

Zealand Shipping Company, and the Tyser Company; in fact, they wish to protect themselves, and consequently they come to this arrangement with their clients—with their mercantile and bank clients—that neither this commission nor any part of it shall be returned to wool-growers. A wool-grower might go to the Shaw, Savill, and Albion Company and say, "If you will give me back 5 per cent. prime I will take my wool from the Shipping Company and send it by your line." Then a grower, perhaps, goes to the Tyser Company and makes a similar arrangement, and then comes in the evil of intense competition and excessive labour to do the shipping-work; besides, in working with the shipping companies, as they do, mercantile concerns and banks are surely entitled to a commission—what the labourer is supposed to be entitled to—viz., his hire. It has been stated that these agreements are broken. Now, I have taken a great deal of trouble over this matter, having sent circulars round to our own branches, and have investigated the thing thoroughly, and I know, as a matter of fact, that these agreements are not broken. Without mentioning names I may give an instance to prove this. A southern squatter on a large scale considered himself very hardly used because, after making the most strenuous efforts in every direction to obtain a return commission, he could not get it. He wrote Home to London about it, thinking he could bring pressure to bear there, and eventually succeeded in obtaining a rebate on the freight of certain wool bought by him. I am not prepared to say that in consequence of this a friend of his to whom some promise had been, or may have been, made may not also have got the concession. But that is the sole instance, to my mind, of any infringement of the distinct agreement that was entered into. With Mr. Pharazyn's permission I would like to say one or two words on the subject of black-mailing, if the Committee think it is within my province to give them some information on the subject. If you call them "black-mailers" I use no such expression.

125. *The Chairman.*] We cannot say until we hear you whether it is evidence or not?—Mr. Pharazyn says there is 2s. 6d. per bale—practically, in using that expression in a column he gives in a newspaper on charges the natural inference would be the mercantile community in general were getting 2s. 6d. per bale. Take this last item in the table: "Special allowance extorted from the ships in some cases by black-mailing process of 2s. 6d. per bale." I do not wish this statement to go forth to the public in general, but am prepared to name the four co-operative concerns who indulged in what Mr. Pharazyn calls a "black-mailing process," and the amount they obtained. Is it the Committee's wish to obtain such information?

126. It is within your rights to name the parties?—The extent to which it applied was this: Four co-operative concerns got £1,600. That is the exact state of the case. This lasted for I am not prepared to say how long, but when it occurred I was myself behind the scenes, and knew what was going on, and protested strongly against it. The late Mr. W. H. Levin agreed with my protest, and considered that the calculations that I had gone into were incontestable, and were so strong that the payments ought to be discontinued. Mr. W. H. Levin died shortly afterwards, and this particular allowance lasted for, I think, a year or two more. The Wairarapa Farmers' Co-operative Association, which Mr. Hogg, I think, referred to, had not come to town then, which may be a reason for their not having participated in this. Whether they would have liked to have participated later on I cannot say. Consequently, if this is regarded as a reflection on agents—and a reflection has been made—it ought to be shown that it is not the general mercantile community that levy black-mail. I do not use the word "black-mail," because the co-operatives might be certainly within their rights in going to Shaw, Savill, and Albion Company and the New Zealand Shipping Company and saying "If you do not allow us £1,600, or £400 apiece"—I cannot say how it was distributed—"if you do not allow us £1,600 we will put on opposition vessels." I suppose one might say it was perfectly within their rights to do so, and perhaps they would resent it being called black-mail; but these are the facts. Mr. W. H. Levin died, I think, in September, 1893, which fixes the date when this happened. I do not know whether the Committee wish to extend the inquiry any further than the mere question of prime. Mr. Pharazyn, for instance, has an item, "Profit on London exchanges at a minimum, 2s. 6d."

127. All that is included?—Very well, I should be anxious to know how he makes this out. Some of you possibly are not acquainted, unless you are shippers of wool, with the way in which the charge for London exchange is made. We will say that a wool-grower comes to us with 100 bales of wool, and he wants an advance on it of so-much. Say the advance is equal to £10 per bale; we credit him or hand him over £1,000 as an advance. We charge him $\frac{3}{4}$ per cent. exchange, £7 10s. Now, that is on the basis of a sixty-days' sight draft, which matures in, say, 105 days. I think I may safely say that is not too long a duration for its currency, for sometimes the advance is obtained a week before the mail goes; on the average it is from 100 to 110 days. During that time the grower is charged no interest, therefore we have to set off 105 days' interest against a $\frac{3}{4}$ per cent. total charge; $\frac{3}{4}$ per cent. for exchange is equivalent to 105 days' interest at between $2\frac{1}{2}$ to $2\frac{3}{4}$ per cent. I wish to know where the profit is. We practically allow the grower the use of the money at a rate of interest from $2\frac{1}{2}$ per cent. to $2\frac{3}{4}$ per cent. Where is the profit? It is perfectly true that we may have financial arrangements in importing and exporting goods, &c., by which we may make some profit out of it, but that is quite aside from the question. Here is a statement that the merchants make 2s. 6d. on seven bales in exchange. In point of fact, we should be only too happy if our clients came to us and said, "Send this wool Home and pay us as soon as the proceeds are due." That would suit us infinitely better. If we gave him the £1,000 and charged him even a lower rate of interest—say, 3 per cent.—during the currency of the draft, it would pay us better. I think, therefore, that this 2s. 6d. profit on London exchanges at a minimum is disposed of. Then, going into the scale of "Ten per cent. on insurance premium refunded to agents." That I consider a perfectly fair charge. "One per cent. return London commission." That is a matter which, as far as I am personally concerned, does not affect the Loan Company, because it does its own business in London, and its charges are simply a question between the client and themselves. There are other concerns that have merely agents in London, and if these agents return them 1 per cent. I think, considering the responsibility that the farmers' agents here