

1879.

NEW ZEALAND.

CONVEYANCE OF GOVERNMENT FREIGHT

(CORRESPONDENCE WITH THE AGENT-GENERAL AND THE NEW ZEALAND SHIPPING COMPANY
RELATIVE TO THE).

(In continuation of D.-1. and D.-2., 1879.)

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY.

SIR,—

7, Westminster Chambers, London, S.W., 19th December, 1878.

Referring to the telegrams, copies of which I herewith attach, respecting the shipment of rails, I have the honor to report to you the circumstances attending the matter to which they refer. In August last I accepted tenders for the supply of over 12,000 tons of steel rails, and, thereupon, entered into communication with the Manager of the New Zealand Shipping Company with reference to their conveyance to the colony.

The contract with the Company provides that all cargo shall be sent by their ships; but as it was obvious that they could not conveniently take so large an amount by their regular traders from London, and as also it was to the advantage of the colony (provided that I could obtain vessels at anything like reasonable rates of freight) that these rails should be shipped from Cardiff and Middlesboro', I asked the Company to waive their right to the strict fulfilment of this provision, so far as to enable me, without the Company's intervention, to charter vessels for the conveyance of such rails as I wished to send from these two ports; at the same time promising them that I would send up for shipment at London a reasonable amount as dead-weight for the ships being despatched with emigrants. The manager, however, did not accept this proposal, and, after some delay, caused by his having to wire out to the colony for instructions, I was compelled to submit to the following arrangement, as being the most favourable one that I could obtain—namely, that the Company should charter such ships as I may require to load at outports, the rate of freight and the ships to be subject to my approval and confirmation, and that I should ship from London such rails as the emigrant ships may require.

The result of this has been that the Company has failed to find me the number of ships I required, as on the first of this month (over three months after I had notified my requirements) more than half the quantity of rails contracted for remained unshipped, with apparently no prospect of ships being provided for them.

Some of the ships they offered were not suitable; for others the rates were too high.

Under these circumstances, I again asked the manager of the Company to allow me to negotiate direct with the owners or brokers for vessels for the conveyance of full cargoes of rails. The answer received, restricting me to the employment of one broker, seemed to me so unwarranted, and so inconsistent with the dignity of the Government, that I declined it. I then felt that, while, on my part, I had been endeavouring to meet the convenience of the Company to the fullest extent, they, on their part, were only inclined to adhere to the strict letter of the shipping contract; and, as the interest of the colony would no longer permit me to continue in that position, I decided to call upon the Company to provide me with ships in accordance with the strict terms of the contract. I therefore sent the manager of the Company six weeks' notice of my requirements for the shipment from London of the rails still in hand. It is apparently of this notice that the Company, as per your telegram of the 10th instant, complain. It is true that the manager of the Company, in reply to my notice, had offered to provide ships at Cardiff and Middlesboro' at certain fixed rates (higher than those which I have hitherto given); but my engagements with the contractors for the supply of rails, &c., are such as to preclude my accepting such an offer, even if it were otherwise expedient to do so.

In the above statement I have confined myself to facts; and I would now add a few remarks with reference to them.

I can see no sufficient reason for the Company refusing to accede to my request that I should negotiate direct with owners and brokers. If I had been able to do so from the first, I quite believe that I could have engaged a sufficient number of ships at my own rates within the time for which I required them. Owners would prefer, I feel sure, negotiating direct with me, and would be far more likely to accede to my terms than if the negotiation was carried on through the Shipping Company.

Again, the Shipping Company are competitors with me for ships, which fact very much militates against their being able to negotiate for me satisfactorily. In one case, of which I am aware, a ship, whose owners declined to accept my rate of freight, was immediately after taken up by the Shipping Company themselves.

In fact, in this and in the case of a previous large shipment of rails, the Company, in advising me on the rates of freight, have almost invariably represented that it could not obtain ships at rates which, notwithstanding, I have been able eventually to secure.

In the present instance, there has lately existed a special reason for my feeling reluctant to negotiate through the Shipping Company. I allude to the charge made against their manager, which, however, I am glad to be able to report, was yesterday dismissed, the Lord Mayor (as per report in the *Times* paper) remarking that Mr. Strickland left the Court without a stain on his character.

I would strongly urge that, in any future shipping contract, the Government, whatever arrangements they may see fit to make as regards the conveyance of immigrants and the carriage of miscellaneous cargo from London, should reserve a right to make independent arrangements for the shipment of large quantities of railway material from any of the outports of the United Kingdom, as I am convinced that, if this department is allowed in such cases to negotiate direct with owners and brokers of ships, it can do so with advantage to the Government, and a great saving of time and trouble to the department itself.

I may add that, throughout these matters, I have constantly consulted Mr. Larnach; and he has approved my action.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Colonial Secretary, Wellington.

Enclosure 1 in No. 1.

The Hon. R. STOUT to Sir JULIUS VOGEL.

(Telegram.)

Wellington, 10th December, 1878.

* * * * *
COMPANY complains January freight. If shipment Middlesboro' beneficial colony, might consult Company's wishes. Discretion entirely yours.

Enclosure 2 in No. 1.

Sir JULIUS VOGEL to the Hon. R. STOUT.

(Telegram.)

London, 11th December, 1878.

* * * * *
Re rails am consulting interest Government. Company by insisting letter contract for sake paltry commission have prevented my getting ships except through them. Their manager is summoned to Police Court for improper practices in connection with commission. Pending inquiry reluctant employ him more than necessary. Our interest now make Company carry rails from London. Larnach concurs.

Enclosure 3 in No. 1.

The Hon. R. STOUT to Sir JULIUS VOGEL.

(Telegram.)

Wellington, 13th December, 1878.

* * * * *
RAILS—Might ship Middlesboro' supposing cost not greater than London. You decide.

No. 2.

The UNDER SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, New Zealand Shipping Company.

SIR,—

Public Works Office, Wellington, 14th March, 1879.

I am directed by the Minister for Public Works to inform you that the Government have received intimation that there has been an inability on the part of the New Zealand Shipping Company to meet the requirements of the Agent-General for the conveyance of railway material to the colony by their ordinary passenger and emigrant ships; and that, to provide for this emergency, he found it necessary to arrange with the Company for chartering ships specially for the conveyance of material from the outports.

The Government do not think it would serve any beneficial purpose now to enter into the details of those arrangements, but they are satisfied that the Agent-General has been thereby unduly restricted to a more or less extent, and he has accordingly been informed that he must insist on the literal fulfilment of the contract with your Company, unless your manager in London can satisfactorily arrange with the Agent-General to meet emergencies such as that alluded to.

I have, &c.,

The Manager, New Zealand Shipping Company.

JOHN KNOWLES,
Under Secretary for Public Works.

No. 3.

The GENERAL MANAGER, New Zealand Shipping Company, to the Hon. the MINISTER for PUBLIC WORKS.

The New Zealand Shipping Company (Limited),
Christchurch, 19th March, 1879.

SIR,—

I have the honor, in acknowledgment of your letter of the 11th instant, to say that the advices received by us from our London manager do not in any way bear out the intimation you have received that we have been unable to meet any requirements which have arisen under our contract with the Government, and I am instructed by my directors to beg that you will favour me with the details of any complaints or the copies of any correspondence from the Agent-General which have led you to the conclusion of which you advise me.

My directors respectfully submit to your consideration that it is only just and due to them that they should be especially apprised in fullest detail of any fault found by the Agent-General in respect to our conduct under the contract, and, pending my receipt of this, I am to assure you of our anxiety in every way to meet the wishes and convenience of the Government so long as they are consistent with the existing obligations between us.

The Hon. Jas. Macandrew,
Minister for Public Works, Wellington.

I have, &c.,
H. SELWYN SMITH,
General Manager.

No. 4.

The GENERAL MANAGER, New Zealand Shipping Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Christchurch, 24th March, 1879.

REFERRING to interview, pray instruct Agent-General by cable to let Company charter ships for all cargo, either from outports or London, at Company's option; and the Company hereby guarantees that under no circumstances shall freight cost the Government more than if the cargo were shipped from London under this contract. Letter confirming this follows.

The Hon. James Macandrew,
Minister for Public Works, Wellington.

H. SELWYN SMITH.

No. 5.

The GENERAL MANAGER, New Zealand Shipping Company, to the Hon. the MINISTER for PUBLIC WORKS.

Christchurch, 27th March, 1879.

Referring to my interview with you of the 22nd, and to my telegram of the 24th instant, as set out at foot, I have the honor to request that you will instruct the Agent-General, by wire, to ship all Government rails and other cargo by ships owned or chartered by this Company, either from outports or London, at our option; and I, on behalf of the Company, guarantee that, having regard to the lower price charged by the manufacturers if delivery be taken by the Government at the outports, the rails, plant, &c., shall not cost the Government more than if the cargo were sent up to and shipped from London, under our contract, at 2½s. and 5 per cent. per ton.

The Hon. James Macandrew,
Minister for Public Works, Wellington.

I have, &c.,
H. SELWYN SMITH,
General Manager.

No. 6.

The UNDER SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, New Zealand Shipping Company.

SIR,—

Public Works Office, Wellington, 28th March, 1879.

In reply to your letter of the 19th March, I am directed by the Hon. the Minister for Public Works to enclose so much of the Agent-General's letter, as therein requested, as refers in any way to the New Zealand Shipping Company.

The Manager, New Zealand Shipping Company,
Christchurch.

I have, &c.,
J. KNOWLES,
Under Secretary for Public Works.

No. 7.

The GENERAL MANAGER, New Zealand Shipping Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

The New Zealand Shipping Company (Limited),
Christchurch, 7th April, 1879.

I have the honor to acknowledge receipt of your letter of 28th March, annexing a copy of so much of the Agent-General's letter to you of the 19th December as refers in any way to this Company, and I am desirous to thank you for complying with the request preferred in my communication of the 19th ultimo.

I am charged by my directors to assure you that their anxious desire is, in every way, to meet the wishes of the Government so far as they are in accord with the spirit of the mutual obligations imposed by the contract of May, 1878. And it is due to you, and to the Company I have the honor to represent, that I should review with great respect and equal freedom the statements of the Agent-General, and comment on the course he has sought to pursue in reference to the shipments of rails and plant, and on the representations he has made in the letter of which you have been good enough to send me the copy.

It is necessary primarily to refer to the custom which prevailed, when the late Dr. Featherston represented the Government, in regard to the shipment of cargo from other of the ports of the United Kingdom than those designated in the contracts.

Then the Agent-General always gave the earliest intimation of his probable requirements, and the Company was enabled to make satisfactory arrangements in procuring the necessary ships; and the Government allowed, in addition to the contract price from London, a proportion of the cost of transit saved by the taking delivery of the cargo at the port of manufacture, instead of London.

Early in 1878, prior to the commencement of the present contract, Sir Julius Vogel intimated to Mr. Strickland, our London manager and agent, that he required tonnage to convey cargo from Hartlepool and from Cardiff; and the Company procured him the ship "Whittington," *AA1, 970 tons register and 1,250 tons capacity, to carry rails from Cardiff to Wellington at 30s. per ton, which, I may here point out, saved the Government at 7s. 6d. to 10s. a ton on the contract price of the rails delivered in London.

A little later on, the Agent-General took up the unclassed American ship "Bride of Lorne," of 1,324 tons register and tons capacity, through Messrs. Pembroke, Stringer, and Co., to bring rails from Cardiff to Lyttelton, at the same rate as was paid to the "Whittington."

The first intimation of the intention of the Government to send out an extraordinarily large quantity of rails, under the present contract, was made by Sir Julius Vogel in August last, when he gave the prescribed notice to Mr. Strickland that he had contracted for and purposed shipping 12,000 tons within the succeeding two months, and that, as the Government would save from 7s. 6d. to 10s. a ton by taking delivery at Newport and Middlesboro', he wished to make the shipments from those ports; and, in lieu of the arrangements which his predecessor made in such cases, he expressed a desire that the freight should be charged to the Government at the rates paid by the Company to ship and carry full cargoes from these outports.

Mr. Strickland then informed the Agent-General that the rate of freight would probably be from 28s. to 30s. per ton—a practical reduction of 10s. to 12s. per ton, in view of the contract rate of 24s. per ton from, and the cost of transit to, London—and Sir Julius Vogel determined to send the bulk of the rails from the outports, and to ship as little as possible from London.

In September, and very early in October, Mr. Strickland urged the Agent-General to hurry the delivery of the rails at Middlesboro', as the port was a dangerous one in winter, and owners would not there accept the same rates thence as from Cardiff; and he offered the A1 100 iron ship "Orthes," 1,206 tons register, capacity 1,650 tons, and the A1 100 iron ship "Edgbaston," 911 tons register, capacity 1,250 tons, at 28s. per ton; but both vessels were declined. The A1 100 iron ship "North Wales," 1,091 tons register, capacity 1,500 tons, was then offered at same rates, and, in the first instance, accepted; but the charter fell through on some insurance objection, and at the time all the tonnage required could have been secured at 28s. per ton for forward loading, but Sir Julius Vogel would not authorize the charter of the ships at anything over 26s. or 27s. per ton.

It is right I should here mention that Mr. Strickland had been and still was in communication, by circular, with every shipowner and broker of standing in the United Kingdom, and also with the leading brokers at Antwerp, Hamburg, and Rotterdam, about these rails, and he duly advised the Agent-General of his exertions and of his ability to obtain the required tonnage if he was authorized to give a fair rate of freight, and such a one as was freely paid by other exporters of like cargo from the same port.

The Company offered to contract and supply all the tonnage required at a uniform rate of 29s., whether from Cardiff or Middlesboro', but the Agent-General would not accept the offer. I unhesitatingly assert that there never was a failure on the part of the Company to supply or to tender all the tonnage demanded, and at the very lowest rates.

About this time Sir Julius Vogel sought Mr. Strickland's permission to ignore the contract obligations, and to be allowed to make all his freight arrangements with shipowners and brokers direct. This was very properly not conceded, but Mr. Strickland telegraphed out to know the views and wishes of my directors, and also your own, in respect to the very extraordinary proposal of the Agent-General; and the reference resulted, as you are aware, in your approval of the terms of the contract being adhered to.

In December, the Agent-General again pressed the Company to let him deal direct with shipowners and brokers; and under further instructions sent by my directors, of which you approved, Mr. Strickland again declined, fully convinced that it would not be for the interest of either the colony or the Company to permit Sir Julius Vogel to enter the arena of ship-brokers. It would have created an unnecessary competitive demand for tonnage, which would have completely frustrated his professed object; but, after conference with our London Board of Advice, Mr. Strickland authorized direct negotiations being made with Messrs. Galbraith, Pembroke, and Co. At this stage a gentleman appeared on the scene, whose name I should not import into or connect with the proceedings and contemplated arrangements of Sir Julius Vogel if he had not himself intimated to you, at all events by his telegram, if not in his letter, that he was supported by and had the concurrence of Mr. W. J. M. Larnach in his endeavours to get the existing contract set aside. And Mr. Larnach called and intimated to Mr. Strickland that, unless the demands and wishes of Sir Julius Vogel were conceded, "representations would be made to the colony which would effectually prevent the Company acquiring another contract."

I pass over the fact of the Agent-General having called on the Company to supply 6,000 tons of rail-space on one and the same day in London, regardless of the consequent loss to the country, on

the Cardiff rails especially, and, with your permission, proceed to point out the remarkable coincidence that, immediately following the threat of Mr. Larnach, the Agent-General has written you "such representations as," if unrefuted, "would" probably "effectually prevent this Company acquiring another contract."

From various circumstances which came to his knowledge, Mr. Strickland was fully alive to the fact that the Agent-General would gladly have ignored or suspended our contract, but he was not prepared for the open interference of Mr. Larnach in connection with Sir Julius Vogel's wishes; nor were my directors prepared to learn that, in evident pursuit of this object, he would make statements to you which in justice to the Company they must traverse and challenge.

The Agent-General states that the Company offered him ships from Cardiff and Middlesboro', "at certain fixed rates, higher than those he had hitherto given." I say, on the facts laid before my directors, that the Company supplied the only ship he ever obtained at a lower rate—the "Arethusa"—and proffered him all the tonnage he required at a less rate than he could have obtained it through any other auspices.

It is impossible to express any useful opinion on Sir Julius Vogel's belief that, if he could have negotiated direct with shipowners, they would have evidenced their preference of this course by making a reduction in their rates of freight; but the fact that our manager in London, a man of large experience in these matters, was in communication with every shipowner in the kingdom, that he was waiving all commission charges in chartering, and was prepared to hand the ships over to the Government without any charge or profit, supports my directors in their belief that the Government would not have been better treated even by the Agent-General, whose direct negotiations could hardly have resulted more satisfactorily; and the terms on which Mr. Strickland was exerting himself, which were fully and well known to Sir Julius Vogel, justify them in asking you to call on him to withdraw his statement that the Company's adherence to the contract was "for the sake of paltry commission."

The ships employed in the Company's service do not as a rule compete with those suitable and available for the carriage of rails, so there is really no conflict of interest. It is quite true that, when the Agent-General declined to take up the charter of the ship "Orthes" at 28s. per ton, Mr. Strickland took the vessel up on the Company's account.

In the other case, referred to by Sir Julius Vogel as "in the case of a previous large shipment of rails," the ship was the "Whittington," referred to in a previous part of this letter, which the Agent-General alleged was offered to him (this other broker) at a less rate than by the Company; in regard to which, the managing owner of the ship writes on the 7th December last to Mr. Strickland, "I have your letter of yesterday. I remember well when you fixed the 'Whittington' with rails; and, in reply to your inquiry if I authorized any other person to offer the vessel for the same business, I say most emphatically No; and any statement to the contrary is totally devoid of truth. If any broker offered the vessel for the business in question, he took an unwarrantable and unjustifiable liberty.—W. HERON."

The Agent-General, in his telegram of the 11th December, advises you that Mr. Strickland "was summoned to Police Court for some improper practice in connection with commission," and, in his letter under review, he tells you that, in dismissing the charge, the Lord Mayor remarked that "Mr. Strickland left the Court without a stain upon his character."

I presume to say that, as Sir Julius Vogel thought proper to telegraph the impending charge, it was a duty incumbent on him to have intimated the dismissal of the charge as utterly groundless by wire, instead of leaving you, so far as he knew, to suppose that the Company's representative, with whom he was obliged to be in constant communication, was a person of suspected character; and with great deference I submit that, under the circumstances, the Agent-General might very properly have referred to our London Board of Directors, from whom he would have learned—if he did not already know it—and so been in a position to inform you, that the opinion expressed by the Lord Mayor was shared by all those best acquainted with the facts, and that it was especially indorsed in a memorial addressed to our London Board, and subscribed by a large number of merchants and shipowners and brokers, bearing the most gratifying testimony to Mr. Strickland's unswerving integrity, and to their thorough and entire confidence in him; and I feel it due to the Government and the Company to append a copy of this document, and also a newspaper clipping from the *Lyttelton Times*, embodying a paragraph from the *London Times* of 13th February, showing that there was no ground whatever for the charge preferred against Mr. Strickland.

I am desired to thank you for the telegram you sent to the Agent-General on the 31st March, and again to express the hope that we may succeed in carrying out our contract to the entire satisfaction of the Government.

I have, &c.,

Hon. James Macandrew, M.H.R.,
Minister for Public Works, Wellington.

H. SELWYN SMITH,
General Manager.

Enclosure in No. 7.

MEMORIAL to the DIRECTORS of the NEW ZEALAND SHIPPING COMPANY (LIMITED), Bishopsgate Street, E.C.

WE the undersigned merchants, shipowners, and shipbrokers of the City of London feel ourselves impelled, by a very strong feeling of sympathy with Mr. O. R. Strickland, to state that, during a long experience of and with the above gentleman, we have never at any time, or under any circumstances, had the faintest shadow of a doubt as to his entirely honorable and upright conduct of the affairs of the Company, and in connection with any business which we may have transacted with your company through him. We need hardly point out to you that, in his dealings with us, constant opportunities would be afforded him for stipulating for a proportion of the brokerages, commissions, and discounts to be appropriated to himself, and we are unanimous in stating that we have never heard the slightest

suggestion of the sort from Mr. Strickland. We believe him quite incapable of any self-seeking in connection with the affairs of the Company, and we sincerely hope to find the difficulty under which he now labours may be speedily removed.

Geo. Duncan and Co.
Finnis Fisher and Co.
G. D. Tyser and Co.
Montgomerie and Workman.
Alex. Hewten and Co.
Henry Alex. Lusk.
Jamieson, Grieve, and Co.
Geo. A. Herring and Co.
C. H. Stewart and Co.
John Rhind and Son.
John Potter.
Smart and Simpson.
Mills and Milne.
Livingston, Briggs, and Co.
Jonathan Tilley.
Shaw, Savill, and Co.
Knight, Bevan, and Sturge.
Thomas Bevan.

McDiarmid, Greenshields, and Co.
J. and R. Grant.
J. W. H. Smith.
Edward Ritherdon.
Anderson, Anderson, and Co.
Galbraith, Pembroke, and Co.
Andrew Lusk and Co.
Gellatly, Hankey, Sewell, and Co.
Devitt and Moore.
Houlder Brothers and Co.
Robert Buchanan and Co.
John Lidgett and Son.
G. B. Fath and Son.
Ismay, Imree, and Co.
Temperley, Carter, and Drake.
P. G. Jones, Price, and Co.
P. Bramwell.
For the Merchant Shipping Co.,
Alfred Wallen, Secretary.

True copy.

H. SELWYN SMITH,
General Manager, N.Z.S.Co. (Limited).

No. 8.

The UNDER SECRETARY for IMMIGRATION to the GENERAL MANAGER, New Zealand Shipping Company.

SIR,—

Immigration Office, Wellington, 2nd June, 1879.

I have the honor, by direction of the Hon. the Minister for Immigration, to enclose for your information the annexed extracts from a letter from the Agent-General dated the 25th March last, (*vide* D. 2., p. 34), and to request that you will be good enough to give such information as you may be able to afford as to the delay in providing cargo ships when called upon to do so, in terms of the existing contract between the Government and the New Zealand Shipping Company.

I have, &c.,
General Manager for N.Z. Shipping Company (Limited),
Christchurch.

H. J. H. ELLIOTT,
Under Secretary.

No. 9.

The GENERAL MANAGER, New Zealand Shipping Company, to the Hon. the MINISTER for IMMIGRATION.

SIR,—

The New Zealand Shipping Company (Limited),
Christchurch, 21st June, 1879.

I have the honor to acknowledge receipt of your letter of the 2nd instant, annexing an extract from the Agent-General's letter to you of the 25th March (*vide* D. 2., p. 34), and seeking such information as I may be able to afford as to this Company's delay in providing cargo ships when called on to do so, in terms of our contract.

My directors have read Sir Julius Vogel's letter with considerable surprise and regret, and have imposed on me the painful duty of again challenging and traversing the statements made to you, which are not justified by the facts, the whole of which have been faithfully set out to the Government in my letter of the 7th April last, addressed to the Hon. the Minister for Public Works, to which I beg your reference.

The impeachment of this Company made by the Agent-General, in his letter of the 19th December last, is, in the judgment of my Board, so fully answered and refuted in my letter of the 7th April that I have little to say respecting Sir Julius Vogel's communication now under review, except—

I entirely deny that there has been any failure on the Company's part to supply all the tonnage required for the conveyance of Government cargo under our contract; and I beg to point out that, primarily, the Agent-General did not call upon our London manager to fulfil, but to waive, the terms of our contract, so as "to allow him to make his own shipping arrangements."

This proposition Mr. Strickland very properly declined, and referred to the colony, and, on instructions hence, in which you fully concurred, he offered to arrange for all the tonnage requirements of the Government at freight rates from the outports more advantageous than if the cargo were shipped from London. But Sir Julius Vogel would not be satisfied with anything but a setting aside of the contract, to enable him to make his own shipping arrangements, in which he had the concurrence of Mr. Larnach; and it was not till all hope of this permission was abandoned that the notice of the 4th December was given, calling on us to supply 6,000 tons of rail-space in London on one day—a demand I will not comment on, beyond saying that it was substantially met, although one vessel was, after approval by the Agent-General, delayed in taking the berth.

Of course, without some more definite statement before me, I cannot estimate the "continuous pressure" which the Agent-General alleges it has been necessary to use, in order to get us to "provide tonnage for the conveyance of 12,000 tons of railway iron in some seven months;" but I respectfully submit that the annexed schedule of cargo carried for the Government, under our present contract, does not indicate any lack of resource or ability to supply tonnage, in addition to the ordinary requirements of our very large trade. And I may add that we have never received from Sir Julius Vogel such full and frank information of the contemplated tonnage requirements as the Government has always afforded to the Company here; and, with great deference, I submit that it should be an instruction to the Agent-General, as it was a usage with his predecessor, to give to our London agent the very earliest intimation of the probable requirements in tonnage. I am certain such a course would be in the interest of the Government.

I have, &c.,

H. SELWYN SMITH,

General Manager.

The Hon. the Minister for Immigration, Wellington.

Enclosure in No. 9.

MEMORANDUM of GOVERNMENT CARGO carried under Contract dated May, 1878, by the New Zealand Shipping Company (Limited).

Sailed.	Ship.	From	To	Arrived.	CARGO.	
					Measurement.	Rails and Plant.
1878.					Feet.	Tns. ct. qr. lb.
May 10	Rokeby Hall	London	Port Chalmers	Aug. 21	...	26 2 0 0
" 21	Patata	"	Lyttelton	Sept. 1	...	350 12 0 4
" 31	Orari	"	Wellington	" 16	10,576	53 6 2 26
" ...	Inglewood	"	Port Chalmers and Bluff	Aug. 28	7,637	60 10 2 24
June 14	Pareora	"	Auckland	Sept. 17	1,889	107 1 3 1
" 29	Rakaia	"	Wellington	Oct. 8	12,461	8 14 1 11
July 13	Waitangi	"	Lyttelton	" 13	...	144 8 3 21
" 13	Wairoa	"	Wellington	" 17	86	...
" 13	City of Auckland	"	Napier	" 22	About	150 0 0 0
August 1	Mataura	"	Port Chalmers	" 28	...	24 8 0 10
" 3	Rangitikei	"	Lyttelton	Nov. 17	682	68 8 0 2
" 17	Loch Fleet	"	Auckland	" 21	427	10 1 3 2
" 20	Coruna	"	Wellington	Dec. 13	3,638	159 12 2 13
" 29	Opawa	"	Lyttelton	" 7	102	86 9 3 14
" 31	Waipa	"	Port Chalmers	" 10	66	...
Sept. 10	Hurunui	"	Lyttelton	" 13	2,203	136 16 1 10
" 11	Otaki	"	Wellington	" 10	525	...
" 16	Clan Fergusson	"	Auckland	" 18	67	...
October 1	Piako	"	Lyttelton	March 5	96	221 17 1 0
" 4	Times	"	"	Jan. 11	6,214	...
" 4	Fernglen	"	Wellington	" 2	337	53 13 1 7
" 20	Easterhill	"	Port Chalmers	Feb. 4	5,319	...
" 26	Waikato	"	Lyttelton	Jan. 18	4,914	...
" 29	Duke of Athol	"	Wellington	" 29	605	...
Nov. 7	Mendoza	"	Napier	Feb. 26	...	95 12 3 12
" 17	Arethusa	Cardiff	Lyttelton	March 13	...	1,796 13 3 4
" 21	Lorraine	London	Wellington	" 1	4,100	79 12 1 27
Dec. 3	Loch Fergus	"	"	Feb. 28	3,599	23 13 1 11
" 5	Benares	"	Port Chalmers	March 12	202,370	82 18 0 2
" 12	Gloria	Middlesboro'	Wellington	April 16	...	1,101 15 3 19
" 17	Albatross	Cardiff	Bluff	" 11	...	1,321 15 1 19
" 28	Clan Campbell	London	Wellington	April 20	2,789	194 12 1 20
Jan. 9	Carmelo	"	Auckland	" 28	5,588	6 9 0 12
" 9	East Lothian	"	Port Chalmers	" 8	8,024	131 12 0 2
Feb. 4	Stad Haarlem	"	Wellington	" 13	...	612 4 0 2
" 8	Columbus	"	Port Chalmers	May 28	3,412	19 17 2 18
" 20	Western Belle	"	Wellington	" ...	867	23 11 3 3
" 26	Loch Dee	"	Auckland	June 11	282	...
March 7	Glen Caladh	"	"	" 23	...	244 9 3 18
Feb. 26	Loch Ken	"	Wellington	" 4	11,321	166 2 1 6
March 8	Spirit of the Dawn	"	Port Chalmers	" 23	682	57 14 0 0
" 7	Angerona	Cardiff	"	"	1,381 13 2 14
Jan. 6	Coriolanus	London	Lyttelton	April 6	1,155	262 5 2 8
March 5	Waimate	"	"	June 10	683	90 3 2 20
Feb. 4	Red Gauntlet	"	"	" 17	845	90 10 3 6
March 19	Adelaide	"	"	" ...	38	...
April 1	Minister of Marine	"	Auckland	" ...	3,242	1,458 0 2 19
					40)306,841	
					7,671 tons 2qr.	10,903 3 0 17

NOTE.—I cannot immediately ascertain the quantities carried under this contract by the ships sailing under Messrs. Shaw, Savill, and Co's flag, which tonnage was arranged by this Company.

H. SELWYN SMITH,

General Manager.

No. 10.

The Hon. the MINISTER for IMMIGRATION to the AGENT-GENERAL.

SIR,—

Immigration Office, Wellington, 5th July, 1879.

Referring to the Hon. Mr. Stout's letter of the 2nd ultimo (*vide* D. 1., p. 31), I have now to inform you that the purport of your letter of the 25th March, No. 259, (*vide* D. 2., p. 34), complaining of the delay of the New Zealand Shipping Company in providing suitable vessels for the conveyance of railway material and cargo to this colony when called upon to do so under the existing contract has been communicated to the Company, and I now transmit, for your information, copy of their reply.

The circumstances under which the strict letter of the contract may be said to have been broken are so exceptional, and were so little foreseen by either party when it was entered into, that there do not seem sufficient grounds to justify its termination at present.

Having in view the unusually large amount of tonnage which the contractors were unexpectedly called upon to find, arising out of the speculative purchase of steel rails, I am disposed to think that the Company has done its best to fulfil the spirit of the contract, if not the letter. As it is, I am of opinion that, unless there should occur some flagrant breach of contract, involving the colony in pecuniary loss or inconvenience, the Government would not be justified in cancelling it. We have entered into a bargain from the spirit of which we cannot recede on the mere ground that it may have proved unfavourable to us.

The views expressed by you as to the advantage of chartering ships in the open market as they are required were fully considered prior to entering into the present contract. While this plan no doubt presented many advantages, it was, on the whole, deemed better to adhere to the existing system, for the reasons stated in the despatch from this department under date 5th April, 1878.

I am not prepared to say that now, with the experience and in the light of the circumstances set forth in your letter of the 25th March, it would not have been better to have confined the contract to passengers only. The whole question, however, is one which will have to be reconsidered before the expiration of the contracts in May next year.

I have only further to assure you that the Government recognizes your endeavour to act for the interests of the colony in this matter, and to thank you for the same.

I have, &c.,

J. MACANDREW,

(for Minister for Immigration.)

The Agent-General for New Zealand, London.

No. 11.

The GENERAL MANAGER, New Zealand Shipping Company, to the Hon. the MINISTER for PUBLIC WORKS.

The New Zealand Shipping Company (Limited),

Christchurch, 8th July, 1879.

SIR,—

Referring to my letter of the 7th April, of which I sent a copy to our London agent, I have the honor now to annex, for your further information, an extract from Mr. Strickland's letter to me, dated the 22nd May last, respecting the freight requirements of the Government for the carriage of rails from the outports of the United Kingdom to the colony.

In regard to the quantity of cargo for shipment by the Agent-General, I may state that I advised Mr. Strickland in exact accordance with the verbal intimation you gave me on the 22nd March last.

I have, &c.,

H. SELWYN SMITH,

General Manager.

The Hon. the Minister for Public Works, Wellington.

Enclosure in No. 11.

(Extract from Mr. Strickland's letter, dated London, 22nd May, 1879.)

GOVERNMENT Cargo. From my previous correspondence you would gather that the reasons advanced by the Agent-General, with the object of being empowered to charter vessels independently of the Company, were untenable, and that any delay in the shipment of Government cargo at the latter end of last year was entirely caused by the persistent refusal of the Agent-General to accept the tonnage offered to him at rates advantageous to the Government, compared with the cost and freight from here of the cargo referred to. I cannot learn that there is anything approaching the quantity of cargo you name preparing for shipment. The last contract for railway iron, some 15,000 tons at Middlesboro', the Agent-General declines to take delivery of at present, although we have represented to him that during the summer months tonnage for loading on the east coast is much more readily procurable than at a later period of the year, when shipowners raise objections to Middlesboro', in consequence of the heavy seas on the bar. With, however, the latitude the Agent-General has been directed to extend to us, we have little doubt of our ability to satisfy any requirements the Government may make upon us.

No. 12.

The UNDER SECRETARY for IMMIGRATION to the GENERAL MANAGER, New Zealand Shipping Company.

SIR,—

Immigration Office, Wellington, 11th July, 1879.

I have the honor, by direction of the Hon. the Minister for Immigration, to acknowledge the receipt of your letter of the 21st ultimo, with reference to the complaint of the Agent-General as to the delay of the New Zealand Shipping Company in providing for the conveyance of cargo and railway material under the contract.

In reply, I am to inform you that the Agent-General has been written to by the outgoing mail, to the effect that, under the exceptional circumstances in which the Company was unexpectedly called upon to provide a large amount of tonnage, the Government considers it has done its best to fulfil the conditions of the contract; and nothing has occurred which would warrant the cancelling of the existing agreement between the Government and the Company. I have, &c.,

H. S. Smith, Esq.,

H. J. H. ELLIOTT.

General Manager, N.Z. Shipping Company, Christchurch.

No. 13.

The UNDER SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, New Zealand Shipping Company.

SIR,—

Public Works Office, Wellington, 11th July, 1879.

I am directed by the Hon. the Minister for Public Works to acknowledge the receipt of your letter of the 8th instant, covering an extract from your London agent relative to the conveyance of Government freight in the Company's ships.

I have, &c.,

The Manager,

J. KNOWLES,

N. Z. Shipping Company, Christchurch.

Under Secretary for Public Works.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1879.

