

1898.

NEW ZEALAND.

THE NEW ZEALAND PRODUCE TRADE IN ENGLAND.

Presented to both Houses of the General Assembly by Command of His Excellency.

The AGENT-GENERAL for NEW ZEALAND to the Hon. the MINISTER of AGRICULTURE.

SIR,—

25th September, 1897.

I have more than once since coming to England written to the Government on the subject of the state of the New Zealand produce trade here. It has occurred to me that, as I have now been more than twelve months in England, it will not be premature to summarise the results of my inquiries, and the opinions they have led me to form.

These inquiries have naturally been based upon visits to the docks, to stores (cold and otherwise), to retail shops, and the offices of persons connected with the trade; also upon personal inspection and experience of New Zealand meat and dairy produce. More particularly, however, I have striven to get information by means of interviews and conversations with all sorts and conditions of men of knowledge and capacity concerned in the trade. I have made notes of conversations, and have endeavoured carefully to compare the diverse and often conflicting opinions expressed. I have also seen something of the trade in the provinces.

On the whole, I have formed a high opinion of the quality of New Zealand produce, and of the general condition in which it comes here. To this rule there are, unhappily, numerous exceptions, especially in the matter of condition. There are, however, good reasons for hoping that these exceptions will slowly grow less and less numerous. Not only are the freezing and dairy companies in New Zealand now awake to the question, but the ocean shipping companies are unquestionably alive to it also. It must not be supposed, though, that there are not still instances of the arrival of damaged cargoes. They still occur from time to time. There has been one very bad case within the last week or two. I need not say how mischievous this is. The consignor who pockets his insurance-money has, nevertheless, ultimately to suffer through a damaged market. Half-spoiled meat is sent about London, and the consumer learns to distrust frozen mutton.

The grumbling about coarse meat and over-fat lambs has been considerable, and does not diminish. On the other hand, I can say from my own personal knowledge that very good meat indeed does come from New Zealand, and can be bought here by those who know how to get it at almost absurdly low retail prices. A side of mutton can be purchased to-day for 5½d. a pound, delivered at your house. This, of course, applies to London, not the provincial towns.

As to the class of sheep likely to command the best price, the opinion here is pretty unanimous that the nearer an approach can be made to the Shropshire and Hampshire and Southdown types the better will the English taste be suited. I am aware, of course, that other considerations than meat have to enter into the breeders' calculations.

Why Australian merino mutton, which is often so palatable in the colonies, should be dry, tough, and tasteless here I do not profess to know. But so it is. I have eaten merino mutton here which has been about as agreeable as a slice of red-pine wood, the colour of which it somewhat resembled. There is no question of the general superiority of our meat to that of Argentine and Australia. There are exceptions, but the average of ours is distinctly better—any picked exhibits of Argentine meat notwithstanding. Where these meats are supplanting ours it is not owing to their quality, but from three causes—(1) cheapness, (2) energy, (3) fraud.

There is no question that the dealers and butchers are playing exactly the same game with these meats at the expense of New Zealand mutton as they have played with New Zealand mutton at the expense of English and Scotch. In other words, a persistent and general attempt is made to class all frozen mutton as New Zealand and sell it as such.

The harm which this does and continues to do our meat is very great. It is equally injurious whether the Argentine meat is good or bad; if it is good it simply takes the place of our meat and lowers the price; if it is inferior, as most of it is, it gives the name "New Zealand" a bad odour. Our best market now and in the future is neither with the very rich and fastidious nor with the masses of the poor. The former will not buy foreign or colonial meat in any shape or form. They can easily afford to pay 10d. or 1s. per pound for their mutton, and seem rather proud of doing so than otherwise. Socially, here, it is the correct thing to take the side of the agricultural interest. On

the other hand, the very poor have to put up with the cheapest meat they can get. They are only too glad to get Argentine or Australian mutton at 4d. or 4½d., and will take that in preference to the better New Zealand at 1½d. or 2d. per pound higher. It is the middle class in which our customers are for the most part found. There is a very large class rich enough to afford to have palatable meat, yet not so rich but that they are glad enough to get it at 6d. instead of 10d. per pound. People in this class will not knowingly buy River Plate or Australian mutton. They will eagerly buy New Zealand mutton or lamb if they can depend upon getting it, and will pay anything up to 7d. or 7½d. per pound quite cheerfully. Upon these customers butchers are continually trying to palm off inferior meat from the Plate and Australia. The result is that many of them come to believe that New Zealand mutton is of very unequal merit, and that much of it is coarse, dry, and unpleasant; so they give it up.

In my opinion, though our trade has suffered and may possibly still suffer from selling the pick of our meat as English and Scotch, because that deprives us of the good advertisement that this excellent meat would be to us, still, any injury so caused is merely trifling compared to the harm that is done by fraudulent sales of River Plate and Australian mutton under our name. The meat-marking law, so far from injuring us, would, I think, be a positive advantage to us, provided frozen meat had all to be branded with some special mark denoting the country of its origin. It is not expected, however, that such a law will pass the English Parliament, although a Bill of the kind has lately for the second or third time passed its second reading and come in for some public notice. You would no doubt find great opposition to any such Bill amongst persons concerned in the imported-meat trade here. But then the opinions of these gentlemen should be taken with very considerable reservation on this point. Many of them are interested quite as much, or more, in Australian as in New Zealand produce; while some, of course, are concerned in the Argentine. I do not mean to suggest that the agents and the larger dealers here do not do their best for the producers; but in a recent speech by the chairman of an agency company occurs this very true passage: "For the future, it ought not to matter much to this company what price New Zealand mutton goes to in London." That being so, the sheep-owner to whom it does matter—very much—had better bestir himself to keep a close eye on his interest here.

I cannot help thinking that what is wanted is to secure dealers and retailers who will not touch either Australian or River Plate mutton, but confine themselves solely to New Zealand. Then the superior qualities and separate virtues of New Zealand meat ought to be systematically and widely advertised. It is all very well for dealers in Australian and Argentine meat to wish to lie low, and let the retailers smuggle their meat into the market by such means as they may like to employ; but it will not do for New Zealand to connive at or share in this policy. Quality, and quality only, enables and will enable our meat to hold its own against its cheaper competitors. The main desiderata, then, are: (1) That the quality should be rigorously preserved; (2) that it should be advertised widely and perseveringly amongst the English middle classes; (3) that efforts should be made by which the wholesale dealers should supply New Zealand meat to retail butchers who will agree to buy no other foreign meat; (4) that all foreign meat should be marked not only as foreign but with the country of its origin.

Moreover, there is Mr. Cameron's proposal for the opening of stores in different provincial centres. A memorandum from him describes this at length. Such stores would, no doubt, do excellent service. The question is, Who is to find the capital and organizing ability? I quite agree with Mr. Cameron that New Zealand meat is not nearly so thoroughly and widely distributed as many New Zealanders imagine. They are deceived by the amount of meat sold over the United Kingdom as "New Zealand," but which is not New Zealand.

No doubt you would find very few persons in the trade here who would unreservedly support the above programme. They would give you all sorts and kinds of reasons against it. No doubt some of these reasons would be good, in so far as they would show the difficulties in the way, but none of the reasons would really touch the true difficulty. This is, that the imported-meat trade in this country is very largely based either upon downright fraud or else on playing off one kind of foreign meat against another. Of course this process is extremely profitable to the dealers, but it is injurious to the producer at our end and to the consumer here.

I do not think many persons interested in the trade are anxious for Government interference or Government help. They know, of course, that the one object of the New Zealand Government would be to get the highest price for the grower, and the best possible advertisement for New Zealand meat, as distinguished from all other meats. The dealers, large and small, however, need care little about the growers. So far, too, from desiring that New Zealand meat should be recognised by the public here as the only first-class foreign meat, they are nearly all of them, more or less, directly interested the other way. My own suspicion is that the wholesale people dabble nearly as much as the retailers in either Australian or Argentine meat, to say nothing of North American beef; and in this matter, what is true of meat is true of dairy produce. But in the case of butter and cheese there is good excuse, because the Australian and Canadian article is usually as good as ours.

The system pursued for pushing frozen meat in the provinces does not touch the question of the use made by dealers of Argentine and Australian meat, nor does it to any great extent reach the small middle-class consumer who buys by the joint. We are too dependent on London and London men.

Before quitting the subject of meat there are still one or two important points. The storage accommodation here is not what it should be. At the present moment I hear complaints that it is not sufficient, and there is positive difficulty in getting room for arriving cargoes. Then, it appears to be of unequal quality. Some stores could not be improved upon, others are not as good. Then there is the old difficulty about slow discharge and the handling of carcasses in the docks. I do not see how any reasonable man can doubt the very great advantage that a large central sorting-shed in the docks would be to the trade generally.

As I have already informed you, the Docks Committee is ready and willing to find the money to put this up, at a cost of about £40,000. The site indicated could hardly be bettered, but the dock companies would require to be guaranteed about £7,000 a year. I have reason to believe that the shipping companies would probably find a third of this, if the Government and the producers could guarantee the rest. Meat could be delivered quickly and by the best methods into the shed, and thence passed into barges from one side of the building and into the railway-trucks from another. Many days' delay and much knocking-about of the carcasses would thus be saved.

You have doubtless heard recently that several of the steamers carrying our produce have also brought Home live cattle from the Argentine. I have been making inquiries into this through Mr. Cameron and others, and am satisfied that the practice is most objectionable and risky from the point of view of our producers. At present this cattle trade is being stopped for the sufficient reason that it has ceased to pay. But so far as I know there is no understanding that it will not be renewed should there be a prospect of revived profits. I would suggest that the Government and the producers keep a vigilant eye on the matter and combine to secure an undertaking that the practice shall not be resumed.

As for dairy produce, as distinct from meat, I cannot too strongly emphasize the necessity for discouraging the export of inferior brands both of cheese and butter. So long as our article can obtain and keep an equal rank with the best Australian and Canadian, so long may something like reasonable prices be relied upon on the average. But it will not be enough for the factories to manufacture a good article, and for butter, other than factory, to be kept from leaving the colony: that is only the beginning.

In spite of the sneers of some of the dealers here, I am convinced that the Government grading is of much value, especially if it is carefully inspected and reported on at this end.

As regards the temperature to be observed on the voyage, the best opinion seems to be that it should be from 10 deg. to 25 deg. in the case of butter, and 40 deg. to 45 deg. in the case of cheese.

As I have said before, I believe the shipping companies will undertake to keep within these limits. The companies at the other end ought to make such arrangements with agents here as will prevent butter lying in the stores at this end for days after arrival. The shipping company concerned ought to be authorised to put all consignments not properly claimed, or lying on hand, into the cold store, leaving the agents to get them out. It is as unfair as it is disastrous that excellent produce should be allowed to lie in cargo-sheds where the temperature may be anything between 40 deg. and 70 deg., and where the air may be tainted with the odours from bales of wool, or other kinds of cargo. I have seen this state of things myself, to the great detriment of our produce, and therefore, whatever are the denials from the agent concerned, I know it goes on.

So much has already been said from this end about the necessity of regularity in shipments in the case of dairy produce that I do not care to take up your time again restating the arguments. Suffice it to say that the more the shipments approximate to a system of weekly arrivals the better will the dealers be pleased, and the more likely we are to hold an equal place in favour with Canada and Victoria.

Then there is the question of the class of agents to be employed, and the number. The more powerful agents are naturally strongly of opinion that the trade should be concentrated in a few hands. However much discount may fairly be taken of views which coincide so closely with their own interests, one is still inclined to agree with them. The more competent the agent and the better his grasp of the market the better the sales he is likely to effect. The more regular his supplies are, too, the better chance he will have in the market. The practice of changing from agent to agent, and of employing men of second- or third-rate standing in the trade, seems likely to do the producer much more harm than good in the end. It leads to competition amongst sellers, and to the playing of strange tricks which disorganize the market. Competition amongst buyers is an excellent thing for the producer; but competition amongst selling agents is quite the reverse. One hears of such competition also in the meat trade, and there, too, results are plainly to the detriment of the grower.

The AGENT-GENERAL to the Hon. the PREMIER.

2nd October, 1897.

Home Markets.—I beg to enclose a report made by Mr. H. C. Cameron, giving information respecting the present condition of markets in this country for New Zealand mutton, and suggestions for the improvement of the same.

W. P. REEVES.

Westminster Chambers, 13, Victoria Street, London, S.W.,

SIR,—

1st October, 1897.

I beg to submit for your consideration the following remarks *re* the present condition of the Home markets for New Zealand mutton, together with a suggestion which I consider feasible for the improvement of the same.

How can the Demand for New Zealand Mutton in the Home Markets be improved?

How to improve the demand for New Zealand mutton in the Home markets is a problem that should now, more than ever—if not too late—engross the attention of all who have the interest of the New Zealand frozen-meat trade as a whole at heart. Steadily year by year prices have been declining, until now they are so low that were it not for the concessions made periodically on freezing and freight charges the returns to shippers would be entirely unremunerative. It is an acknowledged fact that the quality of the New Zealand mutton lately arriving has been deteriorating,

while River Plate mutton, on the other hand, has been as steadily improving in quality. Of course, as yet, the quantity of best-quality River Plate mutton is small, but it must be only a question of a year or two until the proportion is largely increased. That this is true can be borne out by those gentlemen who have lately been in this country from New Zealand, and who then gave considerable attention and study to the condition of the frozen-meat trade here. Also, it has been shown to New Zealand producers by ocular demonstration with River Plate mutton lately sent from here to New Zealand that the quality of it compares favourably with that of New Zealand mutton. The position, therefore, is one worthy of earnest consideration, and without doubt it is imperative that steps be taken without loss of time to improve the present state of things.

I do not myself believe that it is necessary, were a little energy exerted on the part of the producers to uphold prices, that the low wholesale rates now ruling should have to be accepted. With proper care on the part of New Zealand breeders in studying the requirements of the Home market, it is acknowledged by all experts that the quality of New Zealand mutton would be unbeaten. Why, therefore, should not this desirable supremacy be attained?

At present the demand for New Zealand mutton, except in London and the South of England, is very small indeed. In all other parts of the country there is a large field for the distribution of New Zealand mutton. Of course, a certain quantity of it is now distributed there, but comparatively speaking the amount is infinitesimal, that field being almost entirely supplied with River Plate and Australian mutton, which is usually sold at low prices. It is this mutton that is heard of so often in New Zealand papers as being sold everywhere. I am often surprised when I read in these papers interviews with returned colonists, many of them men whom I should believe could not be imposed upon, stating that New Zealand mutton is sold everywhere throughout the country at prices, say, 4d., or 4½d. per pound for legs, &c. This is absurd. The mutton seen by these parties being offered for sale at low prices throughout the Midlands and North is certainly frozen mutton, and is called by the retailers "New Zealand" or "Canterbury," but it is not such. River Plate and Australian mutton, being landed at Liverpool, Manchester, and Glasgow, is retailed at the prices stated, and it is this meat that New Zealanders have seen when travelling throughout the country being sold as "New Zealand." Nor is it the finest quality of mutton from these countries that is retailed at these low prices.

The fact, however, remains that under existing circumstances New Zealand mutton will come more and more to the level of prices ruling for that from River Plate and Australia. Naturally it may be asked, what grounds are there for making this assertion? The reply is, because under existing circumstances there is no outlet for New Zealand mutton other than the channels through which River Plate and Australian mutton goes into consumption. These outlets are well satisfied with the quality of that mutton, and, as the price of it is lower than of New Zealand, preference is given to it. Now, New Zealand producers cannot afford to accept such a low price as their competitors can, and if they will only bestir themselves there is no necessity that they should. If, however, they allow things to go on as they are at present doing they certainly shortly will have to do so.

The present is, I consider, a good time to make an energetic move to open new fields for the distribution of New Zealand mutton, and to secure increased consumption of it, with the consequent improvement in prices. While River Plate and Australian mutton—especially the former—is pushed for sale throughout the country, it is chiefly the working-classes who are catered for. The higher-class trade has only to a very slight extent been cultivated. Except in a very few instances throughout the Midlands and north of the kingdom, butchers doing a high-class trade have not been induced to push the sale of New Zealand mutton at all. Several of the wholesale houses in the course of their business have sent travellers throughout the country endeavouring to push sales with these butchers. The result has been disappointing. They have been invariably met with the objection that there is no demand for the mutton amongst the butchers' customers, and that they did not care to stock it, as it might prove hurtful to the tone of their trade. In short, these high-class butchers do not want it introduced to their customers.

Now, it is a generally acknowledged truism that demand creates supply, but as regards New Zealand mutton we have got the supply without the demand. The New Zealand producers must therefore create this demand for themselves. It may be thought that this is more easily said than done, and it may be asked—How is this to be effected? I am satisfied, simply by advertising. Now, there are many ways of advertising—by advertisement in newspapers, by large posters, by circulars, or by lectures. For the present purpose, however, none of these means can be considered suitable. Supposing that advertisement by any of these means was adopted, and that this was instrumental in attracting notice to the mutton, which is doubtful, the difficulty at present would be that if the parties who became interested in it desired to obtain some of the mutton they might go to a shop where so-called "New Zealand" mutton was sold, and, asking for it, obtain what on trial would afford them dissatisfaction, and possibly more harm might be done to the reputation of New Zealand mutton than anticipated. The cost of such advertisement, if of any extent, would also amount to a very considerable sum of money each year, for which expenditure the return would be doubtful.

The form of advertisement which should be adopted is that by which the patronage of the better class of consumers would be attracted and insured. This would be accomplished by establishing in several of the large towns—say, having over a hundred thousand inhabitants—throughout the Midlands and the north, shops where the best class of New Zealand mutton could be exhibited and sold. Great attention would have to be given to opening these shops in a prominent position, handsomely fitting them up, and displaying the meat attractively. If this were done, care being taken to have only one shop in each town, from which centre all orders from outlying districts could be distributed, and a thorough system of notification of the opening of the shop by attractive circular to the better class of consumers in the surrounding

districts was carried out, it would not be very long before a very good connection was obtained. The class of customers to be, if possible, secured is that which usually deals regularly with the high-class butcher in the immediate districts in which they reside. These customers are generally thoroughly reliable as payers, and usually run monthly accounts, so that when their regular patronage is secured the butcher they formerly dealt with misses their custom. He naturally is anxious to find out the cause of the discontinuance of their orders, and makes inquiries. On being told by them that the orders have been discontinued through no fault on his part, but simply because they are now obtaining an equally good article from the New Zealand store at a much lower price than they were paying to him, he is, of course, greatly concerned, and begins to think. The result is that he decides that it is not politic to lose his customers if he can avoid it, and rightly concluding that if this class of customers are so favourably disposed to New Zealand mutton it is time he was keeping it for sale, he resolves to do so forthwith. He therefore informs his customers that if they will renew their orders with him he will supply them with the same mutton as they have been obtaining from the New Zealand store, at the same price. On his undertaking to do this the customers, recognising that it is more convenient for them to obtain their meat from the butcher in their immediate neighbourhood, who can call regularly every morning at their house for orders, rather than having to send their order to the New Zealand store, agree to this proposal. This occurs in the several districts from which customers have been attracted to the New Zealand store, and gradually, as the result of this system of advertising, New Zealand mutton will be found in the shops of the best class of butchers there, and being sold by them on its merits. These butchers, finding the mutton thus in demand, and realising that there is a good profit to themselves in handling it, will gradually push the sale of it amongst their other customers. In this way a large demand may be gradually worked up, and the consumption being amongst those who can afford to pay a fair price for a good article, the possibility of maintaining a payable price to the producer for New Zealand mutton can be understood.

Instead of the wholesale salesman having to urge the retailer to introduce the mutton to his customers, the customers, having had the mutton introduced to them by the advertisement of the New Zealand stores, ask the butcher to supply them with it, thus becoming canvassers for New Zealand mutton, and the butcher then asks the wholesale salesman for it.

Of course, this system of advertisement must be undertaken by the New Zealand producers themselves—or by the New Zealand Government as their representatives. It is not to be expected that a private trader can afford to do it. Nor will the wholesale houses here undertake it—they are, of course, equally interested in mutton from other countries as well as from New Zealand. A private trader would naturally object to furthering a system which would have the effect of encouraging direct competition with the trade he had worked up.

The profit derived from the business done in the shops would at the very least pay working-expenses, so that the cost of the advertisement for the mutton would be nil. I am, however, satisfied that a handsome profit besides can be made from the shops, but, of course, under the present proposal there is no need to consider this.

New Zealand is, comparatively speaking, a small contributor to the total meat requirements of the British market, therefore it is all the easier to make a specialty of her produce as being of first-class quality and fit for use by the better classes, keeping it ahead and clear from the growing competition of River Plate and Australia.

The means I am now advocating for the improvement of the demand for New Zealand mutton in the Home markets are not put forward without thought, and from my personal experience of business conducted on similar lines I am thoroughly convinced that the results would be as I now anticipate.

I have, &c.,

H. C. CAMERON, Inspector of Produce

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

DEAR SIR,—

13, Victoria Street, Westminster, S.W., 6th May, 1898.

I had no intention at the present time of again reverting to the urgent need which I consider there is for the producers in New Zealand bestirring themselves to insure energetic means being taken for the improvement of the distribution of their meat in this country, but I think it is advisable, in order to show the energy with which the meat from River Plate is being pushed, to draw your attention to the annual report lately issued by Messrs. James Nelson and Sons (Limited). In that report, presented to the shareholders of the company at their general meeting last week, it is stated that “The directors have been giving their careful attention to increasing the number of their retail shops, so as to render the company more independent of the wholesale markets for the disposal of its products, and have pleasure in stating that during the past four months the trading shows a much better result than in the corresponding period of last year.” The chairman also, at that meeting, said that the shops belonging to the company proved more remunerative than did the business of selling meat in the wholesale market, a process which he termed a “scramble.”

As you are aware, I have persistently advocated the opening of a few high-class shops in districts where the merits of New Zealand meat is not known, as an advertisement in order to create a demand for it. I have not, however, suggested that more than one shop should be opened in any one centre, nor have I considered it advisable that these shops should be looked to to return a large profit. I believe, however, that opposition to carrying out a scheme such as I have suggested arises from the fact that doubts are entertained in New Zealand as to whether these shops would pay.

When, however, we find a firm of such experience in the meat trade as James Nelson and Sons openly announcing that they are increasing the number of their retail shops so as to render them—

selves independent of wholesale markets, I think it is strong proof that at least, as I have said, the shops I advocate would pay working-expenses and interest on capital invested, and a grand advertisement for New Zealand meat throughout the country would be obtained free of cost to the producers.

That River Plate mutton is rapidly improving in quality is undeniable, and if the establishment of attractive shops throughout the country for the sale of that meat is to be largely increased in conjunction with that improvement, the more difficult it will steadily become for the New Zealanders to get their meat introduced to new fields of consumption.

I do not believe that the New Zealand producers really recognise the urgency of the case.

I have, &c.,

H. C. CAMERON, Inspector of Produce.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

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