

SESS. II.—1879.  
NEW ZEALAND.

# CONVEYANCE OF GOVERNMENT FREIGHT

(FURTHER CORRESPONDENCE RELATIVE TO).

(In continuation of E.-2, Sess. II., 1879. Presented, 7th August, 1879.)

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

## No. 1.

The GENERAL MANAGER, New Zealand Shipping Company (Limited), to the MINISTER for PUBLIC WORKS.

The New Zealand Shipping Company (Limited),

Christchurch, 18th September, 1879.

SIR,—

In further reference to the complaints of the Agent-General, on which I commented in my letters of the 7th April and 21st June, I have the honor to quote from our London manager's letter of the 1st August, written on the receipt by him of the extract from Sir Julius Vogel's despatch with which you favoured us:—

“Extract from Agent-General's letter to the Minister for Public Works received.—As a matter of fact, there was delay in getting the ‘Minister of Marine’ ready to load, but, from my letter of the 14th January (copy enclosed), you will see we expressed our readiness to take delivery of the railway iron as quickly as the contractor could deliver it. The last vessel, the ‘Angerona,’ taken up for account of the Government, was accepted by the Agent-General, not by way of affording any or the slightest relief to this Company, but that the cost to the Government shipping at Cardiff was reduced to the extent of 10s. per ton. The Company never asked to be relieved from any requirements upon the part of the Government, nor expressed any difficulty or inability to comply with them.

“When the ‘Angerona’ was loading it was found the Government could only supply 1,380 tons out of the 1,770 tons weight of iron the charterers had undertaken to provide: the result was, we had to go to another constituent for 390 tons to make up this ship's cargo, and so save the Government from payment of dead freights. There are no tenable grounds for these complaints: they simply arise from the Company's refusal to agree to the demands of the Agent-General to charter tonnage without the intervention of the Company.

“The last contract for railway iron is now being shipped in dribblets, notwithstanding our representations to the Agent-General that now is the favourable season for procuring tonnage; possibly at a later period of the year, when tonnage to load at Middlesboro' is difficult to procure, the heavy demands may be made.”

To what Mr. Strickland has written, I have only to add that it fully bears out the information we previously had, and on which I have already denied the accuracy of the statements made by the Agent-General as to our inability to meet any demands made on behalf of the Government under our contract.

I have, &c.,

H. SELWYN SMITH,  
General Manager.

The Hon. the Minister for Public Works.

## No. 2.

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

The New Zealand Shipping Company, (Limited),

Christchurch, 29th October, 1879.

SIR,—

Referring to my letters of the 7th April and 21st June, I have now the honor to enclose you a copy of a letter just received from our London manager and agent, dated the 11th September, in which he comments on the complaints made by the Agent-General, in his letter to you of March last,

1—E. 5.

respecting this Company's performance of its contract with the Government; and I am desired by my directors to ask that Mr. Strickland's letter, as well as my own above referred to, may be printed and laid before Parliament in juxtaposition with Sir Julius Vogel's communication.

I have, &c.,

H. SELWYN SMITH,  
General Manager.

The Hon. the Minister for Immigration.

### Enclosure in No. 2.

The New Zealand Shipping Company (Limited),

SIR,—

84, Bishopsgate Street Within, London, 11th September, 1879.

I have to acknowledge receipt of your favour of the 19th July, enclosing a copy of a despatch transmitted by the Agent-General to the General Government in March last, complaining of the delay in providing tonnage under the terms of this Company's contract with the Government. As this communication reflects somewhat seriously upon the manner in which this Company's contract for the conveyance of cargo has been performed, I beg to submit to you a *résumé* of the communications which passed between this office and the Agent-General in regard to the shipment of railway iron. In the month of August, 1878, the Agent-General informed me that tonnage would be required for 12,000 tons of rails during the following three months, and that he should prefer chartering vessels for the same without the interference of the Company—in other words, that he desired to set on one side clause 2 of the contract, which provides that "All emigrants and cargo which the Agent-General shall send, or be desirous of sending, from the United Kingdom shall be forwarded by ships of the contractor."

To this I naturally demurred, without your authority. I, at the same time, stated to the Agent-General that I thought, as the quantity would be inconveniently large to ship from London, the Company would be agreeable to come to an arrangement contemplated in the 5th clause of the contract, which provides—"That the Agent-General and contractor may from time to time agree for the conveyance of emigrants or carriage of cargo from any other port in the United Kingdom upon such terms and conditions as may be arranged"; and that, subject to the approval of the directors, I should be prepared to place tonnage at the disposal of the Government, at the lowest rate of freight shipowners would accept, for full cargoes of railway iron, to be shipped at the port of manufacture: thus conceding to the Government the entire cost of transit from the place of manufacture to London. To this proposal you were pleased to assent, and I intimated the same to the Agent-General by letter dated 12th September:—

"SIR,—

"12th September, 1878.

"I have now to inform you that I am authorized to accede to your proposal regarding the rate of freight to be charged the Government under the contract for full cargoes of railway iron.

"This Company will charter such ships as you may require to load at outports, the rate of freight and the ships to be subject to your approval and confirmation.

"Notwithstanding this arrangement, it is understood that you will ship from London the small quantity of rails the emigrant ships require.

"For your guidance, I am of opinion ships will be obtained to load in the Bristol Channel on more favourable terms than at Middlesboro' or Hartlepool.—I have, &c.,

"The Agent-General for New Zealand."

"O. R. STRICKLAND, Manager.

—and at once advertised for tonnage, and issued a circular letter to every shipowner in the United Kingdom, asking for offers of tonnage for cargoes of railway iron for New Zealand.

On the 18th of that month I offered the iron ship "Orthes" to load a cargo of railway iron at 28s. a ton at Middlesboro'. This vessel was declined by the Agent-General, notwithstanding that the ship was of the highest class and the rate of freight asked extremely moderate. The next ship submitted, and accepted, was the "Arethusa," at 26s. per ton, from Cardiff. This ship was obtained at this exceptionally low rate for the reason that she discharged her inward cargo in the Bristol Channel, and had not therefore to make what is termed a "long shift of ports" to take in outward cargo. This was distinctly explained to the Agent-General when other vessels were proposed to him at higher rates and declined.

On the 1st October the following memorandum was received from the Agent-General:—

"The Agent-General directs me to inform you that he is very desirous to come to some conclusion with regard to shipments of rails, and to say that, if you do not think you will be able to find shipping sufficient for his requirements at an early date, he would wish you to agree to his endeavour to obtain shipping by direct negotiation.

"The New Zealand Shipping Company (Limited)."

"W. KENNAWAY, Secretary.

"Sir,—

*Ships for Rails.*

In reply to your memorandum of 1st instant, I have to inform you that this Company has freely advertised (as per copy of advertisement herewith), and placed before every shipowner in the United Kingdom, your wants for conveyance of rails; but, whilst your limit of 26s. a ton has been adhered to in negotiating with various shipowners, other contractors for delivery of railway iron in New Zealand have also been seeking tonnage, and yesterday concluded to advance the rate they were previously offering, and have chartered, to-day, one vessel at 30s. to load for Wellington. This freight being now provided for, it is probable offers of tonnage may more readily be obtained nearer your limit.—I have, &c.,

"The Agent-General for New Zealand."

"O. R. STRICKLAND, Manager.

On the 24th of the same month the further following memorandum was received from the Agent-General, notwithstanding that the Swedish ship "Albatross" had been accepted by him on that day from this Company to load a cargo of rails for Bluff Harbour from Cardiff at 27s. 6d. per ton:—

"The Agent-General accepts the 'North Wales' at 27s. 6d. to load at Middlesboro'. He desires me to say that he will not entertain any more offers of vessels at more than 26s. per ton. He declines the 'Edgbaston' at the price named—namely, 28s. per ton.

"The New Zealand Shipping Company (Limited)."

"W. KENNAWAY, Secretary.

By no fault of the Agent-General, or this Company, the charter of the "North Wales" fell through; but, the Agent-General having resolutely intimated his intention not to accept further tonnage at a rate exceeding 26s. per ton, effectually prohibits the chartering of any more vessels: ultimately, however, the charter of the "Gloria" was effected at 28s. per ton at Middlesboro'. This being the season of the year during which shipowners are indisposed to change ports, it was practically impossible, under the restrictions of the Agent-General, to obtain the further tonnage required to load in the Bristol Channel; and early in December—after a personal interview with the Agent-General and Mr. Larnach, at which it was intimated that, unless the Company agreed to set aside clause 2 of the contract, and allow the Agent-General to make his own shipping arrangements, representations would be made to the colony which would effectually prevent the Company obtaining any extension or renewal of the contract—this Company was formally notified to provide vessels to ship, in London, the following quantities of railway iron: 18th January—1,900 tons rails for Wellington; 1,350 tons rails for Port Chalmers; 1,350 tons rails for Port Lyttelton; 1,700 tons rails for Auckland.

To which communication I replied, under date 11th December,—

"SIR,— "Ships for Railway Iron. "11th December, 1878.

"Referring to your letter of the 4th instant, notifying this Company to provide ships for the conveyance of about 6,000 tons of railway iron from London, I have to inform you that the necessary tonnage will be at your disposal, but, before fixing the same, I desire to be informed if delivery of the quantity can be relied upon by the date you name.

"I desire also to point out to you that I am quite prepared to provide tonnage for the quantity of rails remaining at Cardiff for shipment at 30s. a ton, conceding any difference to the Government should vessels be obtained at less than 30s.

"From Middlesboro' there exists the greatest difficulty in fixing vessels, and owners have a strong prejudice against loading there, and I am of opinion any difference between the freights from London as per contract and the freight to be paid to any special ships from Middlesboro' direct will be unappreciable. You will also recollect that this Company offered you two vessels to load iron at 28s. from Middlesboro', which you declined. I have therefore to ask that this Company shall have the option of being paid freight at the rate of 30s. per ton from Middlesboro' direct, or at the contract rate from London, if rails come up here for shipment.—I have, &c.

"The Agent-General for New Zealand."

"O. R. STRICKLAND, Manager.

The following correspondence then took place with reference to subsequent shipments:—

"SIR,— "Railway Iron. "17th December, 1878.

"I now beg to offer you the ship 'Minister of Marine,' English flag, 1,682 tons register, 3/3 1, 4 years' old, for conveyance of a cargo of railway iron from Cardiff or Newport to Otago, at 30s. per ton. The vessel is now at Dunkirk, discharging.—I have, &c.,

"The Agent-General for New Zealand."

"O. R. STRICKLAND, Manager.

"SIR,— "7, Westminster Chambers, London, S.W., 20th December, 1878.

"Referring to your telegram of this day respecting the ship 'Minister of Marine,' I am directed by the Agent-General to inform you that he shall still require the ships to sail as per notice given you in terms of contract. If, however, the contractors for the rails and fastenings will consent to alter the port of shipment, of which notice has been given them, the Agent-General will entertain your proposal to ship a certain quantity at Cardiff by the 'Minister of Marine,' under the following conditions, namely:—

"1. That the rate of freight shall not exceed 28s. per ton.

"2. That the ship, and your Company, will take all risks as to her being able to unload at Port Chalmers.

"3. That the maximum amount of cargo that she will require shall be 2,600 tons.

"4. That the necessary insurance can be effected on her cargo at rates not exceeding the premium paid in the case of the ship 'Albatross.'

"5. That the ship shall commence to load before the end of the year.

"The Agent-General, in thus entertaining your proposal, desires you to understand that he does so without prejudice to his claim on your Company for ships to load at London at once, and sail on the 18th January.—I have, &c.,

"WALTER KENNAWAY, Secretary."

"SIR,— "27th December, 1878.

"I have now to offer you the iron ship 'Angerona,' 1,215 tons register, A1, built in 1874— at Bristol, discharging—for the conveyance of a full cargo of railway iron from Cardiff to Port Chalmers, at the rate of 29s. per ton of 20 cwt: one half payable on sailing, in cash, less three months' interest at 5 per cent. per annum.

"I have endeavoured, without avail, to induce owners of this vessel to allow the full discount of 5 per cent. for cash. They also desire sufficient railway iron to stiffen the ship to enable her to proceed from Bristol, to Cardiff. I have informed them this would doubtless be conceded, provided they would bear cost of same, as in the case of the 'Arethusa.'

"I will thank you to inform me if I may close this ship for account of the Government on the terms named.—I have, &c.,

"The Agent-General for New Zealand."

"O. R. STRICKLAND, Manager.

SIR,—

*“ Railway Iron.*

“ 28th December, 1878.

“ I have to inform you that I have not succeeded in chartering the ship ‘ Minister of Marine ’ upon the conditions of your letter of the 20th instant, it being quite impossible for the vessel to arrive at Cardiff by the date named therein. I have, however, chartered this vessel to load in London, and I now beg to nominate her for the conveyance of the 1,700 tons of railway iron and fastenings hence to Auckland, as per your notice of the 4th.

“ If you accept the ‘ Angerona ’ from Cardiff, tonnage will now be provided for all the railway iron, except about 800 tons from Cardiff, and a similar quantity from Middlesboro’. Of the latter, I have to ask you to be pleased to reserve such quantity as may be required for the steamer to be despatched next month, and the balance from Middlesboro’ we will nominate a vessel for at any time you require; and, if a vessel is not procurable to load the remainder of the iron at Cardiff, we will at once provide necessary tonnage from London.

“ I trust these proposals will meet with your approval.—I have, &c.,

“ The Agent-General for New Zealand.”

“ O. R. STRICKLAND, Manager.

“ In reply to your letter of 28th instant, respecting the ‘ Minister of Marine,’ I have to inform you that the Agent-General will approve of that vessel for the conveyance of the 1,700 tons, &c., to Auckland, and will give orders at once that that quantity be sent up to London for shipment.

“ The New Zealand Shipping Company (Limited).”

“ W. KENNAWAY, Secretary.

“ In reply to your letter of the 28th instant, I have to inform you that the Agent-General will accept the ship ‘ Angerona ’ on the terms mentioned in your letter.

“ The Agent-General relies on your expediting the loading as much as possible. Will you therefore be so good as to state the earliest date at which the ship will be ready to commence to load.

“ I return the papers left with me this afternoon.

“ The New Zealand Shipping Company (Limited).”

“ W. KENNAWAY, Secretary.

The last vessels taken up to load the balance of rails—viz., The “ Minister of Marine ” and the “ Western Belle ”—were much delayed in the discharge of their inward cargoes in consequence of the very severe weather which prevailed during January and February of this year, and their departure was consequently much delayed. It will be observed that, up to the notice of the 4th December to provide for the shipment of 6,000 tons of rails at London, this Company succeeded in obtaining the “ Angerona ” to load at Cardiff at 29s. per ton, per account of the Government; and in the course of her loading it was discovered the Agent-General had not a full cargo of rails to ship in this vessel; and, but for this Company undertaking to provide the remainder of the cargo, the Government would have had to pay dead freight upon upwards of 300 tons.

It does not behove me to comment upon the expressed opinions of the Agent-General relative to his ability to have caused a saving to the Government if he had been able to make independent arrangements. His charter of the “ Edwin Barron,” at 29s. per ton (a rate equivalent to the highest paid through the Company, and that for one ship only), when placed in the fortunate position now deemed so essential, is the best answer to this assertion; but I submit most respectfully that the delay was caused entirely by the persistent refusal of the Agent-General to accept tonnage when offered to him at moderate rates of freight, and I most emphatically deny the statements that this Company has used Government cargo as a convenience, or treated it in the manner described, or that permission was refused the Agent-General to make his own arrangements because the Company hoped to make something out of the shipment from the place of manufacture. The directors did not empower me to make this concession, and, without explaining the why or the wherefore, I had simply to decline the request of the Agent-General.

The remainder of the despatch—referring to a want of competition in consequence of an alleged coalescence with the other firms in the trade, and if the Government engage ship by ship several high-classed firms would enter the trade, and carry Government cargo and emigrants at losing rates—should be regarded with as little seriousness as it is intended to convey.

I simply ask that this reply and copies of correspondence may be placed in juxtaposition with the despatch of the Agent-General, and I feel satisfied you will consider the complaints of the Agent-General utterly groundless, his statements most unjust, and the arguments he advances against any renewal of the contract wholly untenable.

I have, &c.,

O. R. STRICKLAND,  
Manager.

The Minister for Public Works.

### No. 3.

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

SIR,—

7, Westminster Chambers, London, S. W., 5th September, 1879.

I am in receipt of your letter No. 151, of the 5th July, in which you thank me for my efforts to act in the interests of the colony with regard to the New Zealand Shipping Company, and enclose me the copy of a communication from the general manager of the Company.

That communication refers to a previous letter, of which I do not remember to have seen a copy. Mr. Smith complains of my action in strong terms. I am not surprised at his doing so, because from the Company’s point of view it must seem hard that I should strive to work the contract to the best advantage of the Government. I do not understand the complaint of my not giving the Company information as to my shipping requirements. They were perfectly aware of the quantities to be shipped. It was not until they failed to provide what was required that I felt myself compelled to give a notice in the terms of the contract.

It does not seem to me that the point at issue is well realized: at any rate, I fail to understand what course I am to pursue in future.

The contract provides for shipping freight from London at a certain rate, but clearly no provision was made for dealing with exclusive cargoes of heavy material. To force on the Company to provide ships for carrying such cargoes on the terms provided in the contract, would be harsh, and entail on it heavy losses.

The Government also benefits, though in a lesser degree, by making other arrangements for the carriage of these cargoes. The manager of the Company here never denied that it would not suit them to carry exclusive cargoes of rails from London at contract rates. He willingly waived the provision, but contended that, in making other arrangements, I should employ the Company as agents. I agreed to so employ them, and so far there was no difference between us. But I found that in that capacity they did not act to advantage, and I claimed the right of employing other agents, or else of keeping them to their contract. It has been represented to me that their object in insisting upon acting as agents is not so much one of profit, as to keep out of the field owners who are exceedingly anxious to enter the New Zealand trade. Supposing this to be the case, it is not difficult to understand why the Company are not efficient agents in providing me with shipping to the best advantage. But, whether it is the case or not, the point is still undecided, am I to be bound to take ships from the outports on the terms they choose, or am I to save public money by making the best arrangements possible. There is no question of breaking the contract. The real question is, may I deal with the Company under the contract to the best advantage, or does the Government recognize some implied engagement which prevents my doing so. My view is to say to the Company, either provide ships to carry full cargoes of rails from London, as provided by the contract, or leave me to make other arrangements. Their desire—and a very natural one it is—is to do neither one thing nor the other: they do not wish to carry the rails from London, nor that I should make other arrangements.

I should be glad if you will instruct me distinctly, am I to make these arrangements through the Company provided they offer me better terms than shipment from London under the contract, and irrespective of whether I could do better by making the arrangements myself. If such is your view, I have not the least desire to object. It is no part of my duty to enforce my opinions against those of the Government. Personally, I am glad to be able to show the Company my consideration, for they do their work well, and their fleet is a credit to the colony.

I have, &c.,

JULIUS VOGEL,  
Agent-Général.

The Hon. the Minister for Immigration, Wellington.

---

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

Price 6d.]

2—E. 5.

