

There remains the Federal Company's and Houlder's tender, but the condition that the form of contract is to be subject to modifications to be mutually agreed to in New Zealand, thus leaving the contract in an unsettled state, appears to be one requiring very careful consideration.

I shall be glad if you will fix an early time at which I can see you with respect to this matter.

I attach copies of the tenders and letters referred to in this memorandum.

W. P. REEVES.

The Elder, Dempster, and Co., African House, Water Street, Liverpool,
2nd September, 1902.

SIR,— *New Zealand-Cape Service.*

We thank you for your telegram announcing that the time for receiving tenders for the above service is extended until 10 o'clock on Friday morning.

We may mention that our senior, Sir Alfred Jones, had the pleasure of discussing the points relative thereto with the Hon. Mr. Seddon, and beg to state that we are not prepared to put an offer forward by the time you name. We take great interest in the scheme, and if you do not meet with any firm likely to render the service you require, we should like to have the opportunity of expressing our views to you in the presence of the Premier of New Zealand. In our opinion it is a matter which needs very careful consideration.

The Agent-General for New Zealand.

We have, &c.,
ELDER, DEMPSTER, AND CO.

SIR,— 138, Leadenhall Street, London, E.C., 4th September, 1902.

We beg to acknowledge receipt of your letter of the 29th ultimo, enclosing forms of contract and bond and form of tender for a direct steam service between New Zealand and South Africa.

The experience of this company when it recently ran steamers to South African ports leads us to believe that the service asked for could not be maintained on a subsidy of £30,000, and we therefore regret not being able to tender on the terms and conditions required.

If it should be found later on that a service cannot be obtained on the lines laid down, we should be glad of an opportunity to make an offer on modified terms.

We are, &c.,

The Agent-General for New Zealand,
Westminster Chambers, 13, Victoria Street, S.W.

THE NEW ZEALAND SHIPPING COMPANY (LIMITED)
(C. J. COWAN, Joint Manager).

Shaw, Savill, and Albion Company (Limited), 34, Leadenhall Street,
London, E.C., 4th September, 1902.

SIR,— We have fully considered the terms and conditions received under cover of your favour of the 29th ultimo, in which you invited us to tender for a direct steam service between New Zealand and South Africa.

It seems to us that even with the full subsidy of £30,000, and making a generous allowance for freight and passenger earnings, it would be impossible to run such a service as is detailed on the conditions laid down without incurring serious loss, and we are confirmed in this view by our experience during the period when we carried on a similar service. We regret, therefore, we do not see our way to tender on the conditions prescribed. If your Government, however, is prepared to support a service on less onerous conditions we believe we shall be able to place such proposals before you as will provide for ample facilities for the conveyance of New Zealand products to Fremantle and the Cape, meeting all the requirements of shippers and including provision for extension should a development of the trade require this.

We shall be glad to hear further from you on the subject should you fail to conclude a contract on the terms placed before us.

We are, &c.,

SHAW, SAVILL, AND ALBION COMPANY (LIMITED)
(J. A. ARTHUR, Manager).

The Agent-General for New Zealand,
Westminster Chambers, Victoria Street, S.W.

Union Steamship Company of New Zealand (Limited), 34, Leadenhall
Street, London, E.C., 5th September, 1902.

SIR,— We beg to thank you for inviting us to tender for the proposed contract for the carriage of New Zealand produce to South Africa.

Since the receipt of your invitation we have exchanged several cable messages with our head office, and, while not instructing us to put in a tender on the terms and conditions set forth in the papers received from you, they authorise us to say that they will be pleased to negotiate with you on modified terms. Should, therefore, any modification of the proposed contract be contemplated we should be glad to hear from you again, and we would immediately cable to our head office.

I remain, &c.,

C. H. COOPER, Secretary.

The Agent-General for New Zealand, 13, Victoria Street, Westminster, S.W.

East India Chambers, 23, Leadenhall Street, London, E.C.,
4th September, 1902.

SIR,— We duly received your letter of the 29th August handing us a form of tender for the projected service between New Zealand and South Africa, and we are obliged for your further advice of yesterday, that the time for receiving tenders is extended to 10 o'clock on Friday morning, the 5th instant.