

No. 29.

Mr. DUNNET, Auckland, to the SECRETARY, General Post Office, Wellington.

Oceanic Steamship Company (American and Australian Line),
Auckland, 4th December, 1901.

SIR,—

I have the honour to inform you that I have received a letter from Mr. Spreckels, dated the 8th November, 1901, in which he states that he was unable to cable accepting the Government proposals *in re* the San Francisco mail-service, for the following reasons: First, because he could not sign a contract which contains terms which conflict with his present contract with the United States; second, because it imposes obligations which are unfair; third, because he is offered terms on a lower basis than the improved service is entitled to, as compared with the old.

When Mr. Spreckels cabled that he could only accept the 10s. 5d. rate for letters, 1s. for books, and 6d. for newspapers, he was quite agreeable to the minimum of £15,000 and maximum of £20,000 per annum, and considers this a liberal reduction on his part from former requests, made with a feeling that the Government would recognise the justice of paying his company all that it could earn under a poundage system that has been satisfactory to the Government in the past.

He feels assured that a three-years trial would convince the Government that his company is justly entitled to the increased business resulting from an improved service, as was recognised by the United States Government in granting the company an increased subsidy. He appreciates the fact that the Oceanic Company is held by some people—he need hardly say, most unjustly—responsible for certain laws of the United States which are objectionable to New Zealand, but he hoped, by meeting the Government in a conciliatory spirit, and accepting terms that he considers below his due, this unreasonable feeling against the Oceanic Company would have been allayed.

Mr. Spreckels is aware that the service has been in point of time somewhat unsatisfactory to the Government; but it has been equally so to him, and he has spared no expense to rectify this. It is no small undertaking to drive vessels through all weathers, and under detentions at calling ports due to increased traffic, at a speed of fifteen knots for 7,200 miles. Mr. Spreckels feels he may have been too ambitious in this respect, but it was with the purpose of meeting with the good wishes and cordial support of New Zealand, instead of which he regrets to feel the impression forced on him that he has neither. It is hopeless for the Government to expect that by withholding from the Oceanic Company the fair treatment that is due to it Mr. Spreckels will be obliged to, or could possibly, bring pressure to bear on the United States Government that will influence it in the direction of enacting the legislation desired by New Zealand. It is equally hopeless for the New Zealand Government to expect any other direct communicating line with the United States unless they are prepared to pay as large a subsidy as is paid by the United States. This the New Zealand Government probably cannot do, as the trade does not justify it. What then? Is it sound business or practical political policy to jeopardize a line of communication that brings New Zealand in direct touch with eighty million people, and which by the Government's admission is the most advantageous route in the matter of time to the Mother country? Mr. Spreckels is no less aware of the *pros* and *cons* of the Vancouver service, and when it offers greater advantages to New Zealand than his company can offer he quite expects the Government to break with his company. Meanwhile he feels that the Government should consider a liberal treatment is due to the best service the colony has.

A brief statement of the position from Mr. Spreckels's point of view is this: Under his present contract with the United States, the Oceanic steamers are not obliged to return from Sydney *via* Auckland. Supposing this is not done, how will the Government supply the missing link with the United States? Will the Vancouver steamers depart from Sydney *via* Auckland for Vancouver, and leave the Oceanic Company the quicker route direct from Sydney and Brisbane to the United States?

It has been suggested in New Zealand that a steamer could be run from Auckland to Fiji and connect with the Vancouver service there. New Zealand would thus be on a side track instead of the main line. Would this be advantageous to New Zealand, and compatible with the Government's idea of the dignity and importance of a prominent colony? It is also commonly supposed that the Oceanic Company is obliged to go for ten years to Auckland from the United States by the terms of their contract, but there is a provision in the contract that can be used for their protection if the exigencies of the service and the maintenance of the service demand a change of route. This supposition seems to have influenced some of the members of the New Zealand Parliament in their action, believing that they are sure of the service regardless of their attitude towards the Oceanic Company. While Mr. Spreckels is desirous, on account of present and past associations, to go to some length to retain his present route, it is by no means of vital importance to him to do so. Other routes have advantages to offer the Oceanic Company, where a reasonable certainty, not enjoyed at present with New Zealand, for the future can be assured. Mr. Spreckels still hopes this question will be satisfactorily adjusted.

The Secretary, General Post Office, Wellington.

I have, &c.,

GEO. DUNNET.

No. 30.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Chamber of Commerce, Wellington.

SIR,—

General Post Office, Wellington, 11th December, 1901.

I have the honour, by direction, to refer to your letter of the 3rd instant, bringing under notice the representations made by a Conference of Chambers of Commerce held in January last at