

be bound to obtain portions of all cargoes offering for the colony, including Government cargo, even without any contract.

140. But there was no indication that you were going to concede this?—Such a thing was never contemplated, because we were not inviting tenders for an outward service from the United Kingdom at all. Our concern was to secure a service for our producers from New Zealand to the west-coast ports.

141. But you recognise that the outward service was a contingent matter?—If I had been in the position of the Shaw-Savill Company and the New Zealand Shipping Company, I would have recognised that if they failed to get the contract they would lose the Government cargo from those ports, and would have given the colony the benefit of a steam service years ago to and from the west-coast ports and so prevented this coming about.

142. Again, why was it not put forward in order to get the best contract for the colony? Other companies were relying on it and you did not recognise it—why did you suppress it?—It was not suppressed. A return service was never contemplated when the tenders were called for. The importance of it would be more obvious to the shipping companies than to the Government—they knew the value of it and we did not. In any case the New Zealand and African Company's tender was the best for the colony without giving a return service, and it was clearly good business for us to take it, especially as it cost us nothing.

143. If a Government Department is not competent to see these things should they enter into such matters? I asked you what shipping experience you had had, and you said you had been at it all your life. In the working of the contract you have stipulated for the current rate of freight?—No; we have stipulated that the rates of freight for the west-coast ports shall not exceed the current rates for London, and that means a considerable saving to shippers direct to the west-coast ports.

144. Are you aware that the South African service and even this service are, with other companies, accepting lower rates? We have, for instance, this case of Sullivan: the rate charged in Australia was £2 as against £2 10s. in New Zealand?—Yes. The company are entitled to get £2 10s. for rabbits. That is the schedule rate which they must not exceed. The rate was reduced in Australia to £2, and upon that being brought to the notice of the New Zealand and African Company they reduced the rate from New Zealand to £2.

145. You are aware that Birt's people have had to reduce their rates upon various lines of cargo by about 10s. a ton?—They have reduced their rate of freight on several lines, but so long as they reduce their rates the colony should be quite satisfied.

146. Does it not occur to you that your Department has made a very grave mistake by entering into a contract for rates which have already been proved, by the company's own concessions, to be very much higher than they ought to be?—That does not at all follow. The contract, in my opinion, is an excellent one for the colony. There must be a maximum rate fixed, and as shipping freights are always fluctuating, whatever variation takes place under this contract must be in the direction of a reduction of rates, and that is what the colony wants.

147. But if the colony enters into a contract for three years it implies that it is satisfied with the rates charged, and that must have a tendency to keep rates up?—The working of the contract already shows that that is not so. What we were trying to obtain was the benefit of direct steamer-freights to the west-coast ports of England at rates not exceeding those current for London, and that we have obtained, and it amounts to a considerable saving to shippers, even at the maximum rates under the contract, by being able to ship direct to the west-coast ports instead of having to tranship from London, with all its attendant cost and damage by the handling of cargo; and the fact that the rates have already been lowered by the west-coast steamers means that the shippers are getting a further advantage.

148. Well, is the contract a public advantage if it has that effect?—I think so. It provides a regular opportunity to land the colony's produce at those ports which never existed before at rates which are not to exceed the rates current in London. The company may charge as much less as they like, but they cannot charge more.

149. There is one other feature I will draw your attention to: in giving this preference by which the steamers may go to Australian ports and Africa, do you not see the evil of sending cargo to those tropical parts, the hatches of the ship being necessarily opened at the different places, which involves a grave risk of injury to the class of cargo carried?—Well, it has not turned out so, because you will notice in the letter received from Mr. Gilbert Anderson that he had cable advice to say that the "Suffolk's" cargo was landed in perfect order. He says, "Am also pleased to add, cables just received state that meat by 'Suffolk' arrived in good condition."

150. But the point is that in giving such a preference in a contract there is a risk of that description which shippers have to take?—I think it is remote, because the steamers are of the highest class, and have so many insulated holds. They have so many holds that they would put the different classes of cargo into separate holds, and the strongest answer to your question is that no complaints on such grounds have been made to the Department by either shippers or consignees.

151. Mercantile people attach considerable importance to a risk of that sort?—It is an insurance risk, I understand, and you can insure against all risks.

152. There is an expression of opinion by the National Dairy Association on this subject. You did not consult with such bodies before entering into the contract?—No; but I know the National Dairy people very well, and am on the best of terms with them.

153. On this point they say in their annual report, "This service does not and will not meet with support from shippers of dairy-produce, nor even from buyers in the west coast of England. If it had been a direct service it certainly would have merited, and probably obtained, a large measure of support; but it is far from being a direct service, for after leaving the final port of