

Without absolutely indorsing Mr. Coster's opinion, that the monopoly enjoyed by Messrs. Shaw, Saville and Co. is so powerful as to render it necessary for the Government to offer distinct and special terms to some other firm of ship-owners in order to induce them to enter the lists, I am inclined to favour that view from the fact that attempts on the part of individuals to enter into competition with Shaw, Saville and Co. have repeatedly failed. If your inquiries lead you to this conclusion, I think it would be wise for you to give such encouragement as will induce some responsible firm, in addition to Messrs. Shaw, Saville, and Co., to run a regular line of vessels, for a year or two, to the chief ports of the Colony; after which it would be possible for the Government to submit its wants to public competition, with the certainty of having them supplied on the most advantageous terms.

Trusting that this important subject will receive your best attention,

The Agent-General for New Zealand.

I have, &c.,

W. REEVES.

Sub-Enclosure to Enclosure in No. 15.

New Zealand Loan and Mercantile Agency Company,
Christchurch, 22nd December, 1871.

SIR,

Understanding that the New Zealand Government will immediately, and during the next few years, require tonnage for the conveyance from London to the Colony of large numbers of emigrants and of considerable quantities of railway plant, I do myself the honor to place myself in communication with you on the subject. My object in doing so is to venture to suggest that the interests of the producing and trading classes in the Colony will be largely conserved and benefited if the Government will endeavour to arrange with some firm of ship-owners or ship-brokers, other than Messrs. Shaw, Saville, and Co., for, at any rate, a large portion of the tonnage they will so require. The firm alluded to have for so many years enjoyed the command of the outward traffic, London to New Zealand, that although those concerned have at various times endeavoured to secure the establishment of second or independent lines to nearly every Province in turn, their efforts have failed to succeed,—to, it is submitted, the injury of the trade of the Colony, and of the material welfare and prosperity of its producing and trading communities, from the high rates of freight charged and the paucity of tonnage provided.

At this moment a body of Canterbury importers (a list of whom I append) are endeavouring, through the medium of this Company, to induce some ship-owning or broking firm of repute to establish a new line to Lyttelton; but the vested interests of the firm at present controlling the field are so powerful backed, as they have hitherto been, by the influential support of the Provincial Government, that great difficulties are being experienced in the conducting of negotiations to a successful issue.

For some years past, producers in Canterbury have found it necessary, in the protection of their interests, to arrange for the carriage of their produce in independent vessels, and ships have been cast about for and obtained from other ports in this and neighbouring colonies; but the supply so obtainable is very uncertain, and it is undoubtedly felt that the producing interests continue to suffer from the want of shipping facilities to enable them to take advantage of the home and foreign markets.

It may be said that these are matters with which the Government have no concern, but that they should be left to adjust themselves; but I respectfully submit that, in the exceptional circumstances of the position, the very powerful influence of the Government may fairly and justly be appealed to, to this extent: that if contracts for the conveyance of emigrants and cargo can be entered into, without inviting public competition, which will compare favourably with the rates at present or of late being paid to Messrs. Shaw, Saville, and Co., the interests and wishes of a very large and important section of the population—large contributors to the public revenues—will be materially furthered by such being done. It is urged that contracts shall be so let, without tendering, for the following reasons:—

1. Because Messrs. Shaw, Saville, and Co., from the position which they occupy, and the extensive knowledge and ramifications which they have acquired in the trade, are placed in a position commanding overwhelming advantages over any other ship-owner or broker desiring to enter the trade.

2. Experience has proved that, when tenders have been invited for similar services on a smaller scale, ship-owners or brokers of repute have failed to find themselves in a position to seek to compete, much less to do so successfully; and that every individual combination for the establishment of second lines has failed of success from want of certainty of continuous and powerful support, in conjunction with a variety of other reasons which are sufficiently apparent.

3. It is submitted that if Messrs. Shaw, Saville, and Co. procure the extensive support now at the disposal of the Government on any terms, the people of the Colony as a whole will be made to directly suffer by the maintenance of the present monopoly of shipping, of high rates of freight on merchandise outwards and produce homewards, or possibly even their increase.

4. That such a state of things in shipping is highly opposed to the interests of traders and producers in the Colony, who at present appear unable, of themselves, to provide a remedy.

It is of course no object of mine to enter into the means by which the shipping firm at present controlling our commerce have obtained and maintained their power, to which it must be conceded their success entitles them; but I trust it may not be considered I have erred in inviting the attention of the Government in a direction in which, it seems to me, action on their part may result in great good to the mercantile and producing interests, and so to that of the Colony at large.

If the Government are disposed to favourably entertain the suggestion made, I beg the favour of their conveying their approval to the Agent-General in London by the outgoing mail, with whom I will desire the London Managing Director of the Company to place himself in communication on the subject.

I have, &c.,

J. L. COSTER,

for the N.Z.L and M.A. Company, Limited.

The Hon. the Resident Minister for the Middle Island, Christchurch.