

With regard to the newspaper remarks, so many of which contain inaccuracies, I would like to add that in no case did Mr. E. A. Smith receive bonus and commission on passengers introduced by other agents as assisted passengers, which passengers were afterwards declined by the High Commissioner. All application forms for reduced passages required to carry on the face of same the agent's stamp, and, on the applications being approved by the High Commissioner and the passengers sailing for New Zealand, the bonus was handed over to Mr. E. A. Smith, who in due course paid the amount to the agent concerned, though in many cases the agents deducted the bonus from the passage-money. Occasionally differences arose, in which case the matter was decided by the High Commissioner. Differences will continue to arise, and there have been some few cases since the shipping work has been taken over by the High Commissioner; and, so far as the outside agents are concerned, they will not benefit in any way by the fact of the Government having taken over the shipping arrangements, as the same agreement as made with Mr. "E. A. Smith" will require to be continued so far as other shipping agents are concerned.

With regard to the matter of the name of "E. A. Smith" appearing as the name of the firm, this, as explained in the High Commissioner's letter of the 18th September, 1906, was owing to the fact that originally (dating from 1880) Mr. E. A. Smith was the Shipping Agent to the Government. He then, in 1896, took Mr. E. M. Kennaway into partnership, and this partnership continued until the year 1905, since when Mr. Kennaway has carried on the work under the original name of "E. A. Smith," as provided for in their deed of partnership.

The years of 1906, 1907, and 1908 have been, of course, exceptionally heavy years with regard to the number of assisted passages booked to New Zealand, and the year 1909 would show a considerable decline on the foregoing figures. It must be remembered also that the arrangement under which the shipping business has been carried on by means of payment of commission has extended over thirty years.

During the year 1896, when Mr. E. A. Smith took into partnership Mr. E. M. Kennaway, the takings of the firm from this office amounted to £265 13s. 4d., and in 1901 the amount received was £557 15s. 4d.

I am not, of course, aware what Mr. E. M. Kennaway's office expenses are, but I should imagine that they cannot be much short of £2,000 per annum.

It must be remembered that in considering the policy of any change in the commission system a diminution of public-works expenditure and a contraction of the emigration policy might at any moment have entirely altered the position of conducting the shipping business under the system of commission.

C. WRAY PALLISER.

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*Copy of Letter from High Commissioner to Right Hon. the Prime Minister referred to in Mr. Palliser's Report.*

Via 'Frisco, 22/9/06.

No. 3311.

Westminster Chambers, 13 Victoria Street, London, S.W.,

18th September, 1906.

SIR,—

Referring to your cablegram of the 3rd instant, relating to the shipping Agent to the New Zealand Government, I will take the opportunity of stating in detail the steps which are taken as regards the persons who apply for reduced-rate passages.

All applications are made on the forms (copy herewith) addressed to me, and on receipt of the same they are either declined, or inquiry forms (copy herewith) are sent to the persons named as references. On receipt of replies to these inquiries, the application is again considered, and if necessary further inquiry is made both of the applicants themselves and of their references, and, in the case of navvies and pick-and-shovel men residing within a reasonable distance of this office, they were required to attend here for a personal interview.

When applicants are finally approved the shipping agent is authorised to arrange for passages at reduced rates.

I may add that when the reduced-rate system was first initiated in Sir F. D. Bell's time, he made it a condition with the shipping companies that no contract tickets for reduced-rate passages were to be issued except by the Shipping Agent to the New Zealand Government, and he, of course, could not issue them unless authorised by the Agent-General or, as at the present time, by myself as High Commissioner. This arrangement was made in order to insure that reduced-rate passages should not be granted except to properly approved persons. Further, I may explain that under the Board of Trade regulations contract tickets cannot be issued except by persons properly authorised to do so, and this regulation was complied with both as regards Mr. E. A. Smith, and then by his successor, Mr. E. M. Kennaway.

I may state here that Mr. E. M. Kennaway was Mr. E. A. Smith's partner, and when Mr. Smith retired he carried on the shipping agency in the same name, and was appointed by me as New Zealand Government Shipping Agent. I think it right to add that his knowledge of New Zealand, having visited all parts of the colony, and his experience in shipping business, have rendered his services of much advantage to this Department.

In the arrangements which were made by me with the shipping companies it was expressly stated (as advice in my letter to the Premier, No. 1743, of the 30th June, 1903) that the passage money must be paid to the New Zealand Government Shipping Agent, and this is also stated in the notice issued by the Department of Immigration at Wellington, copy of which came with the Premier's memorandum addressed to me, dated the 5th of October, 1904.

In making the above remarks, I wish to make it perfectly clear that no passages at reduced rates are granted to any person but those approved by me, and that no contract ticket for such passages are therefore issued to any others.

I have, &c.,

W. P. REEVES.

The Right Hon. the Prime Minister, Wellington, New Zealand.