

of the contract that the steamers employed are to be able to maintain 15 knots at sea, and the voyage between Vancouver and Auckland, *via* Honolulu and Suva, is to be made within nineteen days. I shall be glad to have your confirmation of this arrangement.

I may add that draft contract has been prepared by the Canadian Government, and is now on its way here. It should come to hand about 1st March, and we shall then submit draft contract for your approval.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

JAMES MILLS.

Vanc. Misc. 11/31.]

No. 127.

The AMERICAN CONSUL-GENERAL, Auckland, to the Right Hon. the PRIME MINISTER.

SIR,—

American Consulate-General, Auckland, 14th February, 1911.

I have the honour to request that I may be furnished, for the information of my Government, with the terms of the contract, particularly in regard to the subsidies to be paid, of the new mail-service to be commenced in August next between Canada and New Zealand.

I have, &c.,

WM. A. PRICKITT,

American Consul-General.

The Right Hon. Sir J. G. Ward, P.C., K.C.M.G.,
Prime Minister of New Zealand, Wellington.

[For reply see No. 130.]

[Vanc. Misc. 11/32.]

No. 128.

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

SIR,—

General Post Office, Wellington, 22nd February, 1911.

I have the honour, by direction, to acknowledge the receipt of Sir James Mills's letter of the 3rd instant, on the subject of the Vancouver service, and to inform you that Government now desires to formally agree to the conditions stated by your company, with the amendments which are included in the conditions below:—

1. The contract to be for five years.
2. Subsidy to be contributed by the New Zealand Government. £20,000 per annum, with exemption from harbour and dock dues. (In your letter you mention free light dues, but Government has no power to grant such exemption.)
3. Permission to be given to the contractors to proceed from Auckland to Sydney or Melbourne, retaining any sum contributed by the Commonwealth.
4. First voyage outwards from Auckland, 1st September; from Vancouver, 6th October. Dates of departure from Auckland to be amended as soon as practicable, to enable a fortnightly alternation to be made with the San Francisco service.
5. The voyage between Vancouver and Auckland, *via* Honolulu and Suva, to be made in nineteen days. The same time to be kept in the reverse direction.
6. New Zealand shippers to have the first refusal of all space for freight so long as no subsidy is being paid by the Commonwealth Government. No discrimination in rates of freight, passenger-accommodation, or passenger rates is to be made against New Zealand, whether a subsidy is paid by the Commonwealth or not.

I have, &c.,

D. ROBERTSON, Secretary.

The Managing Director, Union Steam Ship Company of New Zealand (Limited), Dunedin.

[Vanc. Misc. 11/37.]

No. 129.

The SECRETARY, General Post Office, Wellington, to the DIRECTOR, Division of Commerce and Tourists, Wellington.

(Memorandum.)

General Post Office, Wellington, 22nd February, 1911.

I BEG to forward for your information copy of a letter [see No. 128] sent to the Union Steam Ship Company on the subject of the Vancouver service, which covers the conditions agreed to by Cabinet. In addition thereto it has been decided by Cabinet that one-half of the subsidy is to be charged to your Department, as in the case of the San Francisco service. Will you kindly note that seven [altered later to "eight": see No. 141] twenty-fourths of £20,000 will require to be provided by each of our Departments in next year's estimates.

D. ROBERTSON, Secretary.

The Director, Division of Commerce and Tourists, Department of Agriculture,
Commerce, and Tourists, Wellington.

[Vanc. Misc. 11/36.]