

very close investigations on this phase of the question, and was greatly assisted by the representatives of corporations of some of the large Port Authorities outside of London. There is unquestionably a combine between the shipping companies for controlling freight arrangements, both as to exports and imports. In making these shipments they work on a basis of an overflow system rather than on a system to cater for the full requirements of any trade, whether it be imports or exports. Their method of working, so far as I could learn in England, was shortly this: They had a central committee set up in London which controlled the whole of the shipping, and this committee would give directions as to what company's boats should go on to the loading-berth for exports from England, we will say, to New Zealand, with the result that they really pooled outward freights. They may instruct No. 1 company to put certain boats on to the loading; No. 2 company was to put no boats on; and for the time being some of our New Zealand boats would be thus diverted to other trades. Although No. 2 company's boats were being diverted from the New Zealand trade, they would participate in the freights earned by the No. 1 company, and these boats that were loaded up in this way really provided the quantity of tonnage New Zealand obtained for its exports; and, as I understand the position, they in this way ran an overflow business to the great financial gain of the shipping companies, and consequently avoided having to run their boats only partly loaded, which at times would be necessary if there was free and open competition amongst the companies and any attempt to run to schedule time. For a number of years before the war this process was in vogue, and consequently ships were being run on an overflow basis, except perhaps for a few months during the slack portion of the New Zealand export period, when all the wool and the freezing-works were ordinarily cleared. I am quite sure it would be safe to say that for several years before the war there was not a freezing-works from one end of New Zealand to the other that was not blocked up some time or another because of the ships not keeping them sufficiently cleared, necessitating a stoppage of killing operations. The butter-factories have also experienced a serious congestion of dairy-produce. When I was in England in 1910, and again in 1912, on each occasion it was most difficult to get space for outward cargo from England. It had to be bespoken well ahead, and as a rule it was shut out of several steamers before its turn arrived.

There is another phase the Committee should understand, and that is the secret concessions which the shipping companies make to exporters who send all their shipments through this London Central Shipping Committee. Thus the companies will say to a Manchester or Glasgow merchant, "Providing you ship all exports which you send to New Zealand through our boats loading in the Port of London for a stated period [which might be six or twelve months] we will grant you a substantial concession on all freight charges." In this way a monopoly is made on all the exporting business from England, and this acts very detrimentally on the New Zealand buyers, although it is not generally known by them. For instance, they will ask for a quotation from a manufacturer, we will say, in Liverpool. If they are making their inquiry from a large manufacturing firm which is obtaining the benefits of these concessions they will quote the price plus shipping-charges from London to New Zealand and railage from Liverpool to London. The New-Zealander will then have tacked on to his price, without knowing it, railage from Liverpool to London. The merchant in turn penalizes the New Zealand buyer with these heavy railage charges in order to protect his own concessions. The only way to avoid this is for the New-Zealander to purchase the article outright and arrange his own shipping, which is, of course, not convenient, but the law should be made to guard against this phase in England.

Dealing with the question of freight charges, undoubtedly an unreasonable amount is being charged for this, and in case the Committee have not had any details on this hand, I produce particulars of the freight charges on our principal items of export prior to the war and the freights now in operation, which show, as regards wool, this would cost 19s. 3d., storage free and no limit, for a bale of 352 lb. before the war, as against the present rate of £3 13s., storage limited to two weeks, and in addition freights have to be paid at port of shipment, making an additional 1 per cent. cost to the shipper. The shipping company also saves insurance on freights, as previously the freights were paid at the other end, and consequently the responsibility rested with the shipping company to insure their freights. This means fully 2 per cent. extra expense to the shipper, as the freights must be added to the f.o.b. value.

Now, according to the public Press reports, which if incorrect would have been contradicted by the shipping authorities, it is reported that the Federal Shire Line, the Shaw, Savill, and Albion Company, and the late New Zealand Shipping Company were all under the control of the American Shipping Ring, and also that the P. and O. line, which recently purchased the New Zealand Shipping Company and the Union Steamship Company, are also under the control of this American Shipping Ring. This ring works in conjunction with the American Meat Trust, and in some instances it is known that the shipping and meat management heads are the same. In this respect I refer to Mr. Spreckles, of San Francisco, who is the head of the Spreckles line of ships and also of the Meat Trust representatives in San Francisco, and for the information of the Committee I might relate what I was told by a reliable business man who carried on a wholesale business between New Zealand, Australia, and America. He informed me that some years ago, when the Spreckles line of steamers was trading between San Francisco and New Zealand (these were, I understand, subsidized by the American and New Zealand Governments), he, knowing the high price at which meat was selling in San Francisco, and the low cost it could be purchased at here, filled up one of Spreckles's subsidized boats with New Zealand meat and sent it to San Francisco. When it arrived he received a message that Mr. Spreckles wished to see him. He called, and Mr. Spreckles asked him if he was the gentleman who had brought the meat from New Zealand. He said he was. Mr. Spreckles then said he wished to give him a caution not to do it again, for if he did he (Spreckles) would see that the Meat Trust would not further supply any butchers that he might sell his meat to, and as he would not have enough to keep them