

No. 41.

The MANAGING DIRECTOR, Union Steam Ship Company (at Wellington), to the SECRETARY, General Post Office, Wellington.

SIR,—
Union Steam Ship Company of New Zealand (Limited).
Wellington, 23rd March, 1914.

With reference to your favour of the 13th instant, I have pleasure in confirming our conversation regarding amendments in the draft, that these would be agreeable to us.

I have, &c.,

The Secretary, General Post Office, Wellington.
R. McK. McLENNAN,
For Managing Director.

No. 42.

The MANAGING DIRECTOR, Union Steam Ship Company (at Wellington), to the SECRETARY, General Post Office, Wellington.

SIR,—
Union Steam Ship Company of New Zealand (Limited),
Wellington, 23rd March, 1914.

I have to thank you for yours of the 20th instant, from which we regret to learn that the Government cannot see its way to agree to payment of £30,000 subsidy as proposed by us.

I now have the honour to submit an alternative proposal as follows:—

We are prepared to accept a subsidy of £25,000 per annum, as proposed in clauses 8 and 15 in draft of contract received with your letter of the 12th instant [not printed], but with the right to extension for a further period of five years.

The steamers "Aorangi" and "Moana" to be replaced not later than the 31st December, 1915, by improved steamers as proposed in clause 2 of the draft contract, but we to undertake that these steamers, as well as the "Tahiti," shall be capable of increasing the speed to 14 knots, and that we shall supply a service at that speed if desired by the Government to do so in return for a subsidy of £35,000 per annum, or if a speed of 15 knots be desired we will arrange to supply it for a subsidy of £50,000 per annum.

The other conditions to be in accordance with the draft (including the improved terms for New Zealand shippers as regards the allotment of cold-storage space, and undertaking that the steamers replacing "Aorangi" and "Moana" will have not less than 30,000 cubic feet of cold-storage space instead of the 10,000 cubic feet provided in the current contract), except that the rate of freight on butter in cold storage to *not exceed* $\frac{7}{8}$ d. per pound, leaving it to us to make further reduction when and to such extent as the circumstances may call for, the same to apply to Vancouver steamers also from Auckland to Vancouver.

We would like it to be on record that in submitting this alternative proposal we are placing reliance on receiving for the carriage of American mails the poundage rates defined at the Universal Postal Union Convention of Rome, 1906, as referred to in clause 16 of the draft of contract.

Harbour dues: Freedom from these to be secured as mentioned in my letter of the 9th instant, and agreed to in the draft.

I have, &c.,

The Secretary, General Post Office, Wellington.
R. McK. McLENNAN,
For Managing Director.

No. 43.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGING DIRECTOR, Union Steam Ship Company, Dunedin.

(Telegram.)

Wellington, 9th April, 1914.

THE amended proposals submitted in your telegram of the seventh instant [not printed] have been considered by Cabinet and, with the exception of the request for an option for the extension of the term of the contract beyond the initial period of five years, are agreed to. Briefly stated the amended conditions are as follows: The rate for butter to be reduced by one-eighth of a penny per pound, such reduced rate to remain in force until thirty-first March, 1916, thereafter from first April, 1916, the rate to be still further reduced by one-eighth of one penny per pound, making the rate from first April, 1916, to termination of contract three farthings per pound, such reduced rates to apply equally to the current Vancouver contract. The subsidy to be £25,000 (twenty-five thousand pounds) per annum. The term of the contract to be five years without the option of renewal.

I shall be glad to learn that the company is prepared to accept the conditions indicated.

No. 44.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin, to the Hon. the POSTMASTER-GENERAL (at Christchurch).

(Telegram.)

Dunedin, 9th April, 1914.

YOUR wire received. Pleased to confirm contract on terms mentioned your wire.