

I am addressing a similar letter to this to the manager of the New Zealand Shipping Company, and to the Shaw, Savill, and Albion Company, as I understand you co-operate with those companies in this matter.

I have, &c.,

J. G. WARD,

Minister of Industries and Commerce.

The Superintendent, Tyser and Co. (Limited), Napier.

The New Zealand Shipping Company (Limited),
Christchurch, 21st September, 1903.

SIR,—

I have the honour to acknowledge receipt of your letter of the 16th instant, directing the attention of this company to an arrangement made by the Victorian Minister for Agriculture with the White Star Line of steamers to carry butter from Melbourne to London and Liverpool at a freight of $\frac{1}{2}$ d. per pound, and asking whether this company proposes to take any steps to establish a similar reduction in freight on butter from New Zealand to London.

In reply, I am directed to inform you that we are advised by our agents in Australia that the Victorian Government have not entered into a contract with the White Star Line for any period, but have arranged for the carriage of a large parcel of butter which has been stored in the Victorian Government Depot in the expectation that prices in Australia would advance as they did last year. This expectation not having been realised, a special arrangement for freight at $\frac{1}{2}$ d. per pound was made with reference to this particular lot of butter.

We are further advised that the Peninsular and Oriental and the Orient Pacific Companies have contracted with nearly the whole of the Victorian butter-shippers to provide a weekly service for the carriage of butter to London at $\frac{3}{4}$ d. per pound net weight without discount or allowance of any kind, and that in the specification for the Federal mail contract from Australia the rate for butter is fixed at $\frac{3}{4}$ d. per pound.

The freight on butter from New Zealand to London is $\frac{3}{4}$ d. per pound on the net weight, less a rebate of $2\frac{1}{2}$ per cent., in addition to which the shipping companies pay 10s. per ton for coastal freight, 6d. per ton for transshipping charges overside, and 3s. 6d. per ton if butter is landed on the wharf and then shipped in the ocean steamers; so that the shipping companies from Australia have a more favourable contract for the carriage of butter than the shipping companies from New Zealand.

I beg further to point out that the rate of freight on butter to London from this colony compares favourably with that agreed to by the New Zealand Government with the New Zealand and African Steamship Company to South Africa for half the distance, in addition to which that company receives a subsidy of £30,000 per annum.

We have reason to believe that the butter-shippers from New Zealand are quite satisfied with the arrangements which they have made with the Shaw, Savill, and Albion Company and this company for a regular fortnightly service to London, but if you will be good enough to furnish me with the full text of the arrangement which has been made between the Victorian Government and the White Star Line of steamers I shall be glad to submit the matter again to the directors of this company for their consideration.

I have, &c.,

ISAAC GIBBS,

General Manager.

The Hon. the Minister of Industries and Commerce, Wellington.

Wellington, New Zealand, 24th September, 1903.

SIR,—

We have the honour to acknowledge the receipt of your letter of the 16th instant, in reference to freight on butter to the United Kingdom, and bringing under our notice the statement that the White Star Line of steamers had arranged to carry butter from Melbourne to London and Liverpool at a freight of $\frac{1}{2}$ d. per pound; and we have to notify you that on seeing the intimation in question in the local papers we at once addressed our agents in Melbourne asking for details of the contract referred to, so that the matter might be discussed on this side with full knowledge of what had taken place in Victoria.

We are given to understand that the arrangement with the White Star Line only refers to a small portion of the butter-export of Victoria, and that the regular shipments of the season have been contracted for by the mail steamers of the Peninsular and Oriental and Orient Lines at $\frac{3}{4}$ d. per pound; and colour is lent to this statement from the fact that in advertising for tenders for the mail contract it was stipulated that the rate on butter should not exceed $\frac{3}{4}$ d. per pound.

When we receive the necessary details from Victoria we will again communicate with you, and if it should be found that butter is being carried from that colony on more favourable terms than from New Zealand, no doubt the Government will see their way to so far subsidise the local lines as to enable them to give the butter-producers the same conditions as are enjoyed by others.

You are no doubt aware that the local lines have a contract with the dairy associations for a period of some three or four years more on the terms which are at present charged; and, although the basis freight is $\frac{3}{4}$ d. per pound, very considerable deductions have to be made from this in consequence of the coastal freights paid by the lines and the charges incurred in connection with the shipment of the butter, which do not fall on the producers.

Yours, &c.,

LEVIN AND CO. (LIMITED)

(JOHN DUNCAN, Managing Director),

Agents, Shaw, Savill, and Albion Company (Limited).

The Hon. the Minister of Industries and Commerce, Wellington.