

to serious difficulties by reason of its being carried on in ships which simply call at South African ports on their way to London. These ships, of too great a draught to enter the harbour of Durban and East London, have been subject to occasional detention, sometimes through bad weather, sometimes (and particularly during the present Boer war) through the pressure of landing-work. These ships, with comparatively small consignments for these ports, cannot afford delays on the South African coast, and they have a condition in their bills of lading that they may overcarry any of their cargo consigned to these ports. This to consignees is a most irritating condition, and an argument for the improved shipping communication with which I deal later in this report.

In order that you may understand in some respects the policy and attitude of the Natal Government I must refer to the constitution of the Natal Legislative Assembly. The last official returns (those for 1898) give the European population of the colony as 53,500. Of these, 29,500 were in Durban and Maritzburg, which are the only towns of any importance. In other words, broadly speaking, considerably more than half the European population are in these two towns. The franchise is, with a quite unimportant exception, limited to Europeans. Yet of the thirty-nine members of the Legislative Assembly the two towns return but eight. The Government of the colony is therefore entirely in the hands of the thirty-one country members.

To check the importation of frozen meat into the colony was one of the reasons why Natal in 1898 joined the South African Customs Union, with a duty of 1d. per lb. on beef and 2d. on mutton. In November, 1899, after the outbreak of the war, and the influx of refugees from the Transvaal, the needs of the public and the pressure of opinion induced the Government to suspend the meat duty; but it is only suspended. The same thing took place in Cape Colony. Here, too, the duty is only suspended. During the last session of the Natal Parliament a vote of £20,000 was passed for the erection of cold-storages. Half of this, I understand, is to be spent in the erection in Maritzburg of chilling-works for the reception of local farmers' produce. The constitution of the Legislative Assembly will altogether explain why, in their letter of inquiry of the 15th October, copy of which I have already forwarded, the Natal Government ask about seeds and breeding-stock, but make no reference to frozen meat and other produce. In Cape Colony the position is much the same. At present New Zealand mutton rules too high in price here to be in great demand, and the A1 grade, hitherto chiefly exported, is too heavy and too fat. The most suitable carcasses are the second grade, from 40 lb. to 45 lb. They should not be shipped through Australian or other agents, but should be sent direct, as at present it is the middleman who makes the money. As regards the market, exporters cannot do better than quote direct to the corporations I have named above. The dealers here can get mutton at 2½d. f.o.b. at Sydney, and shipments arrive regularly every week. They also buy Queensland meat at a lower price than that supplied by New Zealand. Roughly speaking, New Zealand rates require to be reduced by about 10 per cent. If New Zealand mutton were quoted at 2½d. f.o.b., good business might be done on account of its superior quality. Frozen meats should be packed in double wrappers—namely, a thin white canvas cloth inside, and ordinary hessian on the outside. It is necessary to have the outer cover particularly stout, as the carcasses are subject to very rough treatment, and have in most cases to be handled four times between the ship and the cold-stores, sometimes oftener. All parts of the flesh should be covered, with an ear of hessian to the shanks, similar to that on grain-bags, in order to facilitate handling in the process of landing by natives.

Storing and Distribution.—As regards the two remaining sections under this head—*i.e.*, convenience for storing produce and distribution of produce—I have to state that there appears to be sufficient provision in both respects at the principal ports. Port Elizabeth and Durban are best off in the matter of depot accommodation, while East London is well provided. At Cape Town the huge increase in the quantity of goods landed, particularly military stores, owing to the war, has severely taxed the resources of the port, and the stores at the docks, which in normal times would be ample, are at present wholly inadequate. As regards distribution, there are sufficient facilities at all the ports for distributing our produce. Cape Town supplies the west of the country and Rhodesia, also the Orange Colony and the Transvaal, but these in a lesser degree. Port Elizabeth and East London vie with each other for the Orange Colony and Transvaal trade, while East London supplies the east of the colony, and Port Elizabeth the midlands and (along with Cape Town) Rhodesia. Durban is a keen competitor for the Transvaal trade, and with the extension of railway system will also claim a big slice of the Orange Colony trade. The rivalry between Natal and the Cape in this matter is very keen. But there seems to be a prospect of Johannesburg demands becoming so great as to keep all the ports busy.

STEAMSHIP SERVICE BETWEEN SOUTH AFRICA AND NEW ZEALAND.

Wherever I have gone the necessity has been impressed upon me of having some radical improvement made in the steamship service between this country and New Zealand. At present the service is irregular and unreliable, and merchants cannot be encouraged to take our products, be they ever so good in quality and cheap in price, so long as this state of affairs exists. Freight rates are also against us at present, the difference in favour of Australia being from 5s. to 7s. 6d. per ton. A fair rate would be about £1 15s. to £2 per ton.

A further handicap (shared, however, by Australians) is the giving to ships' captains the option in bills of lading to overcarry. I have referred to this earlier in the report. The clause has of late seriously affected importers, and should, I think, be expunged. It must, of course, be recognised that these are not normal times, and I think that when peace is restored shipowners will have nothing to complain of. Still, they feel very strongly on the matter, and numerous complaints were made to me, one firm in Durban writing as follows: "We cannot too strongly urge that this clause should be deleted altogether if possible; we recognise that shipowners should have some relief from the intolerable delays which have been common at Cape ports, and in a mild degree here, but can