

frozen rabbits, mutton, lamb, wool, butter, preserved meats, tow, and grass-seed. The freights by these steamers were fixed at 25 per cent. higher than the current rates of freight between the colony and London. Such an advance in the rates of freight robs the opportunity of direct shipment to Liverpool of its value, and tends to discourage shippers and consignees. I have little doubt that if a steam service were established between this colony and the western ports of the United Kingdom a fairly large trade would be established, particularly in frozen meat and rabbits, butter, cheese, hemp, wool, and tallow; fresh outlets would be created, a new section of buyers introduced, and enhanced values would no doubt be obtained if only through delivering direct, and thus avoiding the extra cost and loss of condition and time caused by the present means of delivering in London and reforwarding by rail.—T. E. DONNE, Secretary."

88. Now, is it a fact that under the service for which a contract was entered into by the Government to carry produce to the west-coast ports of the United Kingdom, the rates of freight to the producers of New Zealand are bound to be 25 per cent. less than the direct liners had ever offered to carry the produce for?—Yes, that is so.

89. Can you tell me roughly what the average amount of freight was that went into any one of the direct steamers when loaded with general cargo?—The gross earnings?

90. Yes?—Well, a great deal would depend on the size of the boat.

91. Am I right in saying that the rates of freight fixed for the carrying of produce under the contract direct to Liverpool, Glasgow, Cardiff, and Bristol are 25 per cent. less than was formerly paid?—Yes, and they never had but two opportunities before. You might say that it is more than 25 per cent.; they only discharged at one west-coast port.

92. I want to clear up a point referred to by Mr. Buchanan as I go along. Were there any conditions in the agreement with the New Zealand and African Steamship Company more favourable to them than those advertised in the Press—less strict?—No, they are in favour of the colony and against the contractor.

93. Is it not a fact that a speed-limit was stipulated for that was not advertised for, and agreed to by the contractors?—Yes.

94. Were the conditions with regard to the cost of passages between England and New Zealand less favourable to the contractors, and which were not in the advertisement?—Yes, they agreed to carry passengers very much below the ordinary rates.

95. Now, regarding the conditions in the advertisement, Mr. Buchanan has referred to the fact that no request was made for a service outwards from England?—That is so.

96. What was it that the Department urged, in its reports of 1902 and 1903, that we should endeavour to get for the colony?—A service from New Zealand to the west-coast ports of the United Kingdom, not the reverse way.

97. Supposing that the successful tenderer had not offered to give us a service outward from England to New Zealand, was his offer independently of that as good as or better than the other offers?—Independently of that, their offer was very much better.

98. Did the New Zealand and African Steamship Company in the tender offer to call at more west-of-England ports with our produce than any other tenderers?—Yes.

99. Will you refer to the tenders and tell me how many west-coast ports they offered to call at?—At least three ports in the United Kingdom, and then they qualified that by saying "that should there be, in the opinion of the Government, sufficient cargo offered in New Zealand for ports on the west coast of the United Kingdom other than Liverpool and Glasgow, the contractors will, on receipt of written notice to that effect, send steamers to such additional ports also."

100. That is the offer of the New Zealand and African Steamship Company?—Yes.

101. What ports did the Shaw-Savill Company offer to call at on the west coast?—Any safe port in the United Kingdom, each steamer to go to two ports only.

102. How many ports did the New Zealand Shipping Company offer to call at?—"Ports at which steamers can call—Glasgow, Liverpool, Cardiff, or Bristol, or other ports as may be arranged if sufficient inducement offers."

103. Then the New Zealand Shipping Company's offer was very much better than the Shaw, Savill, and Albion Company's?—Yes.

104. As far as ports are concerned it was as good an offer as the New Zealand and African Steamship Company's?—It was much the same, excepting that they stipulated for the option of terminating the contract at the end of twelve months.

105. Did the New Zealand Shipping Company withdraw their tender?—Yes.

106. So that finally the only two offers remaining open for consideration were the New Zealand and African Company's and the Shaw, Savill, and Albion Company's?—That is so.

107. And in addition to the New Zealand and African Company's offer being better, owing to the number of ports they would call at in England, they offered the further inducement of a return service from the west-coast ports of England and London to New Zealand?—Yes.

108. Was the contract for this service drawn up by the Law Department?—Yes.

109. Were the whole of the papers submitted to the Law Officers?—Yes.

110. And it was upon the draft submitted by them that the contract was carried out by the Department?—That is so.

111. Now, I want to come back to a more recent time. In addition to the ports named in the contract with the New Zealand and African Steamship Company, have they since included the Port of Manchester?—Yes; they have since agreed to carry produce to Manchester without charging any extra freight.

112. There is a letter from them to the Department on that point?—Yes. It is dated the 22nd August, 1904: "The Secretary, Industries and Commerce Department, Wellington.—DEAR SIR,—In proof of the desire of the New Zealand and African Steamship Company to study the wishes of New Zealand exporters, we have to inform you that we have agreed to send our steamers