

1910.
NEW ZEALAND

THE FIRM OF "E. A. SMITH"

(CORRESPONDENCE WITH REFERENCE TO).

Laid on the Table of the House by Leave.

Cable.—Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

Wellington, 3rd September, 1906.

HAVE you authorised E. A. Smith to announce himself as the Shipping Agent, Government of New Zealand? Is he employed by you and is he authorised arrange passages to navvies and others?

WARD.

High Commissioner for New Zealand, London.

Copy of Cablegram from HIGH COMMISSIONER, London, to the Right Hon. the PREMIER, dated 4th September, 1906.

In reply to your telegram of yesterday's date E. A. Smith for many years authorised Shipping Agent for New Zealand Government, and has been referred to as such in official documents, and Edward Kennaway taking on business in the name of E. A. Smith employed by me arrange reduced passages for persons approved by me.

Secondly, all the persons named in your letter of 10th July were duly approved by me, E. A. Smith thereupon arranging their passages. Contract tickets endorsed by Kennaway. Authorised to sign under Board of Trade regulations, it having been arranged that no one else shall issue such tickets, thus insuring no such tickets shall be issued except to persons approved by me.

Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

Prime Minister's Office, Wellington,
28th January, 1910.

DEAR SIR,—

I forward you herewith by this mail extracts from newspapers in which certain statements are made concerning the shipping arrangements carried out by the firm of E. A. Smith in London.

I should be glad if you would advise me fully by return mail what the whole position regarding this firm is, and the business relations between it and the High Commissioner's Office. Be good enough to state at the same time whether any payments have been made on behalf of the New Zealand Government to the firm in question, and whether this firm has occupied any portion of the High Commissioner's Office. Please deal also with any other points referred to in the published correspondence. I shall be glad to have a full report from you.

28th The High Commissioner for New Zealand.

I have, &c.,
J. G. WARD.

HIGH COMMISSIONER to Right Hon. the PRIME MINISTER.

Via Suez, 18/3/10.
No. 1084.

Westminster Chambers, 13 Victoria Street, London S.W.,
18th March, 1910.

SIR,—

In reply to your letter of the 28th January last, on the subject of the newspaper remarks with reference to the shipping work of this Department as carried on by Mr. E. A. Smith, I beg to forward you a report from Mr. Palliser on the subject, and I propose to write to you fully on the matter by next mail.

I have, &c.,
WM. HALL-JONES.

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

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.

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.

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.

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.

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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.

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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.

I understand that in no case did Mr. E. A. Smith receive bonus and commission on passengers introduced by other agents as assisted passengers. 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 passenger 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 agent 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 was owing to that fact that, dating from 1880, Mr. E. A. Smith was the Shipping Agent to the Government. He 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 this deed of partnership.

The years 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.

It should be remembered 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.

There appears to be a considerable difference of opinion as to the alternative of shipping direct or by means of a recognised shipping agent. Several Departments of the Home Government, such as the Crown Agents for the Colonies, the India Office, and the Admiralty, employ shipping agents, and I understand Canada prefers that system. On the other hand, most of the Australian States (but not the Commonwealth) attend to their own shipping work.

As you are aware, the shipping department of this office will be credited with the bonus and commission as allowed in the time of "E. A. Smith."

This, in my opinion, should show a fair credit balance at the end of a year's work.

I have, &c.,

WM. HALL-JONES.

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

HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

SIR,— Westminister Chambers, 13 Victoria Street, London, S.W., 15th April, 1909.

I have caused inquiry to be made to the shipping arrangements obtaining in the other departments of the Agents-General, and I am informed that, with the exception of Victoria and Tasmania, the work is carried out by their respective staffs.

I am, &c.,

The Right Hon. the Prime Minister, Wellington, N.Z.

WM. HALL-JONES.

Extracts from the "Report of the Committee of Inquiry into the Organization of the Crown Agents' Office" presented to both Houses of the British Parliament by Command of His Majesty, February, 1909.

SHIPPING ARRANGEMENTS.

THE Crown Agents do not make their own arrangements for shipping stores to the colonies, but, following the system adopted by the India Office and the Admiralty, they intrust this business to outside shipping agents. The Shipping Department of the Crown Agents is in reality not a shipping department at all; its main duties are confined to advising the colonial Governments of the despatch of stores and forwarding the bills of lading; it also looks after the insurance of goods, with some help from the shipping agents. With it is combined the checking section, which, besides examining invoices with a view to payment, looks after a number of miscellaneous accounts.

Under the system adopted by the Crown Agents, as soon as a tender or contract is accepted, shipping order embodying particulars of such tender or order is sent to Messrs. J. and A. B. Freeland, the outside shipping agents of the Department.

Messrs. Freeland claim that their duties include the supervision of all details in respect of an order, with the exception of inspection, that they keep in constant touch with suppliers and shipowners by telegram, telephone, and correspondence, that they negotiate freights, supervise the stowage of cargo, report accidents, settle disputes, and take a certain part in insuring and settling insurance claims.

They are remunerated by a commission, which is regulated partly on a tonnage, partly on a parcel basis, and not on the cost of freight. Their charges are included in the freight accounts, and not kept separately by the Crown Agents; but we find that the receipts of the Agency on a return of the value of the shipments in—

1904 of £2,541,935 were	...	...	...	...	...	£ 9,287
1905 of £2,080,482 were	...	...	...	...	...	8,232
1906 of £2,133,659 were	...	...	...	...	...	10,047

Further, they received from shipping companies in respect of commission on passages taken for colonial officials, &c., £435 in 1904, £387 in 1905, and £521 in 1906.

The firm of Messrs. Freeland may be said to have grown up in the shadow of the Crown Agents. They do little business except for that office, and are, in fact, dependent on it, although paid out of the general profits of the shipping business, and not by fixed salaries. The Committee are of opinion that the work could be done more effectively and more economically if the duties now performed by Messrs. Freeland were transferred to a department of the Crown Agents' office.

Copy of Cable from Right Hon. PRIME MINISTER to the AGENT-GENERAL, London, dated 10th June, 1903.

THERE about two millions acres of land available for settlement, and there is plenty of room in New Zealand for farmers and farm labourers. I wish you therefore to take energetic action in directing this class of emigrant to New Zealand. You might see the shipping companies and get them to reduce the passage-money. If it cannot be managed in any other way, on authority being given by Parliament, the Government will either subsidise the steamship companies or pay part of the passage-money. We are proposing next session to allow tenants free use of land for three years. The present tenures are lease in perpetuity, 999 years' occupation license with right of converting into freehold in fourteen years, and the taking up of freehold. Large areas are also thrown open under the land-improved conditions under which the State advances a sum of money to each farmer to erect house, fence, and other improvements. Point out the geniality of the climate in the greater part of the colony. Stock can be out all the year. Refer to the producing capabilities of the land. Highest returns for grain in the world. Refer to the advantages of cheap money granted to settlers. State schools free education for children.

I think a general advertisement throughout Great Britain and Ireland setting out these facts would help. If there be any other suggestion or direction which you have to make let me know at once.

R. J. SEDDON.

Copy of Cable from Right Hon. PRIME MINISTER to AGENT-GENERAL, London, dated 13th June, 1903.

You have misunderstood meaning. No intention to advertise that part passage-money would be paid till the matter has been considered by Parliament and appropriation provided. But the question of having large area of land for settlement and the advantage to agriculturists of coming to the colony should be made public and placed before the public at Home. At the present time ready for settlement as follows: Auckland, 864,000 acres; Hawke's Bay, 209,800 acres; Taranaki, 90,000 acres; Wellington, 55,000 acres; Nelson, 293,000 acres; Marlborough, 2,200 acres; Westland, 411,000 acres; Canterbury, 4,000 acres; Otago, 141,000 acres; Southland, 1,400,000 acres.

This information and any other to induce emigrants to come to New Zealand should be utilised pending settlement of other matter. In the meantime please inquire of shipping companies the lowest possible passage-money.

R. J. SEDDON.

HIGH COMMISSIONER to RIGHT HON. the PRIME MINISTER.

Via San Francisco.

No. 1743.

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

30th June, 1903.

SIR,—

I beg to report the results of the steps which I have taken in compliance with the instructions contained in your cablegrams of the 10th and 13th instants.

I attach hereto copy of the advertisement which I have caused to be published in a large number of newspapers, together with that of a short paragraph which has been gratuitously inserted in the papers in which the advertisement has appeared.

After interviews with Sir Edwyn Dawes and the managers of the Shaw, Savill, and Albion Company and of the New Zealand Shipping Company, in which the whole matter as regards passages was thoroughly discussed, the companies agreed to certain conditions under which reduced-rate passages, available throughout the year, will be granted to persons (approved by the Agent-General) proceeding to the colony by the two companies' passenger steamers.

Under these conditions the passage-money will be provided for in the following proportions :—

	Full Rate.	Payment by Passenger.	Payment by Government.	Companies' Reduction.
2nd Class	£ 38	£ 27	£ 4	£ 7
3rd Class	19	10	4	5
3rd Class	21	12	4	5

All other conditions as regards passages to be the same as at present existing, excepting as hereinafter mentioned. A copy of the existing conditions are hereto attached.

The amount of passage-money due from the passenger to be paid as at present to the New Zealand Government Shipping Agent, who will pay it to the companies, together with the amount due from the Government.

A payment of £1 per adult (third class) and £2 per adult (second class) to be paid to shipping agents sending in applications of persons who are approved and embark for New Zealand under these arrangements, the Government to pay one-third and the shipping companies two-thirds of such payment.

The Government to undertake to advertise the advantages of the colony and invite applications for passages by the vessels of the two companies to an extent equal to at least double of the present amount of advertising, the companies continuing their contribution to the cost thereof of £200 per annum each.

Persons to be eligible for these passages must possess similar qualifications to those under which applicants are approved by the Agent-General under the existing system, except that the capital qualification shall be £50 and £25 respectively, instead of £100 and £50.

In cases of any person or persons sent out under these arrangements not being allowed to land in New Zealand, the Government to pay half passage-money for the return voyage.

The above arrangements to continue for twelve months certain, and thereafter be subject to a six months' notice on either side, provided nevertheless that one of the companies is entitled to terminate the same so far as itself is concerned, by giving such notice apart from the other company.

On the 27th instant I cabled to you the heads of this provisional arrangement, and at the same time I took the opportunity of strongly recommending the Government to avail themselves of the companies' offer, which I consider to be one which they have made with a genuine desire to meet the Government's wishes, feeling as they do that their own interests will be advantageously affected by the continued increase of the population and in the prosperity of the colony.

Referring to the proposed conditions, I venture to think that the reduction offered by the companies is a liberal one. With the proposed payment by the Government, it will bring the passage-rates down to very moderate amounts, and will make third-class passages available to intending settlers for a payment of £10 only.

With regard to special payments to shipping agents, it was recognised by the companies, as well as by myself, that it would be necessary to give them some special inducement beyond that of the ordinary commission, as if this was not done the agents' interest would be to keep the reduced rates from the notice of intending emigrants. It is, I feel sure, important to secure the co-operation of these Agents, as they exercise considerable personal influence on intending settlers of the class required.

With regard to advertising, there is no doubt that to give the proposed arrangement a fair chance of success extensive advertising will be necessary, and I was therefore glad to be able to arrange that, in addition to reductions of passage-money, the companies would continue their contribution of £400 a year towards the cost of advertising.

As regards the qualifications under which persons will be eligible for the reduced-rate passages, I think the "capital" qualification might well be reduced, and it was at my instance that the condition was inserted that the amount of capital to be taken to the colony should be £50 (instead of £100), and in case of a family £25 (instead of £50) for each member thereof over twelve years of age. I consider that any one possessing such amount of capital may be regarded, supposing he is otherwise suitable, as an eligible settler.

In the course of the discussions, the point was raised as regards the cost of sending passengers on to out-ports, and the companies rather demurred to this expense altogether falling on them. It was, however, pointed out that such cost was met by the companies when charging full rates, and, after some further discussion, the companies withdrew their objection, with the understanding that the Government would consider whether, in cases where passengers could be forwarded to their destination by the Government railways, the Government would arrange accordingly free of charge.

I think this might be conceded, and I therefore recommended the proposal for your favourable consideration.

There were some other points raised and discussed, but they related mainly to the administration on this side of the system, and which can be easily arranged.

The fact is that this proposed arrangement is a modification of that adopted in 1886-1888, when the Government contributed to the cost of the passage. It is also an extension of the present system, under which the Government do not contribute, but which has been the means of supplying the colony within the last few years with nearly three thousand useful settlers, bringing with them some £300,000 of capital.

I am inclined to think that the liability of the Government, in case the proposals are adopted at an early date, would not exceed £6,000 for the present financial year, which would provide the passages of some twelve hundred statute adults, and in my cablegram I suggested that that amount be voted.

I may say, in conclusion, that the class of people applying at this office for information respecting the colony and for reduced-rate passages under the existing system is above the average, and that, so far as I can judge, the present time is a favourable one for obtaining settlers such as I understand the Government wish to see occupy the lands which have been opened up for settlement in the various parts of the colony.

I have, &c.,

The Right Hon. the Premier, Wellington, New Zealand.

W. P. REEVES.

P.S.—I find that I have omitted to explain that the provision under which the Government is to pay half the return passage of any person not allowed to land was adopted at the instance of Sir Edwyn Dawes. I saw no objection to this, more especially as these people would be approved by the Agent-General before embarking. Moreover, it is very unlikely that any such cases would occur. Out of the three thousand people who have gone out under the present system there has not been, so far as I am aware, a single case of the kind.

MR. W. P. REEVES to the Right Hon. the PRIME MINISTER.

London School of Economics, Clare Market, London, W.C.,

24th March, 1910.

DEAR SIR JOSEPH,—

I have been informed by the High Commissioner that you have asked for and obtained from him a memorandum stating the facts and the conditions of the employment of Messrs. E. A. Smith and E. M. Kennaway as shipping agents for the Government here. I assume that your request for the memorandum was the result of attacks which have lately appeared in the newspapers upon Mr. E. M. Kennaway's business connection with the High Commissioner's office. I have not seen any of these attacks myself, and do not know their drift, but from questions put to me by a London correspondent of several of the papers, I gather that it is insinuated that Kennaway's employment by the office was designedly kept secret. I have been told also from another quarter that his earnings as a shipping agent have been criticized as unfair and extravagant. Doubtless a good deal has been made out of his relationship to the late permanent secretary. From one point of view it might seem uncalled for in me to intervene in this matter at all. It might save me some annoyance personally perhaps if I did not. I was, however, administrative head of the office during all but the last nine or ten months of the time through which E. M. Kennaway did work for us. I should naturally feel rather acute regret if it were supposed that anything unfair or underhand was allowed to go on in any corner of the office with or without my knowledge. In the honour and efficiency of the office I took much pride. Let me then briefly state some of the circumstances and reasons of policy which caused me to allow Kennaway to do agency work for us, and which justified the continuation of the commission system throughout my term.

When I succeeded Sir Westby Percival Mr. E. A. Smith was doing our shipping agency business on commission, and had been doing it for many years. Previous to 1881 he had been directly employed, but by that time the direct employment system had been deliberately abandoned and a commission system adopted. Mr. Smith was not, of course, a Government officer, and was at full liberty to do private work. In 1896 Sir Walter Kennaway, the permanent secretary, asked me whether I objected to his son, who was a shipping clerk by occupation, being taken into partnership by Mr. E. A. Smith. As neither of the partners would be Government officers I had no legal right to object, and did not object. It would have been a harsh act if I had objected. At that time and for years afterwards the earnings of Messrs. Smith and Kennaway from us were very small. They were regulated by a fixed scale. I did not apprehend any trouble, as I had full confidence in the integrity of my officers. I did not regard the matter as of the least importance, and the suggestion, if suggestion there be, that any sort of concealment was contemplated or countenanced by me is utterly ridiculous.

After four or five years I was told that Mr. Smith was retiring through age, but that he or his family were retaining an interest in the business, and that Mr. E. M. Kennaway would go on with it. I was under the impression that one or more of Mr. Smith's sons was working with Kennaway. So far from there being any disposition to hide E. M. Kennaway away, he was specially ordered to meet and look after every important political or official visitor from New Zealand with whom we had anything to do. Mr. Seddon certainly knew that he was connected with the office. It was not until the latter part of 1906 that it dawned upon me that there could be any misunderstanding about the matter. This I discovered from a telegram asking whether E. A. Smith was our agent, and had a right, as our agent, to issue assisted-passage tickets. I at once instructed a letter to be drafted explaining the position, and this letter I despatched to you on the 18th September, 1906. No objection or criticism of any sort was received in reply. I noted in 1906 that Kennaway was still using the business name E. A. Smith, although Smith had been finally bought out at the end of the previous year.

As far as our assisted tickets were concerned, he always signed them E. M. Kennaway. But it certainly never occurred to me that any serious charge of subterfuge or secrecy would be made, based upon the use of the name, E. A. Smith. If it had I no doubt should have put pressure on Kennaway to make a change. As it was, I cannot say that I thought it anything but an arrangement very common in English business, or that it mattered a straw to us one way or the other. Now for the question of the magnitude of the profits made by Smith and Kennaway, and later by Kennaway alone: I do not suppose that any question can be raised about their moderation during the first eight or nine years after Kennaway joined Smith. Of course they increased gradually,

because the Government business increased owing to the growth of public expenditure, but they were fairly earned and according to scale. In 1903 came the revival of the policy of the assisted emigration and the steady demand from the colony for population. It was necessary, if we were to compete with other colonies for emigrants, that we should pay a bonus to agents as other colonies did, and do. In the old days of free emigration we used to pay so much per head for the securing and despatching of emigrants. In 1903 we had conferences with the shipping companies to arrange for the payment of a general bonus per head for the assisted passengers. At first it was proposed by the late Sir Edwyn Dawes, I think, that the Government should pay £1 and the shipping companies another £1 per head per adult. Ultimately we were able to make a much more economical arrangement. It was decided that only £1 per head should be paid on third-class passengers, and that of this the Government should only pay 4s., the remaining 16s. being found by the shipping companies. For second-class passengers the Government were to pay 7s., but the number of second-class passengers was, if I remember rightly, always relatively very small. I assert that this arrangement was not only fair but highly advantageous to the Government. It resulted in this, that we got our emigration-agency work done for less than what it cost the agents.

When I made this arrangement I fancied that most of these bonuses would be earned by country agents. In the event it turned out that they were chiefly earned by E. M. Kennaway. So far as I can ascertain, however, this came about in a perfectly fair and natural way, and not through any kind of trickery or collusion. Intending immigrants generally preferred to make their inquiries in London by letter or personal application. For the three years 1906-7 and 8 there was a sort of boom in emigration, which put a good deal of money into the pockets of the agents, Kennaway, of course, profited much the most, though not out of us; but he did work for his money, and worked very hard indeed. He dealt with masses of inquiries, only a small proportion of which resulted in passages being booked. Unless passages were booked he got nothing. He asserts, and I see no reason to doubt him, that very often not more than 10 per cent. of a large batch of inquirers would ultimately go to New Zealand. For this 10 per cent. he was paid by us 4s. a head. I have cross-examined him, and believe him when he says that the Government money he got in this way did not pay the expenses of getting it. During the three busy years above referred to he received in emigration bonuses from us something under £500 a year on the average. I consider that that was an extremely cheap rate for us to pay for the work he did for us. It would indeed have been ridiculously small had he not been making a very large profit out of the shipping companies' contribution.

His receipts for shipping and emigration work may be classed under three heads—(1) The commission for ordinary shipping work; (2) the 4s. a head bonuses which we paid him on emigrants; (3) the 16s. a head which he got from the shipping companies. The first two items were Government money: the third was not. The first two were not large enough taken together to pay his office expenses. The third enabled him to make a good profit, but not at the cost of the Government. As regards the commission receipts for ordinary shipping work, probably very little exception has been taken to that. As for the emigration bonuses paid by us, I have just shown that on the average they were less than £500 a year. Add the two classes of receipts together, and during the three years the total was on an average somewhat over £400 a year. That was all he got from us. And that did not pay, or anything like pay, his office expenses. The High Commissioner reckons these last as about £2,000 a year.

It may be said that, even after allowing an average of nearly £2,000 a year for office expenses, his net profit during the three busy years was very considerable. That was so, but (1) the profit was not made out of us, but out of the shipping companies; (2) it was made out of an uncertain and very fluctuating business which might at any moment be severely restricted, and which from the last months of 1908 began to be very much cut down. It is certainly the case that as far as the payment of public money to Kennaway is concerned we got a great quantity of work done very efficiently as well as cheaply.

As regards his receipts from the companies they were not public money. We were not legally, officially, or morally accountable for them. I was not officially or morally under any duty to grudge them to any agent who earned them. Suppose we had desired to cut down Kennaway's receipts, what then? We could not withhold our 4s. a head—that would have been a breach of faith with the shipping companies. I could not have seized any part of their 16s. bonus on its way to him—that would have been simply theft. There was then only one way in which we could have intercepted the bonuses which came to him from the companies. This way would have been to become agents ourselves and earn a profit out of the shipping companies. There was no question of saving any wasteful or extravagant outgoing of public money. There was none such. The sole question would have been, should we go into business and try and make money out of the companies? That, in other words, is that I should have carried out a year or two earlier the change that has been made since. On that I have this to say: It was never suggested to me by the Government or any one else that I should make such a change, and I never seriously thought of it. I regarded the rush of business as a temporary affair and a passing episode. I expected that the assisted emigration in particular would be abandoned, or at least greatly reduced sooner than it was. I tried faithfully to make it a success, devoting a great deal of time and much personal thought to insuring the selection of a good class of immigrant. My discussions with Sir Walter Kennaway about this were very numerous, and by arrangement all doubtful applicants were referred personally to me. I never believed, however, that the assisted emigration would continue on a large scale, and though it lasted longer than I thought, it has for eighteen months past been severely restricted. Moreover, what would a change have meant? It would have meant setting up a new and expensive subdepartment to do work, much of which might vanish with a sudden change of policy. You know how strong the prejudice is about setting up new subdepartments, especially here. Certainly I should have hesitated very much to do it.

I am aware that my successor has made a change, and I do not criticize his action. It is always a justifiable policy for a Government to do work direct rather than by commission, even if at first no saving is made by the change. But if the newspapers are saying that the Government will make thousands out of their shipping office here then, as far as the immediate future is concerned, they are very much mistaken. In my opinion—of course, speaking as a mere outsider—my successor will have all his work cut out to make the new office pay, at any rate at first. Later on it may do better, and please understand I do not condemn the change at all. But had I carried it out I do verily believe that the newspapers which are now fulminating against young Kennaway would have attacked me bitterly for giving way to a bent for State socialism. I have always been keenly anxious to protect the taxpayers where their money has been in question. During one of your visits to London I was able to show you how, by going out of my way, I saved over £10,000 on one large contract. Where offices were useless I did not hesitate to abolish them; where terms and expenses of loans were concerned I was at endless labour to save money for the Treasury. I fought for every fraction, and I did save not thousands, but many scores of thousands of pounds.

All I have wished to do in this letter is to show that I had fair reason for letting the commission system go on during my term. I repeat that I think I had, without in the least criticizing the change which the Government has since thought it right to make, and with which as a matter of general policy I fully sympathize.

I have, &c.,

W. P. REEVES.

The Right Hon. Sir Joseph Ward, Prime Minister, New Zealand.

HIGH COMMISSIONER to Right Hon. the PRIME MINISTER.

Via Suez, 8/4/10.

No. 1272.

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

7th April, 1910.

SIR,—

With reference to the attached cutting *re* Mrs. Jane Margaret Carter, I beg to inform you that there is no record of Mrs. Carter having made an unsuccessful application for reduced-rate passages for herself and child. The first record is the usual application form, which was received from her through Messrs. Thos. Cook and Son. In dealing with this, there does not appear to have been any undue delay; on the contrary, the application was dealt with in a specially expeditious manner.

It is possible that Mrs. Carter made a verbal request for reduced-rate passages, but as she was not eligible for the same they would be refused.

On the written application coming in, my predecessor apparently took into consideration the fact that Mr. Carter was in New Zealand, and that he desired his wife and child to join him. Viewing all the circumstances, he appears to have treated them as if they had been nominated, and granted reduced passages, although strictly speaking they were not entitled to this, the routine form not having been complied with by her husband in New Zealand.

Mrs. Carter appears to have received special consideration from the High Commissioner in this connection, and for which she expressed her gratitude. Extracts from her letters attached.

I have, &c.,

WM. HALL-JONES.

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

Cutting from the Lyttelton Times, 29th January, 1910, referred to in the High Commissioner's Letter, No. 1272, of 7th April, 1910.

TO THE EDITOR.—

SIR,—I would like to give you my experience at 13 Victoria Street. I wished to join my husband, who had been some months in New Zealand, and to obtain assisted second-class passages for myself and my little son. I went to the New Zealand Government offices, and was received by a polite elderly gentleman. "Oh, you wish for an assisted passage. Well, come to our shipping agent, and he will fix it up for you." He led me down a passage to E. A. Smith and Son's office, where a younger gentleman was sitting, who told me that "assisted passages are very difficult to obtain just now. They are not granting them to wives, save in special cases; but I could book through them very cheaply to go by a cargo boat." I, to use a vulgar expression, "smelt a rat," and, after inquiring if a cargo boat carried a doctor and stewardess, and receiving a negative reply, said I thought it scarcely suitable for a woman and a young child travelling alone, and betook myself to Messrs. Thos. Cook and Son. They thought they could get me an assisted passage, but said, "These Government offices are rather slow." I received a week or two later a letter from my husband telling me to start as soon as possible. I went again to 13 Victoria Street, taking with me my brother-in-law, who explained that I wished for an assisted passage, and that I was going to take my ticket through Messrs. Cook and Son. The polite elderly gentleman read my husband's letter, asked for references and a doctor's certificate, and that the necessary amount of capital be sent to the High Commissioner. All this was done through Messrs. Thos. Cook and Son, and the whole "fixed up" in a fortnight. Meanwhile I had received an immense amount of papers from E. A. Smith and Co., but I grieve to say they all went into the waste-paper basket, or I would have now sent you a sample.

I am, &c.,

JANE MARGARET CARTER.

Letter Extracts referred to in the High Commissioner's Letter, No. 1272, of 7th April, 1910.

SIR,—
C/o John Fisher, Esq., Dingley, Market Harborough.
29th November, 1906.
I return herewith the medical certificate for myself and my child signed by our doctor, T. A. Durrant, Esq., L.R.C.P., M.R.C.S., Eng.
I shall be glad to receive the certificate as soon as possible, and I am very grateful to you for granting it to me.
I shall with my son sail in the "Tongariro," 29th December, if all is well.
I am, &c.,
The High Commissioner for New Zealand, London. JANE MARGARET CARTER.

DEAR SIR,—
C/o John Fisher, Esq., Dingley, Market Harborough.
1st December, 1906.
Thank you very much for the grant of one and a half reduced fares to New Zealand as noted in your memorandum received to-day.
* * * * *
We are most grateful for the grant of a reduced fare as farming in England has reduced our capital considerably.
Yours, &c.,
The High Commissioner for New Zealand, London. J. MARGARET CARTER.

HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.
Via Suez, 8/4/10.
No. 1327. Westminister Chambers, 13 Victoria Street, London S.W.,
7th April, 1910.
SIR,—
With reference to the enclosed cutting from *The Dominion* of the 5th February last of a letter headed "E. A. Smith" and signed by C. Hart, of Maharahara, in which he complains that he was misled as to the openings existing in New Zealand in his trade of plumbing, gas, and hot-water fitting, it may be interesting to you to read the annexed copy of the letter he wrote to this office in August, 1908, wherein he stated that he had a lot of relatives in New Zealand, so that, therefore, he would not be stranded on arrival; and also that, although he had been a plumber's mate, he would on reaching the Dominion work on his cousin's farm.
He certainly, therefore, has no ground for the complaint he makes in his letter to the newspaper that he found it impossible to get work in his trade when his avowed intention before leaving was to work on a farm.
I am, &c.,
WM. HALL-JONES.
The Right Hon. the Prime Minister, Wellington, New Zealand.

Cutting from the Dominion, 5th February, 1910, referred to in the High Commissioner's Letter, No. 1327, of 7th April, 1910.

SIR,—
E. A. SMITH.
Regarding your article entitled "The Smith Affair," in your issue of 27th January, I wish to inform you or any of your readers that the Prime Minister will never show that Mr. Tweed is, to quote your own words, "an inventor of incorrect stories." I myself wrote to the High Commissioner and I received a reply to my letter from Mr. E. A. Smith, with enough shipping pamphlets, as another of your correspondents put it, to last me a lifetime. I then paid a visit to the High Commissioner's offices, and after being informed all about New Zealand I asked my informant to book my passage. I was then politely shown in to Mr. E. A. Smith, who booked my passage. I arrived by the "Ionic" on 26th January last. I might state that before I made up my mind to emigrate I inquired if it was any good of me thinking of going to New Zealand. I was asked my trade, and I replied that I had done four years plumbing, gas, and hot-water fitting. "Oh, yes," came the reply, "plenty of work out there for you," which was one of the biggest lies ever told as I found it was impossible to get into the trade when I arrived, having tried at Wellington, Port Chalmers, Dunedin, and Christchurch, &c. No wonder your towns are getting flooded out with tradesmen when your trusted agents encourages them to come out here instead of suppressing them by telling the truth.
I am, &c.,
Maharahara. C. HART

Letter referred to in the High Commissioner's Letter, No. 1327, of 7th April, 1910.

DEAR SIR,—
662 Fulham Road, London, S.W.,
17th August, 1908.
Having been unemployed for the last three months and my savings very nearly exhausted, I have a great desire to go to New Zealand. I have a lot of relations out there where I could go on landing, so that I should not be stranded; therefore, would it be possible for me to get out there for £10 or £12? I am not afraid of hard work, having been a plumber's mate on the building, but I should work on my cousin's farm. I am nineteen years old. An answer will greatly oblige.
I am, &c.,
The High Commissioner for New Zealand, London. C. HART.

HIGH COMMISSIONER to Right Hon. the PRIME MINISTER.

Via Suez, 8/4/10.
No. 1328.Westminster Chambers, 13 Victoria Street,
London S.W., 8th April, 1910.

SIR,—

With reference to the attached cutting from the *New Zealand Herald*, of the 4th February last, of a letter from Mr. J. H. Hayes, headed "E. A. Smith," I beg to state that Mr. Hayes communicated with this office on the 4th March, 1909, asking for information about New Zealand, and the same day the information he sought was sent to him. He did not again write direct to this office, but Mr. E. A. Smith has kindly shown me his file from which I see that Mr. Hayes wrote to him on the 6th March, 1909, enclosing two applications for reduced-rate passages, one for himself and family and one for Mrs. Alps and her three children. As Mr. Hayes gave his occupation as an accountant and stated that he was not an agriculturist, he was clearly not eligible for reduced-rate passages, and his application was therefore of course declined. Mrs. Alps being over fifty years of age and her children being rather young—namely, sixteen, fourteen, and ten, they were also declined. The papers show that Mr. Hayes wrote many letters afterwards, but all direct to Mr. E. A. Smith, who, it is clear, took a great deal of trouble with regard to the booking of Mr. Hayes and party for which he wrote to Mr. Smith, thanking him.

It will, therefore, be seen that Mr. Hayes has no ground whatever for what he states, as on the only occasion on which he addressed this office he received prompt attention. Mr. Smith, as was usual, also furnishing shipping particulars to him.

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

I have, &c.,

WM. HALL-JONES.

Cutting from the New Zealand Herald, of the 4th February, 1910, referred to in the High Commissioner's Letter, No. 1328, of the 8th April, 1910.

SIR,—

E. A. SMITH.

I notice correspondence has arisen and questions asked in Parliament regarding the firm of E. A. Smith, and that the Government's reply is to the effect that there was no connection between E. A. Smith and the High Commissioner in London. As far as my experience and that of several friends is concerned, the reply of the Government is absolutely untrue. Before coming to the Dominion friends of mine and myself endeavoured to get information from the High Commissioner direct, as notified in the advertisements, but in spite of repeated efforts, were unable in any single instance to get even an acknowledgment of our letters from the High Commissioner—every reply being from E. A. Smith without exception.

J. H. HAYES.

R. S. PUDNEY, Esq., to Right Hon. the PRIME MINISTER.

16 Wallace Street, Ponsonby, Auckland, 31st January, 1910.

Re E. A. SMITH.

SIR,—

I notice some carping critics on the above, and, therefore, as that firm arranged my passages to New Zealand in a most satisfactory manner, and also for the shipping of our effects after we left in a most businesslike manner also, you are quite welcome to peruse any of my correspondence or make use of it in defence. I paid them cheques to the value of over £300 (three hundred pounds sterling), for myself and others.

Personally it saved a great deal of trouble. I obtained better terms also. Therefore it did not concern me who were the principals.

This last voyage to New Zealand is my fourth.

Sir Joseph Ward, Wellington.

I am, &c.,

ROBERT S. PUDNEY.

Right Hon. the PRIME MINISTER to R. S. PUDNEY, Esq.

Prime Minister's Office, 28th February, 1910.

DEAR SIR,—

I am in receipt of your letter of the 31st January with reference to the firm of E. A. Smith in London. I am pleased to have your remarks relative to the satisfactory shipping arrangements carried out by that firm on your behalf, and thank you for writing to me as you have done on the subject.

Yours, &c.,

R. S. Pudney, Esq., 16 Wallace Street, Ponsonby, Auckland.

J. G. WARD.

HIGH COMMISSIONER to Right Hon. the PRIME MINISTER.

Via Suez, 3/12/09.
No. 5395.Westminster Chambers, 13 Victoria Street, London S.W.,
1st December, 1909.

SIR,—

I have the honour to report as follows with respect to the arrangements that are now completed regarding the transfer to this Department of the shipping and emigration work hitherto carried out by Mr. E. A. Smith.

On the 26th of August Mr. E. A. Smith was given notice that on the 1st of November, 1909, the whole of the work carried on by him relating to the shipping of goods purchased by the various Departments in the Dominion through this office, and the work he was carrying out with regard to the correspondence and arrangement of nominated and assisted passages would in future be done by officers of the High Commissioner's Department.

It was also arranged at the same time that Mr. T. E. Donne should be placed in charge of the new branch of this Department, and he is at the present time in charge of the whole of the shipping and emigration work of the office.

Accordingly, on the 1st November the new branch of this Department was opened, and the under-noted members of Mr. E. A. Smith's staff were taken over from him at the respective salaries named:—

	£	s.	d.	
Mr. A. J. Jackson	2	15	0	per week.
Mr. James Balfour	2	15	0	"
Mr. A. W. Palmer	2	10	0	"
Mr. R. E. Mutton	2	5	0	"

In addition to the foregoing an office boy, at 10s. per week, has also been engaged.

The salaries paid by Mr. E. A. Smith to Messrs. Jackson and Balfour were at the rate of £3 5s. per week each, but in consideration of the fact that these salaries were in excess of the salaries paid to many officers of this Department it was agreed that they should be reduced to £2 15s. per week.

As it was also necessary to obtain accommodation for the new shipping work, three rooms were also taken over from Mr. E. A. Smith, at a rental of £50 per annum.

In order that the Government should, if possible, obtain the usual commissions paid by the shipping companies to agents on passages booked by them, the several shipping companies were approached, and they have all agreed to allow such commissions to the Government, and Mr. Donne has also received authority to issue the contract tickets on Government passengers booked through the Department for conveyance to New Zealand.

I would like to mention here that there will be a very considerable proportion of assisted passengers booked through this Department by various shipping agents throughout the United Kingdom, and upon those passages the commissions will require to be paid over to the agent introducing them.

Mr. J. A. Mason, who acted as Private Secretary to the Hon. W. P. Reeves during his tenure of office as High Commissioner, has been promoted to assist Mr. Donne in the control of the shipping work.

I need scarcely say that the most important fact, with respect to the taking-over of the shipping duties, is no doubt the question as to whether financial results to be derived therefrom will be satisfactory to the Government; but in this respect it is, of course, too early yet to make any forecast. When the working of this branch of the Department has been in existence for a year I propose to forward you a statement setting forth fully the financial results of the undertaking, and which I trust will fulfil anticipation.

I have, &c.,

C. WRAY PALLISER,
for High Commissioner.

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

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