

No. 25.

The ASSISTANT SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

SIR,—

General Post Office, Wellington, 6th March, 1914.

In reference to your letter of the 25th ultimo, regarding the late despatch of the R.M.S. "Tahiti" from Wellington in January last, I have the honour to inform you that, as the delay was due to circumstances over which your company had no control, the Postmaster-General has decided that the penalty is not to be imposed.

I have, &c.,

F. V. WATERS,

Assistant Secretary.

The General Manager, Union Steam Ship Company of New Zealand (Limited), Dunedin.

[Acknowledged, 10th March, 1914.]

RENEWAL OF CONTRACT.

No. 26.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

SIR,—

General Post Office, Wellington, 23rd August, 1913.

In reference to the pending expiry of the current contract of your company with the Postmaster-General for the performance of the mail-service between Wellington and San Francisco via Rarotonga and Tahiti, I have the honour to inquire on behalf of the Postmaster-General on what terms your company would be agreeable to renew the service by the same route for a period of three years at a speed of fifteen knots an hour.

I have, &c.,

F. V. WATERS,

For Secretary.

The General Manager, Union Steam Ship Company of New Zealand (Limited), Dunedin.

[P. & T. 36/20.]

No. 27.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

Union Steam Ship Company of New Zealand (Limited),

SIR,—

Dunedin, 17th September, 1913.

I have the honour to acknowledge receipt of your letter of the 23rd ultimo, inquiring on behalf of the Postmaster-General the terms on which the company would be prepared to renew the mail-service between Wellington and San Francisco via Rarotonga and Tahiti for a period of three years at a speed of fifteen knots per hour.

The company will be prepared to provide a 15-knot service if it is required, but it could not be started under two years, as the "Tahiti" is the only vessel at present employed in the service able to maintain that speed, and two other vessels would have to be built, as we consider it necessary to employ three vessels and extend to Sydney in order to secure a share of the passenger and cargo trade to and from Australia.

The speed under present contract is based upon 13 to 13½ knots, and we estimate that the extra cost of a 15-knot service between Wellington and San Francisco with ships of the "Tahiti" class—coal, wages, and incidental expenses—would be not less than £50,000 per annum. As a matter of fact, I would point out that the new ships would probably, looking into the future, be larger than the "Tahiti," with much greater expenditure of capital and cost of running, so it is probable the above figures would be exceeded.

Estimating, therefore, that the improved earnings would repay half the additional cost, it would appear that an additional subsidy of at least £25,000—say, £50,000 a year—would be necessary for a 15-knot service, and the contract would need to be for seven to ten years.

If a proposal in this direction is likely to be considered, I shall be glad to go into the matter more closely and submit a definite offer. It should not be forgotten that this service differs from any other ocean mail-service in that the steaming distance (from Wellington to San Francisco and *vice versa*) is 6,100 miles, and that bunker coal has to be carried for the whole distance, there being no depots on the way, while also coal for the return voyage in San Francisco is very costly.