

1902.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE
(FIRST ANNUAL REPORT OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

The SECRETARY of the DEPARTMENT to the Hon. the MINISTER FOR INDUSTRIES AND COMMERCE.
SIR,— Department of Industries and Commerce, Wellington, 1st July, 1902.

I have the honour to submit herewith the first annual report of the Department of Industries and Commerce.

The Hon. Sir Joseph Ward, K.C.M.G., Wellington.

T. E. DONNE,
Secretary.

THE period covered by this report is from the date of my appointment, February, 1901, to the 31st March, 1902. During that period the services of the Department have been taken advantage of very freely by the Imperial authorities in connection with supplies to the War Office and the Admiralty; a large number of commercial inquiries have been dealt with direct from persons in different parts of the world, and through the Agent-General for New Zealand at London.

SUPPLIES TO THE WAR OFFICE.

The Department has been in constant communication with the Imperial authorities through the Agent-General, with a view of keeping the War Office advised as to the lines of produce that this colony is able to supply, and a very extensive business has resulted, much to the benefit of the colony.

Tinned Meat.

At the suggestion of the Agent-General inquiries were made throughout the colony in order to obtain, if possible, offers of preserved tinned meat for the supply of the British army in South Africa, with the result that the Department was enabled to negotiate an order for 100,000 lb. of tinned meat between Mr. W. A. Thompson, of Woodlands, Southland, and the Imperial authorities. A very much larger quantity could have been placed, but only three offers were received in reply to my inquiries, no offers being received from the larger meat-preserving works, who generally replied that their surplus output was under offer to Australian and London merchants in anticipation of the War Office contracts.

Hay.

The Department has been instrumental in inducing the Imperial authorities to place several orders for meadow hay in the colony, and, had a larger supply of this article been available at the ports at which oats were being shipped, business on much more extensive lines could have been negotiated.

GRADING OF OATS.

The services of the Department have been used very extensively by the Imperial authorities to inspect and pass all oats purchased by them in New Zealand for the supply of the troops in South Africa. The magnitude of the operations in this respect may be gauged by the fact that from the beginning of last year up to date the cargoes of thirty steamers, covering an aggregate quantity of 115,907 tons of oats, have been inspected and graded. The remuneration received from the Imperial authorities for these services covers the outlay the Department is put to.

It is gratifying to be able to report that, notwithstanding the great quantity of oats inspected and graded, not one single complaint has been received as to the quality or condition of the grain that has been passed. The same remarks apply to the inspection of hay and tinned meats purchased by the Imperial authorities in the colony, and inspected on their behalf by the Department.

NEW ZEALAND BRANCH, COMMERCIAL INTELLIGENCE DEPARTMENT OF THE BOARD OF TRADE,
LONDON.

The Government has appointed the Secretary for Industries and Commerce as corresponding Representative in New Zealand to the above department of the Board of Trade. This opportunity of exchanging commercial information is of the greatest value to the commerce and industries of the colony. It is to be hoped that all commercial and industrial classes of the community will take the fullest advantage of the opportunity thus offered to obtain and exchange commercial information. The Department is supplying free to all Chambers of Commerce in the colony regular weekly issues of the *Board of Trade Journal*, where it will be available for reference, and also at the Head Office, Brandon Street, Wellington.

In conjunction with the Commercial Intelligence Branch of the British Board of Trade, arrangements have been made with the Imperial Institute to co-operate in giving information with regard to inquiries of a technical character. This gives the colony an opportunity to take advantage of the laboratories of the Scientific and Technical Department of the Imperial Institute for the purpose of chemical analysis and investigation.

TRADE REPRESENTATIVE, MR. J. G. GOW.

On the 25th March, 1901, Mr. J. G. Gow was appointed Trade Representative for the colony of New Zealand, with instructions to proceed to all parts of the colony with the object of meeting producers and manufacturers, and to obtain information and samples to enable him to bring prominently before the commercial communities of South Africa, India, China, Japan, and elsewhere the products and manufactures of this colony. After spending about five months in different parts of New Zealand acquiring the necessary information and samples, Mr. Gow sailed for South Africa, *via* Australia, on the 17th August last, reaching Natal on the 7th October. Mr. Gow remained in South Africa until the 9th December, during which time he visited most of the important commercial centres in South Africa, and had interviews with the representative commercial men at each place, eventually sailing for London, and reporting himself to the Agent-General on the 9th January of this year. Up to the end of February Mr. Gow was engaged with the distributors of New Zealand produce in London, and in visiting the principal merchants of Bristol and Cardiff, leaving London again on the 10th March to visit Manchester and other towns in England, proceeding thence to Scotland. On the 3rd April Mr. Gow was instructed to proceed to Calcutta and China, thence to Japan.

As soon as Mr. Gow's full report is available, the Department propose to print the same in pamphlet form and circulate it fully amongst the commercial community, Chambers of Commerce, farmers' unions, and other kindred associations. Good results should follow the circulation of Mr. Gow's report, which ought to give a lot of practical information regarding the possibilities of the extension of our foreign trade. Attached are interim reports from Mr. Gow, dated Durban, Natal, 7th and 18th October; and Cape Town, 4th December, 1901; and London, 7th March and 12th April, 1902; also letters addressed to Mr. Gow from Captain Simpson, 24th September; and Mitchell, Cotts, and Co., Durban, 15th and 17th October, and Cape Town, 4th December, 1901.

DIRECT STEAM-SERVICE TO SOUTH AFRICA.

Tenders closing on the 14th February were invited for this service, but unfortunately only two tenders were received, neither being exactly on the lines indicated in the advertisement. This has led to negotiations being carried on, which have not yet resulted in a complete agreement.

WESTERN AUSTRALIA.

Early in October last, at the cabled request of the Premier of Western Australia, Mr. F. T. Boys was instructed to proceed to Perth to give evidence before a Select Committee sitting there to consider the food-supplies of Western Australia, the particular mission of Mr. Boys being to bring under the notice of the Committee the ability of this colony to supply frozen and canned meats, butter, cheese, potatoes, oats, hams and bacon, and tinned fish. The evidence before the Committee was mainly directed to the supplies of fresh meat, and it was generally conceded that under certain conditions a considerable trade in frozen meat could be established between this colony and Western Australia, the first essential condition being direct transport from New Zealand to Fremantle; second, the rebate of the tariff at present existing. Once these conditions prevailed, the question of establishing a market in Western Australia could be safely left in the hands of the merchants of New Zealand and of Western Australia.

At present the principal item of export from New Zealand to Western Australia is oats, of which, during 1901, 6,400 tons was shipped consigned to Western Australia for transhipment at Sydney and Melbourne. This does not include oats purchased in New Zealand by Melbourne and Sydney merchants and ultimately forwarded to Western Australia, which would probably amount to one-third of the quantity consigned direct.

At the conclusion of Mr. Boys's evidence the Chairman of the Select Committee addressed him as follows: "Mr. Boys, I am sorry myself that the prospects of the object of your visit are considerably discounted by the introduction of the Federal tariff. For my own part, when I was a Federal candidate I expressed the hope that we should see some reciprocity of trade between New Zealand and Australia. I see no provision for that in the tariff that has been put before the Parliament by the Federal Ministry. However, there is one thing, that this tariff may have many modifications, and if it has I only express the hope that this modification will be of the kind to enable the products of New Zealand to find their way on to the markets of Australia, with the chances of competing with the products coming from other States of Australia. I am sure I am only re-echoing the sentiments of the Committee when I say we are much obliged to the Government of New Zealand, and to you, particularly, for coming here giving us this valuable testimony on the very important question intrusted to this Committee.

Mr. Boys's report is attached (see Appendix F).

THE FROZEN-MEAT TRADE.

Mr. F. T. Moore, of Johnsonville, has been employed to write a report on the meat-export trade of the colony, with special reference to the different prices of sheep and cattle in the different localities, and why such differences exist; the whole subject to be treated with the greatest care after having carefully investigated and obtained the fullest information possible by personal visits to each producing district in the colony. When Mr. Moore's report is completed it is proposed to publish it in pamphlet form and circulate it amongst all those interested in the meat-export trade of the colony.

Considerable discussion on this trade is being carried on in the colony at present, and suggestions are being made that all the freezing-works should be run on co-operative lines in the interests of farmers, and in some instances State control is strongly advocated. Whatever may be the merits of these different schemes, there can be no doubt that the distribution and selling of frozen meat should be put on a better footing than it is at present. In my opinion, the number of ports of discharge should be materially increased and the number of consignees reduced. At the present time the New Zealand frozen-meat industry is responsible for the existence in London of quite a number of meat merchants, brokers, and salesmen, who compete against one another in the disposal of meat from this colony, with the result that prices are often unnecessarily depressed, besides which the expense of salaries and commission directly and indirectly borne by the producer must be considerable.

In my opinion steps should be taken to secure the discharge of frozen meat at Liverpool, Bristol, Manchester, and Glasgow, and also at South African ports. This would relieve the pressure in London, open up other extensive markets, and to some extent do away with the enormous number of London brokers and salesmen, who, by their competitive efforts, are prejudicing the values that should obtain. By making London the one port of discharge it is no doubt a great advantage to the steamboat companies who freight the meat, yet freights on this product are no lower, relatively, from New Zealand to London than from those countries which have the opportunity of shipping their meat to other ports. Unless some combination is effected regarding the disposal of New Zealand meat, the Government should, in my opinion, for the benefit of producers, consider the situation with a view to bringing about better conditions both as regards disposal and regulation of supplies. Any increase in the number of ports of delivery of frozen meat would carry the same advantages to our exports of butter, cheese, frozen rabbits, flax, and other produce.

CONCLUSION.

There seems to be a desire on the part of the commercial community of the colony to take advantage of the existence of this Department to obtain information referring to matters of trade and commerce both inside and outside of the colony, the number of inquiries being received from outside the colony on matters referring to the possibilities of trade and different colonial industries having been very numerous. Notwithstanding that the Department is quite in its infancy, the work done during the past year has been very considerable, and the efforts of its small staff have been severely taxed.

The attached letters are specimens of acknowledgment of the usefulness of the Industries and Commerce Department to the representatives of British and foreign houses visiting New Zealand, and desirous of extending their business relationships with this colony.

APPENDIX A.

Mr. F. G. PEARCE to the DEPARTMENT OF INDUSTRIES AND COMMERCE.

SIR,—

Gilmer's Royal Oak Hotel, Wellington, 6th June, 1902.

I have to thank you for yours of to-day's date.

I am greatly obliged to you and your Department for your kindly courtesy and ready assistance, and shall trust that I may be able to utilise the same by placing some considerable amount of business in New Zealand produce on behalf of my firm.

Yours, &c.,

F. G. PEARCE,

of Messrs. Kerley and Tonge (Limited), Mitre Square, London.

T. E. Donne, Esq., Department of Industries and Commerce, Wellington.

APPENDIX B.

Mr. C. ASANO to the DEPARTMENT OF INDUSTRIES AND COMMERCE.

SIR,—

Gilmer's Royal Oak Hotel, Wellington, 13th June, 1902.

I beg to express my hearty thanks to you for your kind assistance and information given to me during my stay here. I got all information required, and will leave for Sydney to-morrow per s.s. "Talune."

I have, &c.,

C. ASANO,

Representative of The Mitsin Bussan Kaisha, Japan.

T. E. Donne, Esq., Secretary, Department of Industries and Commerce.

APPENDIX C.

INTERIM REPORT FROM MR. F. T. MOORE ON THE MEAT-EXPORT TRADE FOR THE DISTRICT OF WELLINGTON.

152, Tinakori Road, 13th June, 1902.

SIR,—

FREEZING-ACCOMMODATION.

When I began investigating this trade on the 14th April, 1902, I found that the meat companies' works were too small to cope with the supply of fat sheep and lamb, which during a favourable season had been produced in excess of the numbers that usually fatten. The companies also experienced the want of sufficient slaughtermen, a difficulty that I think could have been overcome if the Labour Department had been asked to obtain men in the South Island districts where the meat trade was slack.

MUTTON.

The farmers were selling their sheep to the companies at 11s. 6d. per head, a figure that appeared to be altogether inadequate in face of the fact that Wellington mutton was being quoted by the Agent-General to be selling in London at 3½d. per pound; this rate would yield a net return of 11s. 3d. for a 60 lb. carcass. This sum the then value of the by-products of a sheep would increase to 15s. 6d. Canterbury mutton was quoted by the Agent-General as ¾d. per pound higher than Wellington, yet Canterbury farmers were receiving 5s. per head higher for their sheep than was being paid in the Wellington District, while the Home quotations showed the difference in value of the mutton grown in the two districts to be actually less than 1s. per head.

Consignments of live sheep sent from Wellington to the Canterbury market proved this to be correct by realising 15s. 7d. for export purposes. This figure was within 1s. per head of the average price paid for Canterbury freezers on the same day.

These figures disclosed that producers in the Wellington District were not receiving a fair proportion of the value in their sheep, and that either the freezing companies, or the Home c.i.f. buyers who purchase the output of freezing companies, were unduly profiting at the expense of the farmer.

In order to discover who was responsible for the great disparity between the prices paid to producers in this district and the prices ruling on the London market, I proceeded to Christchurch, in which centre many agents for Home c.i.f. buyers are located. I found that these agents were quoting figures 4s. per head better than the rate offered by the freezing companies here. Consequently the prices realised for Wellington sheep in Canterbury represented the true value, while the price paid by Wellington meat companies was upwards of 4s. per head below such value.

LAMB.

The freezing companies were paying 10s. 6d. per head for lamb which was saleable to the c.i.f. buyers at 4½d. per pound. Consequently, when the value of the by-products, roundly worth 2s. 9d., was accounted for, the margin in favour of the companies was 2s. per head on lamb of 36 lb. weight.

BEEF.

Farmers were selling their bullocks at the rate of £1 to £1 1s. per 100 lb. to the freezing companies, and c.i.f. buyers were purchasing at 3½d. per pound, which figure covered the price paid to the producer as well as the freezing and shipping charges, and allowed the companies to profit by the whole of the value in the by-products of a bullock, which is worth upwards of £2.

FARMERS.

With a shortage of freezing-accommodation and a visible profit of £2 per bullock, 4s. per sheep, and 2s. per lamb in view, farmers in this province were actively moving for the establishment of works of their own, so that they might secure for themselves the whole of the value in their fat stock. Meetings under the auspices of their union were being held in the Eketahuna, Pahiatua, and Woodville districts, and I was invited by letter to offer suggestions for the guidance of those interested in the movement. I attended a meeting held at Woodville on the 29th April, and in the course of an hour's address urged that co-operation and not competition should exist between farmers and freezing companies.

On the day following Mr. R. Smith, of Onslow Park, who had previously approached me by letter on the subject of co-operative freezing, asked for written suggestions, which, after deep consideration, I furnished on the 26th May in the following terms:—

“ In order to put the meat trade upon a satisfactory footing, it is necessary that the producers of meat should acquire all the freezing-works that are connected with the industry. Unless producers possess themselves of such works they will not be in a position to realise the full value in their animals' by-products. The by-products of cattle, sheep, and lambs are increasing in value rapidly, and represent from 25 to 50 per cent. of the total worth of each animal.

“ At the present time the hide and fat of a prime bullock are worth upwards of £1 15s., and when the value of each animal's tongue, tail, oils, gelatine, glue, manure, and other minor parts is accounted for, considerably over £2 may be realised for the raw by-products of this animal. The pelt and wool of a prime sheep are worth upwards of 3s., and the fat, tongue, kidneys, runners, oil, manure, and other parts are worth more than 2s., making the total value of a sheep's raw by-products over 5s. The by-products of a lamb are worth considerably more than half the value of those of a sheep. These values disclose the highly important part in commerce that by-products of the meat industry occupy, and demonstrate how necessary it is that producers should take steps to secure for themselves the whole of the money in their fat stock.

“During the past month stock-raisers have been selling their animals at prices which amounted to the value of the carcase only, and have neglected to secure the money in the by-products of the stock sold. For some time past it has been possible to obtain from Home c.i.f. buyers prices for carcase meat, which prices have been quite equal to the figures accepted by many farmers for their live stock; consequently such farmers allowed fat-stock buyers to profit by the whole of the value in the by-products of each head of stock.

“When producers establish the co-operative company that is now engaging their attention they will be able to secure all of the money that it is possible to realise out of their fat stock. The time has arrived for farmers to take into their own hands the great and flourishing meat industry, and I feel sure that the majority of freezing companies will be glad to see farmers in possession of the enterprise that rightly belongs to the people who feed and sustain it.”

FREEZING COMPANIES.

On the 28th May I submitted the following proposals to Mr. Dilnot Sladden, manager of the Wellington Meat Export Company:—

“The two Wellington meat companies should form the nucleus from whence could be developed the North Island Farmers’ Co-operative Meat Company. These two companies should offer their plant and premises at a price which justly represents the value of the same, the farmers to subscribe the capital necessary for the purchase of both companies’ property.

“This would immediately place at the disposal of the farmers the two leading factories in the North Island, including the well-trained officers and operatives who are connected with these industries. The freezing companies should be satisfied with the actual value of their properties. The goodwill of the same may rightly be claimed as belonging to the farmers, whose products have built up the industry.

“In the event of the farmers being unable to raise sufficient money for the purchase of these works and the conduct of the business of meat-freezing as carried on by the present proprietary, the State should be asked to either guarantee or advance the remainder of the capital required.

“The lines upon which the farmers’ company should be formed ought to be strictly co-operative, similar to the constitution of the company proposed by the farmers’ union for the marketing in Wellington of fruit and vegetables.

“As soon as the nucleus of the co-operative company is firmly established in Wellington farmers in other parts of the Island should be invited to subscribe capital for the purchase of works in their districts, with a view to bringing the whole meat industry in the North Island under one company of farmers.

“When the organization of the industry is complete the Home c.i.f. buyers should be invited to purchase the output of meat for British consumption. If these buyers will not offer satisfactory prices, the State could be asked to assist in finding capital for the erection of receiving-depots and distributing-centres at Home.”

ORDER OF REFERENCE.

I was guided in the formulation of the proposals I submitted to farmers and freezing companies by the suggestions of Mr. H. C. Cameron, New Zealand Produce Commissioner at Home, whose report of December last formed the basis upon which I worked. The Right Hon. the Premier, when appointing me to investigate the frozen-meat industry, referred me to Mr. Cameron’s report, which I used as my order of reference.

REMARKS.

On the 7th June I was informed that farmers are proposing to ask the Legislature through their union to be allowed to create special-rating areas, so that a rate might be struck upon their lands and offered as collateral security for the payment of interest and sinking fund upon whatever capital might be required beyond the sum they were able to subscribe for the purchase of freezing-works and the conduct of the meat industry.

Hawke’s Bay people are also taking up the co-operative meat-freezing project, and already have the movement well advanced. It is intended to co-operate and “pool” with farmers in the Wellington District as soon as both districts are sufficiently advanced for combination. Shipping companies and merchants are supporting the promoters of the Hawke’s Bay project.

A conference of farmers and freezing companies will be held in Wellington on the 2nd July, and I trust that my report will be printed and circulated before that date in order that the parties to the conference can be in possession of the information the report contains.

I have &c.,

F. T. MOORE.

APPENDIX D.

FURTHER REPORT FROM MR. F. T. MOORE ON THE MEAT-EXPORT TRADE FOR THE WELLINGTON LAND DISTRICT.

152, Tinakori Road, 25th June, 1902.

SIR,—

SHEEP.

The classes of sheep largely raised in the Wellington Land District consist of Lincoln and Romney breeds. These breeds would be much improved if Leicester or merino blood was inter-mixed, both as regards wool and mutton. Merino blood is preferable in the case of sheep bred on dry, hilly country; but Leicester blood must be used on rich or low lands, because merino strains contract foot-rot on soft soils. Very nicely flavoured mutton can be produced by crossing Lincoln or Romney ewes with the Down or black-faced sheep. The skilful farmer who keeps his sheep well supplied with feed throughout the whole year finds the Down crosses highly profitable. This is especially the case when breeding lamb for export.

LAMBS.

The mild and temperate climate of New Zealand favours the production of lamb, so much so that it is possible to grow the very finest quality that can be produced in the world. A parcel of New Zealand lamb was recently sold in New York at the high price of 1s. 5d. per pound, and was pronounced to be the finest-flavoured in the world. The half-bred Down is undoubtedly the superior lamb. It should be grown abundantly, then fattened upon succulent cultivated foods, and marketed in all rich and populous centres of the globe. New Zealand can command profitable markets for her best-quality lamb in the leading cities of Europe and America. A great mistake is made in confining the lamb trade to London. Steps should be taken to exploit other markets at once, especially when American, Spanish, and Scandinavian people are inviting business. It is to the discredit of the colony's directors of the meat industry to find practically no attention given to the marketing of this commodity in any other centre than London.

It appears to me that the frozen-meat companies in the colony confine themselves to the making of a trading profit out of the meat-growers, and are regardless as to whether the meat is poorly or advantageously marketed so long as they can secure a substantial profit for themselves. The reports of Mr. Graham Gow, travelling Trade Commissioner, confirm this view. He says, "Unexploited markets exist in many parts of England, which markets will take wholesale quantities of lamb so soon as the commercial traveller chooses to canvas for business."

CATTLE.

The breed of cattle for the production of which the rich back country of Wellington is famous is the shorthorn. This type is undoubtedly the best that can be used. It suits the dairying as well as the beef trade; therefore both industries can be advantageously worked together while this class of animal is bred.

SYSTEM OF SELLING FAT STOCK.

The system under which freezing companies buy fat stock from farmers is not satisfactory. The companies fix a price per head, and send their buyers into the country to select the stock. The buyer drafts out the animals that are well grown and fat, taking care that nothing undersized is included. This system allows the companies the whole of the advantages of the extra commercial value in the animals that are extra prime and well grown. Farmers are told that heavy prime animals are worth the same rate as ordinary weights for freezing purposes, but they are not told that a more profitable use than freezing is in store for all overfat and overweight stock. It is certainly undesirable to export sheep exceeding 70 lb. weight. This limit should be arbitrarily enforced, because sheep over 70 lb. weight can be put to a more profitable use than freezing by converting the carcass, with the exception of the legs, into tallow and preserved meats. The legs of heavy sheep should be frozen and shipped Home, and will always command satisfactory prices. The by-products of heavy animals are also worth more than those of ordinary weight. At the present time a prime sheep weighing upwards of 80 lb. is worth £1 for other than freezing purposes, while a 60 lb. freezing sheep is worth 16s.

In order to put the selling of fat stock upon a satisfactory footing the system of selling by weight should be adopted. Stock could be selected and approved as regards quality and condition by the freezing companies' buyers, but the price should be determined on the basis of either the live or the dead weight of the stock selected.

HANDLING OF LIVE-STOCK.

Live-stock is not always handled with the care that is absolutely necessary. Bruising and undue raising of temperature while travelling stock from fattening-lands to freezing-works must be avoided. Often inexperienced or careless drovers are allowed to travel stock to railway-stations, and still more negligent people are frequently permitted to roughly handle the stock when loading railway-wagons. Care should always be taken to travel fat stock so quietly that the temperature of the animals shall not be raised to sweating-point. Stock should never be despatched on a railway journey unless such stock has been thoroughly rested and free from the effects of travelling. Loading stock into railway-wagons when the animals are too tired to keep their feet causes horrible cases of sweating, bruising, and smothering—which is gross cruelty to dumb creatures. Stock also suffers in railway-wagons because neglectful persons fail to tally into each pen the number of head for which there is comfortable standing-room, and securely fasten each pen-door so that stock cannot overcrowd. Railway-wagons are not kept clean, which is necessary to insure to animals secure footholds. Engine-drivers frequently throw stock off their feet, causing crushing and indescribable suffering, through suddenly starting or stopping a train. Live-stock should be carefully carried by special trains with a man in attendance. It is almost impossible for the driver of a heavy mixed goods-train to avoid punishing and damaging live-stock. It has not been by any means an uncommon occurrence for the driver of an overloaded train to leave live-stock in wagons on the way-sidings over night. I have known this to frequently occur on the inclines between Paikakariki and Johnsonville, and I have witnessed scores of most horrifying results from such gross neglect. Stringent regulations should be rigidly enforced in connection with the handling of live-stock on railways, if not to avoid commercial loss, for the sake of preventing cruelty. Freezing companies frequently confine stock in exposed and filthy yards during wet weather, and in dry weather neglect to supply drinking-water. Treatment of this sort, besides being cruel, depreciates the quality of the meat when killed. It is all-important to keep the temperature of the blood of animals for slaughter at its normal point. Any variation higher or lower prevents proper "bleeding" when killed, because excited or chilled blood refuses to flow from the flesh-tissues. This causes bone-staik, discolours the flesh, and generally depreciates the flavour and keeping-qualities of the meat.

Freezing-company managers are, generally speaking, too lax in the way they treat live-stock. Some of them are too sordid; they prefer men who handle stock rapidly in order to economize working-expenses, which is false economy. The duties of Government Stock Inspectors might be enlarged, so that such officers could generally overlook the treatment of live-stock, and interfere when they see any ill treatment, whether from want of food, water, shelter, overcrowding, or any cause that is injurious to a live animal. Freezing companies, butchers, and railway traffic require supervision.

SLAUGHTERING.

A well-regulated slaughtering establishment always insures that stock is in fit and proper condition before killing takes place; that all animals' blood-circulation is naturally normal, with empty stomachs, so that "bleeding," which is of paramount importance, shall be performed in the most favourable circumstances obtainable. Care is also taken that none but competent men are allowed to handle stock in killing-yards and pens.

Meat is not as well dressed as it should be in this district. Managers of freezing companies admit this, and declare that the attention given by the Legislature to the demands of the labouring-classes renders workmen less subservient to discipline than formerly. It is highly important that discipline shall be maintained and thorough work performed by the dressers of meat. In order to accomplish this, the inspector of slaughtering, who is also the grader, should be a Government officer. Slaughtermen would more willingly submit to the control of such an officer than to that of a man whom they regard as exploiting their labour in the interests of dividend-seeking shareholders.

GRADING.

This is the most important department in connection with the meat business, and ought to be conducted with thoroughness and uniformity in all meat-freezing works. At present such is not the case. Each establishment performs its grading in its own way—in some cases satisfactorily, in others perfunctorily. The remedy for this state of things is Government control, as in the cases of the dairy and flax industries. I consider that an immense benefit will be conferred upon the producers of meat when the grading is performed by Government officials, who will be in a position to do the grading in a uniform and thorough manner, without fear or favour. Early attention should be given to this all-important question, because the welfare of the industry hinges upon the thorough performance of this part of the business.

BRANDING.

The next important question to engage attention is the vexed one of branding. Certain Home agents who profess to be friends of the colony say that we must not brand our meats, because such is disfiguration, and will also prevent traders who sell our meats as English-grown from using the article. These agents argue that they are justified in representing our meat as English-grown, because their customers are opposed to the use of cheap foreign meat. Argentine-meat dealers whom we prosecute for selling that country's product as New Zealand must think commercial morality peculiar. In my opinion, the reason why any Home dealers oppose branding is because they would be robbed of the immense profits that can be made out of our meat by selling it as Home-grown. The time has arrived for the compulsory branding of all meats before exportation. We should allow no dealers opportunity to sell our meats as English-grown. The meat must be sold for what it really is, and when the British public find that the product has been sold to them as English in the past they will be satisfied to continue the use of the meat, and our producers will reap profits that are now taken by English traders who resort to objectionable methods.

WRAPPERS.

False economy is exercised by freezing companies in using flimsy material for wrapping purposes. Instead of using the very stoutest of calico, or, better still, jute, which is really necessary for the protection of the meat during transit from freezing-works in New Zealand to retail depots at Home, the lightest, because cheapest, of material is used. A regulation appears to be necessary compelling the use of serviceable wrappers for all exported meats.

HANDLING BY FREEZING AND SHIPPING COMPANIES.

So much attention is given to the saving of working-expenses when handling frozen meat by freezing and shipping companies that care and efficiency are sacrificed to effect paltry economies, regardless of the damage and loss occasioned by hurried and rough handling. The utmost care and cleanliness should be observed from the moment meat leaves the hands of the dresser and the trimmer in the slaughterhouse until the final consuming-depot is reached at Home. Instead of such treatment, rough and careless handling happens when passing the meat from slaughtering to cooling-room, and from thence to freezing-rooms. From freezing-rooms to shipping-van rough and hurried handling in unclean surroundings is frequently met with. When the wharf is reached still rougher handling is experienced. The meat is violently thrown into dirty slings, the force being sufficient to mark and damage the outer frozen surface. Labourers who stow cargo in the improperly cleaned holds of ships walk upon the meat with dirty bagging covering their boots, discolouring its surface and tearing the flimsy wrappers in their movements. I have never witnessed the treatment that takes place when discharging cargoes at Home, but I am told that the most awful handling possible has occurred. Meat has been dumped into coal-carts and coal-barges and stacked upon a wharf exposed to the weather prior to reaching a receiving-depot. The appearance of meat so handled was shocking in the extreme, and the receiving-depot had to

at once reject portions, which were sold at any price to cheap dealers, who hawked the meat for sale to consumers, which has the effect of demoralising the market value of frozen meats, and generally discrediting the industry and the people connected therewith. Stringent regulations and supervision are necessary in order to insure that due care and attention shall always be given to New Zealand's valuable product—meat.

BY-PRODUCTS.

In my interim report dated the 13th instant I have dealt with by-products in detail. Hides, pelts, tallow, and preserved meats are now selling at high prices in all parts of the world, while wool and the minor by-products are also rising in value.

CONCLUSIONS.

The results of my investigations of the meat-export trade in the District of Wellington, as set out in this and the interim report of the 13th instant, justify the following conclusions:—

It is imperatively necessary that a complete reformation of the industry from beginning to end should take place.

In the first place, the farmers who produce the meat are dissatisfied with the treatment they receive from the freezing companies, who run the industry in the interests of the few shareholders who own the freezing-works. The farmers and the Government should co-operate to establish the industry upon quite new lines. The meat product is the property of the farmers, who should take upon their own shoulders the burden of marketing the commodity. To this end it appears to me that ways and means can best be provided by farmers submitting to the levying of a special rate upon their lands as security for the capital required. By this means the necessary money can be raised at minimum rates of interest, and, provided that the industry is properly managed, it will never be necessary to collect a penny of the rate which secures the capital loaned for the purchase of existing works or the erection of new premises, &c.

In the second place, the general conduct of the industry is so very unsatisfactory that changes must be made, otherwise the inferior product of the Argentine will, owing to capable management, place our commodity in the secondary instead of the premier position on the Home market.

Thirdly and finally, the industry is languishing for the want of the benefits that Government "grading" and supervision in all directions can secure. The financial stability of the colony is dependent upon the successful running and development of her exporting industries, and, as the meat trade is the second largest of these, its maintenance upon satisfactory lines is of paramount importance.

FINAL REMARKS.

The matter contained in my report specially applies to the Wellington District; but, as the conduct of the meat trade is very similar in the Hawke's Bay, Taranaki, and Auckland Districts, the report can be taken as entirely applicable to the North Island.

In the South Island farmers are more fully alive to their own interests, and take care to secure a greater measure of the value in their fat stock than is the case with North Island farmers; consequently much of the matter reported will not apply to the industry in the South. However, Canterbury farmers are moving for the purpose of placing the industry under one controlling company or board. They realise that too many agents sell the colony's meat at Home, with the result that such agents are competing against each other, which competition is destructive of the realisation of good prices.

I have, &c.,

F. T. MOORE.

APPENDIX E.

REPORT OF MR. F. T. BOYS ON HIS MISSION TO WESTERN AUSTRALIA.

SIR,—

Wellington, 31st December, 1901.

I have the honour to report that, acting upon the instructions contained in your letter of the 4th October, I proceeded to Sydney, and immediately upon my arrival there communicated with the Premier of Western Australia by wire.

In accordance with the wishes of the Western Australian Government, as expressed in the telegrams above referred to, I proceeded by first available steamer from Adelaide to Perth, and on my arrival was met by several members of the Legislative Assembly who were interested in the subject of my mission, notably Mr. J. M. Hopkins, the member for Boulder City, who was acting as Chairman of the Meat-supply Commission before which I was required to give evidence.

The printed copy of the Committee's report, with the evidence and other papers, has just reached me, and I hand you herewith complete copies of same, trusting that the result of the inquiry may be of service to the colonies which are concerned. It may be of interest to you to note the opinions which I have formed, and the facts which have been elicited having a bearing on the matter in question.

Western Australia, from the barren nature of the country, is incapable of producing her own foodstuffs, and, the population being concentrated in the capital and in the large inland mining centres, it follows as a natural consequence that the colony has to look elsewhere for the necessaries of life, and thus occupies among the Australasian Colonies the unique position of being almost entirely dependent upon outsiders for its food-supply.

The Imports into Western Australia.—The following figures show to what an extent the imports grew during the years stated :—

| Produce. | 1899. £ | 1900. £ |
|----------------------|-----------------|-----------------|
| Butter | 184,329 | 294,457 |
| Ham and bacon | 83,970 | 97,051 |
| Eggs | 50,682 | 60,465 |
| Fresh meat | 10,814 | 8,167 |
| Pigs | 5,985 | 5,776 |
| | <u>£335,780</u> | <u>£465,916</u> |

The Products interchanged between Western Australia and New Zealand are very variable, being to a large extent regulated by the prosperity of Western Australia and the supply of the required produce in the sister-colonies. The following table gives a summary for the ten years from 1891 to 1900 :—

| Year. | Exports. | Imports. | Year. | Exports. | Imports. |
|-------------|----------|----------|-------------|----------|----------|
| 1891 | 890 | 19,222 | 1896 | ... | 20,157 |
| 1892 | 250 | 25,335 | 1897 | 1,055 | 22,048 |
| 1893 | 400 | 748 | 1898 | 305 | 9,101 |
| 1894 | 13 | 461 | 1899 | 143 | 8,513 |
| 1895 | ... | 745 | 1900 | 307 | 68,346 |

The Principal Imports from New Zealand for the year 1900 were oats, cheese, butter, preserved tongues, preserved milk, preserved meats, oatmeal, and woollen goods, the value of the importations of the first-named article being more than 50 per cent. of the total. The various items are specified below :—

| | £ | | £ |
|-------------------------|--------|------------------------|----------------|
| Butter | 3,053 | Bacon | 195 |
| Cheese | 6,064 | Ham | 693 |
| Cordage | 288 | Preserved meats | 2,221 |
| Oats | 37,011 | Tongues | 4,480 |
| Wheat | 1,216 | Preserved milk | 3,450 |
| Woollen goods | 255 | Oatmeal | 1,780 |
| Fish | 880 | Pollard | 272 |
| Drapery | 131 | Potatoes | 398 |
| Barley | 70 | Timber | 1,549 |
| Barley (malting) | 324 | Various | 2,853 |
| Hops | 322 | | |
| Malt | 841 | | <u>£68,346</u> |

The Exports to New Zealand of West Australian produce are almost entirely confined to hardwood timber, such as jarrah, and even this article is only supplied in very limited quantities, the total value of such timber exported to New Zealand in 1900 being £172.

Customs Duties.—Prior to the initiation of the Federal tariff the duties imposed on the principal articles of trade between this colony and Western Australia were as follows :—

| Goods. | Duty. | Goods. | Duty. |
|---------------|-----------------|--------------------------|----------------|
| Oats | 4d. per bushel. | Preserved tongues | 2d. per pound. |
| Cheese | 2d. per pound. | " milk | 15 per cent. |
| Butter | 2d. " | " meats | ½d. per pound. |

The Federal Tariff, which came into force during the sitting of the Committee in Perth, will handicap New Zealand products to a much greater extent, and all the more so because by the provisions of that tariff it is compulsory for the West Australian Government to gradually withdraw the Customs duties which they used to levy on importations from the other States of the Commonwealth equally with New Zealand. It may be taken for granted, therefore, that New Zealand will be handicapped to an extent which will correspond to the whole of the duty imposed by the Federal tariff, which is given below as far as the produce already referred to is concerned.

| Goods. | Duty. | Goods. | Duty. |
|---------------|-----------------|----------------|----------------|
| Oats | 7d. per bushel. | Tongues | 2d. per pound. |
| Cheese | 3d. per pound. | Milk | 1½d. " |
| Butter | 3d. " | Meat | 2d. " |

MEAT.

As may be learned from a perusal of the evidence, almost the whole interest of the inquiry centred itself on this question, and the endeavour to ascertain whether a good supply of this commodity could not be obtained at a more reasonable rate. The meat-supply of Western Australia is at present obtained from two sources principally, both of which are only capable of supplying inferior meat.

The first of these sources is the inland district, from which cattle have to be driven long distances, hundreds of miles in most cases, to the railway or the seaboard, and thence by rail or steamer respectively to Perth. In this case, the stock are so knocked about in transit as to form very poor butchers' meat on arrival in Perth.

The second source is the frozen-meat supply from Melbourne, which is brought up in refrigerated steamers from Victoria once a fortnight. There is no doubt that the class of meat supplied by Victoria to Western Australia might be very greatly improved, but as matters stand at present Western Australia gets all the frozen meat which Victorian exporters do not consider good enough

to send to London or South Africa. As a necessary consequence, frozen meat has a bad reputation in Perth, which, however, would soon be overcome if we were able to land a few small cargoes of good-quality New Zealand frozen mutton and beef.

The wholesale prices ruling at the time in Perth were as follows: Beef, 5d. per pound; mutton, 5½d. per pound; pork, 6d. per pound. The above meat was being retailed in Perth at prices which would average somewhat as follows: Beef—rump-steak, 1s. per pound; sirloin, 9d. per pound; ribs, 8d. per pound. Mutton—legs and loins, 8d. per pound; hind-quarters, 7d. per pound; fore-quarters, 6d. per pound; sides, 6½d. per pound. Pork—chops, 10d. per pound; loins, legs, &c., 9d. per pound. All the above prices apply only to Perth and its immediate neighbourhood. In the inland towns and mining centres the retail prices range as follows: Beef, from 10d. to 1s. 3d. per pound; mutton, from 9d. to 1s. per pound; pork, from 1s. to 1s. 2d. per pound. Seeing that New Zealand mutton and beef can be landed in London at 4d. per pound and leave a margin of profit, it seems certain that Western Australia offers a fair field for our exports if it were not for the restrictions imposed by the Federal tariff and the absence of direct freight, to which I shall refer later.

Facilities for Treatment and Carriage of Frozen Meat.

The trade in frozen meat having been so badly handled, it is not surprising to note that the freezing-works are not all they should be, and the supply of frozen-meat vans short of what would be required in the event of a regular and well-conducted frozen-meat trade being inaugurated. At the same time it is only just to point out that the West Australian Government are beginning to realise that there is room for improvement, and steps have been taken to establish cold-storage in the inland centres, to improve the management of the Government Freezing-works in Perth, and to increase the supply of meat-vans. Prior to those steps being taken the available cold-storage in the Government works only amounted to 12,000 cubic feet, or, say, 4,000 carcasses of mutton, and the meat-vans were only capable of holding about 4,500 carcasses, which, when one takes into account the large distances to be traversed, is a very inadequate supply.

FREIGHT.

There are at present but few facilities for a brisk interchange of products between New Zealand and Western Australia, which account for the limited business which has been transacted. One of the essentials for such a trade is unquestionably a direct service of steamers between the two colonies. Such a service need not be confined to those two colonies. It would serve the purpose equally well if arrangements could be made that the line of vessels which take up the direct trade between New Zealand and South Africa should make Fremantle a port of call, and that a hold or part of a hold should always be reserved for the West Australian trade; in fact, any means of bringing about at a reasonable cost a direct service of steamers at regular intervals of not less than one month or six weeks should be taken advantage of promptly. If this could be arranged, I have no doubt but that a steady demand for New Zealand products would arise, a demand which would be caused and maintained by the excellent quality of the produce which New Zealand is able to supply.

A careful consideration of the facts elicited by the Select Committee forces one to the following conclusions:—

1. That, the population of Western Australia being almost entirely engaged in mining pursuits, and the supply of agricultural products being very limited, there is in that country a good market for such foodstuffs as New Zealand produces.

2. That with the Federal duties removed, and a direct service of steamers established, New Zealand products would oust inferior supplies and take a firm hold of that market.

In addition to the statements contained in the evidence already referred to, I can only add that I met many of the principal citizens of the various towns all over Western Australia, to whom I supplied the fullest information possible, and noted that anxious inquiries were being made as to the possibility of a better supply of our products, and that one and all expressed most friendly feelings towards this colony.

I hope to keep in touch with Mr. J. M. Hopkins and other members of the Legislative Assembly of Western Australia, and if I can supply you with any further information from time to time I shall be most happy to do so.

Right Hon. R. J. Seddon, Wellington.

I have, &c.,

F. THEO. BOYS.

APPENDIX F.

REPORTS FROM MR. J. GRAHAM GOW, TRADE REPRESENTATIVE.

SIR,—

Durban, Natal, 7th October, 1901.

I had yesterday a very interesting interview with Sir Albert Hime, Premier of Natal, who gave me a very cordial reception, and with whom I discussed my mission. He thought that, if regular shipments could be arranged, the prospects of trade from New Zealand to Natal were very encouraging. There is a formidable cold-storage and meat ring to be fought in South Africa. The company is very strong financially, and has a monopoly of the trade in frozen meat; but it is, of course, in bad odour with the public, and it was no doubt the idea of weakening or breaking the ring that secured the Government this year a comparatively large vote for the erection of public cold-storage works in Durban and other parts of the colony. I made the suggestion to the Premier that the New Zealand and Natal Governments might advantageously work together to

defeat the ring, and bring down the price of frozen meat. The proposal appeared to strike him as feasible, and he arranged to send the Minister for Agriculture and the late Secretary for Agriculture to Durban to talk over the matter, as well as to inspect the samples I had brought. Before leaving Natal I will send you a full official report of my operations.

Durban is an important depot for army stores and supplies, and is full of military. All unskilled labour is done by the two coloured races, native Zulus and Indians. The price of goods, especially of foodstuffs, is high—it is out of the question to go into figures.

I called on Sir David Hunter, the Manager of the Natal Railways, by whom I was well received and provided with a railway pass.

I have, &c.,

J. GRAHAM GOW.

Hon. Sir J. G. Ward, Minister of Industries and Commerce, Wellington.

SIR,—

Department of Industries and Commerce, Durban, 18th October, 1901.

Following my letter of 7th instant from here, I beg to inform you that I have been closely occupied during the past fortnight in prosecuting my inquiries into the conditions of this market for New Zealand products, and in furnishing information to large numbers of inquirers—visitors to my show-room and otherwise. I have had interviews with leading merchants, importers, shipping people, commission agents, &c., and have got together a large fund of information bearing upon my mission, which I hope may prove valuable to you in the determination of the questions set out in the Premier's letter to me. The data collected so far necessarily relate to Natal; and as it would, in my judgment, be premature to form any conclusions on South African trade and facilities generally, based alone upon the facts already gleaned here, I propose withholding my complete report until I shall have visited the Cape Colony ports. I may, however, say that my observations so far lead me to the emphatic conclusion that South Africa offers an unlimited field for New Zealand enterprise. It is admitted on every hand that the whole country is crying aloud for better and cheaper food, and if the demand has been great in the past it must assuredly be far greater in the future.

I have received from the Chairman of the Chamber of Commerce, Johannesburg, a pressing invitation to visit that city, and proffering me every assistance. I think it wise to endeavour to comply, and am accordingly in correspondence with Lord Milner with reference to military permits to travel through the disturbed country to the Rand.

On the 14th instant, the Hon. Mr. Winter, Minister for Agriculture, accompanied by his Secretary, paid me an official visit, and inspected with great interest the New Zealand exhibits. I enclose you a letter since received from him, which speaks for itself: Kindly give his requests attention, and reply per return of post. I have informed him that you will do so, as some of the information he asks for is not at my command. You will notice that the Minister's inquiries relate almost solely to the agricultural requirements of his country. As a farmer, a strong advocate of protection for the local producers, and a member of a Parliament and Government consisting of thirty-one country as distinguished from eight town representatives, Mr. Winter seemed little in sympathy with the idea of importing from New Zealand such things as meat, hams, bacon, and other foodstuffs. It is clear, however, that even Natal must for some time to come import largely of frozen meat, grains, flour, and dairy produce for its own consumption, not to mention the great demand which must arise in the new Transvaal Colony, and which trade the Natal people are determined to command.

I have now packed my samples and am on the eve of sailing for Cape Town, whence I will write you on arrival. I will only add now that the need for direct, regular, and suitable shipping facilities from New Zealand to South African ports is being forcibly impressed upon me, and, as that is a matter of pressing importance in the development of trade relations with this country, I think it well to forward to you without delay the enclosed reports from Mr. Rennie, Messrs. Cotts and Co., and Mr. Evans, which you may possibly follow up. I am convinced that it is only in London that any definite shipping arrangements can be made.

I have, &c.,

J. GRAHAM GOW.

Hon. Sir J. G. Ward, Minister of Industries and Commerce, Wellington.

SIR,—

Cape Town, 4th December, 1901.

I have the honour to state that since my arrival in South Africa, on the 30th September, I have devoted myself to making investigations in regard to the following subjects:—

- (a.) Cold-storage.
- (b.) The introduction of New Zealand produce into South Africa.
- (c.) The steamship service between South Africa and New Zealand.
- (d.) Other matters more or less related to the foregoing.

I propose now, on the eve of leaving Cape Town for England, to give, as briefly as is consistent with clearness, the results of my investigation, and to indicate what, after careful inquiry and observation, suggests itself to me as being the best course for the Government and the mercantile community to pursue in order to develop the trade relationship between the two countries. I cannot do better than deal with the subjects in the order given above.

COLD-STORAGE.

My instructions were to ascertain whether or no it would be advisable for the New Zealand Government to provide cool-storage in one or more places in South Africa, the impression being that there is not sufficient storage provided by private companies, and that the time might arrive when, with a glutted market, stuff would be forced upon the market for want of storage. I am emphatically of opinion that the providing of such stores by the New Zealand Government is not

advisable. The cold-storages of the country are principally in the hands of three corporations—(1) the South African Cold-storage and Supply Company; (2) De Beers (Limited); (3) Kamps. Leaving Nos. 2 and 3 out of account, the existence of No. 1 would in itself be almost sufficient to justify the opinion expressed above. The South African Cold-storage and Supply Company are a gigantic monopoly. They control, to all intents and purposes, the meat-supply of South Africa. They have a fighting-fund of a million sterling, and are able to either crush or absorb any who are likely to attempt to compete against them. The building by the New Zealand Government of cold-stores would entail a systematic trade campaign against this powerful combination. They have such a hold over the butchers everywhere that to reach the buyer we should require to follow up the erection of cold-storages by the establishment of wholesale depots, retail shops, and agencies in all the important centres—in fact, wherever we wanted to trade—inasmuch as the butchers are at present controlled by either this corporation (South African Cold-storage Company), or by De Beers, or by Kamps. And when we had done all this we should, in order to get customers, be obliged to sell our meat at a price that would leave no margin for profit. Obviously it is not for a Government to embark on so risky a venture, even were additional cold-storages necessary. But they are not. At this moment the three corporations named can take up and store as much frozen meat as we can give them, provided always, of course, that our prices compare favourably with those of Australian and other competitors. (At present they do not. This is a point I will touch upon when dealing with the introduction of New Zealand produce into this country.) Apart from these circumstances, additional stores are to be erected by the different companies at Durban, Port Elizabeth, and Cape Town, and in twelve months there will probably be more than enough. I understand that both in Natal and Cape Colony new companies are to be formed with a view to breaking the ring, or, at all events, impairing its vigour. I am aware that some of the promoters contemplate asking the New Zealand Government to take shares in these companies, and to otherwise back them up. While they deserve encouragement, I venture to think that they should receive attention from private enterprise in New Zealand rather than at the hands of the Government. I consider that the Government should confine its efforts to promoting the wholesale export trade in frozen meat, leaving it to the South African Cold-storage Company and De Beers and Kamps, and to any other companies that may arise, to take up what we export and distribute it to the consumer. If our prices compare satisfactorily with those of other suppliers, and if we can guarantee regular delivery, such companies will only be too glad to take our meat. If we are successful in this purely wholesale export it will be enough for the present. If we are not successful we would certainly not be successful in a wholesale export trade, coupled with all the worry, and risk, and cumbersomeness of retail business, and the fighting of a “price-cutting” campaign.

While on this subject I may be permitted to say that the South African Cold-storage Company, better known as Combrink's, is a large and wealthy combination originally founded by the late Mr. Combrink, and now directed by his relatives, the Graaff brothers. Sir Pieter Faure, Minister for Agriculture (Cape Colony), Sir James Sivewright, a former Minister for Crown Lands in Cape Colony, and other notables are greatly concerned in the company. The business has grown to very large proportions of late years. The outbreak of the war gave it a big fillip, as it was the only concern capable of undertaking the immense army contracts. The company secured these at high rates (10d. for mutton and 11d. for beef, delivered to any point on the South African railways indicated by the military, but this has now been reduced to 7d. all round), and last year they made £1,000,071 net trading profit. They supply butchers at the rate of 4½d. per pound. In Durban they have a store-ship in the harbour and cold-stores ashore, which were formerly Sparks and Young's (a firm they absorbed). The combination includes all the local butchers (who are reputed shareholders), and it practically monopolizes the trade. In Cape Town and other centres the company also have extensive stores. Several attempts to compete against the combination have proved failures. De Beers, powerful though they be, with Mr. Rhodes and no end of money behind them, have tried, and are generally considered to have not succeeded. The feeling against the monopoly is strong, but people are powerless to overthrow it. The company also enjoys on the railways certain facilities denied to their rivals, and this in itself gives them a great advantage, especially in these days when rolling-stock is at a premium.

Apart from the companies already mentioned, there is in existence the Transvaal Cold-storage Company. They began operations in 1899 in Pretoria, under Kruger auspices, and therefore have not flourished. But they got from the Natal Government a grant of land abutting upon the Durban Inner Harbour, and having a valuable water-frontage, and built stores there. The business in Durban is managed by a Mr. Palmer (formerly of New Zealand). Those stores have come under the control of the Imperial Government, and pending further arrangements the company is only nominally carrying on the business. The stores are now fairly stocked with Australian frozen meat and other perishable produce (the first lot arrived from Sydney in June of this year); but owing, it is said, to the tactics of the South African Cold-storage and Supply Company little or no business is being done. The failure of the Transvaal Company to make sales may in part be attributable to the transitory state in which the concern finds itself at present, and also to the fact that the outbreak of the war has disorganized the plans of the promoters. The ultimate fate of the stores is at present undetermined; but, considering all the circumstances, I cannot recommend New Zealand shippers to place any reliance on the corporation for either buying or storage purposes. Indeed, the stores are likely to be closed, the site now being urgently required for harbour-extension.

Speaking of Durban, I may mention that there is great rivalry between that place and Cape Town for the Transvaal frozen-meat trade, and I am told that a strong concern has been created in Durban to compete against the South African Cold-storage Company, whose citadel is in Cape Town. I have not been able to get very definite particulars, beyond the fact that the proposition has taken practical shape and plant is said to be on the water. In any case events in Durban

should be closely watched, as probably further developments will take place before the New Zealand Government complete their arrangements for direct shipping communication. I am sending forward one plan of a proposed cold-store.

THE INTRODUCTION OF NEW ZEALAND PRODUCE INTO SOUTH AFRICA.

I now come to my second subject. In regard to this—I was instructed to determine (a) whether there is an opening for produce; (b) if so, for what class of produce; (c) the convenience for storing; and (d) distribution.

I will deal with these seriatim. Touching (a), I reply unhesitatingly and unreservedly in the affirmative. There is an unlimited market for produce of all kinds, particularly mutton, beef, butter, cheese, hams, bacon, eggs, oats, wheat, flour, hay, and maize. This brings me by a natural sequence to the consideration of (b), the class of produce, which I must treat in some detail.

Butter.—Amongst frozen products butter is an article in large demand in bulk and in 1 lb. pats, also in 1 lb. tins. Bulk butter should be packed 56 lb. to a box, and the boxes should be either dovetailed, or wired round the ends, to prevent them bursting in the process of landing, where rough handling is occasionally unavoidable. Each box should contain fifty-two 1 lb. pats, wrapped in butter-muslin, and the boxes should be wired or dovetailed as in the previous instance. Tinned butter should be in 1 lb. tins. The tins should be hermetically sealed and have a patent key opener, and have such a lid that the tin can be closed at any time after being opened, and be practically airtight. Each case should contain 100 1 lb. tins (neither more nor less). All cases containing butter should have the name or brand thereof stamped on each side of the case, and the quality or nature of the contents stamped on in the same manner at one end only, leaving the other end, as well as the top or lid, vacant for the buyer's mark or brand. In no case should tinned butter be packed in lever-top tins; large shipments have been made from New Zealand in such packages, but have turned out not only disastrous to buyers, but most injurious to the market from whence they were shipped. In fact, butter in this class of tin, in a climate like that of South Africa, is most liable to get "blown," and become a danger to consumers. The value of bulk butter, taking the average for the year, would be about 10½d. per pound c.i.f., and for pats 11½d. per pound c.i.f., these being sold by merchants respectively at 1s. 3d. and 1s. 3½d. Tinned is worth about 14s. c.i.f. per dozen, and is sold by merchants at about 19s. The above figures include the merchant's profit and all other charges in connection with landing, &c. They refer particularly to Durban, but also hold good in regard to other ports. Butter should be shipped in a refrigerator, except tinned butter, which may be carried safely as ordinary cargo.

Poultry should be packed in crates of, say, twenty-four fowls, twelve turkeys, and the same quantity of ducks or geese.

Rabbits, in crates of twenty-four.

Hares, in crates of twelve.

Cheese.—A large demand exists for this in loaf shape (in bladders), averaging from 10 lb. to 12 lb. each, each in a separate box. These boxes should be hooped together in fours, making a package of about 50 lb. weight, including boxes. Cheese of any description should on no account be tinned for our market.

Hams and Bacon.—These should be wrapped in thin canvas cloth, and packed only in salt in cases of about 1, 2, or 3 cwt. Sides of bacon are not much in demand, but fitches are—*i.e.*, the sides without the ham and shoulder, and with ribs and backbone removed.

Potatoes.—The demand for these is considerable, and to insure their carrying satisfactorily they require to be packed in crates of 75 lb. net weight, about 87 lb. gross, hooped round the ends to prevent breakage, with a partition in the centre of the crates to strengthen them. This centre partition is a means of considerable saving to buyers in the matter of loss through breakage, the risk of which is materially minimised thereby. They should be carefully graded, and only medium-sized potatoes should be selected for shipment. Large potatoes are not so much in demand, and are much more liable to go bad than those of medium size. Care should be taken to have them perfectly dry, and on no account should they be packed in sacks.

Onions.—The same remarks apply here also as regards packing and grading. The demand is a large one, and is continually growing.

Oats.—New Zealand "stouts" are a favourite in this market, and are largely used for both seed and feed purposes. These should be in the usual 3½ lb. grain-bags, and it is advisable to use only new bags. There is a splendid market for oats of all kinds and grades, New Zealand oats being well known in South Africa. The Imperial Government must of necessity require to feed thousands of horses in this country for some years to come.

Barley.—The demand for this is very small, and it is principally used for seed purposes.

Maize.—This is a product of considerable demand, and if it can be supplied at comparative rates with the South American product there is no reason why a large share of the business should not go to New Zealand. In order to compete against the Argentine market our prices should not exceed £1 14s. per 480 lb. gross c.i.f. Natal, put in grain-bags of even weights—namely, 200 lb. each.

Lucerne.—This is also a product in which considerable trade can be done, and the principal source of supply at the present time is the Argentine and Australia, in which New Zealand would have strong competitors. Whole cargoes of this fodder are frequently in demand, and find a ready sale on arrival. The packing is in bales of about 1 cwt. each, pressed and wired. The value is about £5 15s. per ton per sailer c.i.f., or equal to £6 16s. per steamer. Shipments have been made from Australia; the quality of the lucerne from Australia has been preferable to that from the Argentine, but the prices of the former have been very much higher. Consequently, on account of distance and climatic considerations, this fodder practically may be considered outside of New Zealand markets.

Oaten Hay.—This is not much in demand in ordinary times, although very large business has been done in it during the existence of the war.

Forage.—That is to say, as reaped from the fields complete with ear and chaff, packed in bales of 1 cwt. each, or about, would sell well on this market. This would require to be first made up in bundles of about 5 lb. each, and then packed ear to ear with board on the four corners, and then wired round with a fairly strong wire in order to stand handling, and avoid breaking or bursting in shipping.

Bran.—A large demand exists for this, filled in sacks of 100 lb. and 150 lb., at £6 per 2,000 lb. c.i.f.

Flour.—In this New Zealand is not considered to be able to compete with Australia, much less America. Hard-wheat flour of great strength is what is required. One firm of agents inform me that they have sent samples of the American article to New Zealand on more than one occasion for the purpose of testing, and the result in each instance has been that millers acknowledge they cannot produce a strong flour equal to the American from wheat grown in New Zealand. This same firm (Messrs. W. Cotts and Co., Durban) say they should be glad to forward samples to any address for the purpose of being tested on behalf of the New Zealand Government, and would be glad to hear the result of the test. As regards the feeling against the quality of our New Zealand flour, I think this is due not so much to the fault of the flour as to the fact that the American has already got a very great hold (also the South Australian), and that the New Zealand product requires pushing. Whether this is so or not, large quantities of New Zealand flour can be exported for mixing with American and Australian flours.

Timber.—There is a great demand for timber, and with regular freight a big trade can be done. To a great extent this is a timberless country, and large shipments come from Canada, America, and the Baltic. In the mines at Johannesburg, and in connection with the extensive building operations likely to begin so soon as the country is settled, great quantities of wood will be required, and New Zealand should have no difficulty in securing a portion of the trade. I have had many inquiries about timber for building purposes, and should recommend the sending of samples to the secretaries of the Durban, Johannesburg, and Port Elizabeth Chambers of Commerce, these gentlemen having very kindly expressed their willingness to exhibit such samples and to interest themselves in introducing them. In Cape Town, of course, Major Pilcher, the New Zealand Government Agent, is prepared to do the same.

Hops.—With the opening-up of Johannesburg there should be a good demand for hops for brewing purposes.

Eggs.—At present large quantities of eggs are imported from Madeira in baskets; also from England, preserved in liquid, in 14 lb. tins. The latter are sold at 7½d. per lb. landed here. They also come from the Commonwealth in fifty-dozen and one-hundred-dozen casks, and packed in salt and bran. I consider there is a great opening here for eggs.

Woollen Goods.—The samples of goods I brought with me have been much admired, especially the rugs, but they are generally rather heavy for this warm climate. They are also rather high in price. The English market is near at hand and a formidable rival. A lighter class of goods at lower prices might insure business being done.

Stud Stock.—Cattle and sheep, especially merinoes, for breeding purposes are generally inquired for, and will be in great demand for restocking the country when the war is over. The country is being rapidly stripped of herds and flocks. Even before the war cattle were wanted, particularly in the Transvaal, the rinderpest having swept hundreds of thousands of head away.

Oysters.—There appears to be an excellent opening here for frozen oysters. One firm alone in Durban has had offers from Johannesburg for 400 cases of oysters. This would represent over fifty thousand dozen oysters, which would give employment to at least five cutters catching all the year round in New Zealand—to say nothing of opening, freezing, and making of cases for export. A little extra care must be taken with the handling of oysters, and they also must be put up specially for the trade and climate. They should be frozen in enamel dishes with divisions in them—each division to hold about four or five dozen oysters. They may be put up in blocks containing as many dozen as the shipper thinks fit, provided they are easily divisible into the four-dozen or five-dozen blocks without breaking the oysters. It would be absolutely necessary to have special appliances for fetching the oysters from the steamers to the cool-chambers, otherwise they would be all thawed out long before they reached the shore. And once frozen oysters are thawed they are perfectly useless. Oysters on this coast are very scarce, being confined to small patches of rocks. They are sold at 1s. per dozen wholesale and 2s. 6d. retail, but their flavour is so coarse and strong that very few people use them. The oysters should be put up in small crates rather than cases, and blocks of oysters should be carefully covered with the best clean rice paper as soon as possible after being frozen. This is to exclude the light, or they will all turn rusty or brown, which destroys the appearance. They should be tightly packed in the cases or crates to prevent breakage in handling: 144 dozen will make a nice-sized case or crate. The cases should be perfectly clean, and made of dressed white-pine (New Zealand); and if kerosene is used in branding this should be done some time before the cases or crates are used, otherwise the oysters are likely to suffer. Cleanliness and care in opening are very essential.

Smoked Fish.—This trade could be very largely increased by studying the requirements of the shopkeepers. The system practised in New Zealand of rejecting the head should add greatly to the sale, as there would be little or no waste. The Picton herring should also get a trial, although the blue and red cods would form the principal trade in smoked fish. One firm alone in Durban has had offers from Johannesburg for 200 cases of smoked fish per month.

Frozen Meats.—I now come to what is one of the most important of all the products from the exporters' point of view. During the last six years a considerable trade in frozen meat and other produce has sprung up from Sydney and Melbourne to South African ports; but in the case of Durban, and also of East London, Port Elizabeth, and Cape Town, that trade has been subject

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

see no way out of the difficulty unless you can induce the Governments to guarantee discharge within a given period. It is only reasonable that shipowners should either be paid demurrage or get reasonable despatch."

I may mention that the custom in South Africa is to quote prices on the basis of 2,000 lb. to the ton, and it would be well for New Zealand exporters dealing with this country to do the same, else their quotations per ton will compare with those of their rivals less favourably than they should.

From all the facts before me, I am forced to the conclusion that if we are to compete successfully with other exporters we must have increased shipping facilities in the shape of regular light-draught steamers which can cross the bars at Durban and East London, and which are an advantage even at Cape Town, where there is no bar, but where small craft are more easily accommodated than large ones. These vessels should not draw more than 18 ft. 6 in. if they are to cross the East London bar; and not more than 20 ft. in the case of the Durban bar. It is desirable to cross the bar when possible, as a saving of about 5s. a ton lighterage is thereby effected, while the advantage in the handling of goods at the wharf is too obvious to need explanation. The boats require to be specially built for the trade, and to have a speed of not less than 12 knots. They ought to have first-, second-, and third-class accommodation for a limited number of passengers. I think accommodation for, say, twenty first, twenty second, and forty third would be ample. They should be fitted with large refrigerating-space at varying temperatures for the different articles, and butter ought to be carried in a separate refrigerator by itself. They should also have accommodation and fittings for the carrying of live-stock. These boats would probably cost from £75,000 to £80,000, and, if a monthly service is aimed at, at least five boats would be necessary to maintain a regular service. The cost of dry-docking and general repairs are very high here. There would be very little, if any, return cargo from here, and but little passenger traffic. The bulk of cargo from New Zealand would be mostly measurement, and there would be very little close weight. If a new line were established it would have to face competition from the Australian liners already running to South African ports. As regards subsidy, it is difficult to name a sum, but from inquiries I find that at least £36,000 per annum and a ten-years contract would be required to attract the class of steamer I have indicated. If a company were formed it would require a capital of not less than £500,000. Fair samples of the class of steamer most suitable for the New Zealand-South Africa trade are those of the two direct lines between London and Durban—viz., the Aberdeen Direct Line (Messrs. J. T. Rennie and Son) and the Natal Direct Line (Messrs. Bullard, King, and Co.). They are a very suitable type of steamer, having been built specially for this trade. They quote a rate of freight which includes the cost of landing, whether from outside or inside the harbour—that is to say, the shipowner delivers the cargo to the consignees on the wharf, reserving the right to appoint one landing-agent, who handles the whole steamer, receives the goods from the ship's slings, sorts it to the bill of lading, stacks it into wharf shed, and delivers to the holder of the bill of lading, the steamer being charged by such landing-agent at fixed rates.

The following are the rates at which this work is done at Durban: From the outer anchorage—passengers and baggage, each, 5s.; frozen meat, per 1,600 lb., 7s. 6d.; general cargo, 40 cubic feet or 20 cwt., 6s. 6d.; horses, each, £2 2s.; cattle, each, £1 1s.; sheep, each, 2s. 6d.: inner harbour, at buoys—passenger and baggage, each, 4s.; frozen meat, per 1,600 lb., 2s. 6d.; general cargo, 40 cubic feet or 20 cwt., 3s. 6d.; horses, each, £1 1s.; cattle, each, 10s. 6d.; sheep, each, 1s. 6d.: wharf-side—passenger and baggage, each, 2s.; frozen meat, per 1,600 lb., 2s. 6d.; general cargo, 40 cubic feet or 20 cwt., 2s. 6d.; horses, each, 5s.; cattle, up to fifty 5s., over fifty 2s. 6d.; sheep, up to 1,000, 6d. each, over 1,000, 2d.

While dealing with the Port of Durban I may state that coals can be obtained there at from £1 5s. to £1 15s. per ton on wharf, and this should prove an economic factor in the situation. These prices are somewhat high compared with those which prevailed before the war, the best qualities being obtained then at about £1 1s. 6d. f.o.b. As regards the port itself, the depth of water on the bar has been steadily improving for many years past. The Government of Natal are, however, not satisfied with this, and have instructed their engineer to draw up a plan involving an expenditure of some two millions, a great portion of which will be spent in improved dredger-power, with the avowed object of having at least 25 ft. of water at low water ordinary spring tides.

On my way down coast from Durban I visited Port Elizabeth. This port is situated on the western shore of Algoa Bay. Up to the present few boats coming from Australia have made it a port of call. It possesses a good roadstead, with sound holding-ground, and is protected from all winds, excepting the south-east, affecting only seven points of the compass. The port itself is furnished with three iron jetties terminating in 22 ft. of water at lowtide. These jetties are provided with the modern hydraulic and other cranes, and with these appliances any weight up to 20 tons can be dealt with. The lightering system chiefly prevails. There is direct railway communication with the jetties, so that goods can be taken from ships or lighters alongside and deposited into trucks and forwarded directly to their destination, thus saving the expense and risk of extra handling and reloading. From these jetties the lines of rails lead not only to the main trunk lines of the country, but also on to the extensive depositing and sorting grounds, and alongside the numerous warehouses of the Board, from which goods are distributed to their various destinations. With the appliances and accommodation at present existing about 4,000 tons of cargo can be dealt with per day, and when works under construction are completed it will be practicable to deal with 5,000 tons per day. Coal can be obtained at this port at from £2 to £3 alongside. The port is an absolutely free one, there being no harbour or light dues charged to vessels of any flag. Fresh water and provisions are always obtainable. Although there is no artificial harbour for the protection of vessels, long experience has shown that ships lying in the roadstead can safely and rapidly discharge their cargo on 300 week-days in the year. During the last four years the actual