

arrive at a fair conclusion. The penalty of £2 an hour is based on the usual demurrage of 4d. per registered ton a day upon a steamer of 3,500 tons, which works out at about £53 a day, as against £48 at £2 an hour: this should be considered. The only alternative I can suggest to this clause is to allow so-many hours for loading and discharging for the whole voyage, and impose a penalty for every hour occupied over and above that time. I do not think that is so good as the plan suggested, for the number of ports at which calls may be made may vary so much, there being three additional ports permitted in Australia and three in South Africa. The last two lines have the effect of excluding the whole of Sundays from the computation. It will be noticed that the effect of the clause is to provide that the hours shall be "running-hours" and not "working-hours." A protest on this point may be expected from the contractor. Whether the fact that "running-hours" is meant has any effect will, of course, depend upon the number of tons to be loaded or discharged per hour.

[I am making inquiries with the view of settling the points raised in this note.]

NOTE E.—I suppose this is intended.

[Yes.]

NOTE F.—Will a mail officer be required? I understand now that the mails are not of the first importance, and it may be therefore that a mail officer will not be wanted.

[I think this clause should stand. We will see what the contractors say to it.]

NOTE G.—This is according to the tender. But is it intended that the rate of carriage from New Zealand to the Cape shall be the same as from New Zealand to London, or only the same in proportion to the distance?

[I think we must accept what is stated in the advertisement—namely, that the rates are to be not more than those current between New Zealand and London.]

NOTE H.—I have no instructions as to the rates from New Zealand to Western Australia. Should they be a proportion of those from New Zealand to South Africa? If so, what proportion?

[The contractor should be allowed to settle these rates. This clause may therefore be omitted.]

NOTE J.—Some such clause as this is necessary, in order that the net amount to be paid shall be calculated.

[Clause approved. Return to be sent to the Hon. the Minister of Industries and Commerce, Wellington, New Zealand.]

No. 23.

The Hon. Sir J. G. WARD to the AGENT-GENERAL.

Wellington, 3rd July, 1902.

SIR,—

South African Steam Service.

Referring to your letter of the 13th May, and draft contract enclosed therein, I have now the honour to confirm and hand you translation of my cable of the 2nd instant.

Referring to clause B of counsel's memo. accompanying draft contract, and your marginal note thereon: I think that a minimum quantity of cargo offering should be fixed, which would insure a deviation to Beira or East London; when the minimum quantity fixed is offered, then the contractor should have no option but to make the deviation; at the same time, the approval of the Minister for Industries and Commerce should be obtained before any deviation is made. I suggest 600 tons as the minimum deviation for Beira, as that port is not in South Africa, and it is an undesirable deviation for a steamer loaded principally for Durban, Port Elizabeth, and Cape Town. Beira is about eight hundred miles north of Durban, and it would delay the steamer fully a week on the voyage from Australia to Durban. I suggest a minimum of 450 tons for East London deviation, as the steamers pass that port on the voyage from Durban to Port Elizabeth, and it would involve no loss of time.

Clause 8: I suggest should provide for all steamers coaling at Westport and leaving New Zealand with a full supply of New Zealand bunker coal. Inserting this condition would necessitate bunkering before loading in New Zealand, and thus save delay after leaving New Zealand to bunker at an Australian port.

Clause 14 and Note C, and maintenance of speed at $13\frac{1}{2}$ knots per hour: I think the penalty indicated is too light, as it would pay the contractor to reduce the speed of the steamers down to twelve knots, and save more than the penalty incurred thereby (£300) in the consumption of coal over the voyage. Speed is an essential condition of the contract, and should be stringently maintained. Limits of ports need not be considered, as a clause referring to ocean speed only would exclude speed within the limits of ports.

Referring to Note D and clause 15: This clause is not, in my opinion, sufficiently clear, and in its present form would make the departure from each loading-port in New Zealand uncertain and dependent on the hour the steamers arrived. I suggest substituting a clause on the following lines: The loading to be proceeded with with all despatch, as customary at the different New Zealand ports, and with no unnecessary delay, and the steamers to sail from each loading-port in New Zealand at an hour and day of which reasonable notice shall have been given by advertisement. Should the steamers fail to sail at the hour appointed a penalty of £3 per hour to be claimed and deducted from the amount due as subsidy. I suggest the penalty at £3 because, being a penalty, it should exceed the rate of ordinary demurrage, which would be, say, £2 per hour. Forty-eight running-hours, not including Sundays or Customhouse holidays, to be allowed for loading at each loading-port in Australia, time to count from the berthing of the steamer; and