

Albion Company is the least attractive of the three. I have therefore no hesitation in recommending the acceptance of the offer of the Federal Houlder Line, subject to certain modifications and additional conditions, especially as the next best offer, that of the New Zealand Shipping Company, has since been withdrawn."

115. You recommend the acceptance of the Federal Houlder tender on account of the three ports, as against the Shaw, Savill, and Albion Company's two?—It is not in those words, but the comparison of the two tenders brings that out.

116. You did not think it necessary to inquire whether the other tenderers were disposed to extend the number of ports—you had no communication with them?—No; they made their offer, and if better terms had been offered they would have been recommended for acceptance.

117. What I am going to draw your attention to is what the Department did to others?—No.

118. You did not do so?—No.

119. Then you recommended the acceptance of the offer on account of the return service and special rates. You have told me that you were aware that the Shaw, Savill, and Albion people had a vessel laid on?—I was not aware of it at that time. I told you that I did not know whether your dates were correct, and I would not like to say I knew the date on which the Shaw, Savill, and Albion Company had a vessel put on.

120. Do you not think it was a grave omission not to have stipulated for a return service?—I answered that question before when I said I did not think the Government were troubling about it. Their idea was to have produce delivered to Glasgow, Liverpool, Cardiff, and Manchester.

121. And yet you gave it as a reason for the preference?—Yes; because it was suggested by these people and was an advantage to some extent. I do not say it was a weighty advantage, but among other things it was an advantage.

122. Then you gave another reason—that they gave special passenger rates?—Yes.

123. They only gave the same passenger rates as the other companies?—Yes; but they gave them from the west-coast ports, while the other people only gave them from London.

124. Do you think passengers would prefer to go by a slow steamer by way of Australia, which might never reach New Zealand?—It all depends upon whether a man's time is valuable or not. Some people might prefer to go in a vessel like that.

125. Do you think they would prefer to go in a cargo-steamer?—They have fair accommodation.

126. And you think it was a fair thing to expect passengers to go on those vessels for a long passage?—Yes. If they went by some other steamer from Glasgow they would have to pay their own expenses to London.

127. But they do not all come from Glasgow?—These steamers provided the opportunity, and passengers by the New Zealand Shipping Company or Shaw-Savill Company might have to incur an expenditure of £10 in getting to London.

128. From Glasgow they start, go on to Liverpool and Bristol, then go on to Melbourne, and from there to Auckland to get to Wellington?—Yes.

129. That is a nice long voyage for you?—Yes. The passengers would be that class of people who would not mind a long voyage.

130. You further say that, the subsidy being equal, you have no hesitation in recommending acceptance of the offer?—Yes.

131. And you recommended it subject to certain modifications and additional conditions?—Yes.

132. Why was that confined to the one company?—Because their offer was the best. It would have equally applied to any of the other tenderers if theirs had been the best. There was no question that the successful tenderers offered the best service.

133. But in the interests of the passenger trade it must have been better for the steamers to come direct to New Zealand?—I think you are attaching a little too much importance to that. It is only suggested as an advantage. Independently of the return service from the west-coast ports of England, or the reduced passenger-fares, this offer was the best in the first instance; and, therefore, as it was the best, they were entitled to know of any variations to meet anything that we considered necessary and which had not been covered in their offer, and it was with a view to obtaining that that I inserted in the letter "with certain modifications and additional conditions."

134. Then you agree to give—and proffer, I think, if I understand it—half of the Government cargo from the west-coast ports?—No, we did not proffer it. They asked for all of it, which we declined, and we offered a reduced share of it because we thought they were entitled to it.

135. There was no committal so far as the other companies are concerned in regard to the Government cargo?—No, because they had had it all for years.

136. Not from the west coast?—That was all the worse for the colony, because the Government had to pay the freight to London as well to suit the shipping companies, who only loaded at London.

137. Should not the other tenderers have had the same opportunity? You arbitrarily closed the tenders and then consented to this concession?—That is not a fair way to put it. There are three tenders, and the best one is chosen. The company that offered the best and most advantageous service was chosen. Then it was necessary to enter into further negotiations, and the company was entitled to a share of the Government cargo. But these are matters of detail.

138. Do you not recognise that that was a condition, and the carrying of half the Government cargo had not been offered as a condition? If it had you would have got better terms?—I do not think so, because in the case of the Shaw-Savill Company and the New Zealand Shipping Company they had had it all.

139. Then, they were going to be robbed of that—that was to be taken from them?—I do not think so, because the existing steamship companies must have known that in the event of an additional line starting the trade from the west-coast ports to New Zealand, it would in any case