

92. That is under the South African contract?—Yes, but no alteration of the terms of the South African contract has been made to suit the contract for the west-coast ports.

93. We are dealing with the contract for the west-coast ports of the United Kingdom. You gave the company the privilege of going to two ports, and while not having the privilege under the South African contract they have the privilege under the other, and exercise it. As a matter of fact they have been doing so?—No; hitherto the same steamer has been used for both contracts, which only enables them to load one port in Australia besides Fremantle. It is within their rights to use different steamers for each work.

94. Do you mean to say they have not loaded at Melbourne and Sydney for Africa and London in the same steamer?—No, that is not the case.

95. Under the west-coast-of-England contract they are enabled to load at two ports in Australia?—Yes. Supposing they were not to send the same steamer, as for the South African contract, they could load at two Australian ports, of which Fremantle need not be one; but if they used a South African steamer, Fremantle must be one port and they could then only load at one other Australian port.

96. But they then have the advantage of carrying goods to South Africa, then going on to London, and passing on to the west-coast ports?—Yes.

97. You then give them the advantage of loading out of those west-coast ports to Melbourne and Sydney?—To two ports in Australia each way.

98. And coming round by way of Auckland with cargo?—Yes.

99. With so many ports it promised to be a very lucrative service, and would have tempted competition if sufficiently put before the shipping public. Would that not probably have been the case?—I take the opposite view, because the more ports a steamer has to go to the less desirable it is. If you get one loading-port and one port of discharge the service is more attractive than one with many ports, because you have your profits eaten up with port charges.

100. You are aware that short-passage freights are higher than long-passage freights?—Yes, I think that is so, relatively except under extreme circumstances.

101. If these steamers can load in Australia, and there fill up any space not taken here, and then fill up again in South Africa for London, they have an opportunity of getting more than one freight?—Yes; but they do not do that. They start with a full cargo for the west-coast ports and South Africa. When they put the South African cargo out they do not get anything there, but go on.

102. With all those ports to load at, and £30,000 as a subsidy, it should work out as a very fat thing?—I do not think it is. They load at from four to nine ports in New Zealand, call at Fremantle, discharge at three ports in South Africa, and four ports in England; and I should imagine the whole subsidy and more is eaten up with port charges.

103. One of the reasons you assign in your official report in favour of the service is that the freight to the west-coast ports by homeward vessels to London is 25 per cent. more?—That is on the two steamers berthed by the Shaw, Savill, and Albion Company and the New Zealand Shipping Company for Liverpool and Cardiff. They only went to one port each—one to Liverpool, and the other to Cardiff—and they charged 25 per cent. extra.

104. How do you make that out? The "Rangatira" sailed on the 21st May, 1903, and at that date the freight was $\frac{3}{4}$ d. per pound for a cargo of mutton?—That is the summer rate. Are the summer rates inclusive of May.

105. Yes, the rates are $\frac{3}{4}$ d. per pound, and shippers paid $\frac{1}{8}$ d. per pound more for the vessel to go to Cardiff?—Yes. The rates are $\frac{3}{4}$ d. per pound in summer and $\frac{1}{2}$ d. per pound in winter.

106. One-eighth upon $\frac{3}{4}$ d. is not 25 per cent.?—I do not know whether your statement is right or not.

107. Do you know if she carried other freight than frozen meat?—Yes; she had a variety of stuff.

108. If she had anything else it was a minor matter?—I do not think so.

109. The ship was specially engaged to carry this mutton to the west coast?—She carried oats, frozen rabbits, mutton, lamb, wool, butter, preserved meats, tow, and grass-seed. I am referring to the "Rakaia" as well.

110. Were the rates 25 per cent. higher?—I made inquiries at the time, and the information I had was that freights were 25 per cent. higher—they may have been a little over or under. I am speaking generally; and this was corroborated afterwards by the Produce Commissioner at Home, who went down to Cardiff to see the stuff landed, and he said the extra freight charged rather killed the trade.

111. Well, it was a new trade and a special initiatory step, and you could scarcely expect the company to divert their steamers and go round to the west coast at less than $\frac{1}{8}$ d. advance?—There was only one port mentioned in the articles, and they should be able to go to Cardiff at a cheaper rate than to London, because they could get coal there at a minimum price.

112. The main feature of the recommendation of the Department was that rates to the west-coast ports were 25 per cent. higher than those to London, and it is erroneous?—I say it is not erroneous—that is your statement.

113. The contract that you accepted was not the most advantageous?—I consider it was distinctly the most advantageous.

114. In the official document recommending acceptance of the tender the reason you set out is the safe carriage of produce to the manufacturing districts. In your memorandum of the 20th January, 1904, you recommend the service on account of the three ports?—There are several reasons given. One paragraph says, "All things being equal, in the matter of subsidy I am of the opinion that the offer of the Federal Houlder Line is the most advantageous to the colony; that of the New Zealand Shipping Company is the next best, and that of the Shaw, Savill, and