

The time from Wellington to San Francisco and *vice versa* under the present contract is twenty-one days, based upon an average speed of 13 to 13½ knots. At a speed of 14 knots the time would be 19½ days, while at 15 knots eighteen days would be required.

I would submit for your consideration the following alternative proposals:—

1. That the contract be renewed for three years at the present speed and other conditions, with right to an extension for a further period of three years on condition of the service being improved. The service to be carried on in the meantime with the steamers "Tahiti," "Aorangi," and "Moana"; one of the two last named to be replaced before the 31st December, 1915, and the other before the 31st December, 1916, it being understood that if we find it possible to secure suitable steamers by purchase we are to replace the two steamers referred to at an earlier date; subsidy while the present speed is maintained to be £25,000 per annum.

2. If at the end of the third year we are required to accelerate the speed to 14 knots, the subsidy to be increased to £35,000, while if 15 knots are required the subsidy to be £50,000. In the latter case the contract to be extended for a further period.

I may state that this service has not been profitable for the three years it has been in operation, but under the new tariff in the United States there is a good prospect of a much larger interchange of traffic, and we shall be glad if the Government can see its way to give us an extension of the contract under one or other of these proposals and for a term of years, so that we may at once take steps to secure suitable ships to anticipate and develop the trade

I have, &c.,

C. HUGHES,

The Secretary, General Post Office, Wellington.

For General Manager.

No. 28.

DEPUTATION TO HON. POSTMASTER-GENERAL FROM WELLINGTON CHAMBER OF COMMERCE, 24TH OCTOBER, 1913.

San Francisco Service: Renewal of Contract.

A DEPUTATION from the Wellington Chamber of Commerce, consisting of Messrs. J. B. MacEwan, J. G. Harkness, T. Gray, and H. D. Vickery (Secretary), interviewed the Hon. R. Heaton Rhodes, Postmaster-General, on the 24th instant about the above-named subject. The Hon. J. Duthie, M.L.C., and the Hon. F. M. B. Fisher, Minister of Customs and Marine, were also present.

Mr. MacEwan said that their main object in seeing the Postmaster-General was to get into touch as far as possible with what the Government was doing. They had been advised that the negotiations in connection with the contract had as usual been left to the Department.

The Postmaster-General: Partly to the Postal Department and partly to the Department of Agriculture, the heads of both of which had met officials of the Union Steam Ship Company.

Mr. MacEwan said that heretofore the contract had been considered of more importance from a postal point of view than from any other.

The Postmaster-General: There has not been much trade.

Mr. MacEwan said that they were inclined to think that the question of trade with the Pacific was going to be of more importance than any other. It was the general opinion of those interested in the matter that the postal service was quite a secondary consideration. Nowadays in nearly all business transactions the cable was used, and letters served only for confirmation and explanation; all that business people desired to know was the date on which a letter would reach its destination, and they did not want fast and elegant steamers. The direct steamers to London were not fast, but they ran regularly, and for that reason they were valuable from a trade point of view. The Chamber's idea with regard to the Pacific service was that steamers like the "Niagara" were not required to foster trade, but they might be necessary from the point of view of the travelling public. He was inclined to think that trade should not be compelled to pay to keep those fine steamers running between Wellington and San Francisco and Auckland and Vancouver.

As great developments would take place during the next three or five years, they would like to see an adjustment made between the Vancouver and the San Francisco service. The Union Company was now well established in the Pacific; it was a powerful organization, and many people thought that it had a monopoly. The Chamber desired to discuss details of the proposed new service with the Postal Department, or with any other Department that was engaged in framing the contract. The future policy of the Government with regard to the Pacific should be on the broadest possible basis. If they could not satisfy the Union Company to-day, could they lay down a basis for a commercial guarantee that the company would retain the Pacific service—that is, if they could not arrange for a contract for years ahead? It had been stated in the Press that the interests of the commercial community had not been looked after in some of the recent contracts with the Union Company for Pacific services. It was impossible to gauge future developments. The important point for consideration in the present negotiations with the company was whether, in the event of the Government not being prepared to grant a subsidy for five or seven years, it would be possible to arrange for a contract for a shorter period, such contract to be adjusted from time to time.

The Postmaster-General said that the company was anxious for a long contract, but he made it plain that he was not prepared to recommend such a contract, as he thought it better that the San Francisco contract should terminate on the same date three years hence as the Vancouver one. The Government would then be in a better position to negotiate for the two services.