

It would be unbecoming in me to comment on the portions of your communication which refer alone to your grievances against the Government for accepting the tender of this Company for the conveyance of emigrants and carriage of cargo from Great Britain to this colony, or to the class of ships you have built, and the services you have rendered for and to the people of Otago, or to the manner in which you carried out your various contracts with the Provincial and General Governments; but my Directors feel bound to and do take objection to your statement in reference to our contract with the Government of New Zealand, that "the rates for cargo are about 30 per cent. in excess of those now ruling for general mercantile cargo," and that "the New Zealand Shipping Company, under their contract from London, conveyed thousands of tons of Government cargo at rates nearly double those current for general cargo," because it is contrary to the fact; and I trust you will see well again to communicate with the Agent-General, and to confirm my statement that when the contract was made the rates of freight therein stipulated were considerably lower than those generally current, and that in freights to Otago alone—where, two months after our obtaining the contract, your own and Messrs. Shaw, Savill, and Co.'s line, for a special object, to which I need not here refer, lowered freights beyond all precedent—was there a fall below the rates in the Government contract; and, further, that of the thousands of tons of cargo carried by us under the contract, by very far the largest portion was conveyed to Auckland, Bluff Harbour, Lyttelton, and Wellington, to which ports freights remained in considerable advance of those obtained from the Government. In fact, a very small quantity of cargo has gone to Port Chalmers under our contract; and yet, notwithstanding this, we have been able, with our "comparatively little connection in that quarter," to load out from London an equal number of ships with yourselves and Messrs. Shaw, Savill, and Co., though a "Company of recent origin."

I am to add that this Company was and is quite prepared for the contingency of your declining the Clyde branch of the contract, and will cheerfully execute it if necessary.

I shall feel at liberty to send a copy of this letter to the Hon. the Minister for Immigration.

James Galbraith, Esq.,
Managing Director, Albion Shipping Company.

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

No. 38.

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

(No. 119.)

SIR,—

Immigration Office, Wellington, 14th June, 1877.

I have the honor to acknowledge the receipt of your letter of the 23rd of January last, No. 92, with reference to the claim of the New Zealand Shipping Company for payment for extra stores which they placed on board emigrant vessels to this colony.

2. I forward for your information copies of the correspondence noted in the margin with reference to the outstanding claims generally of the New Zealand Shipping Company, from which you will learn the nature of the settlement proposed by the Government after a personal interview with the General Manager of the Company, and a full consideration of the whole subject.

The Agent-General for New Zealand, London.

I have, &c.,
D. REID.

Enclosure 1 in No. 38.

Mr. H. S. SMITH to the Hon. the MINISTER for IMMIGRATION.

The New Zealand Shipping Company (Limited), Christchurch,
31st May, 1877.

SIR,—

In reference to the various claims of this Company on the Government, under our contract for the conveyance of emigrants and cargo, to which I called your attention at our interview on the 21st instant, I have now the honor, as requested by you, to prefer our claim in writing, and I have thought the most convenient form to do so is in the enclosed account, which I submit for settlement, by payment to the Company of the sum of £3,014 10s. 7d. In preferring our demand, I will, with your permission, urge your compliance with it on the following grounds:—

1. As to the stores supplied: There can be no doubt, on reference to the correspondence between the Agent-General and our London office, that these were supplied at the request of the former, and that they were in excess of the dietary scale on which our original alteration of the tender price was based, and that they were necessary to conform to the contract tickets previously issued by the Agent-General's instructions.

I freely admit that our contract, though signed only in November, was retrospective in its operation to 1st May; but I as confidently submit that if these extra stores, which are outside our contract dietary scale, and supplied as explained, are not to be paid for, the Company is entitled to the full rate per head at which the tender was originally accepted—i.e., £13 17s. 3d., because the reduction from that price to £13 11s. 6d. was made in consideration of our not having to supply what the Agent-General found it necessary to supply in order to keep faith with emigrants holding tickets on which the unrevised dietary scale remained; and I take leave to add that this was the distinct understanding between the Hon. Major Atkinson and myself.

I however think that, in consideration of the extension of the term of the contract our maximum price per adult was reduced to £13 16s., we are only entitled to the difference between this and the amount already paid to us. I do not press for the £730 16s. 11d., but I do for the payment of the sum shown to be due in the account, say £586 13s. 9d.

2. Emigrants "Hurunui." I have set out the items of our claim, and as you were good enough to assent to the justice of our charge for the full fare for those who did not or would not proceed on