

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.