

I beg also to enclose two copies of the approved time-table for the renewed service, which commences with the despatch from San Francisco on the 15th proximo (with London mails of the 1st idem) and from Sydney on the 26th proximo.

I have, &c.

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 34.

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

SIR,—

General Post Office, Wellington, 25th October, 1890.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 18th instant, formally accepting, with one reservation, the terms offered by the House of Representatives in the resolutions passed on the 13th ultimo, for a renewal of the San Francisco mail-service for twelve months, the reservation being the proviso in paragraph (a) of resolution 3, providing that one-half the cost of the American transit of the Homeward mails shall be borne by the contractors if not defrayed by the American Government.

The Hon. Mr. Mitchelson desires me to inform you, in reply, that Government must adhere to the exact terms of the resolution, and that, failing the United States Congress agreeing to undertake the cost, the contractors will be liable for payment of charges on the Homeward mails, as set forth in the said resolution.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company (Limited), Dunedin.

No. 35.

The Hon. E. MITCHELSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 28th October, 1890.

I have the honour to acknowledge receipt of your letters of the 22nd and 27th August last and 6th ultimo, transmitting copies of correspondence and explaining the steps taken by your office in connection with the negotiations for a settlement of the ocean mail-services for the next year.

I have, &c.,

E. MITCHELSON, Postmaster-General.

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

No. 36.

Mr. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 16th October, 1890.

I have the honour to inform you that I cabled 27th September, in my message announcing the arrival and departure of the mail-steamers for the month, inquiring what the conditions of renewal of the service were. I did so because the terms of your cable of the 14th September, announcing the renewal, and which at your request was communicated to Mr. Spreckels, differed from the cablegram which Mr. McLean subsequently sent to that gentleman on a material point. Mr. McLean's despatch stated expressly that the service should be performed by one steamer of the Union Company and two of the Oceanic Company's ships, or, should this not be confirmed, the New Zealand mail would be despatched by the Direct steamers. The inference was that the continuance of the Californian mail-service was made contingent upon the withdrawal of one of the Oceanic Company's ships and the substitution of a Union Company's steamer, and not upon acceptance of the reduced payment for the ocean-transportation of the mail.

Under the peculiar circumstances in which the renewal was authorised by New Zealand—New South Wales having withdrawn, and the British Post Office having refused to continue payment of railroad-charges in America—Mr. Spreckels was prepared to confirm the renewal so far as the reduced payment was concerned, but was not prepared to withdraw one of his steamers, as the conditions upon which alone the Oceanic Company could participate in the reduced subsidy. He desired official confirmation of this point or the reverse before proceeding further. To set this question at rest, and if possible insure the continuance of the service without any friction, I cabled as above noted for a statement of the conditions of renewal, and on the 3rd October I received the following reply from the Postmaster-General: "To Creighton, San Francisco.—San Francisco renewal twelve months. Sydney declined join. Estimate sixteen thousand. Steamer pay light, harbour dues. Failing renewal fortnightly Direct. McLean already cabled Spreckels.—MITCHELSON." I submitted this despatch to Mr. Spreckels, and, as it made no mention of a mixed service, while stating that the steamers were to pay light- and harbour-dues, he concluded that his first impression was correct, and that Parliament had not made it a condition of renewal that he should withdraw one of his steamers. Upon that understanding I cabled, 6th October, 1890, to the Postmaster-General: "Spreckels accepts. Flax free." I have been informed that on the same day Mr. Spreckels cabled to Mr. McLean a confirmation of renewal in accordance with his understanding of the official despatches.

I deem this explanation necessary to a full understanding of the situation here. It would be unfortunate at this crisis should the even running of the Californian mail-service with American ships be disturbed by any mere conflict of business-policy by steamship companies; and I can hardly bring myself to believe that this element entered into an important public transaction in the form in which it has been presented.