

My Board knew from yourself the financial position of your company, and when the receiver was put in we made inquiries into the financial position of the vessel, because the Board had a duty to perform in safeguarding the interests of the producers. We found that on the vessel's last voyage your agents in Britain cabled you for £5,000 because the receipts were £5,000 short of expectations, and unless the money was forthcoming they refused to make any arrangements for berthing the steamer. Your company was helpless, and the bank had no alternative but to find the money and lose it.

When you interviewed me with your co-directors, Messrs. Witters and Murphy, on the 17th March you denied absolutely that this money had to be found, and we have a shorthand note taken of this denial as follows:—

“*Mr. Hunt*: You had not arranged any funds to berth her last year?”

“*Mr. Lysnar*: We had the funds to berth her. Who told you that we had not the funds?”

“*Mr. Hunt*: I am not prepared to say.

“*Mr. Lysnar*: You are looking for trouble and you will get it. I ask you again, who was it told you that we had not the money to berth her?”

“*Mr. Hunt*: I refuse to tell you. I will tell the Board who told me, but I won't tell you.

“*Mr. Jones*: Well, you can't deny it.

“*Mr. Lysnar*: I do deny it.”

This claim for money because receipts were not sufficient to meet the expenditure of the voyage effectually disposes of your statement that the vessel is a profitable venture.

You also admitted to me that when you reduced the freight of the vessel to enable you to fill her on the last voyage you only gave the reduction to certain large exporters, and the shareholders and producers in your district had to pay the full rates.

If the bank had not found the money to berth the ship the captain of the ship would have been forced to mortgage the cargo, and the shippers would have had to pay the account, thus again increasing their freight charges.

The contract for this season's shipping was not signed until the 5th January of this year. If your company had made application before that date, and proved that you were financially able to carry out the contract, you could have been included in this contract. The reason why you did not apply is quite apparent—you were informed by the letter which I now quote, dated the 24th October, 1923, that the mortgagees were selling the vessel:—

“*S.s. 'Admiral Codrington.'*—*Mortgage to Bank of Scotland.*

“We have recently seen the bank, as well as the guarantors, regarding the repayment of the advance under the mortgage on the above steamer, and regarding the owners of the steamers failure to make the payments provided for in the collateral agreement to the mortgage.

“Our clients now feel that every consideration and latitude has been given your clients by extending the time for the payment of the sum secured under the mortgage, and their instructions to us now are that unless a substantial payment is made by the time the steamer arrives back from her voyage to the Plate they will immediately put the steamer up for public auction, and sell the steamer at the best offer that may be forthcoming.

“Your clients will accept this letter as a sufficient notification of what our clients intend to do, failing a substantial reduction by the time above indicated.

“Yours, &c.,

“JOHN E. WILSON AND FOULIS.”

On the 15th January, 1924, the general manager of the bank asked you, “What is the latest information you have regarding the ‘Codrington’?” to which you replied, “We have nothing later than the telegram sent you on the 10th, and I expect she is gone,” meaning, of course, that you expected the vessel had been sold.

Three days later, on the 18th January, you applied for permission for the “Admiral Codrington” to load in New Zealand, and the following telegrams were exchanged:—

18th January, 1924: “We are desirous of arranging for the ‘Admiral Codrington’ to come out to New Zealand straight away for a load of frozen meat and general cargo. Can we depend upon your Board to assist in loading her with frozen meat? Please wire reply.”

Our reply, dated 21st January, 1924: “In reply to your telegram eighteenth instant, current contract contains no provision for the inclusion of the ‘Admiral Codrington.’”

At an interview on the 17th March between Mr. Hunt and myself and you and your co-directors, Messrs. Witters and Murphy, the question of including the “Admiral Codrington” in next year's list of vessels was discussed, and we agreed to this, and sent you the following letter:—

“Following your interview of yesterday, the Board is prepared to allow the s.s. ‘Admiral Codrington’ to be put on the list of ships in 1924–25 freezing season, provided the vessel remains the property of the Poverty Bay Farmers' Meat Company, and the Board is satisfied of the ability of that company to carry out its contract, and subject to such conditions as it shall think necessary to safeguard the interests of the shippers for whom it is agent. But the Board cannot compel freezing companies to ship their meat by any particular or specified steamer.”

The reason why we emphasize the financial aspect is obvious. My Board cannot place a vessel on the list and allocate cargo for it unless we are satisfied that the shippers' interests are safeguarded and the contracting party in a position to carry out its agreement.

In regard to your constant reference to a clause in past freight contracts whereby if any other vessel in the trade be prepared to carry freight at a lower rate than the contract stipulated the shipping company interested must reduce freight or the owner would be free to ship meat by boat outside the