

Seeing that the service would involve additional steaming of about 5,000 miles per annum, and considerably increased expense, we think it not unreasonable to ask some compensation in the shape of additional subsidy. Probably the extra cost will run into between £4,000 and £5,000.

I did not specify with regard to port dues, but we took it for granted that the postal contract would carry, as usual, exemption of port and light dues.

I attach draft of proposed running. I am writing to you unofficially, but shall be glad if you will give me an opportunity of explaining any points that have not been made clear, and, if approved, would write officially. I have taken the liberty of showing Mr. Robertson the draft running, and he thinks it will be satisfactory as regards Atlantic connections.

Yours, &c.,

C. HOLDSWORTH.

P.S.—As already pointed out, the time in port at terminals is really less than is necessary to keep the steamers in proper order. This is certain to involve considerable extra cost, and may mean that the steamer would have to be withdrawn and substitution provided at short notice. The unfortunate experience of Messrs. Spreckels' steamers was largely due to a too-exacting timetable. Under all the circumstances, however, we are willing to make the experiment, particularly as it would be limited to eight or nine months, though we should like the contract to be, as indicated, for three years if Vancouver steamers called at Auckland next year.

The Right Hon. Sir J. G. Ward, Wellington.

[Wn.—S.F. 10/23.]

Enclosure in No. 9.

Proposed San Francisco Service.

Wellington,	depart	p.m., Wednesday,
Auckland,	arrive	p.m., Friday,
"	depart	p.m., Saturday,
Rarotonga,	arrive	a.m., Thursday,
"	depart	noon, Thursday,
Papeete,	arrive	2 p.m., Saturday,
"	depart	noon, Sunday,
San Francisco,	arrive	7 a.m., Friday,
"	depart	1 p.m., Wednesday,
Papeete,	arrive	a.m., Monday,
"	depart	a.m., Tuesday,
Rarotonga	arrive	a.m., Thursday,
"	depart	5 p.m., Thursday,
Wellington,	arrive	10 a.m., Thursday,

(Minute.)

REFERRED to the Secretary, General Post Office, to report as to postal requirements.

J. G. WARD.
23/8/10.

General Post Office, Wellington, 24th August, 1910.

Memorandum for the Hon. the Postmaster-General.

THE proposed time-table based on a service every four weeks is satisfactory. A service every calendar month would not be suitable, as it would not be possible to insure regular connection with the fast steamers across the Atlantic. As Government has already agreed to pay £20,000 for twelve voyages, and as the company is willing to perform thirteen voyages, I would recommend that the latter frequency be arranged, and suggest that the remuneration for the thirteenth voyage be fixed at one-twelfth of £20,000—namely, £1,666 13s. 4d.

D. ROBERTSON.

[Wn.—S.F. 10/111.]

(Memo. for Cabinet.)

Prime Minister's Office, Wellington, 25th August, 1910.

The Union Steam Ship Company's San Francisco Service.

MR. HOLDSWORTH agrees to the proposal for an alteration that is required by the Post Office of thirteen trips at £1,666 13s. 4d. per trip for one year. In the event of the Vancouver service being established and touching at Auckland within the year, an extension of the San Francisco service for two years, making Wellington only the calling-port, to be arranged, provided the service is carried out to the satisfaction of the Government at the time.

J. G. WARD.

[Wn.—S.F. 10/112.]

IN Cabinet, 25/8/10.—Approved.

J. HISLOP, Acting-Secretary.