

No. 38.

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

Union Steam Ship Company of New Zealand (Limited),
Wellington, 12th March, 1914.

SIR,—

I have to thank you for a copy of the draft of the proposed new contract as discussed between us. As, with the exception of clause 15 regarding subsidy, the details are now in accord with your views and ours, I purpose to return to Dunedin this evening, in expectation of hearing from you soon regarding the subsidy when finally considered by the Ministers.

I beg to take this opportunity of stating that as regards a reduction of freight having been indicated in conversations when our proposals were submitted in our letter of the 17th September last, a reduction of present rates was intended in a general way when the traffic had developed and shipments of various commodities had increased to an extent in better proportion to the excessive cost of operation of the steamers—fuel, for instance—but a reduction of the butter freight beyond at most $\frac{1}{4}$ d. per pound was not expected to be found practicable within the period of the contract. A reduction of $\frac{1}{4}$ d. per pound was not thought of before the present negotiations were entered into. The advantages now offered are:—

Two improved steamers, the second to enter the service at an earlier date than indicated in our letter of the 17th September. The effect of this would be to place New Zealand in line with wide-world travel by two modern well-equipped services across the Pacific, besides improving trade facilities with the American Continent.

Increase of refrigerator space not later than December, 1915.

Reduction of freight on butter at once by $\frac{1}{4}$ d. per pound, to apply also to Vancouver steamers. On the basis of the shipments made and to be made this season, the value of this reduction is just upon £10,000, and the value would increase with increase of shipments.

The proposals in our letter of the 17th September [No. 27] were not intended to include as a condition of contract a reduction in rates.

The period of the proposed contract is now set down as five years, while our letter of the 17th September proposed three years, as at present, with the right to extend it for another three years—practically a six-years contract.

I have, &c.,

R. McK. McLENNAN,

For Managing Director.

The Secretary, General Post Office, Wellington.

No. 39.

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

SIR,—

General Post Office, Wellington, 13th March, 1914.

I forward herewith four sheets [not printed] containing amendments suggested at the conference between your Mr. McLennan and the Secretary of the Department of Agriculture, Industries, and Commerce, which I shall be glad if you will have inserted in the copy of the draft contract furnished Mr. McLennan when in Wellington.

I would call attention to clause 16 [clause 18 of completed contract], providing for traffic returns to be rendered by your company, and should be glad to know whether the company has any objection to the inclusion of the clause. The returns are required by the Department of Agriculture.

The clauses referring to explosives, assignment, and British subjects are also contained in the Vancouver contract, and no doubt will meet with your approval.

I have, &c.,

W. R. MORRIS, Secretary

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

No. 40.

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

SIR,—

General Post Office, Wellington, 20th March, 1914.

I have the honour, by direction, to refer to previous correspondence on the subject of a new contract for the carriage of mails from New Zealand to San Francisco, and to inform you that Government cannot see its way to exceed the subsidy of £25,000 per annum for the service referred to in the original proposal.

I have, &c.,

W. R. MORRIS, Secretary.

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