

MR. PALLISER'S REPORT.

Westminster Chambers, 13 Victoria Street, London S.W.
16th March, 1910.

Memorandum for the High Commissioner.

WITH reference to the Right Honourable the Premier's letter of the 28th January last, on the subject of the shipping arrangements of this Department as carried out by Mr. E. A. Smith, I beg to make the following report:—

During the extensive emigration operations which were initiated under Dr. Featherston, the first Agent-General, the shipping business as regards shipment of goods was carried out by Messrs. Smith, Morrison, and Co., shipping agents, doing business in the city, who were paid by commission; while the emigration shipping work was conducted by a branch department of the Agent-General's Office, Mr. E. A. Smith, R.N., being the Chief Despatching Officer paid by salary.

When free Government emigration was discontinued the Emigration branch of the Agent-General's Office was abolished, and the services of Mr. E. A. Smith, as Despatching Officer, and the Emigration staff were dispensed with.

On the 1st January, 1881, Mr. E. A. Smith, however, accepted an offer of Sir J. Vogel, then Agent-General, to conduct the business of shipping agent to the Agent-General's Department, on payment by commission conditionally on his carrying the work on in an office-room of the Agent-General's Department.

On the 1st January, 1881, therefore, Mr. E. A. Smith was appointed by Sir Julius Vogel Shipping Agent to the Department, and occupied the room allotted to him in the Agent-General's office.

In the year 1896 Mr. E. A. Smith took into partnership, under agreement by purchase, Mr. E. M. Kennaway, and the firm was carried on under the name of "E. A. Smith." In the course of business Mr. E. A. Smith had become acquainted with Mr. E. M. Kennaway, and had personal knowledge of his capabilities and experience in shipping work.

In the year 1900 Mr. E. A. Smith retired from business, and the shipping work of the New Zealand Government was carried on by Mr. E. M. Kennaway. The partnership deed provided that the business should be carried on under the name of "E. A. Smith," and gave Mr. E. A. Smith an interest in the business for five years after his retirement.

A cable was received from New Zealand on the 3rd September, 1906, asking "Have you authorised E. A. Smith to announce himself as the shipping agent Government of New Zealand? Is he employed by you, and is authorised arrange passages to navvies and others?" To this cable Mr. Reeves replied fully by letter on the 18th September, 1906. I attach a copy of the letter, by which it will be seen that the Government were then advised that Mr. E. M. Kennaway was Mr. E. A. Smith's partner, and had continued the shipping agency in that name.

After perusal of the newspaper-cuttings forwarded from the Dominion, I observe that some considerable misapprehension appears to exist with regard to the financial side of the question, and I accordingly furnish you with figures which may make clear a great many points that have had the appearance of mystery to the newspapers.

Mr. E. M. Kennaway was entitled to receive (in common with all other shipping agents in the United Kingdom) certain sums as commission and bonus on the assisted passengers despatched to New Zealand. The commission amounted to 16s. per adult, and was paid to him by the various shipping companies. The bonus was the sum paid to him and other agents by the Government of New Zealand, and amounted to 4s. per adult. In connection with these passengers it was necessary for him to do the whole of the correspondence with regard to furnishing information as to passages, routes, clothing, and the arranging of berths, &c., and all passage-contract tickets were signed by him in the name of "E. M. Kennaway," under which name he held the authority from the various shipping companies to act as their agent.

The total amount of bonuses for assisted passengers paid to Mr. E. A. Smith by this office during the year 1906 amounted to £674 17s. 3d., of which Mr. E. M. Kennaway received, I understand, £473 17s. 3d., the balance of £201 being paid over by him to other agents who had introduced the assisted passengers, and were accordingly entitled to the bonus.

During 1907 the total amount of bonuses paid by this office to Mr. E. A. Smith was £525 2s., of which Mr. Kennaway's share was £403 2s., and during the year 1908 the total of bonuses paid by this office amounted to £814 15s., of which Mr. Kennaway's share was £614 15s.

Shipping of Freight Fees.

During the year 1906 the shipping-agency fees paid by this office to Mr. E. A. Smith amounted to £690 18s. 11d., and during the years 1907 and 1908 to £649 12s. 6d. and £554 8s. 9d. respectively. I may add that, as regards the shipping-agency fees, the above figures do not include the entry fee of 1s. 6d., or the profit on each set of bills of lading, which amounts to between 9d. and 10d.

The amount received from this office by E. A. Smith for bonuses and shipping-freight fees during the years 1906, 1907, and 1908 amounted respectively to £1,164 16s. 2d., £1,052 14s. 6d., and £1,169 3s. 9d.

In addition to the above figures he also received from the shipping companies the commission of 16s. on each assisted passenger booked by him, which, according to the bonus amount received from this office, should have amounted to some £1,895, £1,612, and £2,459 for the years 1906, 1907, and 1908 respectively.

To set against these figures are the expenses of his staff, which during the year 1906 amounted to eighteen clerks; and during 1907 he employed fourteen clerks, and during 1908 eighteen clerks, in addition to which he occupied seven rooms in these buildings, one of which he occupied rent free, the room being the same as originally given to Mr. E. A. Smith by Sir Julius Vogel, as it was found absolutely necessary that, to be in touch with the shipment of goods, &c., the officer should be in the Agent-General's Department, and it was found to be a very great convenience indeed later in the working of the shipping and emigration business.