

No. 28.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Sydney.
 (Telegram.) Wellington, 3rd November, 1892.
 FRISCO Service.—Your offer of £4,000 for one year accepted on the terms stated in your cable of 26th ultimo, Union Company agreeing to forego payment of gratuities on your mails for New Zealand. First mail under renewed arrangement left London on 29th ultimo, and leaves Sydney on 28th instant, and every four weeks thereafter.

No. 29.

The MANAGING DIRECTOR, Union Steam Ship Company, to the SECRETARY, General Post Office.
 Union Steam Ship Company of New Zealand (Limited), Dunedin,
 12th October, 1892.

DEAR SIR,— Re *San Francisco Service*.

I have to acknowledge receipt of your telegrams of yesterday's and to-day's dates [not printed], and thank you for the extracts from the cablegrams of the Hon. Mr. Ward to the Postmaster-General of New South Wales. My advices to Mr. Jackson, our Sydney manager, should have made it plain to him that the £5,000 being asked for included Sydney mailage: that is to say, that the £5,000 was made up of Sydney mailages, £3,000, *plus* the estimated loss to contractors, £2,000. I, however, repeated this by cable yesterday.

In reply to your inquiry of to-day as to the rates being paid by the United States Post Office under the present renewal, I wired you as follows: "United States Government appear to be continuing payment of \$60,000 per annum. Letters by this mail advise United States Post Office have rendered statement for quarter ending 30th June last on basis \$60,000 subsidy as provided in the order of 9th January, 1891. There were four steamers in June quarter, namely, 'Monowai' twice, on April 2nd and June 25th, from Frisco, and American steamers once each. Subsidy of \$15,000 per quarter therefore divided thus: American steamers \$3,750 each, 'Monowai' \$2,750 each trip, being deduction of \$1,000 per trip for English steamer. In remaining quarters there will be only three departures, which will give \$5,000 each to American steamers and \$4,000 to 'Monowai.' Payment on this basis appears to have been made for 'Monowai' trip January last. Am sending you copy of letter;" and trust the information is what you ask for. The United States Government appear to be continuing the same payments as last year, viz., \$60,000 per annum, subject to a deduction of \$1,000 per trip from the "Monowai," on account of her being an English steamer. Of the thirteen trips in the present year the American boats will run eight and the "Monowai" five, so that the distribution of the \$55,000 will be \$37,500 to the American boats and \$17,500 to the "Monowai."

I enclose copy of our San Francisco advices, received by last mail; also copy of the Postal Department's communication to Messrs. Spreckels, notifying the method of settlement.

Yours, &c.,

T. W. WHITSON,
 For Managing Director.

W. Gray, Esq., Wellington.

P.S.—Since writing the above I have re-read my Frisco letters, and find the settlement for June quarter was in completion of the fiscal year closing 30th June, so that it is not certain that the United States payment is being continued at the same rate of \$15,000 per quarter for the remaining six months of the present renewal. I have just wired you this view in case you may be basing calculations on my first message.—T. W. W.

Enclosure 1 in No. 29.

EXTRACT FROM MESSRS. SPRECKELS' LETTER of the 5th September, 1892.

"I BEG to inform you that I have received a statement from the Superintendent of Foreign Mails, for services rendered by our ships in conveying the Australasian mail originating in the United States for the June quarter, 1892, in which a deduction of \$1,000 is made from the earnings of the 'Monowai' for each trip in said quarter, under the Postmaster-General's order of the 9th January, 1891.

"As I considered that your ship was entitled to an additional thousand dollars under this order, I at once wrote and called Mr. Brooks' attention to what I considered an error in the statement, and asked that the 'Monowai' should have that amount placed to its credit. In reply, I received a letter (copy enclosed) which settles the point against your ship, seeing we have no resource but to submit to the ruling of the department. Last year we received no pay for an entire trip of one of our ships."

Enclosure 2 in No. 29.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the OCEANIC STEAMSHIP COMPANY,
 San Francisco.

Post Office Department, Office of Foreign Mails, Washington, D.C.,
 26th August, 1892.

SIR,—

I have to acknowledge receipt of your letter of the 17th instant relative to the allowance of \$13,000 as compensation for the services rendered by the steamers of your company in conveying
 2—F. 6.