

No. 22.

Mr. GRAY to Mr. SPRECKELS, San Francisco.

SIR,—

General Post Office, Wellington, 2nd October, 1890.

I have the honour to acknowledge the receipt of your letter of the 23rd August last, in which you are good enough, in view of the difficulties of the colony's position, to propose that, in the event of the Government agreeing to enter into a contract with your company for a continuance of a four-weekly San Francisco service, at the rate of subsidy now paid by New South Wales and New Zealand, you would consider the payment fully liquidated if the United States Congress passed a subsidy of £37,000 a year, or should any United States subsidy be less than this annual amount, then the colony would only be called upon to pay your company the difference between the two sums.

The Hon. Mr. Mitchelson's cablegram of the 19th ultimo will have informed you that the question of the renewal of the service had been settled prior to the receipt of your letter. But I am to inform you that, while the Postmaster-General fully recognises the liberal spirit which prompted your proposal, he, at the same time, cannot disguise from you the fact that it would have been impossible, under any circumstances, to have prevailed upon Parliament to guarantee any sum approaching the present subsidy, and that it was only because the proposals of the Government were so reasonable that the House approved of even a twelve months' renewal of the service. There would be no certainty that Congress would vote a subsidy of between £30,000 and £40,000 a year; nor would the colony have been justified in assuming the liability you suggest in the expectation of being recouped any considerable portion of the amount through the liberality of the United States.

The enclosed copy of the resolutions agreed to by the House of Representatives show the nature of the Government's proposals. It will be observed that in the place of a fixed subsidy, payment by weight at the rate of 12s. a pound on the letter-mails conveyed was determined upon, while the contractors will now be liable for payment of light and harbour dues. All receipts from the Imperial Government and from non-contracting colonies are to be paid over to the contractors. It is estimated that under the proposals the colony's payments to the contractors will amount to about £16,358, and that, with the subsidy promised by the United States Government, the contractors will likely receive altogether about £28,358, as shown by the figures below: On New Zealand mails, £5,725; on London mails, £4,133; non-contracting colonies, say, £6,500; from United States, £12,000: total, £28,358.

Although this amount is considerably less than what is now received, the Postmaster-General is pleased to learn that the contractors see their way to carry on the service for another year. The bounty or subsidy which may be provided under any tariff or Postal Subsidy Act which may be passed by Congress may be available before the expiry of the renewed contract term, when it may be possible to arrange for the service being placed on a permanent footing.

I have, &c.,

W. GRAY, Secretary.

J. D. Spreckels, Esq.,

President, Oceanic Steamship Company, San Francisco.

No. 23.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 4th October, 1890.

I have the honour to forward you (1) copy of the mail-service resolutions as submitted by Government to the House of Representatives, and (2) copies of the resolutions as finally agreed to by the House, under which authority is given for renewing the San Francisco and Direct mail-services for another twelve months.

The resolutions as originally drawn out contemplated a three years' renewal of the services, but the House refused to agree to any extension beyond twelve months.

You will observe that the resolutions also provide for the ocean letter-postage being reduced from 6d. to the universal rate of 2½d., and that, in the place of paying a fixed subsidy to the San Francisco service, payment will be made at the rate of 12s. per pound on the letter-portion of the mails. The steamers will no longer be exempt from the payment of light and harbour dues. The statements attached to the original resolutions give an estimate of the amount likely to be received by the San Francisco contractors for the twelve months.

It also provided that one-half of the United States transit charge on the Homeward mails shall be borne either by the American Government or the contractors; and I trust that your negotiations may result in the Washington Post Office authorities undertaking to bear the entire cost of the transit of our mails from San Francisco to New York.

Mr. Spreckels's offer arrived after the House had disposed of the mail-service question; but in any case it would not have been entertained, as I have explained to Mr. Spreckels.

I also enclose copies of cablegrams exchanged with you since last mail.

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq., 327, Market Street, San Francisco.

No. 24.

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

(Telegram.)

Wellington, 9th October, 1890.

Fr'sco contractors agreed twelve months' renewal. Time-table extension present one. Advise Imperial Post Office. Hope shortly advise renewal Direct service.