

APPENDIX S.

The Secretary, New Zealand Meat Producers' Board, Wellington.

Re S.S. "ADMIRAL CODRINGTON."

DEAR SIR,—

Wellington, 6th November, 1924.

I received your letter of yesterday's date last evening, and was surprised to read its contents, which is a distinct breach of faith to your Board's undertaking in writing to include this boat in this coming season's contract. We would be glad to know the source and nature of the evidence that your Board is acting upon to justify its refusal.

I must state distinctly the boat is still the property of the company, and under the absolute control of the directors of the company. Regarding the company's financial position to carry out the contract, I have already informed you that we are quite prepared, should your Board desire the information, to satisfy you in any reasonable way so that your Board need have no misgivings on this head.

As I intimated to your Chairman, the position both as regards the finances for working the ship and the resources of the directors has very greatly improved since your Board gave a written undertaking to allow the boat to come into the New Zealand trade this coming year.

I must again ask your Board to reconsider its hostile attitude and to state what information it requires in the matter, as it is quite unreasonable for your Board to take up the attitude it is without giving this company some chance of clearing the position up. Your Board must surely realize that we could not bring the boat to New Zealand if we had not proper financial arrangements made to complete the voyage.

As I am returning to Gisborne to-morrow I would thank you to send your reply to the company at Gisborne.

Yours &c.,

W. DOUGLAS LYSNAR,
Chairman, Poverty Bay Farmers' Meat Company (Limited).

W. D. Lysnar, Esq., Chairman, Poverty Bay Farmers' Meat Company (Limited), Gisborne.
New Zealand Meat Producers' Board, Wellington, 12th November, 1924.

DEAR SIR,—

Re S.S. "ADMIRAL CODRINGTON."

I am in receipt of your letter dated 6th November, 1924, and beg to state that your suggestion that any action taken by the Board is a distinct breach of faith of the Board's undertaking contained in the letter of the 18th March, 1924, is without any justification.

You were informed in March last that the Board was prepared to allow the ship to be put on the list of ships in the 1924–25 freezing season, provided that the vessel remained the property of the Poverty Bay Farmers' Meat Company, and that the Board was satisfied of the ability of that company to carry out the shipping contract if entered into, and subject to such conditions as it should think necessary to safeguard the interests of the shippers for whom it is agent.

You emphatically assert that the ship is still the property of the Meat Company and under the absolute control of the directors of that company. The Board, as the result of the information in its possession, is unable to accept the statement so emphatically made. May I remind you that in a solemn statutory declaration made by you on the 23rd February, 1924, you declared that by means of the sale of the Meat Company's works by the mortgagee, the National Bank of New Zealand, that company, had lost with trifling exceptions all its New Zealand assets.

With respect to the above ship, in the same declaration you declared, in reference to the possible sale of the ship, that in any event it was plain that any surplus above the amount of the mortgage over the ship would not be sufficient to discharge the balance due to the National Bank; and that the holders of shares in the capital of the company would not receive anything when the company eventually goes into liquidation. The statements made by you and the result of the Board's inquiries have satisfied the Board that the ship is absolutely under the control of its mortgagee, the Bank of Scotland, and that any profits made by the ship will be receivable by that bank.

At the conference with the Board on the 18th October, 1924, you stated that the position had changed since the making of that declaration, and that you had arrived at a definite arrangement with the National Bank under which the bank had released unpaid capital of the Meat Company to the amount of about £22,000. As was the Board's duty, it inquired into the accuracy of this statement, and found that in point of fact no arrangement had been made under which the bank had agreed to release about £22,000 of uncalled capital. The negotiations with this object in view had, it was ascertained by the Board, broken down before the date of the conference with the Board.

In the statutory declaration before referred to you stated that the company had no funds with which to pay the annual license of the company, and any moneys which it might possibly receive by means of calls, or otherwise, must at once be paid to the National Bank. The Board is satisfied that the position so stated by you has not up to the present time been altered.

You appear in your letter to overlook the duty which the Meat Board owes to the consignors and shippers of meat to the Home markets. There is a positive obligation on the part of the Board to see not only that sufficient ships are provided, but that the owners of the ships are in a financial position to perform the shipping services contemplated by the contract. Neglect of these proper precautions on the part of the Board would cause grave loss and injury to shippers.