

either the Lincoln or the Romney, while the finer wools which are obtainable from the Merino and Leicester cross have for a number of years past been of greater value in the markets of the world than the coarser wool obtainable from the Lincoln.

6. The evidence given before the Committee showed that the average, taking a 60 lb. sheep, prime Canterbury mutton had a higher value of $\frac{1}{4}$ d. per pound than North Island carcasses, whilst the evidence further showed that the by-products of the southern fat sheep were on an average worth 1s. 6d. per head more in value than those of the northern. Still, after making the reduction of 4s. per head on North Island fat sheep your Committee are of opinion that the prices paid in the Provinces of Wellington and Hawke's Bay are not of equal value to the producer to those obtainable by sellers in the South Island. The reason for this became clear to your Committee from the evidence—viz., that in the North Island there is not the same competition in regard to the purchase of fat sheep that there is in the South. The market system has been considerably developed in the Provinces of Canterbury, Otago, and Southland, and although a proportion—probably one-third—of the fat sheep disposed of are purchased in the open market, yet this gathering of sellers and buyers tends to acquaint both sides with current values, and the result is an average standard of prices which is not obtainable in the North Island.

7. So far as your Committee could gather, until the advent of southern buyers, who have to a slight extent only affected the position in the North Island, there was little or no competition either in Hawke's Bay or Wellington, where c.i.f. buyers have not hitherto operated.

8. One of the great disadvantages which many North Island breeders suffer under is that, the buyers for the companies operating in their districts giving a uniform price, the breeder gets no advantage by improving the quality of his sheep. This is a matter for very great regret, as it is manifest that if quality in meat and in wool is not taken into account in purchasing the improvement of the breed is likely to be considerably delayed in the North Island.

9. The inquiries of the Committee further showed that the methods which are employed in the South Island of providing artificial feed in the winter for sheep do not obtain generally in the North Island. The result, of course, is that in severe seasons the sheep fall back in condition during the winter, and although with the flush of feed in spring they rapidly improve, yet neither the wool nor the mutton, nor the sheep as a whole, reach the condition they would if the sheep were kept improving during the whole of the year.

10. In Wellington District the principal buyers of sheep for export to the Home market are the Wellington Meat-export Company and the Gear Company; and in Hawke's Bay, Nelson Bros., and the North British and Hawke's Bay Freezing Company. The method of buying appears to be that the buyers for these companies have their own clients from whom they regularly purchase fat stock. Whether it be by coincidence or accident your Committee have been unable to determine, but it has been conclusively proved to them that the buyers for these companies in their respective districts invariably work upon the same basis and offer the same prices. The result is that the farmer is either compelled to sell to them at the price offered or make some other arrangement. Apparently the method of the buyers of the companies is usually to purchase first the heaviest sheep offering, leaving smaller weights for subsequent dealing.

11. An explanation of this is found in the fact that in the North Island a system obtains of exporting legs and pieces. Out of 529,886 legs and 308,394 pieces exported from the colony during the six months ending the 30th June, 1902, only 388 legs (exported from Port Chalmers) and 4,402 pieces (exported from Lyttelton) were from the South Island; the whole of the remainder came from the North Island. So far as your Committee can learn, these are the exports of the heavy-weight sheep which are the first purchases of the North Island buyers. As a further explanation it may be stated that in the South Island the exports are chiefly two-tooth sheep, whereas in the North Island sheep of greater age are frequently exported, and a considerable proportion find their way to the London market as legs and pieces.

12. The position, therefore, of the small sheep-farmer whose operations are not on a sufficiently large scale to freeze on his own account, or whose financial position may not justify him in doing so, is that he is either confined to selling to the companies at the prices they offer, or to hold his stock at a loss after it is ready for market, or to sell it locally, or take the chance of forwarding it to some distant market, where if there should not be outside buyers present he may again have to fall back upon the export companies.

13. These remarks apply to both the Wellington and Hawke's Bay Districts, and cases have been cited before your Committee in which sheep have been forwarded to the Addington market and have there realised higher prices, after paying the cost of transit and all other charges, amounting to about 3s. 6d., than were offered on the farm by the buyers of the meat-exporting companies.

14. As to whether the values that have been offered to the farmers are fair, your Committee had placed before them a document which they regard as conclusive. One of the witnesses, who had frozen on his own account 3,000 sheep during the earlier months of the present year, placed a table before your Committee showing the prices at which one of the Wellington companies was buying sheep at the same time, and also the result that he obtained by freezing on his own account. The result was as follows: That upon 3,000 sheep there was a gross surplus of profit made of £554 13s. 2d. Deducting from this £60 for insurance, a net profit was cleared of £494 13s. 2d., being at the rate of 3s. 3d. per head over and above the price which the producer would have obtained had he sold his meat to the company with which he does business. It is quite true that the same gentleman for the previous year handed in a return showing that upon 16,065 sheep he had by the same method made a loss during the year 1901 of £962 7s. 1d., less £129 0s. 6d., being items on which he made a surplus. This leaves a balance of £833 6s. 7d. to debit, to which has to be added £231 16s. 10d. for insurance, showing a total loss on the 16,065 sheep of £1,065 3s. 5d. as compared with what he would have received by selling to the company. But whereas the prices