

1904.
NEW ZEALAND.

EXTENSION OF COMMERCE COMMITTEE:

REPORT ON PAPER NO. 56, COPY OF AGREEMENT MADE BETWEEN HIS MAJESTY IN RIGHT OF HIS COLONY OF NEW ZEALAND OF THE ONE PART, AND THE NEW ZEALAND AND AFRICAN STEAMSHIP COMPANY OF THE OTHER PART, TOGETHER WITH THE MINUTES OF EVIDENCE THEREON.

(MR. T. MACKENZIE, CHAIRMAN.)

Brought up on Friday, the 21st day of October, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

THURSDAY, THE 30TH DAY OF JUNE, 1904.

Ordered, "That Standing Order No. 218 be suspended, and that a Committee be appointed, consisting of nineteen members, to inquire into and report as to the best means of promoting the commerce of the colony, and the sale of the colony's produce in markets other than those at present obtainable; the Committee to have power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Aitken, Mr. Barber, Mr. Bollard, Mr. Buchanan, Mr. Duthie, Mr. Field, Mr. Hanan, Mr. Hardy, Mr. Harding, Mr. Hogg, Mr. Houston, Mr. Laurenson, Mr. T. Mackenzie, Mr. McNab, Mr. Millar, Sir W. R. Russell, Mr. Rutherford, Mr. Witheford, and the mover."—(Hon. Sir J. G. WARD.)

FRIDAY, THE 1ST DAY OF JULY, 1904.

Ordered, "That Paper No. 56, Copy of Agreement with the New Zealand and African Steamship Company, be referred to the Extension of Commerce Committee."—(MR. MASSEY.)

REPORT.

THE Extension of Commerce Committee, to whom was referred Paper No. 56, copy of agreement with the New Zealand and African Steamship Company, have the honour to submit the following report:—

1. That a service connecting with the west coast of Britain was desirable.
2. That the several companies at that time connected with our trade were not making any adequate or systematic effort to establish such an outlet for our growing requirements.
3. That, although the time given for tendering was not long, the tenders received extensive advertisement, and, in addition thereto, notification by circular was sent to practically the whole of the shipping world, so that all who desired to tender had an opportunity to do so. No application for an extension of time was made by any company.
4. That the best tender was accepted.
5. That the contract entered into, involving as it does no cost to the colony, is a satisfactory one.
6. That the service, although occupying a longer time *en route* than a direct one, is being carried out satisfactorily and to the undoubted benefit of the producers of the colony.
7. That in regard to complaints about freight: In the case of that on rabbits, the company when the matter was brought under their notice, agreed to reduce the freight to the amount charged by competing companies, although their original rate was within the terms of the contract.

THOS. MACKENZIE,
Chairman, Extension of Commerce Committee

MINUTES OF EVIDENCE.

WEDNESDAY, 21ST SEPTEMBER, 1904.

GEORGE S. MUNRO, Acting-Secretary, Industries and Commerce Department, examined.

1. *Mr. Buchanan.*] I notice that among the papers in which advertisements were put calling for tenders for this service are the *Auckland Observer* and the *Free Lance*. Do you consider them to be a class of paper that would return value for expenditure upon a shipping advertisement? How came that advertisement to be inserted in such papers when there were commercial papers in which such advertisements could be inserted?—I was away on holiday leave from the 20th December to the 8th or 9th January, and the advertisements were inserted in my absence. Therefore, I could not go into detail further than to show what is on the files in connection with those advertisements.
2. You are in charge of the Trade and Commerce Office?—Yes.
3. Did it not occur to you upon your return to look over this matter and see how it came about that the advertisements were inserted in that class of paper?—Yes, possibly it did; but I did not see any reason for taking exception to it. There was only one insertion in those papers, while there were three insertions in other papers.
4. What I wish to know is whether, in conducting your own business, you would insert that class of advertisement in papers like the *Free Lance* and *Observer*? Would you expect to get value for your money? Are those newspapers circulating amongst the class of people from whom you expect to get value for the money paid for the advertisements?—Yes, I think so. The advertisement was for only one insertion in each of those papers, and it must have been a small amount which was paid to them as compared with the other newspapers.
5. Are the *Free Lance* and *Observer* upon the advertising-list of the Government?—Yes.
6. Are there not also a great many other newspapers upon the advertising-list?—Yes.
7. Well, how came those other papers to be excluded from the advertising and these particular papers made use of upon such an occasion as this?—In this case only newspapers published in the larger centres received the advertisement. There are any number of other newspapers upon the Government list in out-of-the-way places, in which it would have been useless to insert this particular advertisement. These papers, the *Observer* and *Free Lance*, are circulating in the cities.
8. Do you tell the Committee that shipowners on the look-out for employment for their ships would be likely to look up the *Free Lance* or the *Observer* for advertisements giving them information that would suit their purpose?—I think their representatives would see it there, as these papers are largely read. I cannot say that they would actually look for it in those or any other papers.
9. The Canterbury Farmers' Co-operative Association have been shipping a lot of oats from Timaru, I understand, at £1 5s. per ton?—Yes, I believe that is so.
10. What rate has the Federal line—that is, the line which has taken up this west-coast-of-England contract—been charging?—I believe £1 10s. to South Africa, and 15s. to the west-coast ports of the United Kingdom.
11. We want to get accurate information, as far as we can. You say you "believe" they were getting £1 10s.? Have they not been charging £1 15s. for South Africa?—£1 15s. is the schedule rate attached to the contract which they must not exceed, but I know as a matter of fact that they have reduced the freight during the last three or four months to £1 10s. They are entitled to charge £1 15s. according to the schedule in the contract.
12. Is it within your knowledge that outside steamers getting no subsidy at all have been doing this work for £1 5s.?—That may be so from one port in New Zealand to one port in South Africa, but the contract steamers are compelled to load at not less than four ports in New Zealand and to discharge at three in South Africa.
13. What time are these Federal boats taking on the several voyages going round by Australia, South Africa, and so Home to the west-coast ports of England?—The "Surrey," which started the service, took seventy-seven days from the last port in New Zealand to the first port in England, the "Devon" took seventy-two days, the "Dorset" sixty-six days, and the "Suffolk" sixty-nine days. Up to the arrival of the "Suffolk" I have made a return showing within what time each vessel, including the "Suffolk," has reached its destination.
14. How many Australian ports have the steamers been calling at?—They are not permitted to call at more than two.
15. Is that not in conflict with the original contract? Was it not specified that only one Australian port should be called at?—That is not so; there is one optional port in Australia, but there was another one, a compulsory port, at which they had to call in Australia, which makes the two ports. The steamers had always to go to Fremantle under any circumstances. Under this contract they are not entitled to go to more than two, which makes the one contract coincident with the other.
16. Am I right in understanding you to mean that under the original contract they could call at two Australian ports?—Yes, including Fremantle.
17. Before the west-coast-of-England contract was entered into, what was the general time taken by those steamers to get Home to England?—They never went Home previous to this con-

tract. They used to terminate the contract at Cape Town, and either turn round or proceed elsewhere at their own option, and we should not be interested in the vessels after they reached Cape Town.

18. Does the contract, as finally entered into, include conditions that were not included in the original specification—in other words, are these ships performing services now under the contract which were not included in the original specification when tenders were advertised for?—Certain conditions were set out in the advertisement inviting offers or calling for tenders for the service, and the contractors were invited to state what class of steamers they were prepared to employ and all other conditions, and those conditions were different from each tenderer. The contract as entered into now is in accordance with the offer made by the New Zealand and African Company.

19. Were there no conditions included in the contract which were not set out in the original advertisement?—Yes, I believe the contract goes further. The advertisement was an invitation to tender under several main headings. It was left to the shipowner to make the best offer he could to the Government. It was an invitation to tender and state what the tenderer was prepared to do, and, naturally, if the tender was offered on liberal terms it went possibly beyond what the advertisement stated.

20. Does the contract include particulars as to freight outwards from the colony to England?—Yes, that was in response to the advertisement. The company's offer included terms and maximum freights, and those are embodied in the contract.

21. Ought not the requirements of the colony with regard to freights outward from England to have been included in the original advertisement? Would not the chance of the colony be prejudiced as to getting the very best terms for freight outwards through the absence of that in the advertisement?—It is difficult for me to express an opinion about that. I take it that the object of the colony was to find markets for its produce.

22. *Mr. Laurensen.*] Mr. Buchanan asked you if the advertisement calling for tenders was inserted in the *Auckland Observer* and *Free Lance*?—Yes.

23. I suppose the Department in issuing their advertisements in connection with the Tourist Department advertise in the *Observer* and *Free Lance*?—Yes, frequently.

24. And those particular advertisements were issued in the ordinary way?—Yes.

25. What other papers did you advertise in?—The *New Zealand Herald*, *Auckland Star*, and *Observer* in Auckland; the *Evening Post*, *New Zealand Times*, and *Free Lance* in Wellington; the *Lyttelton Times* and *Press* in Christchurch; the *Otago Daily Times* and *Evening Star* in Dunedin; the *Southland Daily News* and the *Southland Daily Times* in Invercargill; the *Sydney Morning Herald* and *Daily Telegraph* in Sydney; and the *Age* and *Argus* in Melbourne.

26. How many tenders did you receive?—Three.

27. From whom?—One from the New Zealand Shipping Company, one from the Shaw, Savill, and Albion Company, and one from the New Zealand and African Steamship Company. As far as remuneration is concerned they were all the same. None wanted any remuneration.

28. Mr. Buchanan asked you whether the contract did not include other conditions than those contained in the advertisement calling for tenders?—Yes.

29. I suppose it is a fact that no advertisement calling for tenders contains all the conditions to be put in a contract?—Hardly, because it would make too large an advertisement. The advertisement reads, "Tenders are invited for a steam service from New Zealand ports to Liverpool, Glasgow, or other ports on the west coast of the United Kingdom. Tenderers are requested to state—(1) Class of steamers offered for employment in the service; (2) period of contract; (3) ports at which steamers are prepared to call on the west coast of the United Kingdom; (4) intervals of sailing; (5) rates of freight from New Zealand ports to a port or ports of discharge on the west coast of the United Kingdom—(a) refrigerating cargo, (b) general cargo; (6) the amount of subsidy required." Well, necessarily a good deal is left for the shipowner to state in the way of advantages he is prepared to offer, such as class of steamers and the number of sailings, and therefore the contract must contain a great deal more than a bald reply to the advertisement.

30. Since the contract was accepted, have you found the trade increasing?—Yes, it has developed a class of trade which never existed before. It was the first real opportunity that shippers had had to trade regularly to those ports.

31. And since the vessels have been running trade has developed?—Yes, very considerably.

32. *Mr. Hanan.*] The advertisement calling for tenders was framed, I suppose, with the object of drawing forth the most liberal terms and the best service?—Yes.

33. And the tender accepted really provided the best service and the most liberal terms?—Yes, very much so.

34. *Hon. Sir J. G. Ward.*] As Mr. Buchanan stated he has not read the file, I want to put the position in evidence, because the whole of the file has been available to the Committee. Will you turn to a letter from Mr. Donne to the Minister in charge of the Department, dated the 11th December?—Yes.

35. Will you read that letter?—"Department of Industries and Commerce, Wellington, 11th December, 1903.—The Hon. the Minister for Industries and Commerce.—Steam service to and from the west-coast ports of the United Kingdom: Herewith I enclose you draft of an advertisement calling for tenders for the supply of the above steam service. I suggest that the advertisement be inserted in the principal newspapers in the four centres of the colony. In my opinion it is unnecessary to advertise the tenders to any greater extent, as the local agents of the British steamship companies trading to and from the colony will certainly cable full particulars to their head offices.—T. E. DONNE, Secretary."

36. Will you read the instructions upon that letter given by me to Mr. Donne?—Yes. There is a minute dated the 21st December: "Mr. DONNE,—Advertise principal New Zealand towns in

leading papers, also cable advertisement to two leading papers Melbourne and Sydney. Have local directing attention to advertisement inserted all papers advertisement goes in. Cable conditions Agent-General; direct him to inform shipowners England. Better have deposit £1,000.—J. G. WARD."

37. Will you read the advertisement referred to in it—the advertisement as it appeared in the Press?—"Tenders are invited for a steam service from New Zealand ports to Liverpool, Glasgow, or other ports on the west coast of the United Kingdom. Tenderers are requested to state—(1) Class of steamers offered for employment in the service; (2) period of contract; (3) ports at which steamers are prepared to call on west coast of the United Kingdom; (4) intervals of sailing; (5) rates of freight from New Zealand ports to a port or ports of discharge on the west coast of the United Kingdom—(a) refrigerating cargo, (b) general cargo; (6) the amount of subsidy required. Tenders accompanied by cash deposit of £1,000 will be received up to noon on the 7th day of January, 1904, at the office of the Secretary for Industries and Commerce, Wellington, indorsed 'Tenders for steam service, New Zealand to West Coast of the United Kingdom.'—T. E. DONNE, Secretary, Industries and Commerce.—Wellington, 23rd December, 1903."

38. Will you read the local which accompanied that advertisement? You can take the advertisement which appeared in the *Herald* or *Star* in Auckland?—Yes. "Please insert as a local, 'Frequent applications have been made to the Government to try and obtain a service direct to the west-coast ports of the United Kingdom. With that object in view Cabinet has decided to invite applications in order to see whether it is possible to provide such a service as has been asked for. The advertisement will be found in our columns to-day.'—T. E. DONNE." That was the telegram sent to the *Star* on the 24th December.

39. And that advertisement appears in the *Evening Post* on the same night—the 24th December?—Yes.

40. And it appears in the *New Zealand Times*—when?—On the 26th December.

41. In the *Auckland Herald*?—26th December.

42. *Auckland Star*?—26th December.

43. *Lyttelton Times*?—26th December.

44. *Christchurch Press*?—26th December.

45. *Otago Daily Times*?—25th December.

46. The *Dunedin Star*?—26th December.

47. The *Southland Times*?—26th December.

48. *Southland News*?—25th December.

49. *Daily Telegraph*, Sydney?—25th December.

50. *Sydney Morning Herald*?—26th December.

51. The *Age*, Melbourne?—29th December.

52. The *Argus*, Melbourne?—29th December.

53. Was the local you have just read directing special attention to the advertisement cabled to the Australian papers and sent to all New Zealand papers?—Yes.

54. Will you refer to a telegram of the 26th December, signed "Brett," and sent to "Ilott," Wellington?—Yes; "ILOTT, Wellington.—Ask Donne for *Graphic* advertisement, tenders steamer service New Zealand.—BRETT."

55. What is the date?—Auckland, 26th December.

56. That advertisement was not given to the *Graphic*?—No.

57. Will you read a telegram from Geddis?—"DONNE, Tourist Department, Wellington.—Will you authorise tenders steam service *Observer*?—GEDDIS." That is dated the 28th December.

58. Will you read the authority given for the advertisement to be inserted both in the *Free Lance* and *Observer*?—The telegram is dated the 29th December. "GEDDIS, Esq., *Observer*, Auckland.—You may insert steamer-tender advertisement once.—T. E. DONNE." Then there is a note on the file signed by Mr. Donne on the 29th December, "*Free Lance* and *Observer*, once each, send order."

59. Was the advertisement cabled to the Agent-General as it appeared in the *New Zealand Press*?—Yes.

60. Were advices received stating that the Agent-General had sent a circular out?—Yes.

61. Will you look at the list of those to whom he sent the circular embodying the conditions?—Yes.

62. Will you read out the list of those to whom the circular was sent by the Agent-General?—The following is the list: The Loch Line, 80, Buchanan Street, Glasgow; Houlder Bros. and Co., 146, Leadenhall Street, E.C.; Trinder, Anderson, and Co., 4, St. Mary Axe, E.C.; Anderson, Anderson, and Co., 5, Fenchurch Avenue, E.C.; George Thompson and Co., 7, Billiter Square, E.C.; Bethell, Gwyn, and Co., 22, Billiter Street, E.C.; Tyser and Co., 16, Fenchurch Avenue, E.C.; Ismay, Imrie, and Co., 30, James Street, Liverpool; August Blumenthal, Hamburg; August Blumenthal, Rotterdam; Gracie, Beazley, and Co., 14, Water Street, Liverpool; McIlwraith, McEacharn, and Co., Lime Street Square, E.C.; W. Marden, 5, East India Avenue, E.C.; Robert M. Sloman, jun., Hamburg; James Dowie and Co., 32, Tower Buildings, West Liverpool; A. Howden and Co., 138, Leadenhall Street, E.C.; Gray, Dawes, and Co., 23, Great Winchester Street, E.C.; Keller, Wallis, and Co. (N.D. Lloyd), 2, King William Street, E.C.; W. Milburn and Co., 3 and 4, Billiter Avenue, E.C.; Messageries Maritime de France, 97, Cannon Street, E.C.; Birt, Potter, and Hughes, 2, Fenchurch Avenue, E.C.; Turnbull, Martin, and Co., 112, Fenchurch Street, E.C.; Staley, Radford, and Co., 2, Fenchurch Avenue, E.C.; Wincott, Cooper, and Co., 10 and 11, Lime Street, E.C.; F. Green and Co., 13, Fenchurch Avenue, E.C.; New Zealand Shipping Company, 138, Leadenhall Street, E.C.; Shaw, Savill, and Albion Company, 34, Leadenhall Street, E.C.; Peninsular and Oriental Naviga-

tion Company, 122, Leadenhall Street, E.C.; Union Steamship Company of New Zealand, 34, Leadenhall Street, E.C.; American and Australian Line, 122, Pall Mall, S.W.; P. Henderson and Co., 15, Vincent Place, Glasgow; Ocean Steamship Company (Limited), 1, India Buildings, Liverpool; J. P. Corry and Co. (Star Line), 9 and 11, Fenchurch Avenue, E.C.; Elder, Dempster, and Co., African House, Water Street, Liverpool; J. Bertram and Sons, 7, Bertram Street, Borough, S.E.; Bucknall Bros., East India Chambers, 23, Leadenhall Street, E.C.; G. Wills and Co., West India House, 96, Leadenhall Street, E.C.; G. S. Yuill and Co. (Limited), 120, Fenchurch Street, E.C.; Federal Steam Navigation Company (Limited), 2, Fenchurch Avenue, E.C.; Cayzer, Irvine, and Co., 115, Leadenhall Street, E.C.; Furness, Withy, and Co (Limited), 4, Fenchurch Avenue, E.C.; New Zealand and African Steamship Company (Limited), 2, Fenchurch Avenue, E.C.; Secretary, Baltic Mercantile and Shipping Exchange (Limited), 24-28, St. Mary Axe, E.C.; Secretary, Lloyd's, Royal Exchange, E.C.

63. In addition to the forty-two shipping companies, the Agent-General advised by cable that he had sent a similar notification to Lloyd's and to the Baltic Shipping Exchange?—Yes.

64. So that practically the whole of the shipping interests over the wide world would know of this tender being required, through those sources?—Yes.

65. Now, did any one either in or out of the colony make any request for any extension of time for sending in tenders in connection with this service?—No.

66. Neither verbally nor in writing?—No.

67. Now, with regard to the rates of freight, Mr. Munro; I am going to keep entirely clear of the South African service. Is it within your knowledge that a strong effort has for years been made by many of the producers of New Zealand to get a direct service to the west-coast ports of England?—Yes.

68. Were any of the steamers of the direct lines at any time put on for those west-coast ports?—Yes, they put on two steamers. The Shaw-Savill Company put on one and the New Zealand Shipping Company put on one.

69. Is it a fact that the rates of freight they proposed to charge were considerably higher than the freight to London?—Yes, 25 per cent. higher.

70. Would it have been possible for the ordinary exporter to carry on trade with the west-coast ports with the 25 per cent. higher freight than to London?—Well, it was a very severe handicap. It would nullify the benefits of the service if the exporter had to pay 25 per cent. additional freight.

71. As the matter has been referred to, I will ask, are the west-coast steamers allowed under the contract to call at more Australian ports than the South African steamers under contract?—No, exactly the same.

72. Will you refer to the commencement of this business, and look at the Industries and Commerce report for 1902?—Yes.

73. What was the statement made in that report regarding the west-coast service?—This is the extract I have on the file: "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 produce 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." That is in the annual report of 1902.

74. Was that report circulated in the Parliament of the colony?—Yes.

75. Did the Department circulate the report generally in the ordinary way in the colony in addition to that?—Yes.

76. Will you refer to the annual report of 1903? What statement is made there regarding the possibility of trade with the west-coast-of-England service? The paragraph is headed "A Wider British Market wanted"?—Yes, the report states, "Under the previous heading I remarked on the urgent need of increasing the ports of discharge for frozen meat. But this observation does not apply to meat alone; it most vitally affects the dairy-produce business and the export of such important lines as wool, flax, and tallow. It is absolutely necessary that a more extended distribution of New Zealand produce throughout the United Kingdom should be organized as quickly as possible. Facilities should be given for the shipping of products direct from this colony to Liverpool, Bristol, Cardiff, and other British ports outside London. The first step to be taken is to make some arrangements by which shippers will have an opportunity of delivering produce without transshipment at Liverpool, Bristol, and elsewhere. A considerable portion of the time of an official from the London office could be profitably spent in the provincial markets educating merchants and consumers as to the superior quality of New Zealand produce. The progress of the colony is now so directly dependent on the success of the butter, cheese, and meat industries that the Government should lose no opportunity of promoting sales and opening up every available market, more especially in the United Kingdom. Some people may argue that such a course of procedure is unnecessary, as London and provincial merchants are quite alive to the quality and supplies of produce available in New Zealand, but such a contention would assuredly not be voiced by a disinterested person. My suggestion, if acted upon, would supplement the presumed existing knowledge and eliminate the element of chance. The

issue is so important to the colony that no possible opportunity of extending the present markets and of exploiting new grounds should be allowed to slip."

77. Was that in the report laid on the table of the House and circulated in Parliament?—Yes.

78. Was it distributed throughout the colony in the ordinary way also by the Department?—Yes.

79. Now, in the interim between the reports being circulated during 1902 and 1903, did any one connected with the direct liners make any proposals for a direct west-coast service?—No.

80. Were any inquiries made by any of them?—No.

81. Will you refer to a letter from the Agent-General, dated the 8th June, 1903, and addressed to the Premier?—Yes. "SIR,—Referring to my letter No. 1491 of the 23rd May last, I beg to transmit herewith copy of further letter received from the Union Cold-storage Company, of Cannon Street, in which reference is made to the proposals to establish New Zealand meat-emporiums in this country, and to the importance of the meat being delivered in good condition by means of direct communication between the colony and the north of England.—W. P. REEVES."

82. Now, will you read the enclosure from the Union Cold-storage Company?—"Walter Kennaway, Esq.—DEAR SIR,—We are obliged for your favour of the 26th instant, and have taken steps to procure two additional copies of the balance-sheets enclosed in ours of the 21st instant, which we hope to let you have in the course of a few days. Referring to Mr. Seddon's cable to the *Daily Express* yesterday, we think it would be very much to the interest of all concerned in the success of the New Zealand trade if the Government could be prevailed upon to realise that nothing they do in the way of opening shops will seriously affect the hold the Argentine meat has obtained upon the trade through Great Britain to any appreciable extent, unless New Zealand meat can be delivered in these large northern towns in as good condition as the Argentine. The Argentine people realised many years ago that they could not deliver meat in satisfactory condition to all parts of Great Britain from any one port, and until arrangements are made for regular steamers from New Zealand to the north of England, as they are from South America, it is hopeless for either the trader or Government to attempt to compete with them. The New Zealand meat has preference in London owing to its being better quality and equal in condition to the Argentine; while the quality is appreciated in the provinces, the condition is often wretched, especially during the hot weather when the lamb season is on. We are receiving at our Liverpool stores this week, *via* rail from London, about fifteen thousand carcasses of New Zealand lamb and mutton direct *ex* ship. It is simply disgraceful to the whole trade that such perishable produce as mutton and lamb should have to be forwarded from one side of England to another in this manner. It is bad enough for wool or tallow. We are quite aware that there are many vested interests that do all they can to confine the New Zealand steamers to London, but we feel sure that if the Government interested itself in the matter these obstructions would at once disappear.—We are, Yours truly, THE UNION COLD-STORAGE COMPANY OF CANNON STREET (LIMITED), (E. H. VESTEY, Director)."

83. Upon receipt of that letter by the Premier it was referred to the head of your Department?—That is so.

84. And he was asked to report upon it?—Yes.

85. He reported upon it on the 19th November?—Yes.

86. Will you read that report?—"Department of Industries and Commerce, Wellington, 19th November, 1903.—THE HON. THE MINISTER OF INDUSTRIES AND COMMERCE.—Steam Service to Liverpool, Bristol, and Glasgow: In accordance with your direction of the 18th instant I beg to make the following report on the above service: If you will refer to this Department's annual reports for 1902 and 1903, you will notice that I have consistently advocated that some arrangement should be made by the Government by which shippers of frozen meat, dairy-produce, wool, flax, tallow, &c., should have an opportunity of shipping direct to Liverpool, Bristol, and Glasgow. Such an opportunity would be invaluable to the producers of this colony, and its value is so obvious that it is unnecessary for me to do more than refer you to the extracts from the annual reports of the Department which are attached. If this colony is to hold its own against foreign competition in the markets of the United Kingdom, some step to insure direct and regular communication with Liverpool, Bristol, and Glasgow must be taken sooner or later to meet the strenuous efforts of other producing countries, especially as New Zealand has always the disadvantage of distance to contend against. The last instance of these strenuous efforts I have noticed is where Russia has subsidised special steamers to carry Siberian butter to the United Kingdom, to the extent of some £50,000 per annum, with the satisfactory result to Russia which shows that in 1898 the value of butter exported to the United Kingdom was £880,626, which increased to £2,196,234 in 1902. Transport of produce from this colony to every available market is a most essential factor in the development and progress of the colony, and a reasonable subsidy paid by the Government in this instance will come back to the producers threefold by the saving in railage from London that would be effected by an overside delivery at Liverpool, Bristol, and Glasgow, as against London delivery and railage, to say nothing of loss of condition of frozen produce brought about by the loss of time and extra handling, which would be avoided. Both the New Zealand Shipping Company and the Shaw, Savill, and Albion Company have recently berthed steamers in New Zealand ports for Liverpool and Cardiff. I am inquiring further into the particulars of the cargoes carried by these steamers and the rates of freight charged, and will report further during the next day or so.—T. E. DONNE, Secretary."

87. Will you look at the further report dated the 21st November?—"Department of Industries and Commerce, Wellington, 21st November, 1903.—THE HON. THE MINISTER OF INDUSTRIES AND COMMERCE.—Prospects of a direct trade with Liverpool: During last winter the Shaw, Savill, and Albion Company partially loaded the steamer 'Rangatira' with mutton and lamb for Cardiff, and the New Zealand Shipping Company wholly loaded the 'Rakaia' for Liverpool with oats,

frozen rabbits, mutton, lamb, wool, butter, preserved meats, tow, and grass-seed. The freights by these steamers were fixed at 25 per cent. higher than the current rates of freight between the colony and London. Such an advance in the rates of freight robs the opportunity of direct shipment to Liverpool of its value, and tends to discourage shippers and consignees. I have little doubt that if a steam service were established between this colony and the western ports of the United Kingdom a fairly large trade would be established, particularly in frozen meat and rabbits, butter, cheese, hemp, wool, and tallow; fresh outlets would be created, a new section of buyers introduced, and enhanced values would no doubt be obtained if only through delivering direct, and thus avoiding the extra cost and loss of condition and time caused by the present means of delivering in London and reforwarding by rail.—T. E. DONNE, Secretary."

88. Now, is it a fact that under the service for which a contract was entered into by the Government to carry produce to the west-coast ports of the United Kingdom, the rates of freight to the producers of New Zealand are bound to be 25 per cent. less than the direct liners had ever offered to carry the produce for?—Yes, that is so.

89. Can you tell me roughly what the average amount of freight was that went into any one of the direct steamers when loaded with general cargo?—The gross earnings?

90. Yes?—Well, a great deal would depend on the size of the boat.

91. Am I right in saying that the rates of freight fixed for the carrying of produce under the contract direct to Liverpool, Glasgow, Cardiff, and Bristol are 25 per cent. less than was formerly paid?—Yes, and they never had but two opportunities before. You might say that it is more than 25 per cent.; they only discharged at one west-coast port.

92. I want to clear up a point referred to by Mr. Buchanan as I go along. Were there any conditions in the agreement with the New Zealand and African Steamship Company more favourable to them than those advertised in the Press—less strict?—No, they are in favour of the colony and against the contractor.

93. Is it not a fact that a speed-limit was stipulated for that was not advertised for, and agreed to by the contractors?—Yes.

94. Were the conditions with regard to the cost of passages between England and New Zealand less favourable to the contractors, and which were not in the advertisement?—Yes, they agreed to carry passengers very much below the ordinary rates.

95. Now, regarding the conditions in the advertisement, Mr. Buchanan has referred to the fact that no request was made for a service outwards from England?—That is so.

96. What was it that the Department urged, in its reports of 1902 and 1903, that we should endeavour to get for the colony?—A service from New Zealand to the west-coast ports of the United Kingdom, not the reverse way.

97. Supposing that the successful tenderer had not offered to give us a service outward from England to New Zealand, was his offer independently of that as good as or better than the other offers?—Independently of that, their offer was very much better.

98. Did the New Zealand and African Steamship Company in the tender offer to call at more west-of-England ports with our produce than any other tenderers?—Yes.

99. Will you refer to the tenders and tell me how many west-coast ports they offered to call at?—At least three ports in the United Kingdom, and then they qualified that by saying "that should there be, in the opinion of the Government, sufficient cargo offered in New Zealand for ports on the west coast of the United Kingdom other than Liverpool and Glasgow, the contractors will, on receipt of written notice to that effect, send steamers to such additional ports also."

100. That is the offer of the New Zealand and African Steamship Company?—Yes.

101. What ports did the Shaw-Savill Company offer to call at on the west coast?—Any safe port in the United Kingdom, each steamer to go to two ports only.

102. How many ports did the New Zealand Shipping Company offer to call at?—"Ports at which steamers can call—Glasgow, Liverpool, Cardiff, or Bristol, or other ports as may be arranged if sufficient inducement offers."

103. Then the New Zealand Shipping Company's offer was very much better than the Shaw, Savill, and Albion Company's?—Yes.

104. As far as ports are concerned it was as good an offer as the New Zealand and African Steamship Company's?—It was much the same, excepting that they stipulated for the option of terminating the contract at the end of twelve months.

105. Did the New Zealand Shipping Company withdraw their tender?—Yes.

106. So that finally the only two offers remaining open for consideration were the New Zealand and African Company's and the Shaw, Savill, and Albion Company's?—That is so.

107. And in addition to the New Zealand and African Company's offer being better, owing to the number of ports they would call at in England, they offered the further inducement of a return service from the west-coast ports of England and London to New Zealand?—Yes.

108. Was the contract for this service drawn up by the Law Department?—Yes.

109. Were the whole of the papers submitted to the Law Officers?—Yes.

110. And it was upon the draft submitted by them that the contract was carried out by the Department?—That is so.

111. Now, I want to come back to a more recent time. In addition to the ports named in the contract with the New Zealand and African Steamship Company, have they since included the Port of Manchester?—Yes; they have since agreed to carry produce to Manchester without charging any extra freight.

112. There is a letter from them to the Department on that point?—Yes. It is dated the 22nd August, 1904: "The Secretary, Industries and Commerce Department, Wellington.—DEAR SIR,—In proof of the desire of the New Zealand and African Steamship Company to study the wishes of New Zealand exporters, we have to inform you that we have agreed to send our steamers

to Manchester at the same rates of freight as to the other west-coast ports of the United Kingdom, provided they can get under the bridges in the canal, or, in the event of this being impossible, we undertake to deliver frozen meat at Manchester without extra expense to the shippers. This concession on the part of the company, involving as it does calling at an additional port not in the contract, making five ports in all on the west coast of the United Kingdom available to New Zealand, is one which we feel sure will be appreciated by the colony, and it is the first time that direct shipments from New Zealand ports to Manchester have been arranged. The fact that the company, should the steamers not be able to pass under the bridges, will provide for transshipment shows that we are most anxious to meet the requirements of New Zealand shippers.—Yours faithfully, THE NEW ZEALAND AND AFRICAN STEAMSHIP COMPANY (LIMITED) as agents (W. WALLIS, Manager).”

113. Will you refer to the communication from the New Zealand and African Steamship Company, dated the 23rd August, embodying a communication from the Christchurch Meat Company? —“The Secretary, Industries and Commerce Department, Wellington.—DEAR SIR,—We have pleasure in appending a copy of telegram received from Mr. Gilbert Anderson, managing director of the Christchurch Meat Company, which may interest you, as follows: ‘MANAGER, New Zealand and African Steamship Company, Wellington.—Am pleased to state expect cable in course of day or two fixing up the contract for meat for Manchester. Have to thank you for your ready assistance in bringing about this business, and much appreciate your company’s action in consenting to send steamers to a new port without charging extra freight, and for their prompt attention to the business. Am also pleased to add cables just received state that meat by “Suffolk” arrived in good condition. Believe west-coast trade will soon reach large dimensions and be of immense benefit to this colony.—GILBERT ANDERSON.’ This telegram from the largest exporting company in New Zealand of frozen meat appears to us to be a very satisfactory acknowledgment of our efforts in providing the means of opening up another market for New Zealand produce.—Yours faithfully, THE NEW ZEALAND AND AFRICAN STEAMSHIP COMPANY (LIMITED) as agents (W. WALLIS, Manager).”

114. With regard to the rates of freight, the rate for grain, I believe, is 15s.?—They have been carrying oats to the west-coast ports of the United Kingdom for 15s.

115. Do you know whether grain was ever carried from New Zealand by the direct steamers to the west-coast ports of England for 15s. before?—No; I am quite certain it never was.

116. Is it a fact that Melbourne firms have been shipping grain from Melbourne to New Zealand for transshipment to the New Zealand and African Company’s steamers for the west-coast ports of England recently?—Yes. I am not quite certain whether there have been any more, but there were 7,000 sacks sent over.

117. At all events, you know that there have been shipments from Melbourne for transshipment into these steamers for the west-coast ports recently?—Yes.

118. From that the inference is that freights from here are cheaper than from Australia?—Yes; otherwise they would not go to the expense of sending grain over here.

119. The conditions of the accepted contract, I understood you to say, were the best offered to the colony?—Yes, they were the best offered.

120. And no monetary consideration has been paid by the colony to get that service?—No.

121. The direct liners, prior to the contract being entered into, charged 25 per cent. more for carriage to the west-coast ports than they did to London?—Yes.

122. That 25 per cent. has now been saved to all shippers from New Zealand to the west-coast ports?—That is so.

123. Have there been any complaints made to the Department regarding the carrying-on of the service to the west-coast ports?—No. A question was raised about freight on frozen rabbits, if it can be called a complaint.

124. There was a complaint made by Sullivan and Co., of Dunedin?—Yes; they said the company charged £2 10s. a ton measurement for rabbits, while they could obtain freight on the same class of merchandise from Hobart for £2 a ton.

125. Did the New Zealand and African Company lower their rates then to the same as were charged in Australia for rabbits?—Yes; they brought down the rate from £2 10s., which they were entitled to charge under the contract, to £2.

126. Under the schedule for rabbits the New Zealand and African Steamship Company were entitled to charge £2 10s. per ton?—Yes; per ton of 40 cubic feet.

127. And we could not have compelled them to carry rabbits for less?—No.

128. The complaint was made by the shippers of the rabbits, Messrs. Sullivan and Co., of Dunedin, that £2 was the ruling rate from Tasmania for rabbits?—Yes.

129. Upon the matter being brought under the notice of the New Zealand and African Company, did they reduce the rate of freight to £2?—Yes.

130. *Mr. Buchanan.*] You mentioned, Mr. Munro, that the average passage of the boats of the New Zealand and African Steamship Company was from sixty to seventy days?—I gave you one as seventy-seven days, one as seventy-two, one as sixty-six, and one as sixty-nine. I have not worked out the average.

131. What would you take the average passage of the direct steamers to be?—They range from about forty-two to sixty days, and the New Zealand and African Steamship Company’s range from sixty-six to seventy-seven.

132. Do you mean that any of them took sixty days from the last New Zealand port to the first English port?—Yes.

133. Which of them?—One of them I noticed the other day took sixty days. I think the mail-steamers take forty-two days—that is the minimum; but some of the slow ones take well up to sixty days. Fifty-two days was the maximum time of the boats that carried butter last year—

that is, the direct boats. They only put butter into the fastest boats. I know I am right in saying that some of the slower boats take up to sixty days.

134. What are we to put the average difference in time between the direct boats on the one hand and the New Zealand and African Company's boats on the other?—I should say about fourteen days. It is a very much longer passage by distance.

135. Is not the difference over twenty days?—No; I do not think so.

136. What is the average number of carcasses of mutton and lamb shipped per month by these boats? I find there are about 130,000 carcasses of mutton and lamb shipped for the seven months?—I have some information here. The "Suffolk" carried 35,000 carcasses of mutton and 33,000 carcasses of lamb. The "Buteshire" followed her with 36,000 carcasses of lamb and 16,000 carcasses of mutton.

137. With regard to perishable cargo, such as meat and butter, I make the quantity about 130,000 of mutton and lamb, and only 1,250 boxes of butter?—Yes.

138. Would not the extra length of time taken by the New Zealand and African Company's steamers account for the small quantity of perishable cargo carried?—No; I think they carried considerable quantities of frozen meat, and the reason why they did not carry so much butter was because they did not start running until the butter season was over.

139. Would you ship perishable goods in a ship taking a long time on the voyage if a ship taking, say, forty or fifty days was available?—Yes. I think the fourteen or fifteen days longer taken on the voyage has no deteriorating effect upon the stuff at all.

140. What about the rates of insurance upon produce carried by the respective lines?—The contract steamers ought to get the very lowest rate, because they are of the very highest class at Lloyd's, and mostly new twin-screw boats.

141. Would not the opening of the hatches at the number of ports to be called at cause a liability to damage and higher insurance rates?—I have not made any inquiries, and have had no occasion to inquire. The extra insurance in any case, if any is charged, would be trifling.

142. Does the New Zealand and African line carry produce to London as well as to the west-coast ports of the United Kingdom?—No. They have carried produce to London, but I understand they are not doing so now.

143. Can you tell the Committee why?—Because they are not going to London; they are going direct to Bristol, thence to Liverpool and Glasgow, &c.

144. Do you know the reason why?—No.

145. Do you know that I could not have a cargo carried to London by the New Zealand and African line because of a compact between them and the other steamship-lines?—No, I know nothing of that. They did carry cargo to London at first.

146. But since the inauguration of this service the Committee understand you to say that they do not carry produce to London?—They are going to west-coast ports and not to London.

147. Do you not know that the reason why they do not carry cargo to London is because they have made a compact with the other companies?—No; I do not know that, and in any case it would not affect our contract.

148. Does the Shaw, Savill, and Albion Company carry any cargo to the west-coast ports now?—I would not be certain. I do not follow the running of their boats so closely. I believe they have loaded boats for the west-coast ports.

149. But would you not be informed upon such a point as that—that is, whether the New Zealand Shipping Company or the Shaw, Savill, and Albion Company, since the contract was entered into, have loaded cargo for the west-coast ports?—They have not done so before, but since the contract was fixed they have loaded for the west-coast ports in opposition to this company.

150. Are you not aware that they have ceased receiving produce here for the west-coast ports?—I have no knowledge of their ceasing to load produce for the west-coast ports recently.

151. Have you not been told that the refusal of the New Zealand and African Steamship Company to take produce to London, and also the refusal of the Shaw, Savill, and Albion Company, who did carry produce from New Zealand to the west-coast ports of England, to continue to do so are on account of this compact I have mentioned?—No one has told me that.

152. With regard to freights from here being cheaper than they are from Australia, is not that a temporary condition of affairs due to the scarcity of frozen meat?—Yes, I think it is temporary.

153. Is it not a fact that, generally speaking, freights from Australia for United Kingdom ports rule lower than in New Zealand?—Yes, that is so.

154. Therefore the present state of affairs is merely temporary?—Yes, I believe that is generally so.

155. Is it within your knowledge that the 25 per cent. extra charged in freight for west-coast ports was always charged, say, to Cardiff, for instance?—There was only one steamer berthed in New Zealand for Cardiff antecedent to the contract, and that was the one mentioned where freights were 25 per cent. higher than those current in London.

156. Do you say only one?—Yes. There was one of the New Zealand Shipping Company's boats that went to Liverpool only, and a Shaw, Savill, and Albion Company's boat which went to Cardiff only.

157. When did the Shipping Company's boat go to Liverpool?—I should say about eighteen months or two years ago.

158. *Hon. Sir J. G. Ward.*] Mr. Buchanan asked whether the time taken by these steamers for the west-coast ports is such as to possibly prevent the shipment of perishable product. Mr. Gilbert Anderson, manager for the Christchurch Meat Company—possibly one of the largest shippers in the colony—has expressed himself in a communication you read to-day to the contrary?—Yes.

159. If there were no service to the west-coast ports direct, would it not mean that all the freezing companies doing business in this colony would make London their depot for the con-

shipment of frozen meat, which would involve transshipment charges and double handling at that end, and considerable loss to the shippers, before they could get the meat into the thickly populated places that the west-coast service serves?—Yes; because it also saves railage from London to these central districts.

160. But if these steamers did not go direct to the west-coast ports, would it not mean a double handling of produce sent from here?—Yes; quite so. It would mean two freights—one by sea and one by rail in England—and double handling.

161. It would entail additional charges as well as double handling if the steamers went, as formerly, to London?—Yes.

162. Now, with reference to the question of insurance: There is a reduction of 25 per cent. in freight for direct shipment to the west-coast ports of England?—Yes.

163. I do not know whether the insurance rates are higher, as suggested by Mr. Buchanan, but, supposing they were, would the whole of the insurance rates not be an infinitesimal amount compared with the saving of freight of 25 per cent.?—There would be no comparison. I do not think there would be more than 2s. 6d. per cent. increase in the rate of insurance charged. It might be as much as 4s., but that is not worth considering when compared with the saving in the cost of freight.

THURSDAY, 22ND SEPTEMBER, 1904.

Examination of GEORGE S. MUNRO continued.

1. *Mr. Duthie.*] According to the file of papers before the Committee, this contract was entered upon at the suggestion of your Department?—Yes, it is suggested and advocated in the two annual reports of 1902 and 1903.

2. There is a special recommendation this year, upon which the contract was entered upon?—The extracts from the two reports mentioned start the business. Then it is brought on again by the Agent-General, enclosing a letter from the Union Cold-storage Company (Limited), of Cannon Street, London, to the Department, and it was upon that that the Department made some inquiries and reported.

3. Does the Minister in charge of the Department act upon this recommendation, or were these suggestions made in compliance with his request?—It lies with the Department to make recommendations. The Minister need not act upon such recommendations. These suggestions were not made in compliance with his request.

4. Seeing that this responsibility is put upon you, what is your personal experience of shipping to warrant your making any such reports?—I have been in the shipping business all my life. I have never been at anything else.

5. Where have you been engaged in the shipping business?—I was engaged for twelve years in Dunedin as shipping manager for a large firm, and was brought up in a shipping office.

6. Are you familiar with English shipping and the English management of shipping?—Yes, I have had considerable experience in shipping to England.

7. Mr. Donne is the head of your Department, but I assume you were acting in unison in connection with this matter, and together you made recommendations to the Government?—Yes.

8. Then, with your experience, is the form in which the contract was put forward the best in the interests of the colony?—It was the best that was offered.

9. In the form in which you invited tenders, the advertisement, I understand, contained the only conditions of tender?—That is so.

10. The advertisement you issued on the 24th December asked tenderers to say, “(1) class of steamers offered for employment in the service; (2) period of contract; (3) ports at which steamers are prepared to call on the west coast of the United Kingdom; (4) intervals of sailing; (5) rates of freight from New Zealand ports to a port or ports of discharge on the west coast of the United Kingdom—(a) refrigerating cargo, (b) general cargo; (6) the amount of subsidy required.” Do you think that met the public requirements, or was it a sufficient advertisement to insert to guide tenderers?—It left it open for the tenderers to offer the best conditions they could in the way of ports and steamers. It did not restrict the possibilities of business in any way—it gave them the opportunity of offering the best service.

11. Did it not occur to you that to bring a comparison upon such general terms between tenderers—upon such vague terms—was an impossibility?—I do not think so. I think a comparison could very easily be made on general terms.

12. Did you not think it was necessary, for instance, to specify the speed you wanted?—I think that was covered in the class of steamers to be offered. Class includes speed.

13. Did you not think it necessary to ask them to indicate the route they intended to take, whether it was to be direct from New Zealand or whether the steamers were to call at Australian ports and go round by the Cape?—No; we wanted to get what had not been found to be previously possible—a service by any route to the west-coast ports of England.

14. Did you not think that in initiating a service such as this there ought to have been conditions laid down with regard to outward cargo or outward trade?—No, because the desire was to secure a service from New Zealand to the west-coast ports for the benefit of the producers.

15. Did it not occur to you that steamers could not run one way empty, and that a steam service was to be a very serious disturbance of trade and ought to be regular?—I hardly think that view was necessary to consider, because, taking the other contract, the vessels could return from South Africa or go on elsewhere as they liked. It was only a one-way service.

16. Is it not within your knowledge that the colony imports very largely goods from the west of England?—Yes, from Glasgow and Liverpool.

17. Do you know how many vessels came out last year?—I should say there would be one every four weeks—perhaps more, one every three weeks.

18. Would it surprise you to know that there were thirty full-sized sailing-vessels came?—If they came separately from each place, in that case there might possibly be that number; but a Glasgow vessel does not go to Liverpool, neither does a Liverpool vessel go to Glasgow.

19. You are aware that there exists a close combination amongst the English shipping companies?—No, I am not aware of it.

20. Do you tell me that you, as a senior officer of your Department, do not know that?—Are you referring to London, or generally.

21. Both with regard to inward and outward cargo, it is all regulated under the combine?—I know that rates are arranged amongst the companies homeward, and, as far as I know, a similar arrangement may exist at Home.

22. You did not take the trouble to inquire? Have you not a general idea of the ramifications of these companies that act together and fix all conditions of carriage?—I know they subscribe to certain tariffs. They have a tariff from New Zealand to the United Kingdom and from the United Kingdom to New Zealand which, I understand, they all subscribe to.

23. With that knowledge of the combine, did it not occur to you that the interests of New Zealand were equal so far as the exports and imports are concerned, and that in entering into a contract with a company to carry goods in one direction only you were introducing a most disturbing element?—I do not think so. I think the Government are more interested in the freight to be paid on produce. The merchants are more capable of looking after themselves so far as importations are concerned. It seemed to me that the freight on produce to the west-coast ports of England was the line to go upon, and to give people an opportunity to ship their produce to those markets.

24. And you gave no indication that outward cargo was to be considered, despite its effect upon the freight of the produce of the colony on a round voyage?—I think the annual reports show that it was a service for the benefit of our producers to the west-coast ports that was considered to be necessary.

25. Are you aware that butter is paying a very exorbitant rate of freight under this combine? It is paying £7 a ton.

26. Is not that a very exorbitant rate—no other product pays such a price as that?—I think it is a high rate of freight.

27. Was it not the duty of your Department, if the Government were going to take a service up, to have stipulated for some reasonable butter-freight so as to get past this combine—even if the Government had to pay some subsidy?—The idea was to get the opportunity of shipping our produce to Liverpool, Glasgow, Bristol, and Cardiff on the same terms as the colony was shipping to London. The desire was to bring those places into line with London, and if you want to break down the freights you must break them down from New Zealand to London. The direct steamers so long in the trade evidently did not consider the inclusion of the west-coast ports as worth taking up, as publicly advocated by the Department.

28. In plunging into the business as a Government Department, did it not occur to you to consult with the exporting interests of the colony to see what would meet the requirements of their trade?—I think that was unnecessary. All that could reasonably be expected was to provide the facilities and let those interested conduct their own business.

29. By doing this you lend all the weight of a Government contract to maintain the present rates for the next three years: that is the outcome, is it not; unless the unfortunate exporters can, despite of it, themselves effect reductions?—That is your way of putting it. I do not agree with that statement.

30. You cannot deny that is the effect of it?—The New Zealand trade secures great advantage by having a service to the west-coast ports.

31. Following this butter question up, is it not a most important consideration to reach the markets promptly—speedily—with butter?—Yes, I think it is.

32. That being a season article, before the grass-fed butter from the northern latitudes becomes our competitor, is it not of importance to get our produce into the market as speedily as possible, so as to get as much of the season as we can?—I think that is so.

33. The contract you have accepted enables the vessels to go by way of two ports in Australia, calling at three ports at the Cape?—Yes.

34. And then to London?—No.

35. You are permitting the steamers to go to London. The "Surrey," the "Devon," the "Dorset," and the "Buteshire" all made London their first port of call?—No. Some of them did, but that has been objected to and remedied since. I think the "Buteshire" went to Bristol.

36. No; the "Suffolk" went to Bristol. Five vessels have been despatched. Four of them follow the Australian and South African route, then go to London, and from that steam away back through the English Channel round to the west-coast ports?—The "Suffolk" went to Bristol. The "Buteshire," "Essex," and "Kent" are all bound for Bristol. The first three went to London, but all the others are going to Bristol.

37. According to my information, the "Buteshire" reached London on the 6th September?—No.

38. And she went to London?—That is a mistake; she went to Bristol.

39. The other vessels I mentioned went to London. Still, bearing in mind that butter is one of the main features of our trade, are you aware that those steamers have taken seventy-three days to go Home from the last port in New Zealand?—The "Surrey" took seventy-seven days, the "Devon" seventy-two days, the "Dorset" sixty-six days, and the "Sussex" sixty-nine days.

40. And the "Buteshire" took seventy-six days?—I have not got the number of days for the "Buteshire." She arrived after I made up my returns.

41. Let me take my returns. The "Surrey" took seventy-eight days, the "Devon" seventy-four, and the "Dorset" seventy days?—I think your figures are incorrect.

42. The "Suffolk" took seventy days and the "Buteshire" seventy-six. Those are the days to London, and they will probably be a week longer before they discharge their London cargo and steam round the Channel to the west-coast ports. The average of those days is seventy-three. You make it two days less in the average from your figures?—I have not worked out the average, but the range is from sixty-six to seventy-seven days.

43. Then, accepting this contract as a comparison, do you know the time it takes to go from a New Zealand port to London by the Shaw, Savill, and Albion Company's steamers?—Do you mean the longest, the shortest, or the average time.

44. Take the average?—I know the "Delphic" took fifty-two days; but, as a rule, the slow boats do not carry butter. The faster boats have been known to do the passage, when light and in good trim, in about forty-two days.

45. I have not put the "Delphic" down, because she is not recognised as a butter ship?—She did carry butter.

46. The "Norfolk" took eighty-eight days, but the regular butter steamers leaving Wellington, and which receive no subsidy, get into London on an average for the same months I quoted in forty-four days. Will you admit that?—No; the "Norfolk" was not a contract steamer. The regular butter steamers' longest time is about fifty-two days, and their shortest forty-two days.

47. So that in the contract you have entered upon the difference in the average passages, so far as our experience has gone, is twenty-nine days longer?—You are referring to the fastest of the Shaw-Savill steamers to London.

48. You are quite aware that the same grade of steamers are run by the New Zealand Shipping Company?—I think the Shaw, Savill, and Albion Company's boats are rather the better of the two.

49. But a contract has been taken up on the recommendation of your Department which in its working takes twenty-nine days longer to carry produce to London, apart from the west-coast ports. My impression is that you have picked out the fastest steamers by way of comparison. If you took the ordinary steamers which carry the same class of cargo to London as this company carries to the west-coast ports you would find that fourteen or fifteen days would be a fair average difference in time.

50. I am asking you these questions in reference to butter, which is a very important product in this country. These are fast steamers, I admit, but they carry butter at the same rate of freight and reach the market on an average twenty-nine days earlier than yours?—No, that is not so.

51. You will admit that the New Zealand Shipping Company run alternately fortnightly steamers of the same grade as the Shaw-Savill Company, and in the same trade?—Yes, that is so.

52. And these steamers were in the list submitted in the Shaw-Savill Company's tender, to be employed in this trade?—Speaking from memory, I cannot tell you what steamers they did offer. It is quite true that they offered some of the quick boats, but I find on reference to their offer that they finished up by offering such vessels as the "Rangatira," "Matatua," and "Karamea." These boats take fifty-five to sixty days direct to London, and were included with their good boats. They have five inferior boats to those referred to, which probably are the ones they would have used for the west-coast trade, as they naturally would use their fastest steamers for their passenger trade to London.

53. Well, it would have been open to you to object to the slow steamers?—We could not object after accepting the tender.

54. Before accepting the tender did you not seek to see if the faster steamers would be preferentially employed?—We did not approach the Shaw-Savill Company to ascertain that, as we had in fairness to accept the most satisfactory tender.

55. You did not think it was in the public interest to do so?—It would have been rather improper, would it not? There was their tender. If they intended to use their best steamers they should have said so. It was for them to offer their best tender, and I would not ask them to amend it in any way.

56. You discussed various amendments with the other people. But even if they employed cargo-steamers, on your own statement the time they take is only fifty-five days, as against an average of seventy-three—or, according to you, seventy-one days?—I did not discuss any amendments with other people.

57. Do you not think, considering the important advantage of getting butter into the market in the best condition and in the season, it was advisable to accept that tender by the Shaw-Savill Company?—No; I do not think so. Their tender was the worst for the colony of the three tenders received.

58. How do you get over the fact, considering that upon your admission there is a difference of fifteen days—and as the spring comes on in England supplies come in from Denmark and Russia, when down goes the price of butter, and that fourteen or fifteen days would mean a difference probably of 1d. or 2d. in the price obtained towards the end of the season for our butter—that it was not an important matter to the settlers?—I think that is rather an extreme view to take. I do not think it is so.

59. It is a simple fact, is it not?—I do not think so. There might be occasions—perhaps once in a few years—when a week's delay might make a difference of 1d. per pound in the price of butter.

60. Is not 1d. per pound an important factor in the price of butter?—Yes; and I am naturally desirous to see our producers get the best price possible. On the other hand, you might get an extra 1d. per pound through the butter not arriving there in quicker time.

61. You must recognise the fact that at certain times of the year, before the season comes on, you get a better price for New Zealand butter?—Not necessarily. It depends upon so many conditions.

62. Do you know Mr. Cox, of the South African Steam Service?—Yes, I know him slightly. I cannot say I know him very well.

63. Were you or Mr. Donne in communication with him over this contract in the early part of December?—No.

64. Did you see him about that time?—No.

65. You are aware, I presume, that he was in Auckland for about a fortnight at that time?—I believe he was in Auckland. I am not aware of it personally, and I do not know how long he was in Auckland.

66. You were not in Auckland yourself?—No.

67. Was Mr. Donne in Auckland?—I do not think so.

68. Was your Minister in Auckland in the early part of December up to about the 11th or 12th?—Yes; I believe he was in Auckland in December, but I do not know the date.

69. Your Minister did not report to the Department any communication that he had with him?—No.

70. And there was no communication, I presume?—No.

71. Are you aware that it was the general talk in London shipping circles from about the 12th or 14th December that such a contract was about to be entered into?—No, I am not aware of that.

72. Do you know that the Shaw, Savill, and Albion Company then issued a circular on the 18th December announcing that they were going to load a vessel outward at Liverpool and Glasgow for the colony?—Well, I have seen a circular somewhere saying that they were proposing to commence a steam service from those ports, but I would not be sure about the dates.

73. You are aware, of course, that until that occasion there had been no steam service from that coast to New Zealand?—Yes.

74. On the 18th December the Shaw, Savill, and Albion Company issued a circular from their Glasgow office—Patrick Henderson's?—Have you the circular?

75. No, I was cabled to that effect—that a circular was issued. Are you aware that another company—the Tyser Line (Limited)—also plunged in and announced that they were going to despatch a vessel?—I am aware that the Tyser Company announced they were going to load a vessel.

76. Are you aware that vessels were put on?—I will agree to everything you say except the dates. I think they loaded a vessel in January or February.

77. Then, all these companies were entering into the trade, and presumably on account of this rumour I speak of, and you say that your advertisements were not issued at that date?—The advertisement was not issued until the 24th December.

78. I do not think there was an advertisement issued in London, but there was a circular sent out by the Agent-General to different shipping firms, including the Baltic and at Lloyd's?—Yes.

79. That was issued on the 30th December?—Yes, I think so.

80. With the knowledge that these companies were loading steamers, was not the necessity suggested to you of dealing with this outward freight?—I was not at work during that particular time. As a matter of fact, I was away on holiday leave from the 20th December until the 8th January, and your suggestions as to what I should have done do not apply, because I was not there.

81. You assume the reins in the absence of Mr. Donne, and would be posted in all the transactions of the office, which should enable you to reply to questions put by the Committee?—Yes, but I cannot reply to problematical questions as to what I should have done had I been there at the time.

82. You told us that you had had shipping experience?—Yes.

83. In sending out a circular from London on the 30th December in connection with such a service as this, and advertising in the colony on the 24th December in the presence of the fact that the interim was the holiday season, while tenders were to close on the 7th January, was it giving anything like a fair opportunity to the shipping people to get the necessary information enabling them to tender?—Yes, I think so, judging by the result. We got three tenders, and a satisfactory service without paying any subsidy. We could hardly expect to do better.

84. You only got three tenders. You got no tender from the Tyser Company?—No, the Tyser Company did not tender.

85. Do you know why?—I suppose it was because it did not suit them to do so.

86. Yet they were so keen in the matter that they put a vessel on to carry outward cargo?—That was a different thing, because they had cargo to carry back to London. Hitherto they had come out to New Zealand *via* Australia, and they may have thought it was a good chance to get outward cargo direct to New Zealand. They have also gone regularly to New York in the past to get cargo for New Zealand.

87. In December, when they plunged into the trade, it showed that they were not indifferent to it?—They were all evidently indifferent to the west-coast trade from New Zealand, or they would have taken it up years ago. Apparently they were not indifferent to the outward cargo.

88. You have no explanation to offer for not giving greater publicity?—I am quite satisfied there was sufficient publicity and that every one had a chance to tender who wanted to tender, and no one asked for an extension of time.

89. Do you not recognise that the service you promoted is a very important one?—Yes.

90. The steamers have been allowed to go by way of Australia and have an opportunity of filling up at those ports. If short of cargo from here they can pick it up there?—Yes, but they are only allowed to load at one port in Australia. There is one optional port and one compulsory port—Fremantle.

91. I think your contract allows them to call at two ports?—Yes, but one is compulsory—that of Fremantle.

92. That is under the South African contract?—Yes, but no alteration of the terms of the South African contract has been made to suit the contract for the west-coast ports.

93. We are dealing with the contract for the west-coast ports of the United Kingdom. You gave the company the privilege of going to two ports, and while not having the privilege under the South African contract they have the privilege under the other, and exercise it. As a matter of fact they have been doing so?—No; hitherto the same steamer has been used for both contracts, which only enables them to load one port in Australia besides Fremantle. It is within their rights to use different steamers for each work.

94. Do you mean to say they have not loaded at Melbourne and Sydney for Africa and London in the same steamer?—No, that is not the case.

95. Under the west-coast-of-England contract they are enabled to load at two ports in Australia?—Yes. Supposing they were not to send the same steamer, as for the South African contract, they could load at two Australian ports, of which Fremantle need not be one; but if they used a South African steamer, Fremantle must be one port and they could then only load at one other Australian port.

96. But they then have the advantage of carrying goods to South Africa, then going on to London, and passing on to the west-coast ports?—Yes.

97. You then give them the advantage of loading out of those west-coast ports to Melbourne and Sydney?—To two ports in Australia each way.

98. And coming round by way of Auckland with cargo?—Yes.

99. With so many ports it promised to be a very lucrative service, and would have tempted competition if sufficiently put before the shipping public. Would that not probably have been the case?—I take the opposite view, because the more ports a steamer has to go to the less desirable it is. If you get one loading-port and one port of discharge the service is more attractive than one with many ports, because you have your profits eaten up with port charges.

100. You are aware that short-passage freights are higher than long-passage freights?—Yes, I think that is so, relatively except under extreme circumstances.

101. If these steamers can load in Australia, and there fill up any space not taken here, and then fill up again in South Africa for London, they have an opportunity of getting more than one freight?—Yes; but they do not do that. They start with a full cargo for the west-coast ports and South Africa. When they put the South African cargo out they do not get anything there, but go on.

102. With all those ports to load at, and £30,000 as a subsidy, it should work out as a very fat thing?—I do not think it is. They load at from four to nine ports in New Zealand, call at Fremantle, discharge at three ports in South Africa, and four ports in England; and I should imagine the whole subsidy and more is eaten up with port charges.

103. One of the reasons you assign in your official report in favour of the service is that the freight to the west-coast ports by homeward vessels to London is 25 per cent. more?—That is on the two steamers berthed by the Shaw, Savill, and Albion Company and the New Zealand Shipping Company for Liverpool and Cardiff. They only went to one port each—one to Liverpool, and the other to Cardiff—and they charged 25 per cent. extra.

104. How do you make that out? The "Rangatira" sailed on the 21st May, 1903, and at that date the freight was $\frac{3}{4}$ d. per pound for a cargo of mutton?—That is the summer rate. Are the summer rates inclusive of May.

105. Yes, the rates are $\frac{3}{4}$ d. per pound, and shippers paid $\frac{1}{8}$ d. per pound more for the vessel to go to Cardiff?—Yes. The rates are $\frac{3}{4}$ d. per pound in summer and $\frac{1}{2}$ d. per pound in winter.

106. One-eighth upon $\frac{3}{4}$ d. is not 25 per cent.?—I do not know whether your statement is right or not.

107. Do you know if she carried other freight than frozen meat?—Yes; she had a variety of stuff.

108. If she had anything else it was a minor matter?—I do not think so.

109. The ship was specially engaged to carry this mutton to the west coast?—She carried oats, frozen rabbits, mutton, lamb, wool, butter, preserved meats, tow, and grass-seed. I am referring to the "Rakaia" as well.

110. Were the rates 25 per cent. higher?—I made inquiries at the time, and the information I had was that freights were 25 per cent. higher—they may have been a little over or under. I am speaking generally; and this was corroborated afterwards by the Produce Commissioner at Home, who went down to Cardiff to see the stuff landed, and he said the extra freight charged rather killed the trade.

111. Well, it was a new trade and a special initiatory step, and you could scarcely expect the company to divert their steamers and go round to the west coast at less than $\frac{1}{8}$ d. advance?—There was only one port mentioned in the articles, and they should be able to go to Cardiff at a cheaper rate than to London, because they could get coal there at a minimum price.

112. The main feature of the recommendation of the Department was that rates to the west-coast ports were 25 per cent. higher than those to London, and it is erroneous?—I say it is not erroneous—that is your statement.

113. The contract that you accepted was not the most advantageous?—I consider it was distinctly the most advantageous.

114. In the official document recommending acceptance of the tender the reason you set out is the safe carriage of produce to the manufacturing districts. In your memorandum of the 20th January, 1904, you recommend the service on account of the three ports?—There are several reasons given. One paragraph says, "All things being equal, in the matter of subsidy I am of the opinion that the offer of the Federal Houlder Line is the most advantageous to the colony; that of the New Zealand Shipping Company is the next best, and that of the Shaw, Savill, and

Albion Company is the least attractive of the three. I have therefore no hesitation in recommending the acceptance of the offer of the Federal Houlder Line, subject to certain modifications and additional conditions, especially as the next best offer, that of the New Zealand Shipping Company, has since been withdrawn."

115. You recommend the acceptance of the Federal Houlder tender on account of the three ports, as against the Shaw, Savill, and Albion Company's two?—It is not in those words, but the comparison of the two tenders brings that out.

116. You did not think it necessary to inquire whether the other tenderers were disposed to extend the number of ports—you had no communication with them?—No; they made their offer, and if better terms had been offered they would have been recommended for acceptance.

117. What I am going to draw your attention to is what the Department did to others?—No.

118. You did not do so?—No.

119. Then you recommended the acceptance of the offer on account of the return service and special rates. You have told me that you were aware that the Shaw, Savill, and Albion people had a vessel laid on?—I was not aware of it at that time. I told you that I did not know whether your dates were correct, and I would not like to say I knew the date on which the Shaw, Savill, and Albion Company had a vessel put on.

120. Do you not think it was a grave omission not to have stipulated for a return service?—I answered that question before when I said I did not think the Government were troubling about it. Their idea was to have produce delivered to Glasgow, Liverpool, Cardiff, and Manchester.

121. And yet you gave it as a reason for the preference?—Yes; because it was suggested by these people and was an advantage to some extent. I do not say it was a weighty advantage, but among other things it was an advantage.

122. Then you gave another reason—that they gave special passenger rates?—Yes.

123. They only gave the same passenger rates as the other companies?—Yes; but they gave them from the west-coast ports, while the other people only gave them from London.

124. Do you think passengers would prefer to go by a slow steamer by way of Australia, which might never reach New Zealand?—It all depends upon whether a man's time is valuable or not. Some people might prefer to go in a vessel like that.

125. Do you think they would prefer to go in a cargo-steamer?—They have fair accommodation.

126. And you think it was a fair thing to expect passengers to go on those vessels for a long passage?—Yes. If they went by some other steamer from Glasgow they would have to pay their own expenses to London.

127. But they do not all come from Glasgow?—These steamers provided the opportunity, and passengers by the New Zealand Shipping Company or Shaw-Savill Company might have to incur an expenditure of £10 in getting to London.

128. From Glasgow they start, go on to Liverpool and Bristol, then go on to Melbourne, and from there to Auckland to get to Wellington?—Yes.

129. That is a nice long voyage for you?—Yes. The passengers would be that class of people who would not mind a long voyage.

130. You further say that, the subsidy being equal, you have no hesitation in recommending acceptance of the offer?—Yes.

131. And you recommended it subject to certain modifications and additional conditions?—Yes.

132. Why was that confined to the one company?—Because their offer was the best. It would have equally applied to any of the other tenderers if theirs had been the best. There was no question that the successful tenderers offered the best service.

133. But in the interests of the passenger trade it must have been better for the steamers to come direct to New Zealand?—I think you are attaching a little too much importance to that. It is only suggested as an advantage. Independently of the return service from the west-coast ports of England, or the reduced passenger-fares, this offer was the best in the first instance; and, therefore, as it was the best, they were entitled to know of any variations to meet anything that we considered necessary and which had not been covered in their offer, and it was with a view to obtaining that that I inserted in the letter "with certain modifications and additional conditions."

134. Then you agree to give—and proffer, I think, if I understand it—half of the Government cargo from the west-coast ports?—No, we did not proffer it. They asked for all of it, which we declined, and we offered a reduced share of it because we thought they were entitled to it.

135. There was no committal so far as the other companies are concerned in regard to the Government cargo?—No, because they had had it all for years.

136. Not from the west coast?—That was all the worse for the colony, because the Government had to pay the freight to London as well to suit the shipping companies, who only loaded at London.

137. Should not the other tenderers have had the same opportunity? You arbitrarily closed the tenders and then consented to this concession?—That is not a fair way to put it. There are three tenders, and the best one is chosen. The company that offered the best and most advantageous service was chosen. Then it was necessary to enter into further negotiations, and the company was entitled to a share of the Government cargo. But these are matters of detail.

138. Do you not recognise that that was a condition, and the carrying of half the Government cargo had not been offered as a condition? If it had you would have got better terms?—I do not think so, because in the case of the Shaw-Savill Company and the New Zealand Shipping Company they had had it all.

139. Then, they were going to be robbed of that—that was to be taken from them?—I do not think so, because the existing steamship companies must have known that in the event of an additional line starting the trade from the west-coast ports to New Zealand, it would in any case

be bound to obtain portions of all cargoes offering for the colony, including Government cargo, even without any contract.

140. But there was no indication that you were going to concede this?—Such a thing was never contemplated, because we were not inviting tenders for an outward service from the United Kingdom at all. Our concern was to secure a service for our producers from New Zealand to the west-coast ports.

141. But you recognise that the outward service was a contingent matter?—If I had been in the position of the Shaw-Savill Company and the New Zealand Shipping Company, I would have recognised that if they failed to get the contract they would lose the Government cargo from those ports, and would have given the colony the benefit of a steam service years ago to and from the west-coast ports and so prevented this coming about.

142. Again, why was it not put forward in order to get the best contract for the colony? Other companies were relying on it and you did not recognise it—why did you suppress it?—It was not suppressed. A return service was never contemplated when the tenders were called for. The importance of it would be more obvious to the shipping companies than to the Government—they knew the value of it and we did not. In any case the New Zealand and African Company's tender was the best for the colony without giving a return service, and it was clearly good business for us to take it, especially as it cost us nothing.

143. If a Government Department is not competent to see these things should they enter into such matters? I asked you what shipping experience you had had, and you said you had been at it all your life. In the working of the contract you have stipulated for the current rate of freight?—No; we have stipulated that the rates of freight for the west-coast ports shall not exceed the current rates for London, and that means a considerable saving to shippers direct to the west-coast ports.

144. Are you aware that the South African service and even this service are, with other companies, accepting lower rates? We have, for instance, this case of Sullivan: the rate charged in Australia was £2 as against £2 10s. in New Zealand?—Yes. The company are entitled to get £2 10s. for rabbits. That is the schedule rate which they must not exceed. The rate was reduced in Australia to £2, and upon that being brought to the notice of the New Zealand and African Company they reduced the rate from New Zealand to £2.

145. You are aware that Birt's people have had to reduce their rates upon various lines of cargo by about 10s. a ton?—They have reduced their rate of freight on several lines, but so long as they reduce their rates the colony should be quite satisfied.

146. Does it not occur to you that your Department has made a very grave mistake by entering into a contract for rates which have already been proved, by the company's own concessions, to be very much higher than they ought to be?—That does not at all follow. The contract, in my opinion, is an excellent one for the colony. There must be a maximum rate fixed, and as shipping freights are always fluctuating, whatever variation takes place under this contract must be in the direction of a reduction of rates, and that is what the colony wants.

147. But if the colony enters into a contract for three years it implies that it is satisfied with the rates charged, and that must have a tendency to keep rates up?—The working of the contract already shows that that is not so. What we were trying to obtain was the benefit of direct steamer-freights to the west-coast ports of England at rates not exceeding those current for London, and that we have obtained, and it amounts to a considerable saving to shippers, even at the maximum rates under the contract, by being able to ship direct to the west-coast ports instead of having to tranship from London, with all its attendant cost and damage by the handling of cargo; and the fact that the rates have already been lowered by the west-coast steamers means that the shippers are getting a further advantage.

148. Well, is the contract a public advantage if it has that effect?—I think so. It provides a regular opportunity to land the colony's produce at those ports which never existed before at rates which are not to exceed the rates current in London. The company may charge as much less as they like, but they cannot charge more.

149. There is one other feature I will draw your attention to: in giving this preference by which the steamers may go to Australian ports and Africa, do you not see the evil of sending cargo to those tropical parts, the hatches of the ship being necessarily opened at the different places, which involves a grave risk of injury to the class of cargo carried?—Well, it has not turned out so, because you will notice in the letter received from Mr. Gilbert Anderson that he had cable advice to say that the "Suffolk's" cargo was landed in perfect order. He says, "Am also pleased to add, cables just received state that meat by 'Suffolk' arrived in good condition."

150. But the point is that in giving such a preference in a contract there is a risk of that description which shippers have to take?—I think it is remote, because the steamers are of the highest class, and have so many insulated holds. They have so many holds that they would put the different classes of cargo into separate holds, and the strongest answer to your question is that no complaints on such grounds have been made to the Department by either shippers or consignees.

151. Mercantile people attach considerable importance to a risk of that sort?—It is an insurance risk, I understand, and you can insure against all risks.

152. There is an expression of opinion by the National Dairy Association on this subject. You did not consult with such bodies before entering into the contract?—No; but I know the National Dairy people very well, and am on the best of terms with them.

153. On this point they say in their annual report, "This service does not and will not meet with support from shippers of dairy-produce, nor even from buyers in the west coast of England. If it had been a direct service it certainly would have merited, and probably obtained, a large measure of support; but it is far from being a direct service, for after leaving the final port of

departure in New Zealand these steamers call at several ports in Australia, loading there, then calling at several ports in South Africa, discharging and loading there, and then proceeding to London. Neither shippers here nor buyers in Great Britain of dairy-produce like a long voyage for their goods, and the saving of railage between London and Liverpool or Manchester is a small matter compared with a voyage of eighty to ninety days, as against forty-five by the direct fortnightly steamers. Since starting, this line has only carried 1,264 boxes, or 31½ tons, of butter to Liverpool, which is evidence that it is not of much use to the dairy industry?—That statement is not accurate. The writer has increased the length of time taken by these steamers, which is sixty-six to seventy-seven days, not eighty to ninety days, as stated; and he has reduced the number of days taken by the direct boats to forty-five, and it ought to be forty-eight as an average. Naturally, people like to get their stuff carried as quickly as possible, but the fourteen days extra is less of a disadvantage than to have the stuff landed in London and pay the additional rate to the west-coast ports.

154. *Hon. Sir J. G. Ward.*] Mr. Munro, with regard to the question put by Mr. Duthie about the conditions in advertising for this service, did any of the representatives of the local shipping companies, either the Shaw, Savill, and Albion Company, the Tyser Line (Limited), or the New Zealand Shipping Company, ask for any further details than those stated in the advertisement before tendering?—No.

155. Did any one ask for further details?—No.

156. No amended conditions were suggested or asked for by any of the shipping interests either in or out of the colony?—No.

157. Is it not the case, in setting out the skeleton conditions for a steam service, that anything in addition offered by the steamers must be something gained by the people advertising for the service?—Yes.

158. What I mean to say is: if all the conditions advertised in the tender are complied with and something further is offered, then it must be an advantage to the people who are advertising?—Yes; it must be an advantage.

159. Now, I want to come to the question of the outward cargo, upon which Mr. Duthie has specially dwelt. Do you know what the intention was when tenders were publicly advertised for? Was it with the object of getting an outward service from England, or of obtaining a reduction in the rates of freight for the benefit of the producers in sending their produce to the west-coast ports of England?—The object, I understood, was to secure a service and to lower the rates of freight from New Zealand to the west-coast ports of the United Kingdom.

160. For produce from the colony?—Yes.

161. Now, is it a fact that for years past the producing interests in different parts of the colony have been urging the establishment of a steam service direct to Liverpool, Glasgow, Cardiff, and Bristol?—Yes, that is so.

162. Have you ever heard any of the merchants, either in Wellington or elsewhere, advocating or suggesting that efforts should be made to establish a steam service from Liverpool, Glasgow, Cardiff, or Bristol?—No, I never heard it suggested.

163. Have any suggestions been made by any merchants in any part of New Zealand to the Department to assist in obtaining a direct service from the west-coast ports of the United Kingdom to New Zealand?—No.

164. I want again to refer you to the annual reports of the Department for 1902 and 1903. In the annual report of 1902 the following statement is made: "In my opinion steps should be taken to secure the discharge of frozen meat at Liverpool, Manchester, Bristol, 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." That report was laid on the table of the House?—Yes.

165. It was circulated throughout the colony?—Yes, to every Chamber of Commerce and farmers' club from one end of the colony to the other.

166. To every Chamber of Commerce in the colony it was sent?—Yes.

167. Was it sent to the Agent-General in London for distribution there?—Yes.

168. Was any suggestion made by any of the direct lines to conform to the recommendation made in that report to establish a direct service to the west-coast ports of the United Kingdom?—No.

169. Was any suggestion at any time made by any Chamber of Commerce for an outward service from the west-coast ports after the publication of this report?—No.

170. Now, in the following year, 1903, the following statement appears in the annual report: "*A Wider British Market wanted.*—Under the previous heading I remarked on the urgent need of increasing the ports of discharge for frozen meat. But this observation does not apply to meat alone; it most vitally affects the dairy-produce business and the export of such important lines as wool, flax, and tallow. It is absolutely necessary that a more extended distribution of New Zealand produce throughout the United Kingdom should be organized as quickly as possible. Facilities should be given for the shipping of products direct from this colony to Liverpool, Bristol,

Cardiff, and other British ports outside London. The first step to be taken is to make some arrangements by which shippers will have an opportunity of delivering produce without transshipment at Liverpool, Bristol, and elsewhere. A considerable portion of the time of an official from the London office could be profitably spent in the provincial markets educating merchants and consumers as to the superior quality of New Zealand produce. The progress of the colony is now so directly dependent on the success of the butter, cheese, and meat industries that the Government should lose no opportunity of promoting sales and opening up every available market, more especially in the United Kingdom. Some people may argue that such a course of procedure is unnecessary, as London and provincial merchants are quite alive to the quality and supplies of produce available in New Zealand, but such a contention would assuredly not be voiced by a disinterested person. My suggestion, if acted upon, would supplement the presumed existing knowledge and eliminate the element of chance. The issue is so important to the colony that no possible opportunity of extending the present markets and of exploiting new grounds should be allowed to slip." Was that report laid on the table of the House and circulated throughout the colony?—Yes.

171. Among whom circulated?—Among the Chambers of Commerce, farmers' clubs, and so on.

172. Were copies of the report sent to the Agent-General for distribution at Home?—Yes.

173. That is the second report issued urging the establishment of a direct service to the west-coast ports of the United Kingdom?—Yes.

174. Did any of the direct lines at any time suggest to the Department that they would divert their steamers to the west-coast ports after the publication of that report?—No.

175. Did any merchant in New Zealand, after the publication of that second report, make any suggestion that a direct service should be put on from the west-coast ports of Liverpool, Glasgow, Cardiff, or Bristol to New Zealand?—No.

176. Is it or is it not the fact that the butter rates—which Mr. Duthie has spoken of as being of considerable importance to the exporters from New Zealand to London, the butter having to be transhipped either by steamer or rail to Liverpool, Manchester, Cardiff, Bristol, or Glasgow—were considerably higher before this service was established to the west-coast ports of the United Kingdom?—Yes, very much, by the cost of transhipment and railage.

177. As a matter of fact, the establishment of this service has brought about a reduction in the rates of freight to the producer on butter for Liverpool, Glasgow, Cardiff, and Bristol?—Yes.

178. And the valuable opportunity of getting this service was free to every one to take up if they desired?—Yes.

179. Were either of the paragraphs I have read from the departmental reports of 1902 and 1903 suggested or inspired by the Minister in charge of the Department?—No. I know as a matter of fact they are absolutely my own.

180. Now, regarding butter freights: The statement is made that had the tender of the Shaw, Savill, and Albion Company been accepted it would have been more advantageous to the colony with regard to butter freights. Do you recollect any correspondence in 1903 between myself, as Minister of Industries and Commerce, and the manager of the New Zealand Shipping Company, Christchurch; the manager of the Shaw, Savill, and Albion Company, care of Messrs. Levin and Co., Wellington; and the Superintendent, Tyser and Co. (Limited), Napier, regarding the freights on butter?—Yes.

181. Did the following correspondence take place?—

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 ½d. 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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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 ½d. 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 ½d. 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 ½d. 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 ½d. 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 ½d. per pound.

The freight on butter from New Zealand to London is ½d. per pound on the net weight, less a rebate of 2½ 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.

SIR,—

Wellington, New Zealand, 24th September, 1903.

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 ½d. 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 ½d. 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 ½d. 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 ½d. 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.

SIR,—

Office of Minister of Industries and Commerce,

Wellington, 29th September, 1903.

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 ½d. 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 ¼d. 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.

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.

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 ¼d. 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 ¼d. per pound freight, owing to shippers preferring to pay ¼d. 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 think 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

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 $\frac{1}{4}$ 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 Government 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.

Wellington, New Zealand, 13th October, 1903.

SIR,— 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, $\frac{1}{4}$ 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 $\frac{1}{4}$ 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 has 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.

Wellington, New Zealand, 22nd October, 1903.

SIRS,—

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 ½d. 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.

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 ½d. per pound net freight on butter, whereas the New Zealand producers only pay ½d. per pound less 2½ 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 ½d. 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.

Now, I want to ask you whether that correspondence is on record in the Commerce Department?—Yes, it is.

182. In the letter from Mr. Isaac Gibbs of the 5th October it is stated that the National Dairy Association have a contract with the direct shipping lines for a period of years?—Yes.

183. Was that contract running when we advertised for a service to run to the west-coast ports of the United Kingdom?—Yes.

184. As the result of the contract for the west-coast service is it or is it not the fact that any one who is free to ship by the New Zealand and African steamers can ship to the west-coast ports of England at a lower rate of freight than the National Dairy Association?—At the same rate of freight as to London, but they get delivery at the west-coast ports, which saves the cost of rail-gage and transhipment and the handling in London.

185. The National Dairy Association have a contract with the direct lines?—Yes.

186. That is for London?—Yes.

187. Under the steam service between the colony and the west-coast ports of England shippers can escape London and avail themselves of the ports of Liverpool, Bristol, Cardiff, and Glasgow?—Yes.

188. Now, do the New Zealand and African line of steamers touch at ports in the colony where the dairy people can ship direct, generally speaking?—They do, and they do not. They touch at Wellington and Lyttelton as a rule, but there is a great quantity of butter sent from such places as Wanganui and Patea.

189. Do this company pay the coastal freight?—Yes; they are under the same obligation to do so as the other companies.

190. So that it is available to shippers to save the shipping charges and double handling at the other end?—Yes.

191. Was that ever available to shippers before?—No.

192. Now, with regard to the statement made that these west-coast steamers have been going to London, do you know that as soon as it came under my notice I cabled to the Agent-General protesting against it?—Yes.

193. That is the case?—Yes.

194. That is quite recently, I suppose?—Yes.

195. I understood you to say that the "Norfolk," referred to by Mr. Duthie, was not a contract steamer?—It was antecedent to the contract entirely.

196. The west-coast steamers are now going to the west-coast ports and not to London?—They are going to the west-coast ports, making Bristol the first port of call.

197. Under the contract London is not included in the ports to be touched at?—They are not prohibited from going to London.

198. It is not stipulated?—No. They are not prohibited, although it is not stipulated.

199. There were two steamers put on to the west-coast ports at higher rates of freight than those charged under this contract—one by the Shaw, Savill, and Albion Company and one by the New Zealand Shipping Company?—Yes.

200. Do you know why they were not continued in that service?—I suppose they could get the same cargo for London, and it did not suit them to go to Glasgow and the other ports.

201. How many west-coast ports did those steamers go to?—One each.

202. Mr. Duthie contends that the rates of freight were not 25 per cent. higher than the current rates to London?—He bases his estimate on the summer rate. If he takes it on the winter rate he will find it is 25 per cent. higher.

203. In this contract with the New Zealand and African Steamship Company are the rates of freight the same for both summer and winter?—They carry at the summer rate from December to May, and at the winter rate from June to November, to the west-coast ports. I am not sure about South Africa.

204. The contract says the rates of freight to be charged "shall not exceed the summer and winter rates now current between New Zealand ports and London": do you happen to know whether the producer of butter ships his butter on consignment to London or to the west-coast ports?—I do not think so. I take it that the producer of the butter is the man who milks the cows, and it passes out of his hands to the dairy factories, which sell or consign it.

205. Then, the dairy factories, as intermediaries, are those who negotiate for the freight on butter on behalf of the butter-producers?—Yes.

206. The butter as a rule is bought by the large butter-houses, who send their men out here for the purpose?—I think the bulk of the business is done on those lines. Representatives of British houses buy the bulk of it.

207. In any case, if the association were free as to where it should ship the butter, the producer would arrange the freight, anyhow?—Yes.

THURSDAY, 29TH SEPTEMBER, 1904.

Examination of G. S. MUNRO continued.

1. *Hon. Sir J. G. Ward.*] Mr. Munro, Mr. Duthie—in the course of his examination of you at the last meeting—challenged the statement you made that the "Buteshire" made Bristol her first port of call in the United Kingdom, and I think he stated that, according to his information, the "Buteshire" arrived in London on the 9th instant, and probably took a week longer to discharge her London cargo before steaming round to the west-coast ports: is that statement correct?—I have verified my own statement. The information came from the Agent-General. He advises the Department that the "Buteshire" arrived at Avonmouth, Bristol, on the 6th, Barry on the 8th, Liverpool on the 11th, and Glasgow on the 18th.

2. So that, according to the cable received from the Agent-General, the information conveyed to Mr. Duthie as regards the arrival of that steamer in London is not correct?—No; he was evidently misinformed.

3. *Mr. Duthie.*] Do you mean to say that she did not go to London?—She did not go to London, according to the cable advice from the Agent-General.

4. *Hon. Sir J. G. Ward.*] Now, with regard to the freight on frozen rabbits, what is the principal market in the United Kingdom for frozen rabbits?—Liverpool.

5. Am I correct in stating that hitherto all New Zealand rabbits have been railed from London to Liverpool?—For years past all the rabbits bound for Liverpool have been railed, excepting what were shipped by the "Rakaia." They had to go to London by steamer, and were sent on by rail to Liverpool.

6. Can you inform the Committee what that cost?—We have advices from the Agent-General stating that it costs £1 5s. per ton.

7. You say the Agent-General advises that the railage of rabbits from London to Liverpool is £1 5s. per ton?—Yes.

8. What would the London wharfage, dock dues, and cartage be before they were railed to Liverpool?—I should think about 5s. per ton.

9. What was the rate of freight ruling on rabbits from New Zealand to London before the contract was entered into for the west-coast service?—£2 10s. per ton.

10. And since the service was entered upon the rate has been reduced below the maximum the company were entitled to charge, by how much?—By 10s. per ton.

11. Can you inform the Committee what quantity of rabbits have been carried by the contract steamers to the west-coast ports of the United Kingdom since the contract was started?—Fifty-five thousand crates.

12. How many tons of rabbits would that quantity represent?—2,750 tons.

13. Then, with the saving of £1 5s. per ton in railage from London to Liverpool, the saving of 5s. in wharfage, dock dues, and cartage, which you understand is the cost, and the concession made by the steamship contractors, how much per ton reduction since the establishment of the service do you think those items mean to the shippers from New Zealand, as compared with the rates

ruling by the direct steamers for rabbits to Liverpool *via* London before the new service was in operation?—Those items amount to £2 per ton.

14. What saving does that represent to the producers?—About £5,500.

15. Have you advices from the Agent-General giving the extra rate per pound charged for railage on frozen mutton and beef from London to Liverpool?—We have advices from the Agent-General which state that the rate of railage for frozen meat from London to Cardiff and other places is a little over $\frac{1}{4}$ d. per pound.

16. What quantity of frozen meat has been shipped by these contract steamers up to date?—147,555 carcasses of mutton and lamb, and 2,033 quarters of beef.

17. How long has the steamer contract been running?—Since March last. But the foregoing quantity does not include shipments by this month's steamer. That quantity represents six months.

18. How long has the contract been running?—Seven months.

19. Approximately, what saving on the shipment of frozen mutton and lamb has been effected to the producers of New Zealand by the establishment of the west-coast service?—If you work it out on the basis of $\frac{1}{4}$ d. the sum saved is £4,000; but the Agent-General says that the amount saved exceeds $\frac{1}{4}$ d.

20. Have you any idea of the amount that shippers of frozen meat look upon as the loss by deterioration caused by a second handling and landing of a perishable article such as frozen meat is?—I cannot state an amount, but it is looked upon as a very serious matter, and it is an operation fraught with a great deal of danger to the condition of frozen meat.

21. Frozen meat for Liverpool, before this service was established, required to be landed at London, carted to the railway-station, and railed to Liverpool, and there carted to frozen-meat depots?—Yes.

22. And after its arrival at Liverpool it would have to be carted from the depots to each distributing-place for retail sale?—Yes, that is so.

23. That is, excepting in the few cases where a retailer in England purchased New Zealand meat, it would be carted not directly to his own shop, but to a freezing-depot first?—Yes.

24. In ordinary practice, is it not the case that the bulk of the frozen meat which goes from London to Liverpool has to go to depots before it can be distributed?—Yes; even if a retailer imported a considerable quantity of meat it would go into a freezing-depot, and he would require to draw it out day by day as he wanted it.

25. Should I not be correct in stating that by a direct shipment to Liverpool cartage from the docks to the railway-station in London, and cartage at Liverpool to the frozen-meat depot, would in many cases be saved, and in any case one cartage would be saved?—Yes.

26. And in some instances two?—Yes.

27. Now, in reference to another point on which you were questioned by Mr. Duthie: Will you turn up the tender of the New Zealand Shipping Company for this service?—Yes; I have it.

28. Will you give me the names of the steamers which that company offered to use for the service to the west-coast ports of England?—The "Kaikoura," "Kaipara," "Wakanui," "Whakatane," and "Waimate."

29. How many of those steamers have carried butter from New Zealand to London during the past two years?—Only one in each year.

30. Do you know what steamers they were?—The "Whakatane" in 1903, and "Kaikoura" in 1904.

31. What was the maximum passage of the two steamers you have mentioned?—In 1903 the "Whakatane" made the maximum passage for the year for butter-steamers—namely, forty-seven days, and the "Kaikoura's" passage in 1904 was forty-eight days.

32. What steamers did the New Zealand Shipping Company use for carrying butter from New Zealand which they did not include in their offer for this contract?—The "Turakina," "Rimutaka," "Paparua," "Tongariro," and "Papanui."

33. Are the steamers they did not offer for the contract what are known as their fast passenger-steamers?—Yes.

34. They withheld five of their fast passenger-steamers from the contract, and offered the other steamers you have named?—Yes.

35. What time do the better class of these fast passenger-steamers occupy on the voyage from Wellington to London?—Last year the times were forty-one days, forty-four, forty-one, forty-seven, and forty-six days.

36. Will you turn to the tender of the Shaw, Savill, and Albion Company for this west-coast service?—Yes.

37. Will you give the Committee the list of the steamers attached to their tender?—The "Corinthic," "Ionic," "Athenic," "Gothic," "Matatua," "Delphic," "Kumara," "Karamea," "Waiwera," "Tokomaru," "Maori," "Pakeha," and "Rangatira."

38. Which of those steamers you have named are what is known as their fast passenger-steamers, and the ones they have employed for carrying butter from New Zealand during the last two years?—The "Ionic," "Athenic," "Corinthic," and "Gothic"; but during the past two years the "Delphic" has been employed once, and the "Karamea" and "Kumara" twice.

39. What was the time occupied by the "Corinthic," "Ionic," "Athenic," and "Gothic"?—The "Gothic," forty-two and forty-three days; the "Ionic," forty-four and forty-five days; the "Athenic," forty-two, forty-three, and forty-five days; and the "Corinthic," forty-four days.

40. What was the time occupied by the "Delphic," "Kumara," and "Karamea" during the past two years when carrying butter?—"Delphic," forty-seven days; "Kumara," forty-one and forty-five days; "Karamea," forty-six and fifty-one days.

41. Outside of those butter-steamers you have just referred to, what other steamers are named in the Shaw, Savill, and Albion Company's tender?—"Waiwera," "Matatua," "Tokomaru," "Maori," "Pakeha," and "Rangatira."

42. These were not fast passenger-steamers trading between New Zealand and London in the butter trade similar to those the New Zealand Shipping Company excluded from their tender?—No.

43. What passages have those steamers made?—The only record I have of their steamers is the "Matatua," which arrived in London on the 6th instant after a passage of sixty-two days, and the "Rangatira," after a passage of fifty-six days, and I am not sure, but I understand the "Tokomaru" generally takes sixty days to go Home.

44. Do you think it is at all likely that the Shaw, Savill, and Albion Company intended to withdraw their fast steamers from the London trade and put them on the service to the west-coast ports, running the service to London with their slow steamers? Do you think it is at all likely they would have done that?—I do not think so. If they intended to employ their fast passenger-steamers in the west-coast service, why did they not say so straight out instead of prejudicing their offer by including a lot of slow steamers?

45. As a matter of fact, if they did withdraw their fast passenger-steamers from the London trade to put them on the west-coast trade, it would either mean giving the other direct passenger-steamers a monopoly of passengers by that line, or another company coming in and taking up their trade?—I do not see how they could possibly have done that—it would have meant giving the other passenger company such a tremendous advantage.

46. If we had accepted the Shaw, Savill, and Albion Company's offer, could they have used the "Matatua," "Rangatira," and other slow steamers of the same class that they offered for this service?—Yes; according to the tender, and we could not have refused them.

47. How do the voyages of the slow steamers I have just named compare with those of the steamers engaged in the west-coast service *via* Australia under our contract?—If you take the "Matatua," she takes sixty-two days to go to London direct.

48. She is a Shaw, Savill, and Albion Company's boat?—Yes; while the "Dorset," one of the New Zealand and African Company's steamers, called at Hobart, Fremantle, Durban, Port Elizabeth, and Cape Town, and reached London in sixty-six days, or four days longer.

49. Has any question been raised by any one as to the class of steamers which have been engaged under contract with the Government in the west-coast service?—No.

50. Mr. Buchanan asked you a question about the extra insurance entailed on shippers to the United Kingdom by steamers on the west-coast run by reason of their having to call at Australia: Have you inquired into that matter?—Yes; I have made inquiries from the Underwriters' Association, and I find that no extra charge is made. The voyage is considered the same from the underwriters' point of view.

51. Is it the case that an underwriter regards time as an element in fixing the rate of insurance?—Yes; I think it would be the essential element.

52. In reference to the question of steamer rates on frozen meat from New Zealand to London, the summer rates rule from December to May inclusive?—That is so.

53. And the winter rates run from June to November inclusive?—Yes.

54. Will you tell the Committee what is the difference in the freight per pound during those two periods?—The difference is $\frac{1}{2}$ d. per pound between the summer and winter rates.

55. What rates of freight were paid on frozen mutton and lamb shipped by the "Rangatira" to Cardiff on the 31st May?— $\frac{7}{8}$ d. per pound on mutton and $\frac{1}{8}$ d. per pound on lamb.

56. Will you tell the Committee how you came to know that?—I made application to the shippers and ascertained it.

57. Since the Committee last met?—Yes, since Mr. Duthie questioned me about it.

58. What are the winter rates to Cardiff which came into force on the 1st June in the west-coast service?—A halfpenny per pound on mutton, and $\frac{2}{8}$ d. on lamb.

59. I understand that is, they were $\frac{3}{8}$ d. per pound on mutton, and $\frac{1}{8}$ d. per pound on lamb, as against $\frac{7}{8}$ d. and $\frac{1}{8}$ d. charged by the Shaw, Savill, and Albion Company's "Rangatira" on the occasion when they put that boat on for one of the west-coast ports, Cardiff?—Quite so.

60. Will you tell the Committee what would be the difference in the rate as charged by the "Rangatira" on the 31st May for mutton and lamb, and the rates that would be charged by the contract service on the 1st June?—It is $\frac{3}{8}$ d. per pound on both mutton and lamb.

61. What percentage does that difference in freight represent?—On mutton it represents an advance of 75 per cent., and on lamb an advance of 66 $\frac{2}{3}$ per cent.

62. Am I right in stating that this is the position: that to satisfy a desire of New Zealand shippers for an opportunity of shipping frozen meat to Cardiff, the Shaw, Savill, and Albion Company put on the "Rangatira," and because she sailed on the 31st May, instead of the 1st June, shippers had to pay 75 per cent. more freight in the case of mutton, and 66 $\frac{2}{3}$ per cent. on lamb over and above the rates available to London on the following day?—Yes, that is absolutely correct.

63. And am I right in stating that the "Rangatira" was a slow steamer, and was known to have occupied nearly sixty days on the previous voyage?—Yes, that is so.

64. Will you tell the Committee what chances there were of initiating or fostering a trade between New Zealand and the west-coast ports of the United Kingdom under such conditions as I have just stated?—Well, I think the position speaks for itself.

65. Now, with regard to butter: Mr. Duthie stated that a delay of fourteen or fifteen days would mean a difference probably of 1d. to 2d. per pound in the price obtained for our butter?—Yes, that is so.

66. Now, how much is that per ton?—That is from £10 to £20 per ton.

67. Was the last butter season an exceptional one as regards range of prices?—Yes; butter touched the lowest price on record for ten years during last season. I get that from the Agent-General's cabled market reports.

68. What was the actual range of prices from the beginning to the end of last season—the one referred to by Mr. Duthie?—It ranged from £4 4s. to £5 6s. per cwt.

69. What is the difference per ton?—That is a difference of £22 per ton.

70. And how much per pound?—That works out at 2½d. per pound.

71. How long does the butter season last?—Eight months.

72. During that exceptional season, what was the greatest weekly change in price—downwards?—From £4 14s. to £4 10s.

73. What period would that downward price range from?—That is from the 4th to the 11th April.

74. What was the greatest weekly range of prices upwards?—From £4 4s. to £4 8s.

75. And the date?—From the 14th to the 21st May.

76. So that the greatest weekly variation was 4s. per hundredweight, or less than ½d. per pound: is that not so?—Yes, that is so.

77. Now, I want to further ask if that variation which you have stated cut both ways?—Yes; butter a week late in May realised an extra £4 per ton.

78. You say that butter a week late in May realised an extra £4 per ton?—Yes; £4 more than if it had been there a week before.

79. Now, during the ordinary butter season 1d. per pound, equal to about £10 per ton, would cover the total range in prices from the beginning to the end of the season?—Yes, during an ordinary season.

80. Upon the information as stated by you, would the assumption of Mr. Duthie that a delay of a fortnight would probably cause a loss in the value of butter of from 1d. to 2d. per pound—in other words from £10 to £20 a ton—be correct? What I mean to say is, in view of the fact that you have given the range of both downward and upward prices, would that assumption be at all probable?—I think from the figures it is quite impossible.

81. How many steamers are there under the control of the contractors for the west-coast service and which are available for the colony to carry on this contract?—Twenty-four.

82. Can you give the Committee their tonnage?—Their total tonnage is 220,050 tons.

83. I understand you to say that they are first-class steamers of their kind?—Yes, they are all classed at Lloyds as first-class steamers.

84. Can you give the Committee any idea of their value?—They are valued at £2,830,000.

85. Can you tell the Committee what has been the total expenditure on this line of steamers in the colony since the commencement of these contracts?—I have inquired and find it is £59,845 18s. 9d.

86. Can you say what that covers?—Port dues and pilotage, £16,252 1s. 8d.; labour, stevedoring, and cargo charges, £35,791 19s. 2d.; ships' stores, £7,801 17s. 11d.

87. What is the total amount of subsidy that the company has received for the service to South African ports up to date?—£52,750.

88. Since this company has been trading in these waters have any of the original companies given up trading to New Zealand?—No; in every case they have rather increased their services and added to their fleets by building new steamers.

89. So that the colony, in addition to the whole of the steam-services that were in operation before, has got this additional line of steamers trading between New Zealand and the west-coast ports of the United Kingdom without paying anything whatever for it?—Yes, the colony has an additional line to the west-coast ports of the United Kingdom and pays nothing for it.

90. Mr. Duthie asked what number of vessels arrived in this colony from Glasgow and Liverpool last year: This question had reference to the quantity of outward cargo brought from Liverpool and Glasgow to New Zealand. What was the reply you gave to that?—I had not looked the matter up and was speaking from memory and said there was about one vessel every four weeks, or possibly one every three weeks, say sixteen or seventeen for the year.

91. Mr. Duthie took exception to your reply, and asked you something to the effect of whether you would be surprised to know there were thirty full-sized sailing-vessels arrived from Liverpool and Glasgow last year: Have you made inquiries in order to ascertain what number of vessels arrived in the colony?—Yes, I have made inquiries and procured a return from the Secretary of Trade and Customs dated the 26th instant, and the return shows that at all ports in the colony last year eight vessels arrived from Glasgow and ten from Liverpool, making a total of eighteen vessels for the year.

92. By whom is the return signed?—W. T. Glasgow, Secretary and Inspector of Customs. [Return put in Exhibit "B".]

93. The information that was conveyed to Mr. Duthie and given to the Committee by him was not correct?—No, he was evidently misinformed.

94. Mr. Buchanan asked you if it was not a fact that an outside steamer had loaded oats for South Africa at £1 5s. freight while the subsidised company was charging £1 10s.?—Yes, that is so.

95. What is the relative position of the different opportunities of shipment?—The outside steamer referred to by Mr. Buchanan loaded at one port in New Zealand, and discharged at one port only in South Africa, whereas the subsidised service has to load at not less than four ports in New Zealand and discharge at not less than three ports in South Africa; and an isolated opportunity of shipment such as this is never considered a fair comparison with the monthly service.

96. Do you know, as a matter of fact, that the Union Steamship Company, which has a cargo service from the eastern ports to New Zealand, are occasionally very much undercut by an outside steamer being put upon the berth in competition against them?—Yes, that is so.

97. And, as a matter of fact, in the shipping world, am I right in saying that that experience is not at all an unusual one?—An established service often gets attacked by irregular opportunities. The Union Company, in the Calcutta trade, in the matter of freight on woolpacks and cornsacks, has recently been forced down from £1 10s. to 12s. 6d. per ton by such an attack.

98. Has it not been shown in evidence that the rates in freights by the contract steamers upon grain have been reduced to 15s. a ton from New Zealand to the west-coast ports of England?—Yes, that is so.

99. Mr. Duthie stated that the Department proffered the New Zealand and African Company half the Government cargo from the west-coast ports. Is that statement correct?—That is not so. If you refer to the New Zealand and African Steamship Company's tender you will find that they asked the Government, if their tender was accepted, to be appointed contractors for the carriage of all Government cargo from the United Kingdom to New Zealand. This was refused, and it was afterwards agreed to give them a share of the Government cargo.

100. So, as a matter of fact, that statement that the Department proffered the New Zealand and African Company half the Government cargo from the west-coast ports of the United Kingdom is not correct?—No. The New Zealand and African Company asked for the whole of it, which request was refused.

101. Now, I want to clear up a point referred to by Mr. Buchanan in connection with freights from Australia and England as against New Zealand and England. He asked you whether the freight on produce from Australia to the United Kingdom was lower than from New Zealand?—Yes.

102. Is it not the case that wool from New Zealand is the only product from this colony with a lower rate of freight than Australia?—That is so.

103. What is the rate of freight on wool by the steamers from New Zealand in comparison with Australia?—The rate of freight on wool from New Zealand has stood on the basis of $\frac{3}{4}$ d. per pound for greasy and $\frac{1}{4}$ d. per pound for washed for the past five years, while in Australia it has frequently touched $\frac{1}{2}$ d. to $\frac{3}{4}$ d., and occasionally $\frac{5}{8}$ d. and $\frac{3}{4}$ d.

104. Regarding the correspondence relative to butter freights which I put in on the last sitting-day, and which was printed and laid on the table of the House, was that correspondence sent also to the Agent-General?—Yes.

105. Would you refer to the report of the National Dairy Association quoted and read from by Mr. Duthie?—Yes.

106. Can you say what these dairy associations are?—The National Dairy Association appears to be an executive of all the different dairy factories in the two Islands. There is an executive committee which calls itself the National Dairy Association in Dunedin, and a similar one in Wellington, and they appear to act for all the dairy factories in both Islands.

107. And they manage the business for the dairy associations?—Yes.

108. Amongst other duties they perform they arrange freights for the associated dairies?—Yes. They enter into contracts and arrange the freights for the outputs of all the dairy factories in the colony.

109. Who pays those freights that are arranged for by the executive?—Well, the butter and the cheese pay the freights.

110. Is it the case that a five-years' contract is current at the present time between the dairy associations and two lines of direct steamers?—Yes.

111. How long has it to run, and what is the rate of freight under the agreement?—It has about three years to run, and the rate of freight is from £7 to £7 11s. 8d. per ton.

112. What is the annual amount of freight paid to the shipping companies under that contract?—About £135,000 per annum.

113.—What rebates are made to the Dairy Association?—Only one is disclosed, and it is $2\frac{1}{2}$ per cent. on the first three years and 5 per cent. on the balance of the term.

114. What does that amount to per annum?—At present it amounts to £3,375 on the $2\frac{1}{2}$ -per-cent. basis, but it will be increased to 5 per cent. shortly, and also further by the increase of the trade.

115. As disclosed in the correspondence, if I had succeeded in my attempt to bring about a reduction in the freights on butter to $\frac{1}{4}$ d. per pound, as I tried to do, and a corresponding reduction on cheese, to what extent would the producers of this colony have benefited?—They would have saved one-third of the total amount paid, which would be equal to £45,000 per annum.

116. Have the executive of the Dairy Association, or any dairy association which they represent, ever asked the Government to help them to get a reduction in the butter freights as far as you know?—No.

117. Has any Chamber of Commerce asked the Government to help it get a reduction in the butter freights so far as you know?—No.

118. Now, I want you to refer to the portion of the National Dairy Association's report which was read by Mr. Duthie about the Government's service to the west-coast ports of the United Kingdom?—Yes; I have it here.

119. It says that the steamers call at several ports in Australia and load there. Is that true?—No. Since the inception of the service no steamer has called at more than one port in Australia for the purpose of loading.

120. It further says that the steamers call at several ports in South Africa, discharging and loading there. Is that true?—No; they do not load in any of the South African ports.

121. It further says that the saving in railage between London and Liverpool and Manchester is a small matter compared with the voyage of eighty to ninety days, as against the forty-five days by the direct fortnightly service of steamers. Is that true?—No. The voyages do not take from eighty to ninety days. The shortest voyage has been sixty-six days and the longest seventy-seven days, and if you take out that inaccurate statement the application of their argument is gone.

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

Commissioner (Mr. Hooper) says, "I am informed that the Cardiff purchasers of the 'Rangatira' shipment were charged $\frac{1}{2}$ d. per pound premium on the meat over London rates, to cover extra freight. This, however, represents a small saving to the purchasers, compared with the charges for railing meat from London. The meat was also delivered *ex* ship in better condition than *ex* rail. Although the Christchurch Meat Company were the actual shippers, I understand they sold to other parties who placed the shipment. The largest local purchasers were Messrs. H. Woodley and Co., of Cardiff, who deal largely and regularly in New Zealand meat, and the River Plate Fresh Meat Company, which has considerable business interests in South Wales. The Plate companies have for some time past been selling New Zealand lamb in conjunction with their mutton, not having enough of their own to satisfy the growing demand for frozen lamb. The sheep *ex* 'Rangatira' were largely of the lower grades, and were apparently suitable for the Plate dealers' trade. Altogether, this first direct shipment of New Zealand meat to the Bristol Channel may be considered a success, and might be followed by others at suitable opportunities with equally good prospects."

147. Now, on the 7th of November, 1903, the Department received a report on the subject of the "Rakaia's" shipment, the only steamer put on direct to Liverpool?—Yes.

148. What does that say?—"Speaking generally, and apart from the rabbit question, the 'Rakaia's' direct shipment to Liverpool may be regarded as successful. It would, however, be advisable to make discharge as rapid as possible in the case of future visits to provincial ports, if this trade is to be developed without causing undue friction with established London interests. As far as I can learn, there is no immediate prospect of the 'Rakaia' shipment being followed up. The combination of circumstances which brought that vessel to Liverpool is not likely to recur frequently. There is, however, undoubtedly a good direct trade to be done in a number of New Zealand products, granted transit facilities. The organization for such trade is already largely on the spot, and the position is very different to that existing at the time of the meat-shipment by the sailing-ship "Timaru" some years back. I may here remark that a judicious and moderate subsidising of direct shipments to provincial ports is frequently advanced by traders in this country as a means by which the New Zealand Government could most effectively assist in decentralising the colony's trade at this end. Among the butter was a consignment of about five hundred boxes from the Taieri and Peninsula Company to Messrs. George Wall and Co., their English agents, whose headquarters are at Liverpool, the direct shipment in this case being especially suitable. Of a line of 2,000 boxes, comprising the remainder of the butter booked for Liverpool, about a thousand boxes were brought on to London. New Zealand butter has a strong hold in the Liverpool district, having largely won the place occupied in past years by Australian butter. The latter, however, will have an advantage if, as seems to be planned, consignments are shipped to Liverpool direct by the White Star boats at the reduced halfpenny rate secured by the Victorian Government."

149. That $\frac{1}{2}$ d. freight referred to there is shown in the correspondence which I read here to have been only temporary?—Yes, that correspondence shows that it was a temporary reduction.

150. But from the concluding paragraph, in the Acting Produce Commissioner's opinion, there is a great advantage to be obtained in the financial results by shippers of butter to the west-coast ports from New Zealand?—Yes, by direct shipments.

151. Now, assuming such a thing was attempted to be done, could any advantage of any kind be offered to any intending contractor over another tendering for a service such as was advertised for by the Government for the west coast ports of England?—I cannot see that any tenderer could have an advantage over another in such a case unless he knew what his opponent was going to offer, which was impossible, and was willing to give something better.

152. Would it have been the duty of the Department to point out to the Government—as is always done as far as my experience goes in all matters of tenders—the respective advantages or disadvantages of the tenders received, either for a steam service or anything else?—Yes.

153. Would the Department not have been bound to recommend the tender that was the most favourable to the colony in their judgment?—Yes.

154. Did the Department recommend the tender they considered the best for the colony?—Yes.

155. Was any request for information of any kind in connection with the published tenders for this service made directly or indirectly by any of the tenderers, or by people who did not tender, to the Department?—No.

156. If requests for information had been made from any one in connection with the tenders for this service, would it have been fully and freely given?—Yes.

157. Were the two published official reports of 1902 and 1903 of the Industries and Commerce Department, which pointedly directed attention to the necessity on behalf of the producers of the colony for a steam service to the west-coast ports of the United Kingdom, laid on the table of the House, forwarded to the Agent-General, and circulated throughout the colony?—Yes.

158. So that it was—unless owing to their own neglect or inattention—within the knowledge of the existing steamship companies trading to this colony that the Government of this country were publicly urging the establishment of a west-coast service to the United Kingdom?—Yes; they should have known it as the result of that publicity—they had the opportunity.

159. As the outcome of this west-coast service, is it a fact that a permanent reduction in freights upon our products has been secured to shippers to the west-coast ports of the United Kingdom?—Yes, in the cost of transport.

160. And with that permanency a regular service has been established?—Yes.

161. Do you assume it to be conceivable that any business people, or any of the producers in the country, would continue to pay the London rates and charges and rail their products from London to Liverpool, or to Glasgow, Bristol, or Cardiff, with such an opportunity for direct shipment available?—No, they would not do it.

162. Then was an incentive not created by the establishment of this line of steamers to the west-coast ports to either induce or compel all the steamship companies trading between New Zealand and London to put some of their steamers on the berth for the west-coast ports of the United Kingdom from New Zealand?—Yes.

163. And would it not be infinitely better for all classes of producers or exporters to have the opportunity, in addition to the west-coast service, of shipping their goods to the west-coast ports of the United Kingdom by any of the lines that formerly made London their only direct port of call in England?—Yes.

164. Is it not a fact, as shown by the Agent-General, that prior to the contract for the west-coast service being entered into, the producers of frozen mutton and lamb have had to pay over $\frac{1}{2}$ d. per pound additional for railage from London to Liverpool, independently of cartage, when shipping their produce by the steamers that only went to London?—Yes.

165. Is it not the case that rabbit-shippers, according to the Agent-General, had to pay an additional £1 5s. per ton railage from London to Liverpool by the steamers going to London and not to the west-coast ports?—Yes.

166. Is it not only a reasonable deduction, but also a matter of every-day practice in business, that so long as there is no competition to cause a diversion of the direct steamers trading between New Zealand ports and London, the steamship companies save a very large sum annually, and that they have saved a large sum annually by not sending their steamers round to the west-coast ports of the United Kingdom?—That is so.

167. Judging by the cost of the railage that the producers of the colony have had to pay both on frozen meat and rabbits from London to the west-coast ports, the saving must have been a very large one, or the conditions of that branch of trade would surely have been long ago met by the direct steamship companies?—Yes.

168. That is a reasonable assumption?—Yes.

169. Now, I want to ask you a question or two with regard to outward cargo to New Zealand: Was it contemplated when the Government was trying to get—and I may say that we did not contemplate getting any tender on satisfactory terms—this service, that we should also be able to arrange for a return cargo service from the west-coast ports of the United Kingdom to New Zealand?—No; that was never considered in the first instance.

170. Is it not a fact that the whole object was to endeavour to secure for the producers of the colony lower freights, and to save them the handling-charges and deteriorating effects caused by the double handling at the Port of London?—Yes.

171. Is it within your knowledge that the Manchester Corporation and the Manchester Dock Trustees have been urging for years a direct service between New Zealand and Manchester?—Yes, that is so, and I think Bristol as well has made similar representations.

172. Do you know whether the Canadian Government, since the establishment of this service, have followed the footsteps of the New Zealand Government by doing the same?—Yes.

173. Am I right in saying that the colony has secured a regular steamship service to Liverpool, Glasgow, Cardiff, Bristol, and—voluntarily offered by the contracting company—Manchester—without any subsidy being paid by or at any cost to the colony?—Yes.

174. And do I understand you to say that a further port has since been offered?—Yes; the company have included Barry in their ports of call, but I do not say that it is permanent.

EXHIBIT "A."

RETURN showing the Number and Tonnage of Sailing-vessels that arrived in the Colony direct from Liverpool or Glasgow with Cargo during the Year 1903.

Port of Arrival.	From Glasgow.		From Liverpool.	
	Number.	Tons.	Number.	Tons.
Wellington	1	1,292	7	8,766
Lyttelton	1	1,581	2	1,310
Dunedin	6	7,021	1	1,040
Other ports
Total	8	9,894	10	11,116

Department of Trade and Customs,
Wellington, 26th September, 1904.

W. T. GLASGOW,
Secretary and Inspector.

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