.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 4th April, 1889.

Adverting to your letter of the 21st November last, and my reply of the 27th idem, I have now the honour to enclose copy of a letter which I have received from the Superintendent of Foreign Mails, Washington, on the subject of the amount due to the contractors for the carriage of United States mail-matter by the San Francisco mail-steamers. This letter replies to the one I wrote the Superintendent of Foreign Mails on the 1st December (copy also enclosed), inquiring whether the contractors were entitled, as they claimed to be, to the whole sum of \$20,000 originally contributed by the United States. A copy of Mr. Bell's letter has been sent to the Postmaster-General, Sydney, for the decision of his Government on the contractors' claim.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company of New Zealand (Limited), Dunedin.

No. 76.

Mr. GRAY to the SUPERINTENDENT, Office of Foreign Mails, Washington.

SIR,—

General Post Office, Wellington, 5th April, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 13th February last, replying to my inquiry of the 7th December whether the contractors were justified in claiming the whole of the annual payment of \$20,000 which was made by your department towards the San Francisco mail-service under the original contract with the Union Steamship Company, associated with the Messrs. Spreckels.

In thanking you for your reply, I am to say that it is not clear whether your office maintains that the contractors were fully compensated by the payment of \$16,000 yearly for the carriage of your mails to Australasia up to November last; and, in consequence, it is probable that the contractors may again apply for refund of the proportions of the \$4,000 deducted by the colonies.

I have, &c.,

W. GRAY, Secretary.

The Superintendent, Office of Foreign Mails,
Post Office Department, Washington, D.C.