

at our disposal, did not discover the nature and the terms of the arrangement that apparently exists between the Union Steamship Company on the one hand, and three smaller companies—viz., the Maoriland Company, the Anchor Company, and the Canterbury Shipping Company—on the other. But it seems clear that some arrangement does exist whereby these three smaller companies have allotted to them by the Union Company a specified portion of the carriage of coal. Mr. F. F. Munro, of Westport, has, in the opinion of the Commission, made out a strong *prima facie* case for further investigation.

Three important questions naturally suggest themselves on a consideration of the evidence of Mr. G. Joachim, managing director of the Westport Coal Company, and Mr. F. F. Munro: (1) The nature of the understanding between the shipping companies mentioned above; (2) the nature of the understanding between the shipping companies engaged in the carriage of coal and the coal companies; (3) the effect of these understandings on (a) the price of coal, (b) inward freights to Westport and Greymouth, (c) employment at the mines.

To show the necessity of inquiry on the lines above suggested we quote from correspondence supplied to us that passed between the general manager of the Union Steamship Company and the chairman of directors of one of the coal companies whose mines are situated on the West Coast:—

Extract 1, from Union Steamship Company to coal company: “I gather that you propose to confine your shipments principally to Wellington and Lyttelton, but may send occasional cargoes to other ports to which our vessels run. I understand that you would be prepared to confine your shipments to our steamers to Wellington and Lyttelton, but while we do not stipulate that the whole of your shipments to other parts should be confined to our vessels we could not undertake the responsibility of carrying the main supplies and practically provide tonnage to keep your mine going if the effect of this was to introduce fresh shipping interests which would compete with our company in its general trade. From experience, we think you will find it an advantage to rely mainly on one shipping organization to lift your output and keep the mine going, but we shall not take exception to your shipping coal by the shipping companies now trading to the West Coast—viz., Anchor Line, Canterbury Steamship Company, and Maoriland Company, *provided it is understood that Wellington and Lyttelton shipments are restricted to us, and that to such other parts as our steamers trade we shall receive preference.*”

Extract 2, from coal company to Union Steamship Company: “I should like the question of other ports more fully defined, as your clause referring to preference does not convey to my mind a very clear idea as to how such an arrangement would work out in practice. For instance, assume that a buyer in Auckland arrange with one of the companies you name to carry coal from Westport, which we would supply f.o.b., what would the position be, on the lines suggested by your company?”

Extract 3, from Union Steamship Company to coal company: “*With regard to preference that I ask for to ports other than Wellington and Lyttelton, what we intend to convey is that as we understand you will be relying on us to furnish tonnage to keep the mine going you will not encourage f.o.b. sale, and if you were loading one of our steamers at Westport you would not at the same time supply coal f.o.b. unless our steamer was fully loaded. With reference to your shipping coal by other steamers, in order that a wider interpretation should apply, we are agreeable that you should be free to ship by other coastal companies now trading in New Zealand.*”

Extract 4, from coal company to Union Steamship Company: “The correspondence regarding the subject of freights contained in your letters was duly considered by our directors, and it was decided to accept the arrangements therein set out for the term of two years.”

The arrangement therein set out was apparently the best arrangement the coal company could secure, and your Commissioners must not be understood as in any way reflecting on its action in making the best terms possible for the carriage of its product. Nor are we in a position to say what subsequent “arrangements” it made on the expiry of the period during which the contract was to hold good. But it is a fair deduction to draw that, competition being successfully stifled in the carriage of coal, there is a constant danger that the public will be charged a higher