

1903.

## NEW ZEALAND.

## SOUTH AFRICAN STEAM SERVICE:

PARTICULARS AS TO TENDERS AND COPY OF CONTRACT.

*Return to an Order of the House of Representatives dated 24th July, 1903.*

*Ordered*, "That there be laid before this House a return setting out all places where the advertisement inviting tenders for the last South African steam service was published, the conditions and terms under which such tenders were invited, copies of all tenders received and of correspondence with the various tenderers, and a copy of the contract entered into."—(MR. DUTHIE.)

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W., 5th September, 1902.

Memorandum for the Right Hon. R. J. Seddon.

*South African Steam Service.*

THE following communications have been received in answer to invitations to tender for this service:—

1. Tender from the Federal Steam Navigation Company and Houlder Line (Limited).

*Special Conditions.*—Speed not less ten knots. Subsidy, £30,000 per annum, to be paid as from the 19th July, 1902, subject to modifications to be mutually agreed upon in New Zealand, and to clause 8 (steamers to be registered, victualled, docked, repaired, and refitted in New Zealand; Westport coal to be used) to be deleted. Total liability under contract not to exceed £20,000. Rate of freight on meat and dairy produce and all other cargo carried in insulated chambers to be the existing summer rates now ruling between New Zealand and London.

2. Tender from the Gulf Line (Limited).

*Special Conditions.*—Speed, twelve knots. (NOTE.—In clause 14 of the form of contract attached to tender, "the average ocean speed" is specified as not less than ten to eleven knots.) Subsidy, £27,500 per annum. Letter accompanying this tender states that the company are prepared to fulfil the conditions of the form of contract with one or two slight modifications, the principal one being that they assume that, in the event of there being any serious shortage of cargo at New Zealand ports, they will be allowed to call at Australia to fill up. Sir Christopher Furness, M.P., and Mr. W. A. McArthur, M.P., are named as bondsmen.

The following letters have been received by me from:—

3. Elder, Dempster, and Co.—stating not prepared to tender by the time named, adding "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."

4. New Zealand Shipping Company—stating that their experience leads them to believe that the service asked for could not be maintained on a subsidy of £30,000, therefore regret not being able to tender.

5. Shaw, Savill, and Albion Company—stating that even with the full subsidy of £30,000 per annum, and making generous allowance for freight and passengers, it would be impossible to run such service on the conditions laid down without serious loss, and they are confirmed in this view by their own experience. They therefore regret they do not see their way to tender.

6. Union Steamship Company of New Zealand—stating that they have exchanged several cable messages with their head office, and, while not instructing them to put in a tender, they are authorised to say that they will be pleased to negotiate on modified terms.

7. Bucknall Bros.—regretting that they find the proposed terms, &c., inapplicable for the service, and therefore it is impossible for them to make any tender. They further mention certain points affecting the supply of cargo which show the desirability of the New Zealand Government being responsible for the furnishing of the cargo or freight earnings of the steamers engaged in the trade. They add that they are disposed to enter into negotiations under a simple contract for the supply of certain steam tonnage between New Zealand and South Africa, on certain terms which they indicate.

The tender of the Gulf Line (Limited) is, on the face of it, the most favourable; but then they assume that they will be allowed to call at Australian ports to fill up. Even were this objectionable condition removed, I venture to submit that it would be most inexpedient to accept steamers for the service which were twice rejected by the Government.