

that such an arrangement would be agreed to; but the contract was renewed for a year on the old basis expiring in July next. At the beginning of the present year I again strongly represented the matter, and had still more reason to believe that we would be successful in securing the Auckland call, but, as already stated, without success. In addition to this, Government intimated the willingness of the Dominion to join with the British and Canadian Governments to the extent of seventy-five thousand pounds a year for a fast fortnightly steamer service from Vancouver to New Zealand, touching at Honolulu and Fiji. I am still of opinion that the latter is the proper service for New Zealand, as if we are to pay a subsidy of even thirty-four thousand pounds it is only reasonable that the terminal port of the steamers should be in New Zealand. I note your suggestion as to Brisbane being the only port of call in Australia, steamers running from Fiji to Auckland, thence to Brisbane. There is a factor you probably did not take into full consideration. While the Vancouver route would be of importance to New Zealand for British mails, so far as Australia is concerned the route is to a great extent a trade one, so that there is probably a good deal more than sentiment for the desire to retain Brisbane as first and last port of call, and that a call at Auckland on the lines you suggest would be regarded not from the point of view of delaying mails for three days, but as being adverse to the trade between Queensland, Fiji, and Canada. I regret I cannot see my way to give effect to your proposal that Brisbane should be the one and only port of call in Australia. This is asking me to suggest to the Federal Government that Sydney should be left out. On the face of it this would obviously meet with a definite refusal, and would be looked upon as rather presumptuous on my part to suggest to the Federal Government that they leave out of a mail and trade route the port that has been the chief centre for so many years. Nor can I agree with your suggestion that we should offer to pay more and Australia less, as the great benefits of the service, as far as its terminal business is concerned, would of course go to Australia, and it would not, in my opinion, be defensible from a business point of view to offer to assume a portion of what should be the Australian subsidy for the carrying-out of valuable services rendered to them. I am, however, awaiting final confirmation from Melbourne of the decision to renew the present arrangement for one year; and if the decision is still adverse to New Zealand, my Government will have to seriously consider the question of establishing a service of its own. I am of opinion that a good service could be secured for considerably less than the one hundred thousand pounds you mention, to say nothing of the fact that if Auckland were the terminal port a considerable portion of the subsidy would be spent in this Dominion instead of in Australia.

[Van. Misc. 10/96.]

No. 85.

The PRESIDENT, Chamber of Commerce, Auckland, to the Right Hon. the PRIME MINISTER.

(Telegram.)

Auckland, 2nd May, 1910.

I THANK you for your telegram of even date. My Chamber appreciates your thorough and earnest attention to its representations. My suggestion with respect to payment by New Zealand of thirty-four thousand was for establishment three-weekly Vancouver, commencing with new contract July, and calling at Auckland. We are quite in accord with you in respect of your offer of twenty thousand for present sailings, with call at Auckland. What we submit is as follows:—

(1.) The Government should without delay establish vastly improved and rapid mail connection with America *en route* to London.

(2.) In view probable early renewal by Commonwealth and Canada of present Vancouver service, current contract for which expires July, opportunity occurs by bringing pressure to bear on both Governments to include Auckland port of call, and thus establish New Zealand connection, preferably three-weekly sailings as suggested by my Chamber, at subsidy from New Zealand of thirty-four thousand (which you admit would be cheap), or for present sailings with Auckland call twenty thousand; the former sum is not too much.

Even in view lower subsidy by Australia for service that would be supplied, fact that Australia is not dependent, owing Suez-London connection thirty-one days, as we are, on Pacific service, accounts for her refusal to any heavy subsidy for such. We are glad to note that final decision from Melbourne in respect to present negotiations is not yet announced. Pending same we urge you to renew both to Sir James Mills (who we are advised will be in Melbourne until Thursday next) and also to Federal Government. Strongest possible representations acquiring this service commencing July will afford temporary relief, and will not in any way debar you from bringing forward next session proposals for your suggested "fast foreign" British-Canadian-New Zealand service. I can assure you to the latter my Chamber will extend its undivided support, bringing its influence to bear on all Canadian and British Chambers whose co-operation must be enlisted. The latter undoubtedly is service for which we must work. In connection with its subsidy, which may seem heavy, would be more than reimbursed. Brisbane suggestions in my last were made for your consideration. Your reply is noted. Kindly keep me informed of any fresh developments.

[Van. Misc. 10/99.]

No. 86.

[News Extract, 3rd May, 1910.]

(Telegram.)

Melbourne, 2nd May, 1910.

SIR JAMES MILLS, managing director of the Union Steam Ship Company of New Zealand, interviewed the Postmaster-General, Mr. Thomas, to-day, in reference to an extension of the Australian-Canadian mail contract. He suggested that the Union Company be allowed to substitute a steamer not so large