

steamers of the present class for a moderate subsidy, pending completion of arrangements for a faster service with a better class of steamers. To secure the latter, it would be necessary for the colony to provide a larger subsidy than at present, and to commit itself for a period of, say, seven to ten years, as an inducement to owners to buy or build suitable steamers. Such a service could not, of course, be secured without assistance from the Government of the United States, but some time would be occupied negotiating for this.

If, on the other hand, a monthly service *via* San Francisco is considered to be sufficient for our requirements, I would suggest that the present arrangements be continued for five years, with an undertaking that if the contractors will at the end of three years substitute steamers capable of averaging 15 knots, the colony will pay an increased subsidy, to be agreed upon, and fix the contract for seven to ten years. This would put the contractors in a position to negotiate with the United States Government for their help also.

R. McNab, Esq., M.H.R., Chairman, Extension of
Commerce Committee, Wellington.

Yours, &c.,
JAMES MILLS.

SKETCH TIME-TABLE of FORTNIGHTLY SERVICE *via* SAN FRANCISCO (Nineteen Days, as at present employing Five Steamers. Put in by Mr. Mills.

—	A.	B.	C.	D.	E.	A.
	1898.	1898.	1898.	1898.	1898.	1898.
Leave San Francisco ..	Wed., 28 Sept.	12 October ..	26 October ..	9 November	23 November	7 December.
Arrive and leave Auckland	Tu., 18 Oct.	1 November	15 November	29 " "	13 December	..
" Sydney ..	Sat., 22 "	5 "	19 "	3 December	17 "	..
Lay-days ..	13 "	13 "	13 "	13 "	13 "	..
Leave Sydney ..	Friday, 4 Nov.	18 November	2 December	16 December	30 December	..
" Auckland ..	Wed., 9 "	23 "	7 "	21 " "	4 January	..
Arrive San Francisco ..	Sun., 27 "	11 December	25 "	8 January ..	22 "	..
Lay-days ..	10 "	10 "	10 "	10 "	10 "	..

MONDAY, 31ST OCTOBER, 1898.

W. GRAY, Secretary of Postal Department, further examined.

Mr. Gray put in a memorandum bearing on the question of the Vancouver and San Francisco services generally.

1. *The Chairman.*] We are all aware that the Vancouver service has been no financial success. To your knowledge, is it likely to be continued?—Well, I can only say, unofficially, that I have heard that the company is prepared to continue, but expect a larger payment. The Vancouver contractors are at this disadvantage: they do not receive the sea-rates for the conveyance of mails from Great Britain, as in the case of the San Francisco service. The London Post Office pays over to Canada, and Canada is not disposed to give up the payments, as it subsidises the service to the extent of £25,000 a year. The correspondence, however, is not concluded.

2. *Mr. Duthie.*] The problem of satisfactory services, of course, is very much involved with this Vancouver business, and it makes it very complicated?—Yes, very much.

3. Does the Vancouver route produce more cargo for the steamers than the San Francisco, do you know?—Yes; the ships are now full both ways. Of late the steamers have had full outward cargoes—mainly Queensland sugar, shipped at Sydney. Sugar is also sent from Fiji to Vancouver.

4. *Mr. McLean.*] Sydney is the place of export?—Yes, which results in a minimum through freight.

5. *Mr. Duthie.*] If the cargo arises from Australia is it not doubtful whether they will come on to New Zealand for a small subsidy?—Well, the company is favourably impressed with the trade prospects of the colony. The last steamer from Vancouver landed over 550 tons here.

6. *Mr. Buchanan.*] Of what kind?—General. Reapers and binders form a considerable part at times.

7. *Mr. Duthie.*] And, of course, you are aware there is a kind of railway war over there at present?—Yes, that is true; and probably means that the railway freights from, say, Chicago are cheaper to Vancouver than to San Francisco. The new line of steamers from New York to the colonies may, however, make a difference in the quantity of cargo now carried from San Francisco and Vancouver.

8. As a mail-service, how much longer does it take for the mail to reach London by way of Vancouver than by San Francisco?—About three days longer are allowed; but, as a matter of fact, the delivery has taken even longer.

9. We have had it suggested to us that it would be an economy to work a fortnightly service *via* San Francisco for the two lines. They would work with four steamers, but need six steamers; whereas if there were a fortnightly service with San Francisco they could do it with five steamers. That, I suppose, would be a considerable economy?—In working the service it would.

10. Yes; at any rate, it would be for the contractors?—If there were only a San Francisco service the steamers would probably lose much of the cargo now shipped at Vancouver.

11. But, of course, alluding to the Sandwich Islands, if they do not get enough for the colonies they pick up a loading for Hawaii?—Yes.