

if I had been able to have made independent arrangements I should have done so far more expeditiously, and with great saving to the colony, inasmuch as I have every reason to believe that I should have secured ships at a less rate of freight than that paid to or through the New Zealand Shipping Company. The Company appear to me to use the Government cargo simply as a convenience, to be taken or left behind, or delayed, just as it suits them. Private shippers can make much more favorable terms, and can insure punctual despatch, because the Company knows that if they do not take such cargo by a certain ship they will probably lose it altogether, whereas Government cargo can be left behind or delayed without any such risk, as it must go by one of their other ships at whatever date they may fix for sailing.

The New Zealand Shipping trade is in fact now virtually under one control; there is no competition, and no secret is made of the pressure that it is supposed can be exercised on me.

In this case of shipment of rails, when in my endeavour to act for the interests of the colony I had to require the Company to strictly comply with their contract, reference was at once made to the colony, and the Company then appealed against my action to the Government, thus causing further delay and uncertainty. I recognize, however, that the Government have virtually left the matter in my hands; but the practice of referring out to the colony whenever the conditions press at all disadvantageously on the Company, appears to me to be one that should be absolutely discouraged.

I may mention here that, on the contractors for the last order for rails asking for dates at which they should have the material ready for shipment, I requested the Manager of the Shipping Company to consent to my making my own arrangement for the shipment of the same, but the only reply that I have received is, that he must refer the question to the colony for instructions.

I would point out to you that the Company, in urging on you that they should be allowed that, or the other, so long as they do not put you to extra expense, speciously conceal the true merits of the case. If the Government is to submit to be treated with the utmost harshness under the contract, but, whenever the Company's interests are at stake, is to deal with them with the utmost tenderness, there would be no limit to the advantage which would be taken. The contractors had told me that the carriage of rails in large quantities did not pay them: It was for their interest to allow me to make my own arrangements for shipping the rails from the places of manufacture, rather than to carry them under their contract. But they refused this permission, in the hope of making something out of the shipment from the place of manufacture, not because the contract entitled them to do so but because they thought they could compel the Government to let them. Manifestly, the only honest and independent way to meet this attempt to extort advantages is to insist either on the contract being strictly carried out, or the Government having full liberty to ship to the best advantage from ports of manufacture, without throwing benefits into the way of the contractors they have no right to expect. Whilst the present unfortunate agreement continues, I am convinced that the interests of the Government demand that they should either insist on making their own arrangements for shipping rails from the places of manufacture, or, if the contractors refuse this permission, that they should be saddled with the loss of carrying them from London at contract rates. These contract rates are high, as long as the quantity of rails is confined only to the amount required to properly trim the ship with dead weight. At least in one instance I know of a private shipper paying 4s. a ton less than the Government, and I also paid 4s. a ton less during the interval that there was no contract. But the rate of 24s. a ton would not pay to load a ship with rails, and, therefore, inasmuch as we have the power of insisting on the contractors loading ships in London at that rate, we have a power of coercing them to allow us to ship to better advantage still at the places of manufacture.

I cannot too strongly express my opinion of the disastrous nature of any contract which compels the Government to give to the contractors all freight. I think an exclusive contract to carry emigrants is not now advisable, as I will state directly, but, whether or not a contract is made for emigrants, nothing can be more unwise than to make one for freight. Without such a contract we could constantly get freight carried on most advantageous terms. But, with one, the contractors make a convenience of Government freight, frequently shutting it out at the last moment to ship private goods. The loss occasioned to the Government by delay in shipping, by divisions of freight that should go in one ship, and by injury consequent on exposure of goods waiting shipment, is very heavy.

In the early days of the establishment of the New Zealand Shipping Company, the Government, of which I was a member, gave them a monopoly of contract for carriage of emigrants, with the avowed purpose of setting them up as a competing power with the firm which previously enjoyed a monopoly. An exclusive contract for freight, however, was not given, and the Company was moreover warned that after its first difficulties were over it would have to run alone. Now, by coalescing with that other firm, all advantageous competition is at an end. The two enjoy a monopoly as long as tenders for contracts extending over one or two years are called. But if the Government engaged ship by ship as they required the same, several high-class firms would enter the trade, and the colony would reap enormous advantage on the saving of the high freights which are now current. I do not believe any country of equal importance was ever so dominated by a monopoly as New Zealand is by these shipping arrangements. I am of opinion that yearly contracts for emigrants are unnecessary, though they are not so disastrous as those for freight; still I think it would be better to engage the ships for emigrants as they are required, because if a monopoly is made of the carriage of emigrants, competition for freight can to a large extent be prevented. The argument which is used in the colony, in the interest of contractors, about the inhumanity of entrusting emigrants to strangers has little weight. The shipping companies do nothing for the emigrants themselves. Everything is done by the people they employ, who are no part of their regular staff. The same carpenters, provision merchants, and tradesmen can be employed by any one. The comfort of the emigrant depends upon the watchfulness of my Despatching Officer.

I believe, also, that if I had the power of engaging vessel by vessel, I could arrange for the occasional despatch of steamers without extra charge to the Government. A very large shipper to New Zealand informed me a few days since that he was sure steamers could be largely employed in the trade, but that the shipping companies most strenuously discourage their use.