

1903.
NEW ZEALAND.

FREIGHT ON BUTTER TO UNITED KINGDOM

(COPIES OF CORRESPONDENCE RELATIVE TO).

Laid on the Table of the House of Representatives by Leave.

16th September, 1903.

SIR,—

Freight on Butter to the United Kingdom.

I have the honour to bring under your notice the statement that the Victorian Minister for Agriculture has arranged 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.

It is a matter of great importance to this colony and the Government that Victoria should not have advantages over New Zealand either in the matter of freight on butter or in having an extra port of discharge (Liverpool).

Under these circumstances I shall be glad to know whether your company proposes to take any steps to establish a similar reduction in freight on butter from New Zealand to London, or on what lines you would be prepared to entertain proposals to secure such an end.

I am addressing a similar letter to this to the Shaw, Savill, and Albion Company, as I understand you co-operate with that company in this matter.

I have, &c.,

J. G. WARD,

Minister of Industries and Commerce.

The Manager, New Zealand Shipping Company, Christchurch.

16th September, 1903.

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Freight on Butter to the United Kingdom.

I have the honour to bring under your notice the statement that the Victorian Minister for Agriculture has arranged 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.

It is a matter of great importance to this colony and the Government that Victoria should not have advantages over New Zealand either in the matter of freight on butter or in having an extra port of discharge (Liverpool).

Under these circumstances I shall be glad to know whether your company proposes to take any steps to establish a similar reduction in freight on butter from New Zealand to London, or on what lines you would be prepared to entertain proposals to secure such an end.

I am addressing a similar letter to this to the manager of the New Zealand Shipping Company, as I understand you co-operate with that company in this matter.

I have, &c.,

J. G. WARD,

Minister of Industries and Commerce.

The Manager, Shaw, Savill, and Albion Company (Limited),
Care of Messrs. Levin and Co., Wellington.

18th September, 1903.

SIR,—

Freight on Butter to the United Kingdom.

I have the honour to bring under your notice the statement that the Victorian Minister for Agriculture has arranged 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.

It is a matter of great importance to this colony and the Government that Victoria should not have advantages over New Zealand either in the matter of freight on butter or in having an extra port of discharge (Liverpool).

Under these circumstances I shall be glad to know whether your company proposes to take any steps to establish a similar reduction in freight on butter from New Zealand to London, or on what lines you would be prepared to entertain proposals to secure such an end.

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.

Office of Minister of Industries and Commerce,
Wellington, 29th September, 1903.

SIR,—

I have the honour to acknowledge receipt of your letter of the 21st instant, referring to the freight on butter from New Zealand to London.

The arrangement made by the Victorian Minister for Agriculture with the White Star Line covers the present season, and is open to be taken advantage of by any one in Victoria desirous of shipping butter from Melbourne to London or Liverpool, and does not refer specially to any particular line of butter.

I understand the maximum rate of freight on butter stipulated for in the Federal mail contract is $\frac{3}{4}$ d. per pound weight, but this does not compel shippers to ship, nor does it prevent the Peninsular and Oriental and Orient Lines carrying at the same rate as the White Star Line. And in any case there cannot be a fair comparison, because the Peninsular and Oriental and Orient Companies are mail lines, running to time-table dates, and steaming fifteen to sixteen knots, and paying heavy canal dues, whereas the White Star Line steam about the same rate as your steamers—from eleven to twelve knots.

Your reference to the freight on butter to South Africa by the subsidised steam service is not relevant to the present position; and in any case the comparison is very much against you, because under the contract the South African steamers do all that you do in reference to coastal freights, besides which they are compelled to load at four ports, and have loaded at as many as eight ports, and to discharge at Fremantle and three ports in South Africa, instead of your single port (London), in addition to which their maximum shipment to South Africa since the inception of the service is 4,467 boxes, the freight of which was £816 14s. 6d., while the maximum shipment from New Zealand to London during the same period is some 44,000 boxes, on which the freight was £7,700. Then, you are aware that your steamers load outwards to the colony from the single discharging-port of London, whereas the subsidised line has to return to Australia in ballast from the three discharging-ports in South Africa.

I note your belief that butter-shippers are quite satisfied with the present arrangements. That may or may not be so; but it is the producers who have to pay the freight, and who have a claim upon the Government in this matter, and it is in their interest that I am addressing you.

I am being pressed to do my utmost to bring about this reduction in the freight on butter, and without going any further into a discussion on the subject I shall be glad if you will indicate the lines on which you are prepared to establish the reduction. If it can be arranged on reasonable terms I shall do my best to assist.

I have, &c.,

J. G. WARD,
Minister of Industries and Commerce.

The General Manager, New Zealand Shipping Company, Christchurch.

Office of Minister of Industries and Commerce,
Wellington, 1st October, 1903.

SIRS,—

I have the honour to acknowledge receipt of your letter of the 24th instant in reference to freights on butter from this colony to London.

The arrangement made by the Victorian Minister for Agriculture with the White Star Line covers the present season, and is open to be taken advantage of by any one desirous of shipping butter from Melbourne to London or Liverpool, and it is not confined to any particular portion of the butter-export of Victoria.

I understand the maximum rate of freight on butter stipulated for in the Federal mail contract is $\frac{3}{4}$ d. per pound net weight, but this does not compel shippers to ship, nor does it prevent the Peninsular and Oriental and Orient Lines carrying at the same rates as the White Star Line. And in any case there cannot be a fair comparison, because the Peninsular and Oriental and Orient Companies are mail lines, running to time-table dates, and steaming fifteen to sixteen knots, and paying heavy canal dues, whereas the White Star Line steam at about the same rate as your steamers—from eleven to twelve knots.

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I have, &c.,

J. G. WARD,
Minister of Industries and Commerce.

Messrs. Levin and Co. (Limited),
Agents, Messrs. Shaw, Savill, and Albion Company (Limited), City.

SIR,—

Wellington, New Zealand, 3rd October, 1903.

In reply to your letter of the 1st instant, in regard to freights on butter and cheese, we would ask you to be good enough to let the matter stand over until we have received from Australia the full details of the terms of the contract offered by the White Star Line to the dairy-produce shippers of Victoria, as it is necessary to compare these terms with those enjoyed by the shippers from this colony.

The lines trading from New Zealand give shippers regular fortnightly despatches, while we understand that the White Star steamers sail from Victoria at irregular intervals of from four to five weeks, and, as they call at South African ports, the length of passage is sometimes unduly prolonged.

Then, again, the lines here pay 10s. per ton coastal freight on the bulk of the shipments carried by them, in addition to rebates of primage and special allowances to the dairy associations, and these have to be considered in arriving at the net cost to the producers.

We are informed that the mail lines from Australia charge $\frac{3}{4}$ d. per pound freight on butter, and that notwithstanding the difference between this and the rate named by the White Star Line shippers prefer to pay the higher figure, so as to secure regularity in despatch and arrival of their produce.

If it is found, however, that shippers take advantage of the White Star service to any extent, we shall be glad to discuss with you any proposals which your Government may have to make to assimilate the charge from this colony to that which is made from Australia; but it will have to be borne in mind that shipments are made from all points of this colony, whereas the Victorian export is all made from Melbourne.

Yours, &c.,

LEVIN AND CO. (LIMITED)

(JOHN DUNCAN, Managing Director).

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

The New Zealand Shipping Company (Limited),
Christchurch, 5th October, 1903.

SIR,—

We have the honour to acknowledge receipt of your letter of the 29th ultimo, and beg to thank you for the information given with reference to the arrangement made by the Victorian Minister for Agriculture with the White Star Line for the carriage of butter from Melbourne, to London or Liverpool. We learn from the agents of the White Star Line in Melbourne that they do not expect to obtain any of the new season's butter, even at $\frac{3}{4}$ d. per pound freight, owing to shippers preferring to pay $\frac{3}{4}$ d. per pound freight and to ship by the more frequent and regular service provided by the Peninsular and Oriental and Orient Lines. The average passage of the steamers of those lines from Melbourne to London is forty-one days, as against the following passages of the White Star steamers:—

Steamer.	Left Melbourne.	Arrived London.	Passage.
"Suevic"	27th February	20th April	52 days
"Persic"	27th March	16th May	50 days
"Runic"	16th April	6th June	51 days
"Medic"	28th May	14th July	47 days
"Afric"	25th June	13th August	49 days

—an average of about fifty days.

We respectfully beg to point out that you hardly do this company justice when comparing the speed of our steamers with that of the White Star Line from Melbourne. The steamers of this company's line which have been fixed to carry dairy-produce from New Zealand during the present season will deliver their cargoes at London in an average of forty-two or forty-three days, or in nearly equal time to that taken by the Peninsular and Oriental and Orient Companies' steamers.

While the Victorian butter is all shipped at one port, this company is not only obliged to send its steamers to many ports for cargo, but, in addition, has to pay coastal freight and transshipping charges on a large portion of the butter, these charges averaging together about 12s. per ton. The butter carried by one of our steamers has in some cases been obtained from as many as ten ports.

With reference to your remarks as to the number of loading-ports at which the South African steamers have to call, it may be of interest to state that during the past year the number of ports at which a steamer of this company has loaded in this colony is five, the maximum nine, and the average seven—so that the South African steamers are not at any disadvantage in that respect.

We may say that Shaw, Savill, and Albion Company and this company have entered into contracts with the National Dairy Association of New Zealand to provide a regular fortnightly fast steam service for the carriage of dairy-produce for a period of years, and any proposal which the Government may seem fit to make for a reduction in the rate of freight, either by payment of a subsidy equivalent to the reduction required, or in any other manner, will receive the earnest consideration of the directors of this company.

I have, &c.,

ISAAC GIBBS,

General Manager.

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

Office of Minister of Industries and Commerce,
Wellington, 8th October, 1903.

SIRS,—

I have the honour to acknowledge receipt of your letter of the 3rd instant, referring to the freights on butter from New Zealand to London, in which you request that the matter be allowed to stand over until the full details of the arrangements recently made by the Victorian Minister for Agriculture with the White Star Line are to hand.

This arrangement was entered into some six weeks ago, and I understand there are no details beyond providing an opportunity of shipping butter from Melbourne to London and Liverpool at a freight of $\frac{3}{4}$ d. per pound.

In the last paragraph of your letter you go further than requesting time to obtain the details of the arrangement referred to above, and state that if it is found that shippers take advantage of the White Star service to any extent you will be glad to discuss any proposals which your Govern-

ment may have to make, &c.; and in the meantime the butter season will be over, and the difference in freight for the coming season, amounting to some £35,000, will be lost to the butter-producers of this colony.

I have, &c.,

J. G. WARD,
Minister of Industries and Commerce.

Messrs. Levin and Co.,

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

SIR,—

Wellington, New Zealand, 13th October, 1903.

We have to acknowledge receipt of your letter of the 8th instant, in reference to freights on butter from New Zealand to London, and are now in a position to state what has actually taken place in Australia in connection with freight on this article.

Messrs. Dalgety and Co. (Limited), of Melbourne (the agents of the White Star Line) write, "We have at present no contract for the carriage of butter to the United Kingdom, merely having offered to the Victorian Government the steamers, in order that they may place the matter before producers. So far very little result has been achieved. Rate, $\frac{1}{2}$ d. per pound."

Mr. J. M. Ritchie, of Dunedin, advises us that Mr. Scott, the secretary of the Dairy Association of the South Island, has addressed him in connection with this matter, and that in reply he has given him such information as he has been able to pick up in Australia. In effect, this was what he ascertained: that owing to some friction the White Star Line had made an offer to the parties who are at present under contract for the carriage of their butter by the mail-steamers, to carry at $\frac{1}{2}$ d. instead of the contract price of $\frac{3}{4}$ d. Nothing had come of this offer when Mr. Ritchie left Australia, and the agents of the White Star Line did not expect to get any butter, nor did they consider they were in a position to give the service required by the shippers of the article, as their dates of departure were somewhat uncertain, and at not less intervals than a month; and they now call at Natal as well as the Cape, and may presently visit another South African port, which naturally would result in irregular dates of arrival in London.

Apparently these drawbacks have prevented shippers taking advantage of the proposed service, or, at any rate, so little support had been accorded that we have received cabled advice that the White Star Line has withdrawn their offer.

From the above information you will gather that there has been no undue delay on our part in ascertaining the actual position; but, as matters have turned out, we assume it will not be necessary to go further into the question.

If you should think otherwise we shall be glad to consider any suggestion which you may have to make.

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.

Office of Minister of Industries and Commerce,
Wellington, 16th October, 1903.

SIR,—

I have the honour to acknowledge receipt of your letter of the 5th instant, referring to the matter of freight on butter from New Zealand to London, and giving particulars of the service supplied by the White Star Line, from which I note the maximum length of time occupied in the voyage is fifty-two days, with an average of nearly fifty days.

The fact that all Victorian butter is shipped at one port has little bearing on the present position, because the steamers load at Sydney, Melbourne, and Adelaide, which places the steamers in much the same position as the New Zealand lines.

As I mentioned in my letter of the 29th ultimo, I have no wish to follow up a controversy on this matter, which could be made interminable. What I desire is to see the same rate of freight available to the butter-producers as is enjoyed by their Victorian competitors. Can this be brought about by any reasonable means?

I have, &c.,

J. G. WARD,
Minister of Industries and Commerce.

The Manager, New Zealand Shipping Company, Christchurch.

SIRS,—

Wellington, New Zealand, 22nd October, 1903.

I have the honour to acknowledge receipt of your letter of the 13th instant, quoting from a letter received from Messrs. Dalgety and Co. (Limited), of Melbourne, agents for the White Star Line, relating to the reduction in freight on butter in Victoria, and also some observations from Mr. J. M. Ritchie, of Dunedin, on the same subject.

Messrs. Dalgety and Co.'s letter confirms the establishment of the reduction in freight to $\frac{1}{2}$ d. per pound, and the information I have from Australia regarding the position is quite different to that reported by Mr. Ritchie. However, as I have mentioned before, I do not wish to enter into a controversy regarding the matter, but to arrange, if possible, that the same freight-conditions are available to the producers of this colony as obtain with the neighbouring colonies.

I have, &c.,

J. G. WARD,
Minister of Industries and Commerce.

Messrs Levin and Co. (Limited),
Agents, Shaw, Savill, and Albion Company (Limited), Wellington.

The New Zealand Shipping Company (Limited),
Christchurch, 22nd October, 1903.

SIR,—

I have the honour to acknowledge receipt of your letter of the 16th instant, with reference to a reduction in the freight on butter from New Zealand to London.

We agree with you that a continuance of the correspondence on the subject would lead to no useful result, and I am directed to ask if it would be convenient for you to receive representatives of Shaw, Savill, and Albion Company, and this company, to discuss your proposal to place New Zealand shippers of butter on the same footing as shippers from Victoria. If Wednesday next would suit you, I could leave Lyttelton by Tuesday night's steamer. May I ask you to kindly telegraph a reply?

I have, &c.,

ISAAC GIBBS, General Manager.

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

(Telegram.)

In reply to your letter twenty-second instant, I shall be pleased to see you at my office on Wednesday next at twelve noon.

J. G. WARD.

Isaac Gibbs, Esquire,

New Zealand Shipping Company (Limited), Christchurch.

The New Zealand Shipping Company (Limited),
Christchurch, 27th October, 1903.

SIR,—

Referring to your letter of the 16th instant, on the subject of freight on dairy-produce, I am instructed by the directors of this company to place on record the present position.

The butter-producers in Australia pay $\frac{3}{4}$ d. per pound net freight on butter, whereas the New Zealand producers only pay $\frac{3}{4}$ d. per pound less $2\frac{1}{2}$ per cent.; and, further, the Australian producers have to put their butter alongside the steamer at their own expense, whereas the New Zealand producers get the coastal freight paid for them by the shipping companies.

It is therefore clear that the New Zealand producers are already getting their butter carried at a lower rate of freight, and with further considerable allowances, than are obtained by their Australian competitors.

The special rate quoted for the parcel of stored butter from Victoria is, we are informed, no longer obtainable, and this is confirmed by the recent Press Association telegram published in the New Zealand papers, as follows: "The agents of the White Star Line have received advice that the offer to carry butter at $\frac{1}{2}$ d. per pound has been withdrawn."

As arranged by telegraph, I am leaving Lyttelton to-night to interview you at noon to-morrow, in accordance with your appointment.

I have, &c.,

ISAAC GIBBS,

General Manager.

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

(Memorandum.)

Wellington, 28th October, 1903.

THE interview referred to took place, at which it was shown to me that no reduction in butter-freights from Australia, as reported, had taken place.

J. G. WARD.

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