

tract. They used to terminate the contract at Cape Town, and either turn round or proceed elsewhere at their own option, and we should not be interested in the vessels after they reached Cape Town.

18. Does the contract, as finally entered into, include conditions that were not included in the original specification—in other words, are these ships performing services now under the contract which were not included in the original specification when tenders were advertised for?—Certain conditions were set out in the advertisement inviting offers or calling for tenders for the service, and the contractors were invited to state what class of steamers they were prepared to employ and all other conditions, and those conditions were different from each tenderer. The contract as entered into now is in accordance with the offer made by the New Zealand and African Company.

19. Were there no conditions included in the contract which were not set out in the original advertisement?—Yes, I believe the contract goes further. The advertisement was an invitation to tender under several main headings. It was left to the shipowner to make the best offer he could to the Government. It was an invitation to tender and state what the tenderer was prepared to do, and, naturally, if the tender was offered on liberal terms it went possibly beyond what the advertisement stated.

20. Does the contract include particulars as to freight outwards from the colony to England?—Yes, that was in response to the advertisement. The company's offer included terms and maximum freights, and those are embodied in the contract.

21. Ought not the requirements of the colony with regard to freights outward from England to have been included in the original advertisement? Would not the chance of the colony be prejudiced as to getting the very best terms for freight outwards through the absence of that in the advertisement?—It is difficult for me to express an opinion about that. I take it that the object of the colony was to find markets for its produce.

22. *Mr. Laurensen.*] Mr. Buchanan asked you if the advertisement calling for tenders was inserted in the *Auckland Observer* and *Free Lance*?—Yes.

23. I suppose the Department in issuing their advertisements in connection with the Tourist Department advertise in the *Observer* and *Free Lance*?—Yes, frequently.

24. And those particular advertisements were issued in the ordinary way?—Yes.

25. What other papers did you advertise in?—The *New Zealand Herald*, *Auckland Star*, and *Observer* in Auckland; the *Evening Post*, *New Zealand Times*, and *Free Lance* in Wellington; the *Lyttelton Times* and *Press* in Christchurch; the *Otago Daily Times* and *Evening Star* in Dunedin; the *Southland Daily News* and the *Southland Daily Times* in Invercargill; the *Sydney Morning Herald* and *Daily Telegraph* in Sydney; and the *Age* and *Argus* in Melbourne.

26. How many tenders did you receive?—Three.

27. From whom?—One from the New Zealand Shipping Company, one from the Shaw, Savill, and Albion Company, and one from the New Zealand and African Steamship Company. As far as remuneration is concerned they were all the same. None wanted any remuneration.

28. Mr. Buchanan asked you whether the contract did not include other conditions than those contained in the advertisement calling for tenders?—Yes.

29. I suppose it is a fact that no advertisement calling for tenders contains all the conditions to be put in a contract?—Hardly, because it would make too large an advertisement. The advertisement reads, "Tenders are invited for a steam service from New Zealand ports to Liverpool, Glasgow, or other ports on the west coast of the United Kingdom. Tenderers are requested to state—(1) Class of steamers offered for employment in the service; (2) period of contract; (3) ports at which steamers are prepared to call on the west coast of the United Kingdom; (4) intervals of sailing; (5) rates of freight from New Zealand ports to a port or ports of discharge on the west coast of the United Kingdom—(a) refrigerating cargo, (b) general cargo; (6) the amount of subsidy required." Well, necessarily a good deal is left for the shipowner to state in the way of advantages he is prepared to offer, such as class of steamers and the number of sailings, and therefore the contract must contain a great deal more than a bald reply to the advertisement.

30. Since the contract was accepted, have you found the trade increasing?—Yes, it has developed a class of trade which never existed before. It was the first real opportunity that shippers had had to trade regularly to those ports.

31. And since the vessels have been running trade has developed?—Yes, very considerably.

32. *Mr. Hanan.*] The advertisement calling for tenders was framed, I suppose, with the object of drawing forth the most liberal terms and the best service?—Yes.

33. And the tender accepted really provided the best service and the most liberal terms?—Yes, very much so.

34. *Hon. Sir J. G. Ward.*] As Mr. Buchanan stated he has not read the file, I want to put the position in evidence, because the whole of the file has been available to the Committee. Will you turn to a letter from Mr. Donne to the Minister in charge of the Department, dated the 11th December?—Yes.

35. Will you read that letter?—"Department of Industries and Commerce, Wellington, 11th December, 1903.—The Hon. the Minister for Industries and Commerce.—Steam service to and from the west-coast ports of the United Kingdom: Herewith I enclose you draft of an advertisement calling for tenders for the supply of the above steam service. I suggest that the advertisement be inserted in the principal newspapers in the four centres of the colony. In my opinion it is unnecessary to advertise the tenders to any greater extent, as the local agents of the British steamship companies trading to and from the colony will certainly cable full particulars to their head offices.—T. E. DONNE, Secretary."

36. Will you read the instructions upon that letter given by me to Mr. Donne?—Yes. There is a minute dated the 21st December: "Mr. DONNE,—Advertise principal New Zealand towns in