

payable periodically. Shipment by the steamers of the New Zealand and African Steamship Company is considered a breach of this agreement, involving discontinuation and forfeiture of rebates due, therefore no Western Australian importers can afford to receive goods shipped by the subsidised steam service, notwithstanding that the freight is considerably lower than when cargo is transhipped at Sydney or Melbourne. It is unfortunate that the efforts of the Government to promote trade with Western Australia by providing a direct steam service are in a great measure burked by the operation of this agreement.

I attach a schedule showing the sailing and arrival dates of each steamer, the average duration of passages, and the quantities of the principal lines of cargo carried. The full text of the contract with the New Zealand and African Steamship Company will be found in an appendix.

Steamer-sailings for South Africa under the Contract with the New Zealand and African Steamship Company.

Name of Steamer.	Date of Sailing.	Date of Arrival in South Africa.
Surrey	13 November, 1902	24 December, 1902.
Devon	31 December, 1902	17 February, 1903.
Sussex	21 January, 1903	28 February, 1903.
Kent... ..	23 February, 1903	3 April, 1903.
Surrey	26 March, 1903	2 May, 1903.

Average passage from New Zealand to South Africa *via* Fremantle and Sydney, including all stoppages : 39 days.

Total shipments by steamers of the service up to the 31st March are as follows:—

For South Africa : 145,358 carcasses mutton, 30,231 quarters beef, 16,718 boxes butter, 1,897 crates poultry, 3,833 sides pork, 29,532 sacks oats, 3,990 cases frozen sundries, and a large quantity of general cargo, including preserved milk, agricultural machinery, timber, bran, wheat, peas, preserved meats, potatoes, onions, raspberry-pulp, cheese, frozen fish, lamb, and hams.

For Brisbane : 2,860 carcasses mutton and 5,226 quarters beef.

For Fremantle : 615 sacks bran, 1,543 sacks oats, 106 cases cheese, 400 boxes butter, 25 cases mullet, 5 cases milk.

NOTE.—Since the date of the compilation of this report the new steamer “Essex” has sailed for South Africa with a record cargo of stock and produce, of which the principal items are as follows : 49,266 carcasses mutton, 2,200 quarters beef, 3,808 boxes butter, 3,094 live fat sheep, 1,987 cases potatoes, 45,106 sacks oats (equal to 3,750 tons). Total estimated f.o.b. value of this cargo is £80,000.

Potatoes for the Transvaal.—During July and August of last year the Department, acting on behalf of the Imperial Government, purchased in the colony 27,369 cases of potatoes, which were shipped to Durban and distributed throughout the Transvaal for seed purposes. The average price paid was £3 8s. 2d. per ton of 2,240 lb. f.o.b.; cases extra, 1s. 6d. each. The potatoes were carefully inspected and graded and packed in strong white-pine cases, each containing 100 lb. net, and bound at each end with hoop-iron or wire. The cost of advertising for tenders, inspection, and cablegrams amounted to £172 18s. 4d., or equal to 2s. 10d. per ton, which, added to the average f.o.b. cost of £3 8s. 2d., made the total cost £3 11s. The total weight purchased was 1,222 tons, of which 350 tons were purchased in Blenheim, 300 tons in Southbridge, 90 tons in Dunedin, and the balance, 482 tons, in Christchurch. The contracts were well distributed over the potato-growing districts of the colony, and the order reached the colony at a most opportune time. A receding move in prices was arrested, and the withdrawal of such a large quantity relieved the market, and prevented a glut and consequent loss to the producers. The greatest care was exercised by the Government Inspectors to insure the shipment of nothing but sound even-sized potatoes. With a view of drawing attention to the source of the supply each case was branded on two sides with the words “New Zealand potatoes.”

New Zealand Commercial Agency in South Africa.—In February of this year Mr. J. G. Gow was despatched to South Africa to take up the position of Commercial Agent for this colony, with headquarters in Durban. Mr. Gow arrived at Durban on the 23rd April, and immediately proceeded to Port Elizabeth and Cape Town. After a short stay at each of these ports he returned to Durban, and afterwards proceeded to work all the principal towns in South Africa, with the object of ascertaining the prospects of establishing a trade in the products of New Zealand, and of bringing under the notice of consumers and traders the quality and prices of the products and manufactures available in this colony. Through the agency of this Department the establishment of the subsidised steam service has been advertised throughout South Africa. Public attention has also been drawn to the fact that large supplies of frozen meat and dairy and agricultural produce and timber are available for shipment, and that the fullest information as to price f.o.b., rates of freight, and sources of supplies will be communicated to any one addressing the Head Office of the Department. Mr. Gow is well supplied with samples, quotations, and data as to sources of supply of all descriptions of New Zealand products and manufactures.

I have pleasure in reporting that trade with South Africa is developing in a rapid and satisfactory manner. Considerable shipments of beef, mutton, and butter continue to go forward by every steamer, and since the harvest some very large shipments of oats have been made. Now