

HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

Via Suez, 25/3/10.

No. 1151.

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

23rd March, 1910.

SIR,—

In reply to your letter of the 28th January last, on the subject of the shipping arrangements carried on in connection with this Department, I have the honour to report as follows:—

During the period that Dr. I. E. Featherston was Agent-General the work in connection with the shipment of goods was carried on by Messrs. Smith, Morrison, and Co., who occupied offices in the city. During this period Mr. E. A. Smith, who, although of the same name, had no connection with the firm, was employed on the staff of the Emigration Department attached to the Agent-General's Office at a salary of £400 per annum. 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 of January, 1881, Mr. E. A. Smith, however, accepted an offer of Sir Julius Vogel, then Agent-General, to conduct the business of shipping agent to the Agent-General's Department on payment by commission.

In the year 1896 Mr. E. A. Smith took into partnership, under agreement of 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.

Mr. E. M. Kennaway was for many years employed in the service of the New Zealand Shipping Company, and has made many voyages to New Zealand, and at the time he left the sea-service of the New Zealand Shipping Company and joined their office in London he held a master-mariner's certificate. He was employed three years in the New Zealand Shipping Company's offices previous to joining Mr. E. A. Smith in 1896.

Messrs. Smith, Morrison, and Co. carried on the shipping work on a certain scale of charges, particulars of which are attached hereto, and this scale of fees was continued by Mr. E. A. Smith, and again by Mr. E. M. Kennaway, and are the same fees as paid to Mr. E. M. Kennaway up to the end of October last.

With regard to the shipment of freight, it was the custom when Mr. E. A. Smith first took over the shipping agency—and is still so, I understand—for a charge of 10 per cent. for "primeage" to be made on certain goods shipped, 5 per cent. of which went to the broker and the remaining 5 per cent. to the shipping agent. Mr. E. A. Smith, however, suggested that he should forego that 5 per cent. "primeage," and this was accordingly done, so that there has been a very considerable saving to the Government during many years under this head.

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 statute 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 statute adult. In connection with these passengers, he attended to the whole of the correspondence with regard to furnishing information as to passages, routes, clothing, arranging of berths, and looking after passengers on their arrival in London previous to embarkation, &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 retained, 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 1907–1908 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 of each set of bills of lading, which amounts to between 9d. and 10d.

The amount received from this office by Mr. "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 this building, 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 advantageous for the Department to be in close touch with the shipment of goods, &c.