

Mr. Bell argued that the charges made by agents in this connection had been sanctioned by a lengthy custom, and were allowed by law (*Baring v. Stanton*, L.R. 3 Ch.Div. 502).

The evidence went to show that in carrying on the shipping business as at present organized agents are usually employed. These agents must be paid either by the shipping companies or the producer, and in either case ultimately out of the pockets of the latter.

As evidence to prove that the present system could be cheapened the case of a shipment of a thousand bales belonging to Mr. Pharazyn was instanced. Mr. Pharazyn stated that by doing his own work he had saved approximately £1,000 on a shipment of a thousand bales, made up as follows: £450, freight; £312, miscellaneous charges at 6s. per bale; £120, 1-per-cent. saving in the method he transacted business; £108, petty charges.

The reduction of freight on Mr. Pharazyn's wool was due to the action of the Freight Reduction Committee in shipping his wool in chartered vessels, no primage being charged.

The 6s. per bale, making the £312, appears to be based upon a misapprehension of Mr. Pharazyn in thinking that the £7 4s. 6d. mentioned in the *New Zealand Times* article referred to seven bales, when in fact it covers the charges made on seventeen bales, and has been arrived at as follows:—

CHARGES ON SEVEN BALES.

	Lowest Scale.	Medium.	Highest.
	s. d.	£ s. d.	£ s. d.
Primage at 5 per cent. on freight	7 3	0 7 3	...
Primage at 10 per cent on freight	0 14 6
Bill of lading	2 6	0 2 6	0 5 0
1 per cent. return London commission, on gross value of £90	0 18 0	0 18 0
10 per cent. on insurance premium, refunded to agent, say	2 0	0 2 0	0 2 0
Profit on London exchanges, at a minimum	2 6	0 2 6	0 2 6
Special allowance, extorted from the ships in some cases by black-mailing process, of 2s. 6d. per bale	0 17 6
Total of all charges	14 3	1 12 3	2 19 6
This amounts to, per bale (omitting fractions)	2 0	0 4 7	0 8 6

The £120 is a profit made by Mr. Pharazyn through the method in which he financed the one thousand bales.

The £108 contains items such as rebate on scouring wool, bonus on purchases, &c.

The item of 2s. 6d. per bale mentioned by Mr. Pharazyn as obtained by black-mailing process was only proved to have been obtained in the case where £1,600 was paid to four co-operative companies, who were in a position to guarantee twenty thousand bales.

The Committee consider,—

That it is desirable that all payments made to the agent in respect to the shipment of his produce should be disclosed to the producer.

That the interests of the producer in securing reasonable freights cannot be conserved so long as agents have a proportionate and beneficiary interest in the payments to shipping companies.

That the condition imposed on agents that they must not return primage to the producer is an unfair and unreasonable restriction.

The Committee have no recommendation to make in respect of legislation.

October, 1898.

ROBERT McNAB, Chairman.