

122. When was the Dairy Association's report referred to by Mr. Duthie published?—In June last.

123. When did the Government service to the west-coast ports start?—By the s.s. "Surrey" on the 6th March last.

124. When did she arrive in the United Kingdom?—On the 23rd May last.

125. That steamer was followed by the "Devon," was it not?—Yes, on the 1st April last.

126. When did that steamer arrive in the United Kingdom?—On the 13th June last.

127. So that at the most I am right in saying that only two steamers had made the voyage when the National Dairy Association's report was circulated?—Yes, that is so.

128. Do you consider the first two steamers a fair criterion on which to base a judgment of the merits of a steamer service such as the one under review?—No, you can hardly say that the service had started.

129. Now, Mr. Munro, should it not be to the interests of the National Dairy Association and to the producers and exporters of New Zealand to have not only the west-coast service by the New Zealand and African Company's service of steamers in addition to the steam services already trading to New Zealand, but should it not be also to their interest to have further lines of steamers established between this colony and England and elsewhere?—Yes, the more the better for them, I should think.

130. Now, with reference to the date on which the "Rakaia" loaded for London—what was the date?—The "Rakaia" loaded on the 31st August last year.

131. As the winter rates were ruling at that date, and that steamer charged an extra $\frac{1}{8}$ d. on frozen meat for Liverpool, there can be no doubt that the extra $\frac{1}{8}$ d. represented an advance of 25 per cent. over current rates?—Yes.

132. Has there been any concession or relaxation in the other existing agreement of any kind to enable the west-coast service to take up the contract between the colony and the west-coast ports of the United Kingdom? I want to know if there has been any relaxation in the terms of the existing contract with the steam shipping company for South Africa to enable the west-coast service to be established?—No, there has been no relaxation of the South African contract.

133. Have you a copy of the National Dairy Association's contract with the two lines of direct steamers between New Zealand and England?—Yes.

134. There is a clause there referring to freights?—Yes.

135. Will you read that clause?—Clause 3: "The rates of freight are to be for butter in boxes $\frac{3}{4}$ d. per pound, in kegs $1\frac{3}{8}$ d. per pound, on the net weight without primage if freight paid in the colony, if freight paid in London, plus 2 per cent. primage; for cheese $\frac{1}{8}$ d. per pound on the gross weight with 10 per cent. primage, with a rebate of 3 per cent. on net weight if paid in London or 5 per cent. if paid in the colony. The shipping companies are to pay coastal freight from grading ports to Wellington up to 10s. per ton weight, the balance (if any) being paid by the shippers. The shipping companies to make the Dairy Association an allowance of $2\frac{1}{2}$ per cent. on the net weight on butter and cheese for the first three years of this agreement, and 5 per cent. for the last two years, such allowance to be paid in October of each year. The first of such payments to be made in October, 1903."

136. I want to know how much per ton it is on boxes, and how much per ton on kegs of butter?—£7 on boxes and £7 11s. 8d. on kegs.

137. Will you read from that agreement what is termed the "most-favoured-nation clause"?—That is clause 10: "In the event of any reduction in freight on dairy-produce or better allowances, terms, or conditions being made by the shipping companies therewith, or by any other *bond fide* shipping company, during the currency of this agreement, a similar deduction or allowance shall be made to the Dairy Association, provided they accept all the essential conditions on which the alteration in rate is based; or this contract may be cancelled in the event of the shipping companies refusing to allow the lower freights or better conditions offered to the Dairy Association."

138. Following up Mr. Duthie's statement or his argument on that point, is it fair to assume that the National Dairy Association was satisfied with the freight on butter at £7 per ton for five years from June, 1902, and by entering into that contract lent their weight to maintain the present high rate of freight on butter for that period?—Yes.

139. What is the effect of clause 10?—It pretends to protect the Dairy Association from having to pay contract rates of freight should any other shipping company reduce the rates of freight during the currency of the contract.

140. What would the practical effect of that be?—Its practical effect is to maintain the contract rate, because, no matter what rate of freight any outside company offered to carry our butter for, they could not get it by reason of that very clause, and, knowing this, would not attempt to reduce the rates.

141. In plain English, that contract for five years means this: that, in the event of any outside steamship company—outside of the contract—offering to the National Dairy Association to reduce the rate of freight even by 50 per cent., the steamship company that made that offer could not get any butter to carry during the five years' currency of the agreement?—No.

142. And it would simply be a lever to force the existing lines under their contract to reduce their rates to the rate of freight offered, or else throw up their contract?—That is so.

143. So that the odds in connection with that agreement are entirely in favour of the present contractors keeping the carriage of butter for five years?—Yes, that is the position.

144. Now, on the 12th August, 1903, the Department received a report from the Agent-General's office on the subject of the "Rangatira's" shipment of frozen meat to Cardiff?—Yes.

145. Will you inform the Committee what the Agent-General says in that report?—He concludes his covering letter by saying that, all things considered, the shipment appears to have been a success.

146. What does the Acting Produce Commissioner (Mr. Hooper) say?—The Acting Produce