

1920.
NEW ZEALAND.

AGRICULTURAL AND PASTORAL INDUSTRIES,
STOCK, AND COMMERCE COMMITTEE

(REPORT OF) ON THE INQUIRY INTO (1) PROPOSED STATEMENT BY NEW ZEALAND OVERSEAS
SHIPOWNERS' COMMITTEE IN REFERENCE TO THE INCREASE OF FREIGHT CHARGES:
(2) MEMORANDUM FROM THE PRIME MINISTER DIRECTING THAT AN INQUIRY BE MADE.

(MR. G. HUNTER, CHAIRMAN.)

*Report brought up 27th October, 1920, and, together with the Proposed Statement, Memorandum from
the Prime Minister, and Minutes of Evidence, ordered to be printed.*

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

WEDNESDAY, THE 14TH DAY OF JULY, 1920.

Ordered, "That Standing Order No. 219 be suspended, and that a Select Committee be appointed, consisting of thirteen members, to consider all matters pertaining to agricultural and pastoral industries, stock, and commerce; with power to confer and sit together with any similar Committee which may be appointed by the Legislative Council, and to agree to a joint or separate report; the Committee to have power to call for persons, papers, and records: three to be a quorum: the Committee to consist of Mr. Burnett, Mr. Field, Mr. Forbes, Mr. J. R. Hamilton, Mr. Hawken, Mr. Hunter, Mr. Jennings, Mr. Jones, Mr. Lysnar, Hon. Mr. MacDonald, Hon. Mr. Ngata, Mr. Powdrell, and the mover."—(Hon. Mr. NOSWORTHY.)

FRIDAY, THE 30TH DAY OF JULY, 1920.

Ordered, "That Paper No. 137, 'Proposed Statement by the New Zealand Overseas Shipowners' Committee to Press Association,' be referred to the Agricultural and Pastoral Industries, Stock, and Commerce Committee."—(Right Hon. MR. MASSEY.)

THURSDAY, THE 16TH DAY OF SEPTEMBER, 1920.

Ordered, "That Standing Order No. 219 be suspended, and that the name of Mr. Masters be added to the Agricultural and Pastoral Industries, Stock, and Commerce Committee."—(Hon. Mr. NOSWORTHY.)

REPORT.

ON THE INQUIRY INTO (1) PROPOSED STATEMENT BY THE NEW ZEALAND OVERSEAS SHIPOWNERS' COMMITTEE TO PRESS ASSOCIATION IN REFERENCE TO THE INCREASE IN THE RATE OF FREIGHT CHARGES; (2) MEMORANDUM FROM THE PRIME MINISTER TO THE COMMITTEE DIRECTING THAT AN INQUIRY BE MADE—FIRSTLY, AS TO WHETHER SUFFICIENT SHIPPING IS LIKELY TO BE AVAILABLE FOR THE PURPOSE OF OUR TRADE, ESPECIALLY THE EXPORT OF PRODUCE, DURING THE NEXT FEW YEARS; AND, SECONDLY, TO ARRIVE AT A DEFINITE UNDERSTANDING WITH THE SHIPPING COMPANIES AS TO WHAT THE RATES OF FREIGHT ARE LIKELY TO BE, ESPECIALLY FOR WOOL, MEAT, DAIRY-PRODUCE, AND FLAX.

I AM directed to report that the Committee has gone fully into the above questions, and finds that—

1. The refrigerated tonnage engaged in the services of the companies in the New Zealand trade is sufficient for normal requirements at the present time.

2. While giving full consideration to the various causes which have operated in materially increasing the cost of running vessels as compared with pre-war times, the Committee, after carefully weighing the evidence given, is of the opinion that the rates now quoted for privately owned produce are unwarrantably high. These rates, when applied to an output of frozen meat, dairy-produce, meat sundries, flax, and animal by-products equal to that shipped in 1919, and an output of wool equal to that shipped in 1914, would involve the payment of £5,143,202 in excess of the payments made for freight on these products during the year 1913. Moreover, these rates are in excess of those ruling during the actual war period. The Committee was unable to ascertain the excess amount involved by the present rates for cargo from Great Britain to New Zealand as compared with 1913, but if the figures could be ascertained they might be expected to aggregate to a large sum.

3. The evidence obtained as to combinations among shipping companies gives cause for grave concern, especially when the dependence of the Dominion upon refrigerated tonnage is realized and consideration given to the relatively small total amount of refrigerated tonnage existing in the world as compared with ordinary cargo-vessels. Thus the existence of these combinations of shipping companies owning refrigerated tonnage constitutes a position which has in it possibilities of creating trading-conditions calculated to operate to the disadvantage of the community generally.

4. Notwithstanding the fact that sufficient refrigerated tonnage for present-day normal requirements is owned by the companies now in the New Zealand trade, the Committee is of the opinion that, consequent upon the possibilities latent in the combinations existing, it is desirable, in the best interests of the Dominion, that a shipping line be established which will be entirely independent of any combination, and that the Government should assist in the establishment of such a line by guarantee, financial assistance, or otherwise.

5. Among the most important features of the evidence obtained was the information given to the Committee regarding the methods adopted by shipping companies or combines in preventing opposing independent lines securing outward cargo from Great Britain, among which methods the granting of freight rebates constituted an important feature. In order to combat this, the Committee recommends that legislation based on that contained in the United States Shipping Act, 1916, be introduced. The nature of the provisions contained in the United States Act referred to may be summarized as follows :—

Synopsis of Sections 14 and 15 of the Shipping Act (U.S.A.), 1916.

Shipping companies are declared by the Act to be common carriers, and a Board is set up to administer the Act.

Section 14. Common carriers by water are forbidden—

- (1.) To pay or allow, or agree expressly or impliedly to pay or allow, any deferred rebate. "Deferred rebate" means a rebate to shipper of part of freight charge in return for shipping all or part of his goods by carriers' vessels or for any other purpose, payment of rebate being deferred beyond the period of service to cover a period during which it can be seen whether agreement complied with.
- (2.) To use a "fighting-ship" either separately or in conjunction with others. (A "fighting-ship" is one used to drive a competitor out of a particular trade.)
- (3.) Retaliate against shipper by refusing space or by discrimination because shipper has patronized a rival, or lodged a complaint, or for any other reason.
- (4.) To make unfair or unjustly discriminatory contracts with a shipper on basis of volume of freight, or to unjustly discriminate against a shipper (a) in matter of space or facilities, (b) loading and landing of freight in proper condition, (c) adjustment and settlement of claims.

Penalty : 25,000 dollars for each offence.

Section 15. The common carrier by water must file with the Board a copy of every agreement with another relating to rates, concessions, accommodation, regulation of competition, pooling, restrictions of sailings, volume of business, &c.

Board may disapprove, cancel, or modify agreements unlawful without approval.

27th October, 1920.

GEORGE HUNTER, Chairman.

PROPOSED STATEMENT BY NEW ZEALAND OVERSEAS SHIPOWNERS' COMMITTEE TO PRESS ASSOCIATION.

THE New Zealand Overseas Shipowners' Committee announce that the London Tonnage Committee advise that there is every prospect of considerable space being available for shipments of private wool to the United Kingdom and Continent, which until further notice will be carried at 1½d. per pound for greasy wool, 1½d. for slipe wool, and 2½d. for scoured wool, no primage being charged.

In view of possible storage difficulties, bills of lading will be claused so as to ensure that consignees take delivery from the steamer's tackles as fast as steamer can discharge.

Shippers will have the option of prepaying freight on shipment or paying on delivery.

PROPOSED CIRCULAR FROM SHIPPING COMPANIES TO THEIR AGENTS.

CIRCULAR No. 12.—PRIVATE WOOL-SHIPMENTS.

It is expected that some space will be available for privately-owned wools in September and following months, and for which the rates of freight have been fixed as follows to United Kingdom and Continental ports: Greasy, 1½d. per pound; scoured, 2½d. per pound; slipe, 1½d. per pound. (Net; no primage).

No through bills of lading will be issued to inland places.

Steamer will not pay coastal freight on wool from out-ports.

Shippers to have option of prepaying freight on this side, or on delivery.

Bills of lading to be claused: "Freight due on shipment ship and (or) cargo lost or not lost."

In view of possible storage difficulties at destination bills of lading are to be claused as follows: "Consignees undertake immediately on arrival of the steamer within the port of discharge to be ready forthwith to receive their cargo as fast as the steamer can discharge from the ship's tackles wherever she may be lying, and in the event of the consignees failing from any cause whatsoever to so take delivery the shipowners are at liberty, at the merchant's wish and expense, to discharge into craft and (or) to land in any available storage space, notwithstanding that it may not be a usual place for the discharge of such goods or that the goods may not be stored under cover, same being at merchant's risk absolutely from the time of leaving the ship's tackles, anything in this bill of lading to contrary notwithstanding."

MEMORANDUM FROM PRIME MINISTER TO AGRICULTURAL AND PASTORAL INDUSTRIES, STOCK, AND COMMERCE COMMITTEE.

DEAR SIR,—

Prime Minister's Office, Wellington, 30th July, 1920.

I have to inform you that the Government is exceedingly anxious, in view of the condition existing in this country at present, and the necessity for arriving at a proper understanding in regard to getting our products away from the Dominion to the different markets of the world, that the Agricultural and Pastoral Industries, Stock and Commerce Committee should take in hand an inquiry—Firstly, as to whether sufficient shipping is likely to be available for the purpose of our trade, especially the export of our produce during the next few years; and, secondly, to arrive at a definite understanding with the shipping companies as to what the rates of freight are likely to be, especially for wool, meat, dairy-produce, and flax.

The Committee has power to call for persons and papers; and you will, of course, take into consideration increases in wages, and the cost of coal, and, generally, the cost of running ships as compared with the pre-war period.

I shall be glad if you will let me know what you think of this proposal.

Yours faithfully,

W. F. MASSEY.

The Chairman, Agricultural and Pastoral Industries, Stock and Commerce Committee, House of Representatives, Wellington.

MINUTES OF EVIDENCE.

FRIDAY, 13TH AUGUST, 1920.

Dr. C. J. REAKES, Director-General of Agriculture, examined. (No. 1.)

1. *The Chairman.*] Will you make a statement, Dr. Reakes; I believe you can give us some information in connection with freight rates?—Yes, sir. I have prepared some tables in connection with freight rates, which I will hand to the Committee. These tables have been drawn up to illustrate the war and post-war advances in the freights on our principal exports. With regard to these tables it is necessary to note that—(1.) Variations occurred in the freight rates charged for wool in 1897, but careful inquiry shows that an average flat rate of 2½d. represents the charges for that year with approximate exactness. There was also variation in the 1917 dairy-produce rates, but the figures shown are the most approximately exact obtainable. (2.) Except in the case of wool, the quantities actually exported in 1919 are used as estimates of the 1921 exports. (3.) The number of sheep in New Zealand in 1913 was 24,789,763, and the number on the 30th April, 1920 (*vide* interim return) was 23,957,200. It has therefore been assumed that the quantity of wool available for export from the 1920-21 clip should be approximately equal to that exported in 1914. Hence exports for 1914 are used as estimates for the 1920-21 exportable surplus. (4.) In all instances the figures are for calendar years. (5.) The Census and Statistics Office, the Imperial Supplies Department, the Customs Department, the Dairy Division, and the National Dairy Association have been consulted in connection with these compilations. [Tables handed in.]

2. Do these tables include the figures for tallow?—No.

3. Or for flax?—No. They give the figures for frozen meat, wool, butter, and cheese. I could let you have the figures for tallow and flax if you wish.

4. We would like to have the import figures also as far as possible; can you supply these?—I could get them for you. I would have to get them from the Customs Department. Perhaps it would be better for the Committee to get them from the Customs Department direct.

5. Yes, that is so. Well, Dr. Reakes, we would like to have additional information in regard to flax, tallow, hides, pelts, tinned meats, &c.?—I take it, generally, that you want particulars with regard to all the other primary products.

6. Yes, that is so. Such information will be very valuable to us?—I will do my best to supply what you require.

7. *Mr. Forbes.*] Is there any chance of getting an approximate idea as to the increases in import rates?—I think that the only people who could give you that information are the shipping companies' representatives.

Captain G. T. HULL examined. (No. 2.)

1. *The Chairman.*] Your full name, Captain Hull?—Gerald Trevor Hull.

2. And your occupation?—I am a shipping agent. I would just like to be given an idea as to why the Committee has called me here.

3. We have received a letter from the Right Hon. the Prime Minister which explains the matter (letter read by the clerk). Can you give us any information in regard to those matters?—I could give you approximately the rates of freight on wool, but I am not prepared to deal with dairy-produce, or other produce requiring refrigerated space. Outside of the large companies there is practically no refrigerated space at all.

4. We will be glad if you will give us any information you have available?—At short notice, sir, I have calculated what I consider would be the cost of the transport of wool from one of the ports of New Zealand to the United Kingdom. I have calculated this on the assumption of what a merchant would have to pay if the ship is what is known as a time-charter ship and is being used for the purpose of transporting a cargo of wool from a port in New Zealand to a port in the United Kingdom. I have taken out the figures on the assumption that the smallest type of a cargo-steamer that could probably be chartered to-day is being used for the purpose. I do not know whether you are aware that in taking up a time charter the ship is chartered generally on what is termed "dead-weight"—that is to say, the total carrying dead-weight capacity of the ship if full. The dead-weight capacity of the ship used in my estimate I have set down at 5,000 tons, and the ship is presumed to proceed to London via the Panama Canal. We charter a steamer of this capacity—that is to say, with a dead-weight capacity of 5,000 tons. That steamer would have a net register of 2,000 tons, and would provide for 10,500 bales of wool. In round figures, it would cost the merchant chartering that steamer 1·407d. per pound to land that wool in London. That is what I estimate would be the actual cost. This calculation is based upon the rate we have been paying for time-chartered ships—that is, £1 per ton on the dead-weight per month. At that rate it would cost the merchant 1·407d. to deliver a cargo of wool in London. I think about 1½d. would be the net landed cost to the merchant. Of course the shipowner's profit does not come into the calculation: he gets that out of the hire of the ship. I consider that if the woolbrokers or other people here were to charter a ship to transport their wool to London it would cost them from 1½d. to 1¾d. per pound to do so—that is to say, if they chartered a ship of the kind I have described. I would like to point out to the Committee that this is about the smallest type of steamer that could be used. A steamer double the size would load 20,000 bales of wool, which would easily reduce the cost by about 25 per cent. I have taken the smallest class of ship that could reasonably make that voyage via the Panama Canal. I will give you a rough estimate of what it would cost to start off with. Provided this steamer could be chartered at the rate I have mentioned—£1 per ton on the dead-weight per month—that would be the first charge. Approximately the quantity of coal required for this voyage would be 2,150 tons, and at the current rate of coal at the various ports the total cost of this coal to the charterer would be

about £3,600. For that class of steamer, having a dead-weight capacity of 5,000 tons, the cost of the charter would be about £1 per ton per month: that would be for a steamer capable of travelling at about 8 knots. The cost of chartering such a steamer would be about £17,500. That would be for a period of practically three months and a half. Possibly that is a bit outside of the mark—the time required might only be about three months; but, at any rate, it would cost £17,500, approximately, for three months and a half. I may tell you that this is allowing for the time occupied in coming from Newcastle to Wellington, and that also the ship would bring a cargo of coal from there at the Union Company's current rate of freight to assist the charterer in keeping his expenses down in paying for the voyage. The pilotage, light dues, and berthage, &c., would not run into less than £600—that is to say, between Newcastle, Wellington, and London. The Panama Canal dues would run into £700 also. Now, as to the expenses in connection with the wool itself: there would be 10,500 bales of wool, for which the charterer would have to pay 1s. 6d. per bale for loading: that would amount to £787 10s. He would have to use the Harbour Board cranes, &c., which would cost him £84 for seven days. Dunnage of wood and mats would cost £300 5s. Then, dumping would be a charge which would have to be paid. Ten thousand five hundred bales would mean 5,250 double-dumped, and these at a cost of 4s. 6d. would amount to £1,181. Transshipping 10,500 bales from the Harbour Board's stores to the ship at 3d. each would cost £132. Landing from the railway-trucks to the Harbour Board's stores would also cost £153. Assuming that the wool would be in store for one week, it would cost, at an average charge of 3½d. per bale, £154 for storage; but probably it would be kept in store for two or three days longer, which would amount to another £77. Discharging in London would cost about £525. Well, as a set-off against these charges he will get a credit payment for the cargo of coal from Newcastle to Wellington, at the Union Company's current rate of £1 5s. per ton.

5. What are the local charges here?—You mean the wool charges?

6. Yes?—The total wool charges, including £525 discharging in London, amount to about £3,400.

7. Does that include stevedoring?—Yes. Now, what he would get for bringing the coal from Newcastle to Wellington would be about £5,000. That would be 4,000 tons at £1 5s. per ton. Then there would be the freight he would receive on the wool from Wellington to London. At the shipping companies' rate this would be 1½d. per pound, and would amount to £27,870, which, less a loading brokerage of 5 per cent., amounting to £1,644, would give a total amount of £31,226. His total ship expenses (coal and wool) would be about £22,414, and his total cargo expenses (coal and wool) would be £4,769, making the total charges £28,231.

8. *Mr. Hawken.*] Total charges of what?—Total disbursements, £27,183. His total disbursements under the headings of ship expenses and cargo expenses would amount to £27,183. Now, you can quite understand that there may be many contingent expenses which may be quite unforeseen by the most experienced ship-brokers in connection with a time-chartered steamer, so I have allowed 5 per cent. for contingencies, amounting to £1,359. This, with the £25 agency fee, makes a total of £28,567. The freights would amount to £31,226, and the expenses would amount to £28,567, leaving an approximate profit of £2,659 for the ship-broker for the voyage.

9. *The Chairman.*] Not very much to come and go upon, is there?—No, there is not. I have based these figures on the smallest type of ship that could make that voyage. With a larger steamer—say, a twenty-thousand-bale steamer, the cost could be reduced by about 25 per cent. I wish you to understand that these figures I have given you are only approximate figures.

10. We are very much indebted to you, Captain Hull, for the information you have given us. Is there anything further you would like to say?—I would like to say something about unforeseen delays in connection with getting coal from Newcastle. We have chartered several vessels to come here with coal from Newcastle, but sometimes these ships will lay alongside the wharf for ten days before they can get loaded. This is a serious matter in connection with a time-chartered steamer. The ship-broker would have to pay that. The same thing also happens at Newport News. The ship has to wait sometimes five days before we can get bunker coal.

11. *Hon. Mr. Nosworthy.*] Does your statement refer to greasy wool or slipe wool?—It refers to greasy wool—not slipe or scoured.

12. Would it make any difference?—I have not gone into the figures exactly. Greasy wool will take up 91 cubic feet to the ton weight, whereas scoured or slipe wool will take up 136 feet to the ton weight.

13. *The Chairman.*] You have had experience in connection with these coal charges. You know what the cost of coal is at the present time right throughout the voyage?—Yes, I have made it my business to inquire as to what are the rates at the various ports. The cost is £2 17s. 6d. to £3 a ton at Panama. At Newport News the cost might be £1 5s. to £1 15s. a ton. At Newcastle it is only about 17s.

14. Would there be any difference going Home the other way?—Via the Cape?

15. Yes, via the Cape: would it be cheaper?—I am not quite certain, but I take it the extra time would hardly compensate the cost that would be saved. It is a longer voyage from New Zealand via the Cape than it is via Panama. The steamer would be able to call at Durban and get cheaper coal there. The steamer could get sufficient coal here to take her to Durban, and at Durban she could get sufficient to take her to the United Kingdom.

16. That would, of course, make a very considerable difference in the cost?—That is so; but against that you have the considerable extra steaming distance. It is a question of pounds, shillings, and pence which is the cheaper.

17. *Mr. Jennings.*] You have based your estimate on a vessel carrying 10,500 bales: would not the proportion of expenses be less on a larger vessel—say, one carrying 20,000 bales?—The cost of the charter would be so much less in proportion.

18. On the charter alone?—Yes, on the charter alone. But the class of boat I have referred to is the only boat we can charter at the present time. There are a great many things to be considered in connection with chartering steamers. The great shipping companies have practically all the large, fast, and reliable ships, and they have many advantages. They can guarantee to land the producers' wool in London on a certain date for a certain wool-sale. Probably a small, slow ship such as I have based my estimate upon would only do about 8 knots for the voyage. It would be a sixty-days voyage from here to the United Kingdom.

19. *Mr. Hawken.*] What is your experience with regard to the loading and despatch of steamers : is it done as satisfactorily now as it used to be done ?—No ; we have lately had a great deal of delay in connection with loading and despatching.

20. Apparently a great deal of the high cost is caused because the steamers do not get the despatch ?—That is so. I know from my own experience in connection with small coastal boats. We have run small boats here for a number of years, and I may tell you that although we have made a 20 per cent. increase in freights, we have actually made £1,000 less gross freight during the past twelve months owing to the fact that we cannot get the despatch. There is always congestion and labour troubles. In fact, labour is not doing the work to-day that it used to do.

21. *Hon. Mr. Nosworthy.*] Do you think a good class of steamers is likely to be available for charter in the future ?—Well, sir, that is very hard to say. You see we would have to compete with the large companies in getting the wool for shipment, and in connection with chartering vessels. The large companies can always fill their vessels and run them to time. If we were sure of the wool we could tender for a larger vessel.

22. And you could carry the wool at a lower rate of freight ?—Yes, possibly a 1½d. freight.

23. That is, if you were assured, say, of 50,000 bales of wool ?—Oh, undoubtedly.

24. The more wool there would be available, the better chance there would be for the farmers of the Dominion to obtain a lower rate ?—Yes, that is so. There is a large firm in London—Messrs. Andrew Weir and Co.—who are the owners of a large number of these steamers—“tramps” they are called—and they could supply whatever is required.

25. All they want to know is a certainty that they will get the wool ?—Yes, that is so. If there were 100,000 bales available, and they were cabled to, they would probably cable back in a few days saying they would be prepared to lift it.

26. Generally speaking there is a tendency for freights to come down ?—Oh, undoubtedly : there is no doubt about that. We find that in connection with coal. I think this is due to a certain extent to the competition of Japanese boats. I believe that the Japanese steamers are going to break the freight rates. They have a large amount of tonnage for which they have not got any work.

27. Not much insulated tonnage ?—No. All my arguments have been based on a ship not provided with insulated space. I have not been referring to insulated steamers. But in connection with insulated steamers I would like to bring under the notice of the Committee an advertisement which has appeared in the papers lately. I do not know whether you have noticed it or not. It is as follows :—

SHIRE LINE.

London and West Coast Ports, United Kingdom—Out and Home.

S.s. “ARGYLLSHIRE” sailing for London.

Cargo carried at low rates of freight. Offers of cargo, London to New Zealand, wanted.

SHIRE LINE built first steamer specially constructed for New Zealand refrigerated trade, which vessel loaded in New Zealand, 1884. Since then company has been continuously in the passenger and cargo trade to and from New Zealand.

For freight and passage apply to—

TURNBULL, MARTIN, AND CO.,
Dunedin,
Loading Brokers.

I consider that advertisement is very significant. You will notice that offers of cargo are wanted. It appears to me that this line of steamers has dropped out of the shipping combine, and that they are hoping to be able to continue in the New Zealand trade, as they have for many years. They provide good refrigerated steamers.

28. *The Chairman.*] They provide good steamers ?—Yes, very fine steamers.

29. *Mr. Jennings.*] They were running to the Argentine for a very long time ?—Yes, that is so.

Mr. T. R. LEES, Assistant Controller, Imperial Government Supplies Department, examined. (No. 3.)

1. *The Chairman.*] Your full name, Mr. Lees ?—Thomas Rowley Lees.

2. You are the Assistant Controller of the Imperial Government Supplies Department ?—Yes.

3. Can you give us any information in regard to the rates of freight ?—The pre-war rates ?

4. Yes, the pre-war rates, also the higher rates that were ruling during the war, and the present rates ?—The pre-war rates for wool were ½d. per pound for greasy, ⅓d. for slipe, and ⅓d. for scoured. The present rates from the 1st of March of this year are 1½d. for greasy, 1½d. for slipe, and 2½d. for scoured. The highest rates ruling during the war were—from November, 1917, to the following year—for wool, 3½d. ; for beef, 1½d. ; for mutton, 2d. ; and for lamb, 2½d. The pre-war rates for frozen meat were—beef, 1½d. ; mutton, 1½d. ; lamb, 2½d. : all less 5 per cent. The present rates are—beef, 1½d. ; mutton, 1½d. ; lamb, 2d. : all plus 10 per cent. It is not certain that these are the rates which the Imperial Government are paying. These are the rates which appear in our bills of lading. We have never received from London official information on the matter, but we understand they have an all-round rate per 40 cubic feet, and that they pay that rate whether they fill up the space or not—so that possibly these rates may come out pretty nearly the same over a period of time. I believe they pay an all-round rate per 40 cubic feet. I understand the Imperial Government have the insulated tonnage requisitioned until the 30th April next year on this basis.

5. The cargoes have to be landed at different ports ?—Yes, they have to go to any port in the United Kingdom as directed. Our bills of lading are made out to London or any other safe port.

6. What is the present position in regard to tonnage in New Zealand ?—At present we are loading ten steamers this month, and these take away about 1,000,000 freight carcasses in all. Roughly, we are getting away about a million freight carcasses per month at present.

7. That is what is being shipped now ?—Yes, and during the last three months.

8. *Mr. Forbes.*] They are coming up to the estimate ?—More than the estimate. If the position continues as has been the case during the last three months we will be half a million better than the

estimate given by the Prime Minister at the last conference. We will only have two millions and a half left on the 1st December. I have here a statement with regard to the overseas steamers now in New Zealand and to arrive up to the middle of September. [Statement handed in.]

9. What about wool?—Well, wool is not doing so well. There is any amount of space, and will be up to the end of September, but there is very little wool going to London. It is not required. They do not wish wool to go Home in the quantities we have been sending.

10. *The Chairman.*] Can you tell us anything about tallow: is that going forward?—All the tallow will be lifted by the end of September.

11. Who allots the space on the steamers?—The Overseas Shipowners' Committee.

12. Some shippers do not seem to be able to get the space which they believe they are entitled to?—The space is allocated on a strictly *pro rata* basis. The Imperial Government Supplies Department supplies the Overseas Shipping Committee with information as to what space is required for Government cargo, and the balance of cargo-space is free. There is a local committee set up in every centre. The intending shipper sends his application to the local committee, and the local committees send in their lists weekly to the head committee in Wellington. Then every four weeks the Shipowners' Committee in Wellington make an allotment on the ships in sight. The ships in sight are allotted according to the cargo that is offering. The allotment is made on a percentage basis. They may allot, say, space for 20 per cent. of all cargo offering to a certain port, and the local committee splits this 20 per cent. up amongst the shippers who have applied for space. I know there have been some complaints because an individual shipper has been unable to get sufficient space. He may be allotted only 20 per cent. of the space he requires. That would leave him with the remaining 80 per cent. to get away later. When the next steamer is loading he might have an increased quantity of cargo to ship, and may even get a smaller allotment, so that he finds it difficult to get his cargo away, and makes complaints. But the allotments of space are made on a perfectly fair proportionate basis.

13. There will be no trouble about lifting all the tallow by the end of September?—No. There is sufficient space offering in the September steamers to lift every ton of free cargo offering in New Zealand.

14. *Mr. Forbes.*] The Imperial Government Supplies Department has now practically closed operations?—We have practically ceased buying. We are taking wool and sheepskins up to the end of September, but at that date we stop. We stopped buying frozen meat on the 30th June. We stopped buying butter on the 31st July, and cheese on the 1st July. We have now practically only wool and sheepskins to deal with.

15. In connection with the meat that you are shipping: is it very old meat?—There are a few freezing-works in New Zealand where there has been difficulty in this respect, and this is caused through the congestion rendering it difficult to get the old meat out from the stores. We do not anticipate that there will be any meat left in the freezing-works of New Zealand, other than this season's, after the end of September.

16. What is done with the bad meat?—The Department of Agriculture, whose officers watch the loading of the steamers, prevents damaged meat being put on board.

17. What do they do with it?—There has been some damage caused by mould and black spot, and this meat has been boiled down.

18. *The Chairman.*] Has there been anything further suggested by the Imperial authorities about boiling down the old meat?—There is very little left to be boiled down. It would be hardly worth while. The matter has been gone into with regard to the comparative cost, and the information has been sent to London, but we have had no reply. They have not gone any further with it.

19. *Hon. Mr. Nosworthy.*] The position is that we are progressing more rapidly than was anticipated?—Yes, there should be no blockage now in getting the meat away.

20. *Mr. Burnett.*] How many freight carcasses are there in store now, approximately?—About five millions and a half in store. The vessels loading now should bring it down to about five millions, and, with the tonnage in sight, that should take approximately five months to lift from the end of October.

21. *Mr. Hamilton.*] Is there any space available for free meat?—That is a matter for the Imperial Government's consent. There is no urgency as yet, because there is very little free meat offering for shipment. There will not be much until about November or December. Frozen sundries have always and are still allowed to be shipped free to the extent of 5 per cent. of the insulated space allotted.

Dr. REAKES re-examined. (No. 4.)

1. *The Chairman.*] We would like, Dr. Reakes, to have a list made out giving particulars of all the refrigerated steamers which are trading to and from New Zealand, with their carrying-capacity: can you supply this?—Yes, I think I can do so.

2. *Mr. Field.*] How many companies are there bound up in the combinations?—The Commonwealth and Dominion Line is amalgamated with the Cunard Line. The New Zealand Shipping Company, the Federal Houlder Line, and the Union Company are amalgamated with the P. and O. Line. The Shire Line, I understand, has just been joined up with the Clan Line.

3. What about the Shaw-Savill?—The Shaw-Savill Line is connected with the White Star Line.

4. Are these combinations working together?—I think at present they are working in harmony with each other, except possibly the Shire Line, which owns only a few refrigerated steamers.

5. But still there are others outside of these combinations?—Not in connection with steamers having insulated space trading to New Zealand.

6. *Mr. Jennings.*] Have the American people insulated vessels likely to be available?—No, not insulated steamers, so far as I know.

7. Apparently the insulation is the trouble?—The insulated tonnage in the world is limited. I would like to say, with regard to contracts, that the Producers' Conference which was held a short time ago appointed a committee which included two freezing companies' representatives, and this committee considered the question of contracts, and they are drawing up a draft contract which will

be placed before the conference in due course. It is a draft contract which will probably be acceptable to the freezing companies, and would safeguard them in every reasonable way. The general idea was that it would be inadvisable to enter into any contract which included the payment of specified freight rates for more than one year.

8. *Mr. Hawken.*] That contract is to be submitted to the conference when it sits again?—Yes. I have personally seen the secretary of the National Dairy Association, and also Mr. Morton, chairman of the Butter Committee, and they were entirely in accordance with the suggestion that with regard to any contract that was entered into between the shipping companies and the dairy and meat people, the dairy and meat people should come together and decide upon the terms of the contract.

9. *The Chairman.*] Would it be possible to get these gentlemen you mention, who are on the committee, here to give us some information on these points?—That particular committee will, I believe, be in Wellington next week. I am hoping that by then the freezing companies' representatives will have their ideas formulated into some sort of a form of contract. It might be possible to get them here.

Mr. A. W. JAMIESON, Assistant General Manager, New Zealand Farmers' Co-operative Society, examined. (No. 5.)

1. *The Chairman.*] Your full name, Mr. Jamieson?—Arthur William Jamieson. I am the assistant general manager of the New Zealand Farmers' Co-operative Society. I would like to say that I am rather at a disadvantage in regard to the particular matters you are inquiring into this morning. Mr. Relph is really the man who should have been here, but he was away in the north on urgent business when your telegram arrived, and I have come in his place. (Mr. Bushell, who accompanies me, is the general manager of our federation for New Zealand). What I wish to say is that Mr. Relph has had the problem you are inquiring into under consideration for the last four or five years. For some time past we have been endeavouring to get the Government to co-operate with the producers to see that proper shipping facilities are available. We feel that until this is done you will not get over the difficulty. In our particular federation we have a membership of something like seventy thousand, and we have been trying to get the different associations, the dairy companies, and other producers' companies to co-operate with the Government in an endeavour to establish satisfactory shipping facilities for the producers. I remember that when the Prime Minister and Sir Joseph Ward went away on their first trip Home a meeting was called in New Zealand to consider this problem. We thought if we could get a subscription of three millions we would be able to handle the position. We communicated with the Prime Minister and Sir Joseph Ward, but they said that nothing could be done until after their return to New Zealand. Mr. Relph got in touch with them in London and endeavoured to get them to act, but nothing has been done, and practically the position to-day is worse than it was five years ago. With regard to freight-rate statistics I can give no information at present. All I can say is that I can promise that Mr. Relph will supply some figures which will be of some help to the Committee. He will return later on from the north, where he is at present—probably within the next two or three days—and he will then be available for the Committee and will be of considerable help. I am sorry that I personally am not a shipping expert. Our people feel that freights are exceedingly high, both with regard to exports and also imports. It is not only a question of exports—it is also a question of imports: the ships have to carry cargoes both ways. That is all the more reason why the Government should co-operate with the producers. Of course, at the present time it might be difficult to make satisfactory arrangements, but I believe in a few months' time the shipping position will be much easier. I would just like to say, with regard to freights, that we have been approached by one or two representatives of the shipping interests during the last six months, and in conferences they have applied to get cargo from New York and from London. From the general tenor of their remarks I believe honestly that the freight question will be adjusted before very long, and that we will be able to get back to the position we were in some years ago. I believe that this will be brought about by competition before many months are over. There is going to be heavy competition from America and Japan. I noticed the quotation read out by Captain Hull this morning. That also shows that there appears to be a weakness arising. When you find the shipping representatives showing any signs of weakness regarding the position it is indicative of the future. From the information we have received we believe that there is likely to be a decline in freights during the next six months. Of course they are all trying now to get their contracts made at the highest possible rate.

2. *Hon. Mr. Nosworthy.*] They want to fix up their contracts for some years ahead?—Yes. It is something like a land agent who is trying to sell a farm: "If you don't buy by 5 o'clock this afternoon there will be another buyer." I believe that the same position exists to some extent in regard to shipping. I regret that I cannot give you any definite information in regard to freights, but Mr. Relph will be able to submit figures to you which should be of some help.

3. *The Chairman.*] Could Mr. Relph supply us with some figures in regard to the different rates of freight on imports—that is to say, the pre-war period, the war period, and the present rates?—Yes, I believe he could let you have some information in connection with those rates.

FRIDAY, 20TH AUGUST, 1920.

Mr. E. W. RELPH, General Manager, New Zealand Farmers' Co-operative Society, examined. (No. 6.)

1. *The Chairman.*] Your full name, Mr. Relph?—Edward William Relph.

2. You are the general manager of the New Zealand Farmers' Co-operative Society?—Yes, sir.

3. We have requested you to come here this morning to give the Committee some information in regard to the question of the increased freight rates, and in regard to shipping matters generally?—I am very much interested, of course, in shipping matters. I have spent the greater portion of my life in the interests of the producers, and, as you know, the society of which I am the general manager has succeeded in various developments for the advancement of the producers' interests in many ways;

but there is a connecting-link between the producers and our system wherein lies one of our greatest troubles. I have been for the last fortnight travelling round our various ramifications, and I have not had time to familiarize myself exactly with what you wish; but I wired to my head office after receipt of the letter from Mr. Jamieson and asked them to send me some details, which I regret to say they have failed to do. But on my return to Christchurch I will be able to supply you with a comprehensive table. With regard to freights generally, I make bold to say that, even allowing for certain contingencies, and the existing conditions generally, they are, from the producers' standpoint with regard to shipping, rather too high. After allowing for all those unfortunate contingencies which the shipping people have to contend with—increased wages, increased prices for coal, and all the rest—there is no doubt about it that huge profits—undue profits—are made. When those in leading positions connected with producers' organizations saw how things were going, some years ago, they held a conference here in Wellington, under the auspices of the various farmers' organizations. Sir James Wilson was in the chair. It was decided to hold a large gathering of the leading farmers of the North and South Island, and I was asked to go round them. Now, you know what it is in practice in connection with these meetings of producers. It is necessary to prepare their minds as to the exact purposes for which the meeting is called, if the meeting is to be a success. Seeing that we were drawing men from all parts of New Zealand, we deemed it necessary to prepare their minds, and I was asked to go round. I travelled practically night and day, and I saw as many as I could of the leading producers of this Island, and I deputed another man to deal with the South Island. It was a good move—for this reason, that we had a most successful gathering in Wellington. They knew exactly what it was they had met for, and resolutions were unanimously carried expressing sympathy with our schemes, and that they would back us right up to the hilt with capital if it was found advisable to embark upon a shipping venture. Now, in view of the shipping position at the time, I, for one, at any rate, was very loath to urge our farmers to engage in such an undertaking as a shipping venture. So far, in connection with our various organizations, we have succeeded; but there are great elements of danger in a shipping enterprise. So we thought it advisable to invoke the assistance of the Government. I called upon Mr. Jack this morning, who acted as secretary at the conference, and I managed to get these papers from him to refresh my memory in connection with this matter. They are the minutes of the proceedings. A committee was appointed by the conference to consider the shipping question, and I was a member of that committee. I will now quote our tentative report, which will explain the position as it was at that time:—

“The Committee appointed by the conference held at Wellington on the 18th April, 1917, to consider the shipping question has the honour to report:—

“1. That there is a serious menace before the producer if the present control of shipping is to be held in London by what is practically a trust.

“2. The Meat Trust accentuates the menace.

“3. In order to combat these two trusts, which at any moment may work together (if they are not now doing so), combined action of the producers is necessary, in conjunction with Government assistance, which in consideration of the seriousness of the case the committee deemed it necessary to ask for.

“The Committee recommends:—

“(a.) That a company of, say, £5,000,000 be floated for the purpose of entering the shipping trade, and that the predominance of shares be held by producers.

“(b.) That in such company the Government should hold a certain portion of the capital (as in the Bank of New Zealand), and have representation on the board of management, but that the predominating party should be the producing shareholders.

“(c.) That the Legislature should be asked to give power (as in the Orchard-tax Act) to Government to make such a levy upon producers as would provide capital for the company; scrip to be given in exchange to the amount of the levy collected in each case.

“(d.) That in the formation of any such company the Scales Company should have the opportunity of being merged into the new company under the most favourable conditions.”

Sir Walter Buchanan was there. You all know Sir Walter Buchanan: he was present. He took a great interest in this shipping question, and, being largely interested in Scales's concern, he was anxious that it should be allowed to form the nucleus of the company.

“(e.) That to assist the producers in the control of such shipping the dividends should be limited, and after providing for dividend on capital, depreciation, reserve fund, and taxation the surplus be divided amongst the exporters and importers by way of a bonus upon the amount of freight paid.

“(f.) That the votes apportioned to shareholders should also be limited, so as to make it impossible for the control of such company to pass into the hands of any combination of the capital of the company.

“In view of recently published cables it is evident that the question of the future relations between the present shipping companies and their clients will shortly be reviewed by the Imperial Government, and, as the Right Hon. W. F. Massey and Sir Joseph Ward must have been consulted on this question and have received inside knowledge of the lines likely to be adopted, it was decided ‘That the committee should meet again when the Ministers have returned, and discuss the whole question on the above lines with them.’”

Now, with reference to the cables mentioned, very lengthy cables were sent both to Sir Joseph Ward and Mr. Massey, through Sir James Allen, who also took a great interest in the matter; but replies were received urging us to stay our hands. Mr. Massey thought it was a very serious thing to embark on a venture of this kind. He got into touch with the Imperial authorities, and after his return we had a meeting of the committee here in Wellington. Sir Joseph Ward was also present, and they both assured us that they had been in close touch with the Imperial authorities, who had assured

them that a project was on foot having for its object the protection of the interests of colonial producers. Mr. Massey and Sir Joseph Ward stated that the Imperial authorities had practically guaranteed that they would step in if it was found that the shipping interests were extracting undue charges from us. Well, on the strength of those assurances the farming interests decided to stay out and await the result. Well, now I am of opinion that we are not receiving as fair protection or as fair treatment as we should receive at the hands of the shipping interests. But in that connection you might say, "Well, what can you recommend?" and that, I take it, is what you want to get at.

4. *The Chairman.*] Yes?—Well, you know as well as I do that the whole thing bristles with difficulties. I would hesitate, of course, to urge upon our producers to embark upon a shipping venture for a country like this. The lines upon which we proposed to work if we found it necessary to go on with our scheme were to take in the capital subscription according to the flocks, on a somewhat similar basis to that on which milk-suppliers are dealt with in relation to their respective little dairying concerns. We thought it out and could think of no better basis upon which the capital subscription could be fixed. That phase of the question was fully discussed at the conference, and it was unanimously agreed that, in the event of a company being formed, the subscription should be in that manner. Personally, I may say I believe that if we can bring pressure to bear upon the powers that be—that is to say, the shipping companies—it would be better to do that rather than run the risk of forming a new company here practically owned by the producers, because there would be a serious element of risk in such a venture. The shipping at present is, as you know, in the hands of very powerful concerns, and I should hesitate very seriously before I would urge our people to subscribe their capital towards such a venture, particularly when the trade is so peculiar as it is at present. You see, the farmers do not ship their meat. It goes Home, but it goes through other people's hands. Then take the wool: no better system, as far as I am able to see, both from the trader's point of view and from the farmer's point of view, could obtain than that which obtained under pre-war conditions. Our wool-sales were held in the main centres, and I believe that, when you consider freights and other charges, the rates of payment obtained by the producers were on a parity with the rates of payment obtained by those who exported their wool. I think that a majority of our farmers recognized that we received fair treatment at the hands of the representatives of the wool-buyers. Now, with respect to the farmers themselves, there are very few who are absolutely unencumbered. They are all more or less indebted to one firm or another, or to their various associations. Take my own concern, for instance. We have ramifications all over the country. We have branches and saleyards in all the centres, and we look to the farmers who are indebted to us to adjust their accounts from time to time through the medium of their sales of surplus stock. We find them buyers for their produce, and we sell them what they require, through the medium of our several branches and yards. Now, all that is working splendidly, and the farmers are perfectly satisfied. Mr. Jones there is well acquainted with our methods, and I am sure he will support me in my statement that in the main they are perfectly satisfactory. Is not that so, Mr. Jones?

Mr. Jones: Yes, perfectly satisfactory.

Mr. Relph: Just imagine for a moment what the position would be if we had a farmers' shipping concern, which would be owned and controlled by what we will call the farmers organizations. What is the good of having ships unless you have the cargo for them? You go to the farmer and say, "I want so-and-so"; but there may be other buyers who may temporarily offer better terms. I say, if we run our own ships we will have to say to the farmer, "You have got to fill those ships. We will settle with you on a nominal basis, and pay you your surplus on the final realization of the products, just as we do with your butter and cheese." That would be all right up to a certain point, but even then there would be great difficulties. I have had a long experience of the farming community, and, unfortunately, their minds are easily disturbed. These other buyers which are going round are not going to be balked. They would temporarily make better proposals to the farmers, and I am afraid that they would succeed in getting the produce, and our ships would consequently be neglected. Much as I realize the seriousness of this shipping question—and there is no doubt about it, it is one of the greatest problems that we have now to deal with—I may say that our methods for the protection of the farmers are as good in this country as in any other country, but there is a lack of co-ordination which causes all the trouble, and it is a very difficult problem to get over. Now, there is one peculiarity in connection with the shipping business which does not obtain with regard to any other business. In actual practice it is found that one well-run steamer or vessel can be of considerable use in keeping down freights. We have a man called Scales here, and a few farmers have rallied round him. Sir Walter Buchanan took a leading part in connection with the Scales Company, and there is no doubt that the very fact of Scales having a boat available has been the means of securing to our farmers, whether they were interested in Scales or nor, a lower rate of freights than have obtained in Australia. That is an absolute fact. If we were in a position to successfully manage two or three steamers we could exercise a wonderful control over the powers that be; but I think it would be better first to set to work to approach the shipping people and point out what we intend to do, and solicit better treatment, and, failing that, let them know what is in our minds, rather than precipitate matters by going into a scheme which may assume considerable dimensions. I may say that I have had experience in connection with farmers' co-operative societies for over forty years, and I feel that we have something to be proud of in these societies in New Zealand. In my travels through America and in other countries I could find no such conditions as we have in our organizations in connection with the protection of the farmers' interests. But this is the trouble: this is a producing country, and we have to send our produce over the seas, and that seems to be the greatest difficulty we are faced with just now. Much as I should like to see the shipping in our own hands, I have great diffidence in going to extreme measures. If we urge a reduction of freights possibly the powers that be would respond. The farmers have confidence in us, and because they have that confidence it makes me hesitate to say or do anything that might be regretted. It would seem a pity to have to duplicate a service when we have the ships here, if we can only induce the shipping people to be content with a more reasonable profit. Now, if you approve, I will get in touch with Sir James Wilson, and he will probably call a meeting of the committee in order that we may discuss the whole position. We may then arrange to make overtures to the shipping people, and see what can be done.

The Chairman: I think it would be a great advantage if we could get in touch with that committee. I think it very desirable that that committee should be called together.

Hon. Mr. Nosworthy: I believe that Mr. Relph's suggestion about calling that committee together is a wise one. It could discuss the position with this Committee, and we could then make representations to the Government to bring what pressure and influence the Government can bring to put the shipping companies into a reasonable frame of mind in regard to their charges.

Mr. Relph: Yes, it would be a good idea, and I will see what can be done. When I was in London last year I saw a great deal of Sir Walter Buchanan. I did not see so very much of Sir Joseph Ward and Mr. Massey, because they were very busy at that time with the Peace Treaty. On my return to New Zealand I presented a report to my society in connection with my travels generally, and I will quote from that report what I stated in connection with shipping: "This is a matter to which I also gave some attention. I met Sir Walter Buchanan in London, and frequently discussed our position in regard to shipping-facilities, both with Sir Walter and Mr. Massey. The latter expressed himself in sanguine terms as to the future outlook. He thought, and others seemed to share the same opinion, that the shipbuilding which is now going on will soon overtake the demand and adjust itself in the matter of rates of freight. Personally I am not so sanguine. The war has given fortunes to the shipping combines, and I fear we are not likely to get much consideration at their hands. Indeed, I am of opinion that something may yet have to be done in the way of establishing a Dominion fleet under perhaps certain State protection; at any rate, this is a matter which I think should be kept steadily in view."

5. *Mr. Hawken.]* There is one question I would like to ask you, as a business man: Who pays the British taxation on shipping? I would remind you that it has been stated that the excess-profits tax on shipping is one reason why the freights are so high to us. It is the opinion of some that the British Government thereby taxes the Dominion?—It is a fact, of course, that the British investor has to pay very heavy taxation, but apart from that it is also a fact that those who are fortunate enough to hold capital interests in the shipping concerns have augmented their capital accounts very substantially. I myself hold a power of attorney for an absentee who is an investor and shareholder in a shipping concern, and that person's capital has been doubled by the increase of profits: that is to say, that for every hundred he had before the war he has been given another hundred. So that, apart from the taxation which they have had to pay, they have still had sufficient to double their capital.

6. *Hon. Mr. Nosworthy.]* He doubled his capital and has had interest on his money as well?—Yes.

7. *Mr. Hawken.]* And has also paid all this extra taxation?—Yes.

8. Where, in your opinion, does the taxation really come from?—Well, of course, it must come from us. You need only take an ordinary freight-list and a ship's manifest and work it out. Give the ship every reasonable advantage and calculate only upon nominal rates, if you are not acquainted with the real rates—as I have done—and try to make up a freight-list, and you will find the ship earning an enormous sum. When I was at Home I met accountants and shipping clerks, and they were so enamoured of the prospects in connection with shipping that they left their positions and bought a vessel, and now they are wonderfully wealthy men. Huge fortunes were made, and are still being made.

9. Is there any preference given to the British shipper as against the colonial shipper? Do the shipping companies charge more for services rendered to us than for the Home producers?—No, I do not think so. But in one respect concessions are made. The trade in the Old Country is conducted in a different way from what it is here. There are large firms at Home whose business it is simply to do the collecting and shipping. They arrange for the shipping of all your exports to New Zealand, or Australia, or other parts, as the case may be; and you do not come into contact with the shipping companies at all. You simply go to this firm, and they make all arrangements. They put you, as they say, on the best basis, but they take good care to get a jolly good thing out of it themselves. They enter into a contract with the shipping combine that they will take so-much of their supplies at a special rate.

10. *Mr. Forbes.]* With reference to this proposed statement by the New Zealand Overseas Shipowners' Committee to the Press Association that we have here, it stated that "the London Tonnage Committee advises," &c. What is the London Tonnage Committee?—That may be a committee in connection with those large collecting and forwarding firms I mentioned. The shipping at Home nowadays is done very much on American lines. The American manufacturer specializes in connection with his work. He specializes as a manufacturer. He may manufacture clothes-pegs or motor-cars. He lays himself out to do that special work alone, and to do that special work as well as he possibly can. He lays himself out only to be a manufacturer. He never bothers himself about distribution. He employs a committee like this to get rid of all his goods for him. He does not even know who his clients are. All he does is to get rid of his goods at the door. Now, these shipping committees at Home are run on somewhat similar lines. The shipping people at Home do not deal with all and sundry. The great bulk of their business is done through these committees.

11. Does the Imperial Government have any authority or oversight in connection with this London Tonnage Committee, and in connection with these charges?—They did not deem it advisable during the war, but since then the matter has been brought home to the Imperial authorities, and they promised to exercise control. Mr. Massey told us that something of the kind was intended, but he was not able to give us exact details. He said there was a very important project on foot, and that he had been assured that in that project protection was guaranteed to us—that we should not be allowed to unduly suffer.

12. Now, with regard to these rates mentioned here on wool: they are a very considerable increase on pre-war rates. Higher rates are to be expected, in consequence of the very much higher charges for coal, wages, &c. That, of course, must be taken into consideration?—Oh, yes.

13. Do you consider this is a case in which we could approach the Imperial Government to protest against undue rates being charged on our wool?—I do.

14. Well, you have your committee, which you say you can call together to discuss the position. Do you think it would be a good thing to call it together, and then for it to meet this Committee: then if there is anything we could assist in it could be done?—That is what we propose to do.

15. There was some mention some time ago about some Imperial shipping combine whereby the Dominion would be greatly benefited. There was some talk of that at one time. Do you not think that is what Mr. Massey had in his mind?—I believe he had something of the kind in his mind.

16. Do you think there are any signs of that being realized?—I do not think so.

17. You consider it is advisable to come to some satisfactory arrangement with the shipping companies if possible. Would you consider it advisable to enter into a contract to cover a term of years ahead?—No.

18. Simply from season to season?—Yes.

19. Is there any chance of competition? Are there any outside companies who might be inclined to enter into competition?—The shipping combines might be able to prevent serious opposition. I am inclined to think, however, that as time goes on the position will become automatically easier. Suitable ships may become more plentiful and cheaper, and we may be able to get lower rates. It is just now that the position is most serious.

20. Supposing we were to have a conference of the producers and the importers to discuss shipping matters: might not that have a moderating effect, so far as these freight rates are concerned?—Well, I believe that the shipping companies are fully alive to the fact that we possess an enormous power within ourselves, but where they score is in the knowledge that although we possess that power there is a lack of co-ordination. You know that we in New Zealand have associations galore, but unfortunately there is a wastage of energy going on, and there is no proper co-ordination. I may say that I have hopes of doing something in the way of co-ordination among the co-operative organizations. Of course, Rome was not built in a day, and we have to look ahead. We have been working for some years on a scheme for the federation of the farmers' co-operative organizations. Over forty years ago a co-operative system of trading was inaugurated by farmers in New Zealand, and this system has proved a success. I say without fear of any contradiction that the Farmers' Co-operative Society has secured to its members considerable benefits which they would not have received had it not been for the society. We do not claim that our society is of greater value than any of the others, but I do say this: that had it not been for the action of our co-operative movement the producers would not now be in the favourable position they are in in many respects. Well, there are different organizations. My own organization is one of the largest of its kind in New Zealand. Then, side by side with us we have a farmers' co-operative organization in South Canterbury. Then there are smaller associations dotted all over the place. The object of the federation we are endeavouring to bring about is that the small association shall benefit from the large one, and the large one from the small one. We propose to pool our interests, without interfering with the output of our respective stores. Our produce would be shipped through the federation: that is to say Christchurch might contribute 1,000 tons, Timaru might contribute 500 tons, and other associations might contribute from 400 to 100 tons. Through this collective buying we shall all benefit, and we hope to save considerably on our freight alone. This federation will become a form of freight committee; and instead of saying, "What will you quote us for 1,000 tons?" we will say, "What will you quote us for a whole shipload?" Now that the war is over we hope to get going in real earnest in connection with this federation. Australia is very much impressed with what we are doing, and they are also forming a federation over there. They have sent two of their men to London to work in concert with us there. When I passed through Canada they were very keen to link up with us. South Africa is already linked up with us. They are partners in our London warehouses and works, and we hope to secure benefits in that way.

21. *Mr. Burnett.*] From what you know of the producers do you believe that ultimately the producers' produce will be carried in the producers' own bottoms?—I should like to see that.

22. Is it coming?—I am afraid it is not. You would have to alter the whole system of trade. If the producer would only stand by his own interests it might be possible, but unfortunately he will not. If the Farmers' Co-operative Society had a vessel on the berth at Lyttelton, and we were to say to the farmer, "I will credit you with your lamb, for the purposes of an immediate settlement, at 6d. per pound, if you will ship with us," and Sims-Cooper's man was to come along and say, "I will pay you at the rate of 6½d. per pound," we would not get the lamb. The farmer would take the 6½d., unfortunately.

23. *Hon. Mr. Nosworthy.*] There is a question I would like to ask you in connection with the banking institutions. These banking institutions, such as the Bank of Australasia and the Union Bank, ship a tremendous amount of wool and other produce. Do they get rebates from the shipping companies? Do they get any other concessions?—Well, I have not been able to discover whether they get an actual concession on the rate of freight, but they get the primage. That is a pretty good thing on their collective shipments. Then, they get a rebate commission from the brokers. The bank really does not sell: they get a rebate commission in connection with sales. They get a rebate commission from the selling broker, and they make profits in other directions. It is good business for them all through.

24. What I am trying to make clear is this: Do their interests lie with the shipping companies carrying on their business under the existing conditions?—They are not out to help.

25. They are not out to help on the lines you have been discussing?—No, you cannot count on much help from them. There is no doubt that the producers of this country have the whole thing in their own hands if they will only all work together on co-operative lines.

26. *Mr. Forbes.*] Have you gone into the history of the working of the Commonwealth-owned line? What is the position with regard to freights over there?—Up to the last year or two our freight-rates were more favourable than those which obtained in Australia. This was largely due to the influence brought to bear through our various organizations, and through the fact that Mr. Scales had a sailer here competing with them.

27. What is the position in regard to the Commonwealth-owned line: how is that going on?—I have had no information lately.

28. *Hon. Mr. Nosworthy.*] Have you any knowledge or information in connection with Mr. Scales's visit to the Old Country? Have you any idea as to what his intentions are? Is he proposing to charter any insulated shipping?—Of course he went Home to look into things for himself,

and to get on the track of any vessels that would be suitable for our trade. I do not know whether he is hoping to get insulated steamers, or whether he is confining himself to steamers which would be suitable for the carriage of wool. I may say that I am inclined to think that charter rates for ordinary steamers are on a downward grade. You can charter a vessel to-day on much more favourable terms than you could a year ago, and I believe the tendency will continue to be downwards. Of course, the great difficulty is with regard to insulated shipping-space for our meat, dairy-produce, and fruit. It is comparatively easy to get vessels for the shipment of wool, but what we mostly need is vessels for the shipment of our meat, dairy-produce, and fruit. I have just come from Nelson this last week, and they have very large quantities of fruit there they cannot get away.

29. It might be possible to get shipments of wool from New Zealand with ships outside of the shipping combine, but when we come to the meat, dairy-produce, and fruit we are tied up for want of insulation?—Yes, that is the position.

30. *Mr. Forbes.*] Are not the freezing companies tied up to the existing shipping companies in connection with the shipment of their produce?

Dr. Reakes : Not at present. There is a point I would like to make clear in regard to refrigerated ships. It is advisable, from the point of view of freight charges, that they are able to fill up their general-cargo space. If you send too much of the wool away in non-refrigerated ships the refrigerated ships will go away with some of their general-cargo space not used, and this will mean that they will have to charge a higher rate of freight for their refrigerated space.

Mr. Relph : That is a point which will have to be kept in view. You must be fair. You cannot expect them to give you favourable terms for your meat and then deal with your wool in another way.

31. *Hon. Mr. Nosworthy.*] There is no doubt that our trade is worth a great deal to any shipping combination to-day. There is a large quantity of produce going out, and there is a large quantity of imports coming in. We should receive favourable consideration so far as freight charges are concerned?—Yes, that is so; and our trade is increasing. Take our turnover alone. In 1910 our turnover was £2,450,000: this year it is a little over £5,000,000. There is that increase in ten years.

FRIDAY, 1ST OCTOBER, 1920.

JAMES FINDLAY examined. (No. 7.)

1. *The Chairman.*] You are the Chairman of the New Zealand Overseas Committee, a sub-committee of the Australasian-Imperial Government Tonnage Committee, London?—Yes.

2. The points upon which the Committee desires information have been submitted to you by circular, and we shall be pleased if you can now give us the information desired?—I have prepared the following statement: Referring to the Select Committee's letter of the 9th August, I produce as desired a copy of a contract with a freezing company, and of contract with National Dairy Association, which were current at the outbreak of war. In reply to item No. 2 of the Select Committee's letter, I desire to point out that meat and dairy-produce contracts expired on the 1st October and 30th November, 1919, respectively, and are not now current. In regard to item No. 3, the shipping companies propose to revert to the contract system when Imperial Government requisition of insulated space ceases, as it is considered that the contract system is of mutual benefit to freezing companies and dairy-produce associations on the one hand and shipping companies on the other, but more particularly to roadstead ports and the smaller freezing companies. Clause 32 of the expired meat contracts fairly accurately represents the system upon which contracts were worked in the past: "The intention of this agreement is that . . . each of the contracting parties shall meet each other's requirements in a reasonable manner from time to time on a give-and-take basis, with the object of avoiding unnecessary friction and promoting the best interests of all concerned in the frozen-meat industry in the Dominion of New Zealand." Referring to the question raised by the Agricultural, Pastoral, Stock, and Commerce Committee in its letter of the 9th August reading as follows—"The Committee desires to receive data justifying the larger increase of current export and import freights as compared with war freights"—it may be pointed out that freights are not higher, but below the level of the highest war freights. For the information of the Committee I desire to point out that shipping companies respected the contract rates of freight on meat and dairy-produce from the outbreak of war up to March, 1915. From that date the Imperial authorities requisitioned the insulated space on New Zealand steamers, and fixed the rates (from time to time) at which its own or private cargo was to be carried in insulated holds. The requisition of insulated space by the Imperial Government will continue in force up to the 30th April next. From about March, 1917, until March, 1919, the Imperial authorities requisitioned the entire space on New Zealand steamers, and during that period fixed the rates of freight for wool and general cargo. It will be noticed that rates of freight from London remain the same as those fixed in February, 1919, and that homeward rates of freight for general cargo now current are the same as those fixed by the Imperial Government in November, 1918. A slight increase was recently made to become operative with private wool shipments, the increases being $\frac{1}{2}$ d. and $\frac{1}{4}$ d. per pound in the cases of scoured and slipe wool over the rates of freight fixed for Imperial Government wool on the 1st May, 1919. I desire to point out that such an increase—i.e., 15 per cent. on slipe wool and 30 per cent. on scoured—is much more than justified in view of the fact stated by the Australasian Tonnage Committee, London, that the running-cost of steamers in 1920 is 60 per cent. greater than in 1919. The Australasian Tonnage Committee further points out that it can hardly be said that a limit has been reached in the present high cost of running steamers: for example, demands for increased wages from crews have been made which, if conceded, will involve an additional £300,000 per annum to New Zealand liners. I think that statement answers all the points in the circular.

3. Do you wish to add anything?—I do not think so.

4. *Mr. J. R. Hamilton.*] Is it your opinion that freights generally are likely to come down?—I hardly think so, because everything is on the rise. Labour-costs, I am quite certain, will rise and not come down. The cost of building vessels is increasing. Coastal rates on inward transshipments are increasing, also freight and railage to the shipping-port on dairy-produce.

5. Have not the freights come down since the termination of the war?—There is a reduction, but even now more remunerative freights can be obtained outside New Zealand. Take coal: at the present moment £7 a ton is being paid for the carriage of coal from Newcastle to Egypt, and £8 10s. a ton to Sweden and Norway. Then, with regard to butter, I suppose it is carried by the box at somewhere about 1½d. a pound from New Zealand, while the freight one can get for butter from Copenhagen to America—a fortnight's run only—is 1d. a pound.

6. Are not freights more plentiful now, and not as hard to obtain as they were?—There is not quite so much cargo offering; but I do not think it is easy to charter a steamer. It would not be easy for any one to charter a steamer at a profit at the present rates from New Zealand. There is tonnage about, but it is looking for remunerative rates.

7. *Hon. Mr. Nosworthy.*] Are there any definite prospects in regard to shipping facilities being provided for the sending of stock and fruit to South American eastern ports, and opening up a trade in that direction?—There is a steamer leaving next month for Monte Video with stud stock, but I do not know really whether anything should be said about it. I do not know whether I am doing the people who are buying any kindness in making it known that a steamer will load in November for South America and carry five hundred rams.

8. Are you aware that some were sent to Valparaiso, or were going, some little time ago, but they had to be railed over the Andes in order to get them to the other coast?—Possibly that is so, but I have no notification of such a shipment.

9. Is the ship that you say is going a privately chartered vessel?—Yes, so far as deck space is concerned.

10. Has any notification been given to the general public of the charter?—No; because one buyer took the entire space on deck for five hundred sheep in November, and the necessity of advertising the steamer did not arise.

11. But the general public were not made acquainted with the fact that that ship was going?—No.

12. What is the position of the general breeders of the Dominion if they wanted to ship by that vessel and had no notice that she was going?—I do not think there is any space now.

13. May not the same thing occur again?—If other breeders had applied for space they would certainly have been told; but there is no use in telling them there is a vessel sailing in November when there is no space available.

14. I admit that contention; but there are many people who would like to ship stock to South America who know absolutely nothing about any boats going, and it seems a funny way of doing business. Should not those people be given a chance to send stock if they want to?—Surely the seller benefits by getting his stock away?

15. No doubt the seller will get his stuff away—he does not know to whom he is selling, perhaps; but is it not the man who buys the whole lot and ships without notification to the general public who makes the big scoop?—I quite see your point.

16. If one man is handling everything from the breeders, and there is no open competition, and he is supplying the South American market, are not the breeders generally at a disadvantage?—I must say in fairness to the people who are buying and shipping the rams that they have never asked that the matter should be kept quiet.

17. I do not say they did; but is it not the fact that the transaction is not public property?—Yes; but if we accept an offer of the entire deck space the necessity of asking for further orders disappears.

18. *The Chairman.*] Does it not give undue preference to anybody in possession of this information, if he has the opportunity to obtain outside information that the ordinary man has not?—That is so. The information may be public—I do not know; but a definite offer has advantages over uncertain possibilities.

19. *Hon. Mr. Nosworthy.*] I made inquiries through my Department to ascertain if a ship were going, and what facilities would be available for the shipment of stock, and all I know is that there is a ship going and there is to be a certain quantity of stock shipped. Is it a recent transaction?—It was only very recently fixed; the matter was made definite about a fortnight ago.

20. Can you give the Committee any information as to the likely freights for apples and stock to South America, and whether the shipping companies are going to meet the Government in the direction of making periodical calls at those ports?—It is just a little bit ahead as regards the season for apples; but London has been communicated with, pointing out the desirability of reopening the trade for the benefit of apple-shippers, and has been asked to state if there is the slightest prospect of being able to arrange in advance cargoes from Monte Video to take the place of the apples. If they cannot do that it appears to me that the rate of freight which would have to be charged for apples to Monte Video would be prohibitive, because it would mean a very high cost of coal there as compared with coal at Panama and Newport. About December last we tried if we could secure, in March or April, stud stock to take in the same steamer with apples to Monte Video, which would have had the effect of lowering the rate of freight for apples. We got no response from the exporters of sheep, but the apple people were very keen. The question was asked of London, as to what the rate of freight would be, and the reply was that on account of the extra cost of calling at Monte Video because of the high price of coal there, and after deducting the saving on the Panama coal, £8,000 would have to be added to the ordinary rate of freight to cover the extra expense. That means for apples a prohibitive freight. I wrote to London about six weeks ago to see what they can do next year; but unless we can get other cargo from Monte Video I do not see what hope there is of doing what is asked.

21. Is this ship going now entirely with stud stock?—I think it is stud stock.

22. The whole shipment?—I think so, but there may be some flock rams.

23. *Mr. Lysnar.*] She is carrying no general cargo?—She will have her general cargo; but the sheep are on deck.

24. *Hon. Mr. Nosworthy.*] The Government and the producers want to know some considerable time ahead that ships are going, and the approximate date, so that the stuff can be got ready: could that be arranged?—Are you speaking about stud stock?

25. Yes. If a man knows a ship is sailing at a certain date he will keep the stock instead of selling it. Could you give a month's notice of the date?—Good notice will be given.

26. You are not able to give any further information as to what the freights are likely to be for apples and other produce?—Not at present. The only indication we have sticking straight out is that unless we can get stud stock in March on deck, or unless we can get some cargo arranged for from Monte Video to London to fill up the space vacated by the apples, I do not think it is a commercial proposition. The rate of freight would be too high for apple shippers. I have tried to get London to arrange for cargo from Monte Video, and await reply.

27. What are the freights likely to be for meat to the eastern ports of North America?—They are not yet fixed for next season. And the unfortunate thing is that expenses are rising, and one likes to be nearer the time before actually prophesying what those freights are likely to be. The lamb which has recently gone there has been charged at 2½d. per pound.

28. *Mr. Field.*] What is the possibility of obtaining freight space to North American ports, and of trade there?—There is not the slightest doubt that steamers will be available for trade with America; and I think it will be duly provided that any meat contract which is made should include America just as much as England. There will be no difficulty as to steamers going to America. I am led to believe that America is very anxious to take New Zealand lamb.

29. And wool?—They seem to be overstocked with wool at the present time; but it is very likely that there will be American buyers operating, perhaps not to any great extent this year, but in succeeding years. And as there will be, no doubt, steamers carrying meat, the same vessels can carry the wool.

30. You think then there are such possibilities?—Most distinctly.

31. *Hon. Mr. Nosworthy.*] A good deal of consternation has been expressed by the farmers and others in regard to the clause as to the non-responsibility of the shipping companies in handling the wool if they object?—Yes, I know the clause, and I have heard it called objectionable; but I think under all the circumstances, and considering we are living in abnormal times, it is a reasonable one. It is to safeguard the ship from being made a store-ship. It cannot be admitted for a moment that it is the duty of the ship not only to carry the wool, but if the consignee cannot find storage for it, that she may then be looked on as a store-ship and may be delayed for a month, or even three months.

32. Should there not be some reasonable limit of time fixed?—It is fixed. That clause recently received very careful consideration in London, where they know the difficulties on the spot very much better than I do, and they find it necessary to safeguard themselves in that way. They are not doing it lightly or without full consideration.

33. They are doing it for their own protection; but we claim they are disregarding our interests: is that not so?—I do not think it is quite a fair way of putting it. We have to protect ourselves. Our duty is to carry the wool, and it cannot be said it is also part of our duty to have to find storage for it after the voyage is over.

34. Have you not a duty and a responsibility to the producers so long as you have a monopoly of the trade?—There may be an admitted duty in normal times; but when times are abnormal and there is congestion in stores I think it is asking too much from any shipping company to say, "You must find storage for us." Surely it is the consignees' duty to find the storage. It would be a great hardship on the ship to make her a store-ship and go on keeping her in London.

35. The proposals set out in the clause in that respect are complained of bitterly as being quite unreasonable?—I am sorry I cannot agree with the objectors, because we are living in abnormal times, and in view of the congestion in London I think it is a reasonable clause.

36. *Mr. Lysnar.*] Do not certain companies have their own wharves in London?—We have got the wharf space and provision for discharging, but we do not exercise real control over the sheds.

37. The ship goes to the unloading berth?—Yes, for the purpose of putting her cargo into the shed; and in doing so we act on behalf of the Port of London Authority, which controls the docks. We do not receive any rent for those sheds, or charge any wharfage to the shippers.

38. You are provided with shed accommodation?—Yes.

39. Why cannot the ship put the cargo into the shed?—If it is full, how can we?

40. Have you to wait for other cargo to be cleared out?—Say that wool goes into the shed—we cannot turn it out until the consignee takes it away from us. If another ship comes along, where are you going to put her cargo if the first consignee will not take his lot away?

41. *Mr. J. R. Hamilton.*] Could you not make him?—I do not think so.

42. *Mr. Lysnar.*] Would it not be the duty of the steamer's officers to see that the cargo is cleared out of the shed?—I am afraid we cannot provide for that. We have not power to say to the consignee, "You must take your wool away from this store."

43. *Mr. J. R. Hamilton.*] That seems to be where the weakness is?—Yes. But I do not think we are invested with any power to compel consignees to take possession of their cargo from the store. It is the Port of London Authority which fixes the charges, and not we. They charge the shipper with the storage in the shed.

44. Are there not other very large stores all round those docks, apart from the sheds referred to?—Yes.

45. And is it not a matter of detail for you to arrange with the London dock authorities if the store is full?—But, unfortunately, London, and the Tonnage Committee, and I think also the Board of Agriculture, have found that all stores in London are congested. The New Zealand Government are aware of the fact.

46. Was not that the case some time ago, and not now?—I believe the congestion was quite recent and that the Government were notified here. Is that not so, Mr. Nosworthy?

Hon. Mr. Nosworthy: I cannot remember at the minute.

47. *Mr. J. R. Hamilton.*] Is the congestion very bad, Mr. Findlay?—Wool is going Home faster than they are clearing it in London, and I see from the newspapers that the quantity sold has been very small, and there have been plenty of withdrawals. And there is still plenty going forward every week from here and Australia.

48. *Mr. Lysnar.*] How are you going to be off for shipping for general produce during the coming season?—I think it will be quite right. I have some particulars here. Shaw-Savill expect to have twenty steamers for next year.

49. Are they for the New Zealand trade exclusively?—Yes. At present we have nineteen available, and we ought to get delivery of the other before the end of the year. Twenty steamers, at two voyages a year, give a capacity of 3,786,000 carcasses.

50. That is making no allowance for butter?—No; I can give you an approximate deduction for that item afterwards.

51. Your estimate relates to meat?—Yes. The New Zealand Shipping Company have eighteen steamers, including four building, two of which they believe they will have before the end of the year, and two early in the next season. At two voyages a year that gives a total capacity in the case of that company of 3,316,000 freight carcasses.

52. Are the steamers of that company also exclusively trading to New Zealand?—Yes. Shaw-Savill and New Zealand Shipping Companies are in the New Zealand trade exclusively. Then we come to the Cunard Line, which trades with New Zealand and Australia as well; and I think we might estimate that for next year they can deal with about 2,413,000 carcasses for New Zealand. The Federal Line, of course, serves Australia and New Zealand, and it is a little difficult to say how much will be for New Zealand, but we might put it down at 2,000,000. In all, I should estimate the freight capabilities for New Zealand at 11,515,000 carcasses. We have to make the deduction for dairy-produce off that space.

53. How many boats are there in the Federal Line?—It would not be much assistance, but the number would be eighteen.

54. And how many in the Cunard Line?—Twenty-four.

55. That is for Australia and New Zealand?—Yes, the total fleet for 1921. For the dairy-produce my estimate is equivalent to 1,550,000 freight carcasses, which would leave approximate space for 10,000,000 freight carcasses of frozen meat.

56. How many freight carcasses did you lift last year?—I am afraid you have me rather unprepared, but, speaking from memory, I should say about 7,000,000.

57. And the year before?—I do not remember at the moment, but think about 5,000,000 freight carcasses.

58. What were you lifting in 1914, before the war?—It was a varying quantity, but it would be from 5,500,000 to 6,000,000.

59. *Mr. Field.*] There is a general impression in the public mind that the shipping companies are combining to keep up the rates of freight: have you any statement to make on that subject?—Do you refer to meat freights, or to general-cargo freights?

60. To all the increased freights generally?—So far as meat freights are concerned, and butter and cheese freights, they are fixed by the Imperial Government, which has requisitioned the space. The general-cargo rates are fixed by the shipping companies themselves. It is perfectly true that we do meet in conference, and agree to the general-cargo rates for a season.

61. Then there is something in the suggestion that there is no real competition amongst the companies?—There is keen competition individually amongst companies to get as much cargo as they can. We certainly do agree season by season what rates of freight are going to be charged; but as to an agreement to keep rates unnecessarily high to that extent the general public is wrong, and it is extremely ignorant as to the relative rates charged in other parts of the world.

62. You say that the Imperial Government are fixing the rate of freight on meat: does not that only last during the commandeering?—To the 30th April next; after which date it will be a matter of arrangement between the shipping companies and the freezing companies and dairy associations.

63. Are there likely to be any other shipping companies coming into the New Zealand trade, from Japan and elsewhere?—There does not seem room for them. I have no knowledge of other companies coming into the trade other than those already trading here now.

64. You have not heard of any Japanese ships coming here?—No.

65. *Mr. J. R. Hamilton.*] Do you think the enormous increases in freights are warranted by the increased costs?—Undoubtedly.

66. How do you account for the enormous profits the shipping companies are supposed to have been making?—"Supposed to have been making": that is just the point. There is no doubt that very large profits were made by shipping companies, but not those trading to New Zealand. The ordinary tramp steamer which traded where it liked, and was not under Imperial Government control, made very large freights. They could go where the best freights were ruling, but we were limited to New Zealand. Like the New Zealand farmer, we were not allowed a free market for our tonnage, which was requisitioned at very moderate rates. We could have obtained higher rates elsewhere than were obtained from New Zealand.

67. Do you consider an increase of from 500 to 700 per cent. was justified on the pre-war times?—I do not know of any 500 to 700 per cent. increase.

68. That is what was charged on coal from America?—From America, yes—that may be so; but I have nothing to do with America myself. The rate of freight on coal from America to New Zealand was the extremely moderate one of £2 5s. per ton.

69. I suppose that the same rate of increase was charged from the Old Country?—No; higher rates were charged from America than from England. That I know.

70. Did not freights go up from £1 10s. to £10 a ton, and was that not an enormous rise?—I do not think they went up as high as that from Home.

71. *Mr. Lysnar.*] Take tallow—was that not a big freight?—Yes; a big freight was asked on that Home, but many shippers shipped Home via America at higher rates.

72. *Mr. J. R. Hamilton.*] Was there not a big freight both ways on most things?—Yes. But take tallow, the freight on which is £9 15s. per ton: that is by weight, but it is represented in measurement in a steamer's hold, which is the way we must look at it, all the general-cargo rates being at present designed to return approximately £6 a ton. Hemp is carried at £15 per ton weight, which is equivalent to a bare £6 a ton measurement.

73. What would it cost to send oats to London by the ton?—I have not the rate by me, but I think it is £10 10s.

74. I have sent them Home for £1 5s. in the old days, and even not so very long ago?—In pre-war days, perhaps.

75. Do you think that such an increase is warranted?—If your oats were carried for £1 5s. in the old days it was at the tail end of the season, and when there was no other cargo about.

76. I never had to pay above from £1 10s. to £1 15s. ?—That was the average freight ; but oats came along at the latter part of the season, and there was no other cargo about. It was better to take that rate and get the cargo for trimming purposes, as some of the boats were empty aft and would require ballast. They might have forward insulation and general-cargo space aft, and they would have to be trimmed, and the oats would be put aft. Instead of buying stone or shingle—ballast—they would take oats at £1 5s. or £1 10s. a ton.

77. Do you think the increase from £1 15s. to £10 10s. is justified?—The rate of £10 10s. on oats represents £6 a ton measurement. When we can get other cargo, why should we take a very low rate for oats?

78. That is just the point. You can get a high freight, but is it warranted by the increased cost of running the ships?—I think so.

79. Has not the cost of living only gone up 60 per cent. ?—Yes ; but because one wanted oats for ballast purposes before the war and carried them at an absurdly low rate, surely it is no justification for an analogy being drawn between that absurdly low rate and the present current market rate for general cargo.

80. I am taking the previous current rate, and not a special low rate for ballast?—They were then, generally speaking, carried for ballast.

81. *Mr. Lysnar.* What was the pre-war rate on tallow : you gave us the present rate?—We asked £2.

82. Will you kindly give the other freights?—They are contained in the attached tables. [Tables put in.]

83. *Mr. Hawken.* What was your freight-weight basis before the war : now it is on a 60-lb.-freight carcase?—They did not go on the strictly mathematical principle before the war of calculating each class of general cargo to return £6 per ton measurement of freight, but took the previous schedule of rates and regarded it in the light of values and working-expenses, and fixed rates accordingly. The basis for meat was then, as now, a 60-lb.-freight carcase.

84. *Mr. Masters.* Possibly there was more competition then?—I do not know that there was. The greatest competition before the war was in connection with wool.

85. *Mr. J. R. Hamilton.* Can you give any idea as to the reason for the enormous increase in the freights?—I think I am being taken into questions of which I have had no notice, Mr. Chairman.

The Chairman : We could hardly inform you as to the exact nature of all the questions you were likely to be asked, and we can only ask you to answer according to your knowledge. We do not expect you to reply to questions you do not understand.

86. *Mr. J. R. Hamilton.* It is a very important point in our investigations, as to whether this enormous increase in freights is justified. Can you give the Committee any information on the subject, Mr. Findlay?—Yes, I can. Here is a cablegram from the London Tonnage Committee. I informed them as to the questions you proposed to ask, and they replied as follows :—

“Your 571 running-expenses—that is, stores, upkeep, insurance, wages—for year ended March last as compared with year ended March, 1914, show average increase of 258 per cent., which is three and a half times. For same period total voyage disbursements, excluding depreciation, interest, and establishment charges, increased 183 per cent. Loading and discharging increased 275 per cent., port charges 139 per cent., coal 113 per cent. Coal to-day, London—Hampton Roads—New Zealand, increased 280 per cent. A new insulated steamer for New Zealand trade is just being delivered, costing £590,000. Naval architects advise officially that similar steamer delivered 1914 would have cost £159,000. Interest and depreciation on increased cost of steamers has to be provided in addition to disbursements mentioned above, also increased establishment charges. Prices and wages are still rising ; each steamer as she arrives shows greater expenses over previous voyage, and voyages completed this year show increase of disbursements 60 per cent. over 1919, and we cannot see that we have reached the limit. For instance, there is an agitation for largely increased wages for engineers, seamen, and firemen, and if this is conceded in full it will result in additional expense to New Zealand lines of about £300,000 per annum. It is quite impossible to get any work done now on contract ; everything is on time, and material in anticipation of further rise.—WHITE.”

87. Do you think that the delay on the wharves in respect to loading and unloading has anything to do with the increasing cost?—It must have a lot to do with increased costs : that is to say, in addition to the enhanced cost of labour itself, the reduction in the earning-power of steamers seriously reduces their capabilities for the payment of the annual cost of depreciation and interest on capital. London's figures, unfortunately, do not include the cost of depreciation ; but you can see that in the case of one steamer alone referred to she has to wipe off in earnings an extra £43,000 per annum to be on a parity with a pre-war steamer. She is not the only steamer the delivery-cost of which is very much largely over pre-war times. Shaw, Savill, and Albion Company will get delivery this year of three steamers which will cost a shade over or under £500,000 apiece. These vessels are of a very plain type, and built before the war would have cost about £159,000. You have thus to provide for over £100,000 in extra depreciation and interest on those three steamers alone, quite apart from other steamers being built for other shipping companies.

88. Do you think there is a big loss on the wharves now as compared with the position before the war?—The work is very much slower, no doubt, and we are paying higher rates ; so that, of course, the wages-bill of the waterside workers has risen enormously.

89. You are satisfied they do not handle the stuff as quickly as they used to?—I am, unfortunately, quite satisfied as to that.

90. *Mr. Masters.* You have given us the pre-war charges, and the suggested charges for wools : can you give us the suggested charges for the other primary products?—I have given you the wool as fixed until further notice. The general-cargo rates are also fixed until further notice : they are not fixed over a season, but until further notice.

91. What about beef and butter?—Beef, butter, and cheese are fixed by the Imperial Government up to the 30th April next. They are included in the third table I put in. You will notice a blank there as to the rates on private cargo of butter and cheese. When the Imperial Government

advised as to the other rates at the end of July they stated that butter and cheese rates would follow, but we have not been advised of them yet. The previous rates were 5s. 4d. per box and 1½d. per pound. I cannot say what they are to-day.

92. *Mr. Powdrell.*] Are these the rates fixed for the new season's produce?—Presumably they will last over the new season while requisition continues in regard to insulated space.

93. *Mr. Masters.*] Which ends in March?—The 30th April; but one can never say, in view of the position with the Imperial Government and the aftermath of war, that these rates are fixed beyond the point "until further notice."

94. *Mr. Powdrell.*] The boats are requisitioned until the end of April?—Yes.

95. *Hon. Mr. Nosworthy.*] What prospects are there of full cargoes back from eastern North American ports through the Panama Canal to New Zealand?—For some of the companies that have got loading-rights in that trade the prospects of back loading are good. Some companies have no difficulty now in getting cargo; others may have a difficulty. As far as the New Zealand trade is concerned, there have been fair opportunities of bringing steamers back from America to New Zealand and Australia.

96. Are there full cargoes going to those ports?—No; but some wool may go.

97. Is that cargo one which warrants a reasonable rate of freight from New Zealand to eastern American ports?—I do not know whether we could get a full general cargo from this side for America, excepting, perhaps, in the wool season. I think the boats would have to go on to London, or the bulk of them.

98. With reference to that clause in the bills of lading fixed up by the London Tonnage Committee as to the storage difficulties, and as to the consignees having to take delivery from the ships as fast as the latter can discharge, are the shipping companies determined to insist on that arrangement?—Yes; if the storage is not available the ships will land the cargo. There is no other recourse than to do so, although it might not be stored under cover. As far as I am aware, the clause will be adhered to by the shipping companies.

99. You are aware, of course, that that clause places shippers from this country in a very invidious position as compared with the way the business has been done in the Old Country previously?—It does; but the conditions are very abnormal. The same clause is inserted in the Australian bills of lading. I asked a prominent shipping man from Australia only yesterday if he had heard of any objections to the clause there, and he said "No," and that people were prepared to ship under it.

100. *Mr. Masters.*] They do not appear to have much option if you stick rigidly to the clause, do they?—I do not think they have; but I maintain that it is a reasonable clause under the circumstances. If you were shipowners, in view of the conditions obtaining in London, you would do exactly the same thing.

101. *Mr. J. R. Hamilton.*] Do you not think the circumstances of the shipping company and the shipper are identical?—We are much bound up in the prosperity of the Dominion, which has made us; but it must be remembered we have also helped to make the Dominion. It is a mutual benefit, but in this case we must protect ourselves. If this clause were dispensed with the alternative would be to charge a higher rate of freight; or another alternative would be to insert in the bills of lading that if the vessel were detained and made a store-ship of demurrage should be charged, and so-much money paid and spread over all the contents of the ship, which might involve hardship on other than wool-shippers.

102. Would it not be better to force the people affected to take the goods out of the ship at the other end?—I maintain we have not got the authority.

103. Why not get it?—We cannot get it. Why do you not yourselves communicate with the Imperial Government, and ask it to make rules forcing consignees to take their goods out of store? The Imperial Government has more power than shipowners, as you can readily understand.

104. *The Chairman.*] Might there not be another alternative—for the New Zealand Government to make provision for storage here until the oversea shipping companies become more reasonable?—That is quite another alternative; but I cannot agree that we are unreasonable.

105. Probably we cannot agree on that point; but, still, it may arise?—Supposing it did, what is the suggestion, sir?

106. The suggestion would be that the Government should come to the help of the producer in preventing him being forced to accept a position which he would probably find was a very unfair one?—Is that considered to be a suggestion that would bring the unfortunate shipping companies to their knees?

107. No; that may be the alternative?—In that case I suggest the Imperial Government would ship their own wool.

108. Yes? It might not be a bad thing for the New Zealand exporter to have his wool kept back until the Imperial stuff was cleared away. If the private wool were not forthcoming, the Imperial Government would come forward with its own wool then.

109. *Mr. Lysnar.*] Is the extra percentage on the freights a sort of corollary to the demurrage the Imperial authorities put on in connection with meat and other produce?—I do not think so.

110. Were you not allowed demurrage?—I do not know. The requisition agreement entered into with the Imperial Government of March, 1919, set out that no demurrage would be paid in the event of steamers being delayed in the United Kingdom. It also had a clause stating that after the first six months the demurrage question might be reopened. What has been done in that respect—whether there has been any recent demurrage or not—I do not know.

111. Do not the bills of lading provide for an allowance of 6d. a ton for demurrage?—The whole bill of lading?

112. For meat?—I do not think so. I would not deny it; but I merely state I do not remember such a bill-of-lading condition.

113. Will you turn up one and have a look at it?—Certainly; but I do not think they contain that clause. I will send a copy, and it can be put before the Committee.

114. *Hon. Mr. Nosworthy.*] Is the system of rebates being made illegal in the United States?—I have no knowledge of that matter.

115. Are you aware that all ships in the American mercantile fleet have been compelled to become common carriers, and consequently obliged to carry all cargo offered to them?—I have no such knowledge.

116. Are you aware that the Commonwealth Government liners have been unable to obtain outward cargo owing to the initiation of the rebate system?—Where from?

117. From Home to Australia?—I have no knowledge of Australian shipping conditions from London.

118. You are not aware that in marine law this would mean that the Commonwealth liners would be “up against it”?—I do not know that, and I have not studied the particular matter. My knowledge is mostly confined to the Shaw, Savill, and Albion Company’s business between New Zealand and London. We do not load steamers from America, but we sometimes charter steamers to the other lines.

119. Those conditions exist in America as far as dealing with the shipping companies are concerned: do they apply to ships from the Old Country?—As far as steamers from the Old Country are concerned those American conditions do not apply. Shipping companies are not regarded as being common carriers in the Old Country.

120. Are you aware that the Commonwealth Government line has found itself so up against the proposition that they could not get back cargo from the Old Country?—I saw it from the Press, but I have no official knowledge of the matter.

121. Are you aware that the same thing applies with regard to the free shipping—that there is difficulty in that shipping getting back cargo from the Old Country, owing to the fact that exporters in the Old Country are tied to shipping companies and have to ship their cargo only through them?—I know that prior to the war there was a rebate system in force in London with regard to outward shipments, but whether it is now in existence or not I cannot tell you.

122. You cannot say whether it is proposed to continue in the future the system that has existed in the past with regard to the rebates?—I am not in a position to say.

123. What is your opinion of the matter: is it likely to be continued?—It is not very clearly set out in the Press reports; nor is there anything to indicate with regard to New Zealand affairs what the policy of London will be as to outward cargo. In any case such information as I possess would not be of any value to you.

124. I have reason to believe—I do not expect you to answer this point—that the attitude the Committee has taken up on this matter is that they are not prepared to recommend that a contract should be entered into in connection with the shipping of meat and dairy-produce from this country on the lines on which it has been carried out in the past?—Which Committee do you refer to?

125. The Committee here now—the Agricultural and Pastoral Industries and Stock Committee?—I understood that the Producers’ Committee was sitting at this very moment to approve the contract for meat: am I correct?

Dr. Reakes: The Producers’ Committee has drafted a form of contract, and copies of it have been sent to all freezing companies for their information; and we have also sent copies to Mr. Findlay and his colleagues of the other shipping companies.

Mr. Findlay: I received my copy yesterday morning.

126. *Hon. Mr. Nosworthy.*] Do you think, Mr. Findlay, looking at the question from the point of view of the Government, as representing the people, it is a fair thing that in the shipping of the primary produce from this Dominion ships outside the regular lines should be treated as the Commonwealth liners have been treated in their competition with privately owned lines in regard to outward cargo, so as to cripple them in their operations?—I suppose it cuts both ways. If we could not rely on sufficient cargo for our ships from the other side, New Zealand exporters might suffer from our inability to get our steamers out here.

127. If the shipping companies hold a monopoly of the exports from this country as to shipping, and control the exports, therefore, from this end, does it not mean that they are constituting themselves actually a shipping trust as far as dealing with the people of this country is concerned?—I have noticed that that question has been raised.

128. Do you think that what is going on in regard to the Commonwealth Line augurs well for the producers of this Dominion, seeing the privately owned companies are being placed virtually in control of the exports from Australia?—It is a very difficult question for me to answer; and as far as I know I am not sure that it applies to New Zealand.

129. Are you not aware that the cargo coming to New Zealand is obliged to be shipped through the different lines trading to this country, and others are kept right out?—I know what was the position before the war.

130. On a pre-war basis it was hopeless for anybody to get anything into this country unless they decided to let it go through one of the shipping lines trading here under the agreement mutually entered into by the said lines?—I am prepared to say that there is a good deal to be said for any such arrangement before the war, and to ensure getting ships out regularly and quickly we needed an assurance of cargo from the other side. With that certainty you were assured of getting regular shipments from this side.

131. In deciding future proposals for the carriage of this country’s produce, has it crossed the minds of the shipping companies that there is a possibility of the Government having to seek other channels for the distribution not only of the future, but even of this year’s produce?—Oh, yes; we can realize your responsibility; but we equally realize that it would be difficult, if not impossible, for a State line to compete at the low rates which are being charged. Of course, I understand that in New Zealand they are not considered low, but if you embark on a State line for the carriage of your produce it can only mean employing steamers produced at a very high cost. I do not think every steamer would necessarily run into £590,000; but each vessel would cost about £500,000, and such a fleet in competition with pre-war tonnage owned by shipping companies would place you in a serious difficulty. You would be at an enormous charge for interest and depreciation, and I do not see how a New Zealand State line, or a farmers producers’ line, could possibly run at a profit at the present rates of freight. I should not entirely regret a small State line built or embarked upon, as I have seen suggested, with an idea of having a lowering effect on rates, because I think the

experience of a year or two's running would mean there would be greater security for the existing companies, as the moderation of our rates would be realized. I prophesy that a State line could not run at a profit at the present rates; and the only way of keeping it alive would be to make the Consolidated Fund bear the loss (which would be economically unsound), or alternatively to raise rates of freight.

132. Have the shipping companies, in submitting these freights to the Committee, taken into consideration the possibility that they may be opening the door to a change being made in connection with the Dominion's shipping arrangements?—We realized that contingency, and we consider that the proposed freights are very moderate.

133. That is, for the moment?—I do not say that those rates are there for all time; and when there is a fall in running-expenses no doubt it will be reflected in lower rates, as it would not be fair if expenses came down to keep the rates up.

134. You no doubt have some knowledge of the rates charged in the pre-war days by the shipping companies for wool, meat, and dairy shipments, and of the contracts in connection therewith?—I am reasonably aware of such facts.

135. Are you aware that during those contracts certain firms were able to ship wool at a lower rate and allow heavy rebates to the growers? If it were possible to carry wool in that case at a considerably lower rate than what is now being charged by the shipping combine, and to return handsome profits to those who shipped, could not lower rates be provided for now?—I do not quite like the term "shipping combine," which is not a fact.

136. I am not using it in an offensive sense, but you must admit that there is a set rate arranged by the shipping companies working in harmony with regard to different classes of produce: does it not point to the presence of a combine?—I understood you to say that in pre-war days some people were able to load at lower rates of freight than were charged under the contracts. I should like an example.

137. I can give you a very good one, in my own case: I was one?—I know there was one year when Sir Walter Buchanan did propose it in the Freight Reduction Committee: we charged, I think, not lower rates, but the same rates.

138. The companies did not charge lower rates, but the producers were able to show that there was a very great profit in the rates charged?—My answer would be this: Supposing that one or two individuals formed themselves into a company—it need not be a large one or have a very large capital—and they chartered perhaps two steamers, and they made on a capital of £10,000 a profit of £2,500, which would represent a dividend of 50 per cent. on each vessel, they are speculators for the time being and operate only when conditions are favourable. Well, their steamers come to New Zealand and load in the height of the season wool only, which before the war was the most payable cargo going. But they do not trade with New Zealand in the slack season; they do not bear the heat and burden of the day; they do not do—as our liners frequently had to do—go away from New Zealand in the winter-time one-half or two-thirds empty. The winter trade from New Zealand was a most unprofitable one. My point is this: if you make a profit in the summer you have to provide for a certain loss on many of the steamers in the winter.

139. There is a suggestion that there has been more stuff in the country than could possibly be taken away by your steamers?—Are you referring to pre-war times?

140. No, in the post-war period; and, indeed, for many years it is stated there has been more stuff produced in the country than there has been shipping to take it out of the Dominion; so that there has been really no slack time. Is that within your knowledge?—I can hardly agree that there is no slack time, and I anticipate empty space for general cargo next winter.

141. Have you considered the possibility of the farmers, the freezing companies, and producers generally combining with regard to establishing a shipping line to get their produce away, and sharing the profits attached thereto?—I have my doubts about the profits. I may be wrong, but I do not see them materializing to the extent anticipated.

142. A scheme like that would be carried right through once it was started. Do the shipping companies realize that the people of the Dominion have taken that view, and that the companies are up against the grave possibility of its becoming the policy of the Dominion?—I quite realize it; but you should also consider that there are more remunerative trades than New Zealand. We are not going to neglect New Zealand so long as we are fairly treated, and we intend to try and keep the trade here; but if we have to look to the possibility of New Zealand neglecting us, then our position may have to be reconsidered.

143. Is this the position: that as long as the shipping companies are having their own way as regards their charges for taking away our produce they are not likely to forsake New Zealand?—The matter operates both ways. We will be faithful to New Zealand, but expect New Zealand to reciprocate.

144. As to the expenses problem, you think that the peak load is being reached?—It is difficult to say, and I can only base my calculations on the indication given in the cablegram I quoted from the Old Country.

145. That peak load, of course, has a lot to do with the cost of stuff leaving this country?—Yes, and I realize that much hinges on reasonable charges. So long as the existing shipping companies charge you reasonable rates you have no justification for suggesting going elsewhere for tonnage.

146. You are satisfied of that?—I am.

147. Are we to understand that there is no hope of any reduction at present in the quotations for dealing with the stuff as soon as the commandeering or requisition comes to an end? Are these prices finally definite from the shipping association?—Unless circumstances most unexpectedly alter, I do not see how the rates can be less.

148. *The Chairman.*] There is not a reasonable prospect of a modification or reconsideration of the charges set out in this circular?—I do not think so. That is my own personal opinion.

149. *Mr. Lysnar.*] Do you think they are likely to increase?—It depends very much on what unexpected increases there may be in running-costs. Otherwise, I think an effort will be made—I can make no promise—to adhere to these freight rates if at all possible. I think that every effort should be made.

150. *Mr. J. R. Hamilton.*] Have they been rising since the war? There has been a suggestion to that effect?—They have not gone up since the war—they have come down; but the table of rates shows certain slight increases. Our expenses last year, on the authority of the London Tonnage Committee (which is an Imperial Committee, and fully worthy of all credence), have risen 60 per cent.; and if that does not give an indication of the unlikelihood of a reduction on present rates I do not know what it does indicate.

151. *Mr. Lysnar.*] Have freezing rates gone up?—They went up. They were fixed by the Imperial Government, and have gone up recently on private cargo 9 per cent., equal to $\frac{1}{16}$ d.

152. That was a short time ago?—Yes.

153. *Hon. Mr. Nosworthy.*] Are you aware that before the definite freight-reduction movement in 1897 the liners in many instances exacted a wool freight of 100 per cent. in excess of the current Australian rates?—That is a bit before my time. I would like to look into the question before answering.

154. I am quoting facts that we know existed?—Facts are sometimes stated from one side only, and accepted without question. *Ex parte* statements should not be accepted as conclusive until the other side is heard. I will look into the question for my own satisfaction. I do not know anything about it myself, and judgment should be suspended. The Freight Reduction Committee does not appear to have operated recently.

155. *Mr. Field.*] Have you the balance-sheets of your shipping company for the last year or two?—Perhaps I ought to have a balance-sheet of my own particular company, but I have not seen one since I left London. It is not published. I have no balance-sheets of other companies.

156. *Mr. J. R. Hamilton.*] Perhaps it would not be wise to publish them?—That is not a fair inference. It is a particular class of limited-liability company which does not call for publication of its balance-sheet.

157. *The Chairman.*] Would it be unbusinesslike?—All companies do publish them when their articles of association provide for this.

158. *Mr. Lysnar.*] Will you send the bill of lading which has been in use the last six months?—Yes.

159. *The Chairman.*] How often does your Overseas Committee meet?—Every day, excepting Saturday and Sunday.

160. You act in concert with the Home authorities?—Yes.

161. *Mr. Powdrell.*] Is there any arrangement whereby the dairy-produce and meat is divided amongst the different shipping companies trading to New Zealand?—The contract with the National Dairy Association, which expired last year, provided for one-half carriage of dairy-produce by Shaw-Savill and one-half carriage by the New Zealand Shipping Company.

162. Are those the only two companies that get the dairy-produce?—The question has not been discussed; but I presume and hope, as Shaw-Savill Company's representative, that we will still retain the one-half carriage of dairy-produce, and that the old existing contracts which were held by the respective freezing companies for meat will still obtain.

163. *Hon. Mr. Nosworthy.*] What reason is there for any contracts being demanded here as to shipping, when such contracts do not exist in any other country?—We look at it as being advantageous for ourselves, as it gives us security of tenure, encouraging us to build new tonnage, and a feeling that we are not going to be neglected; while, as far as the dairy-produce and freezing companies are concerned, it gives them the great advantage of regular monthly shipments and enables them to make forward sales with full confidence.

164. What about the practice in Australia?—There are contracts there also. All the freezing companies have not got contracts, but there are contracts there; I believe a number of them have. I suggest you make inquiries on the subject. I think you will also find there are some contracts in the River Plate.

165. Is this the position: that the shipping companies are trying to initiate in Australia a policy they have imposed upon this country?—There were contracts in Australia before the war. I know no more than that.

166. You know that there is a possibility of Australia having very little mutton to ship for some time to come, but that New Zealand is in a more favourable position?—That is so. Australia may be going to have a bad turn this year in regard to mutton on account of the last season's drought, but it remains to be seen.

FRIDAY, 15TH OCTOBER, 1920.

Dr. C. J. REAKES further examined. (No. 8.)

Dr. Reakes: I desire to read the following cable which was sent in accordance with the wish of the Committee:—

"Please endeavour ascertain and cable, firstly, annual profits made from 1913 onward by each shipping company trading to New Zealand; secondly, dividends paid by each company during same period. In cabling this information state in each case whether profits and dividends are after income-tax has been paid. Early reply necessary."

A reply was received as follows:—

"With reference to your telegram of 4th October, profits of steamship companies trading to New Zealand, you can obtain some of information required from Shipping Section of 'Stock Exchange Official Intelligence, 1920,' copy of which was sent to Minister of Finance per mail-box steamer 'Arawa' last March. I am making inquiry with a view to supplement this information at earliest possible date.—ALLEN."

I obtained the book referred to, and was able to get the following information from it:—

Commonwealth and Dominion Line (Limited): 1914–15, dividend of 8 per cent. and bonus of 2 per cent.; 1915–16, dividend 15 per cent.; 1916–17 and 1917–18, dividend 20 per cent.; 1918–19, dividend 20 per cent.

The Houlder Line is associated with the New Zealand Shipping Company to some extent, and I understand that a few of their ships are in the fleet controlled by that company. Dividends (free of income-tax for 1916 and since): 1915, 5 per cent.; 1916 and 1917, 20 per cent.; 1918, 15 per cent., and capitalized bonus (out of reserve) of 100; 1919, 20 per cent.

Concerning the New Zealand Shipping Company, there are no particulars yet available respecting dividends paid.

Shaw, Savill, and Albion Company (Limited): "Information as to dividends paid on ordinary B shares is withheld, but dividends preferred shares regularly paid. These shares are entitled to a cumulative dividend of 5 per cent. (payable 1st May and 1st November), and to priority for capital without further participation." This is all the information we can get about the Shaw-Savill Company. Their ships are stated to be jointly owned with International Mercantile Marine. The following indicates the position of the International Mercantile Marine as regards dividends:—

International Mercantile Marine.—Accounts and dividends: Accounts (of the combined undertakings) made up to the 31st December; those for 1918 were issued in June, 1919. Dividends on preferred stock: During 1917, 16 per cent. (including 10 per cent. on account of arrears); 1918, 11 per cent. (including 5 per cent. on account of arrears); 1919, 3 per cent. in February, 10 per cent. (arrears) in May, and 5 per cent. (arrears) in November; 1920, 8 per cent. (including 5 per cent. on account of arrears), in February. Surplus at 31st December, 1918, \$30,561,058. Depreciation reserve, \$40,128,708. Miscellaneous reserves, \$15,469,328. Investments in other companies, \$15,515,688.

That is all the information that I have been able to obtain from this book, but the High Commissioner is endeavouring to supplement it. There is some further information relating to the transfers of capital and so on, which the Committee might like to hear.

The Chairman: Yes, I think so.

Dr. Reakes: This is the information:—

New Zealand Shipping Company.—Accounts and dividends: Accounts made up to 30th June, and submitted (in London) in November. Carried forward at 30th June, 1919, £58,592. Reserve, £100,000. Insurance Fund, £120,000. Capital—Authorized, £2,000,000, in 100,000 ordinary and 100,000 preference shares of £10; issued, £1,133,400, in 90,672 ordinary and 22,668 preference shares, fully paid, of which 20,211 preference are on the London register. In 1890 the authorized capital was reduced from £1,000,000 to £800,000, and the paid-up capital from £477,512 to £358,134, by writing £2 off the amount paid up on each of the 59,689 shares in issue, and reducing the nominal amount of all the shares from £10 to £8. In 1913 the capital was increased to £2,000,000, the existing £8 shares and the new £2 shares being then consolidated into £10 shares. In December, 1916, 90,582 of the ordinary shares were exchanged for £905,820 deferred stock of the Peninsular and Oriental Steam Navigation Company. The preference shares (created in 1913) are entitled to a cumulative dividend of 6 per cent. (payable 1st January and 1st July), and to priority for capital, without further participation. Prices marked in official list in 1919: Preference—Highest, £9 15s. to £9 16s.; lowest, £9 5s. to £9 8s. Four-per-cent. debenture stock: Authorized, £400,000 (but see below); issued, £400,000; outstanding, £80,431; secured under trust-deed dated 5th August, 1896, by first mortgages on certain steamships or other securities. The trust-deed provides that the value of the security shall always exceed the outstanding amount of stock by 50 per cent., and that the properties shall be fully insured to that extent. The directors can make further issues ranking *pari passu* with this stock, but the total amount must not exceed the paid-up capital. Redeemable at par on 1st July, 1926, or at 105 per cent. at an earlier date on six months' notice from the company. (Under the company's offer of October, 1917, £300,069 stock was acquired from proprietors in exchange for 5-per-cent. War Loan stock (1929-47), at the rate of £95 of the latter for each £100 of the former.) Interest payable 1st January and 1st July.

Shaw, Savill, and Albion Company: Capital—Authorized, £700,000, in 39,075 A preferred, 39,075 B ordinary, and 61,850 (unissued) shares of £5; issued, £390,750, in 39,075 A preferred and 39,075 B ordinary shares, fully paid, all of which (except 185 A shares) are on the London Register. In 1896 each of the 39,075 issued £10 shares was converted into one A preferred and one B ordinary share of £5, and in 1911 the unissued shares (of £10) were subdivided into £5 shares. The A shares are entitled to a cumulative dividend of 5 per cent. (payable 1st May and 1st November), and to priority for capital, without further participation. A shares Nos. 1 to 39075 are quoted in the official list. Prices marked in 1919: Highest, 91s. 3d.; lowest, 84s. 4½d. Also quoted at Glasgow. The B shares (Nos. 39076 to 78150) are officially quoted.

That is all the information available regarding these two companies. The Commonwealth and Dominion Line is now controlled by the Cunard Steamship Company.

Hon. Sir W. Buchanan: The company owns twenty-two vessels.

1. *The Chairman* (to witness).] When are we likely to get the information from the High Commissioner?—I should think we ought to get it very soon. This cable was dated the 6th October, and to-day is the 15th. I should take it that any information obtainable we should receive within a week or ten days from the time he sent this. If the High Commissioner cannot get it in that time, the chances are he cannot get it at all.

2. Which company was it which you quoted as having paid 8 per cent. dividend, with a bonus of 2 per cent., and which is now, you state, paying 20 per cent.?—That was the Commonwealth and Dominion Line.

The Chairman: That is very valuable information. They have said all along that their dividends were very much reduced.

Hon. Sir W. Buchanan: They do not say anything about reserves.

3. *Mr. Hawken*.] How many boats have the New Zealand Shipping Company got?—The company has twelve vessels aggregating 107,671 gross registered tons, and also holds a controlling interest in the Federal Steam Navigation Company. It is rather a complicated business, because some of the ships that are running under the control of the New Zealand Shipping Company now belong, I understand, to the Union Steamship Company.

4. *Mr. Jennings*.] The Union Steamship Company are not now in existence?—They, like the New Zealand Shipping Company, are merged with the P. and O. Company. Their position as regards capital is as follows:—Capital: Authorized, £3,000,000, in 1,500,000 ordinary and 1,500,000 preference

shares of £1; issued, £2,000,000, in 1,000,000 ordinary and 1,000,000 preference shares, fully paid, of which 993,567 ordinary are held by the Peninsular and Oriental Steam Navigation Company. 436,183 preference shares were on the London Register at 30th November, 1919. The preference shares are entitled to a cumulative dividend of 5½ per cent. (payable 31st May and 15th December), to priority for capital, and in the event of a winding-up to further participation after repaying the ordinary shares. Preference shares on the London Register (within Nos. 1000001 to 2000000) are quoted in the official list. Prices marked in 1919: Highest, 21s. 6d.; lowest, 19s. 3d. Both classes of shares are also quoted at Edinburgh. That is all I have to say.

The Chairman: That is all valuable information.

Hon. Sir W. BUCHANAN, M.L.C., examined. (No. 9.)

Hon. Sir W. Buchanan: My connection with New Zealand shipping dates from the year 1897, when the freight-reduction movement commenced. Freezing and meat-export had then been fourteen years in operation, and great difficulties were experienced as to successive shipping contracts—as to rates of freight and sufficient insulated space. Wool freights were in some cases double the Australian rates, shipments in some cases being made to England from New Zealand via Sydney at lower rates than were obtainable by direct route from the Shaw-Savill or the New Zealand Shipping Company. We obtained guarantees of thirty thousand bales of wool from settlers, and in this we chartered sailing-vessels at a freight of 1½d. per pound, which worked out at 10s. 5d. per 400 lb. bale. We also aimed at the carriage of meat and dairy-produce, but the liners frustrated that by forestalling us with a hurried contract of five years with the freezing companies, which shut us out completely. Steamers of the Clan Line followed the sailers, and we practically controlled the rate of freight for all classes of unrefrigerated exports until the war broke out in 1914, when all British ships were commandeered by the British Government. The business methods we followed were very simple. We got offers every season for steamer or sailer in the world's open market. On receipt of these tenders we submitted the lowest to a committee of wool-growers, on whose approval the season's rate of freight was fixed; and consequently the liners had to come into line, or take the risk of our chartering more ships. When it was pointed out that 1½d. per pound on each season's clip amounts to about £100,000 sterling, it will at once be realized that the freight-reduction movement saved many thousands annually to the producers of the Dominion during the seventeen years of its operations. Not only was this the case as applied to wool, but also as to flax, tallow, and the numerous other important items of export. The shipping companies made an important reduction on frozen-meat freight within forty-eight hours of the freight-reduction being announced. How this was done was as follows: When they found that we were "on the warpath," within six-and-thirty hours of their coming to know it they cancelled a fifteen-months unexpired meat contract, and entered into a new five-years contract at a substantial reduction of freight. Then we found it impossible to do anything with regard to frozen meat and dairy-produce, because this five-years contract practically bound all the then-existing frozen-meat companies, and consequently we were forced to remain the carriers of unrefrigerated produce only. The finance was conducted very simply by means of a bank guarantee given by a couple of settlers, the loading-expenses of each ship being rounded up and discharged directly the bills of lading were signed. Our last charter was a first-class new steamer to load in New Zealand early in January of 1914, able to carry about forty thousand bales of wool; but the Imperial Government commandeered her before she could leave England, and so our freight-reduction movement was brought to an abrupt end for the time being. We had, however, established our claim to a share of the Dominion's export freight on such a firm basis that the liners were glad to admit in writing that we were entitled annually to sixty thousand bales of wool, as well as a proportionate share of other exports. Nothing further was done until 1917, when an influential conference of representative settlers and business men, hailing from Auckland to the Bluff, met in Wellington to consider the shipping question, the outcome of which was that a committee was appointed to ask the Government whether they would assist, financially or otherwise, in the establishment of a producers' shipping company in the event of a company being formed. The reply of the Government was that they could not see their way to take any action until the conclusion of the war. In the summer of last year I paid a short visit to England, one of my objects being to resume the chartering of ships by the Scales Company to again carry New Zealand unrefrigerated produce at reduced rates. I accompanied the Hon. Mr. Massey to an interview with Lord Inverforth, who was then Minister in control of wool-shippments, and the following letter from him gives the result of our negotiations:—

"Ministry of Munitions, Whitehall Place, S.W. 1, 30th May, 1919.

"DEAR MR. MASSEY,—

"Referring to our interview yesterday, I have now to state that the position with regard to freight arrangements for carriage of New Zealand wool is as follows: The wool was carried during the war, under arrangements with the Ministry of Shipping, at a freight of 2½d. per pound, which under the circumstances of the time was very cheap. In February we were informed that the rate had been reduced to 1½d., and that the liners were soon to be released, and that the condition would be imposed upon them of carrying the Government wool at 1½d. Not satisfied with this arrangement, we brought pressure to bear upon the liners, who agreed to carry all the wool required for the United Kingdom and France up to the 31st December, 1919, at the very favourable rate of 1½d. We are therefore bound to the liners up to the end of this year, except with regard to wool for Italy and other outside destinations. This, however, is principally Australian wool, and does not seem to offer much inducement to the Scales Company, whose special position you have brought to my notice.

"Four to five months hence the time will come to make arrangements for the 1920 freight-requirements. We shall notify the agents of the Scales Company (Messrs. Lawther, Latta, and Co.) in due course, and they will be given an opportunity of making an offer to carry such portion of the New Zealand wool to Europe as they may be interested in. It will then be seen whether or not the Scales Company are in a position to compete on equal terms with the established liners. In justice to the New Zealand sheep-farmers, who have a heavy interest in the profits of the resale of the wool, the Ministry will, of course, feel obliged to secure the lowest possible freight for the wool which can be obtained from ships under the British flag.

"Yours sincerely,

"INVERFORTH."

The following letter from Lord Inverforth's office is of special interest :—

“Ministry of Munitions (Supply), Imperial House, Tothill Street,
Westminster, S.W. 1, 10th July, 1919.

“DEAR SIRS,

“We were informed some time ago by a representative of the Scales Shipping Company of New Zealand that the company would be ready to tender for the transport to the United Kingdom and France of the Government wool from New Zealand as soon as we were ready to consider shipping arrangements, following upon those already in force, which extend until the 31st December. The Ministry is now considering proposals for the carriage of about sixty thousand bales of wool per month from New Zealand to British and French ports throughout the year 1920. I shall be glad to hear what proposals you can make on behalf of the Scales Company.

“Yours faithfully,

“A. H. GOLDFINCH, Director of Raw Materials.”

The Committee will note Lord Inverforth's statement that he would in four or five months notify Scales's agents in London to send in tenders for the carriage of some of our 1919-20 New Zealand wool-clip, instead of which, notice was received by the agents on the 10th July—that is, within forty days, instead of the four or five months as specified in Lord Inverforth's letter to Mr. Massey. Cable communications at that time often took thirty days, and it was impossible to get into correspondence with New Zealand with the view of pointing out what the conditions were in London, and enable us to tender in competition with the liners for the carriage of the 1919-20 season's clip. I immediately waited on Scales's agents, and I now read a quotation from their response to me by letter: “I am prepared to stand behind you for the conveyance of sixty to seventy thousand bales of wool, in two shipments, from New Zealand during the second half of next year. This offer I am prepared to take unconditionally, the rate of freight to be not less than is being accepted by the liners.—JOHN LATTA.

This letter was signed by John Latta, who is head of the firm. This offer was duly made to the Government Shipping Control Department and refused, and a large portion of this wool is still lying in New Zealand.

1. *Mr. Field.*] At 1½d. ?—Yes. These were two comparatively new ships, and able to carry 40,000 bales of wool apiece. There was no question of the ships being available. They had been employed by the Imperial Government for the carriage of all sorts of stores, and were perfectly suitable in every respect. To show the Committee how determined they were in their refusal, when I called at the office I asked for an extension of the time within which we could make an offer. The reply I received was, “Next day at five o'clock your opportunity closes; we cannot give you any further time than that.” They were, in short, absolutely determined to shut us out. After my return to New Zealand a meeting of producers, freezing companies, and other representative men took place in the Farmers' Institute, Wellington, on the 19th February of this year, at which it was resolved to request the Government to ask the shipping companies to indicate the rates and conditions of shipping freights they proposed to charge after the 30th June, when the Imperial Government's requisitions of Dominion produce were arranged to terminate. The reply of the shipping companies was to the effect that they were unable to specify any definite rates of freight until the Imperial Government had finally released their ships. A cable message, however, has since been received suggesting a still further increased freight above the war rate. These rates are shortly as follow: On an 800 lb. bullock, £6 8s. 4d.; excess above pre-war rate, 360 per cent. On a 60 lb. sheep, 10s. 9d.; excess above pre-war rate, 318 per cent. On a 35 lb. lamb, 6s. 5d.; excess above pre-war rate, 308 per cent. On a 400 lb. bale of wool, £2 14s. 2d.; excess above pre-war rate, 260 per cent. On a box of butter, 5s. 7d.; excess above pre-war rate, 223 per cent. On a pound of cheese, 1½d.; excess above pre-war rate, 250 per cent. I do not propose to take up the time of the Committee by attempting to define what would be fair rates of freight under the present high cost of ships, of labour, of coal, and other material. Balance-sheets indicating shipping-rates of profit are in very few cases obtainable, as we were told by the shipping representative, Mr. Findlay, last week. But the quotations of the London Stock Exchange as to shipping shares afford ample and reliable proof that their profits during the war have been simply enormous. No further evidence of that fact is necessary than that £100 paid-up shares of the P. and O. Company stood not long ago at over £600—although they have recently suffered a fall to the neighbourhood of £400, chiefly through coal and labour troubles. The grave fact which this Dominion is up against is that combination in recent years by the shipping companies has given them such absolute power as to rates and conditions of import and export freights that effective steps should with as little delay as possible be taken to put an end to that power. To show what the position really is, nothing could be very much clearer than the statement of the Prime Minister of the Commonwealth on a recent occasion. I quote from the *Evening Post* of the 28th February, 1920 :—

“Referring to the recent cable message from London concerning the refusal by conference steamship lines to pay freight rebate to merchants who ship goods by the Australian Commonwealth Line, Mr. Hughes (Australian Prime Minister) said: ‘This is further proof, if such were needed, that the shipping combine is using every means in its power to remove its only competitor. It is evidently determined not to stop at trifles. For some months past the combine has been exercising its tremendous influence to dissuade merchants from shipping their goods on the Commonwealth Government Line of steamers, and though this is the first occasion on which it has actually refused the rebate, it has threatened all merchants who have the temerity to ship goods to Australia on vessels owned by the Australian people with dire pains and penalties. Several of our vessels have had to leave England in ballast, some with only five or ten tons of cargo. It is very unfortunate that the great British shipping interest should resort to such tactics. Their object, of course, is perfectly clear: they hope by driving out of the trade their only effective competitor to control freight rates to and from Australia completely, and extort from the producer what they choose. To the producers of the Commonwealth this is literally a matter of life and death. High freights mean low prices for the Australian producer. Every 20s. a ton increase in freight means a decrease of 6d. a bushel in the price received by the farmer. A paragraph recently appeared in the Press informing us that the freights from Australia had been raised from 105s. to 150s. When the Government control of shipping is removed in Britain, and the shipowners are able to fix their own rates, there is no doubt whatever that we may look for further increases. In the circumstances, the only hope for the producer is the existence of a line which will, by healthy competition, ensure such reasonable rates as will leave him a fair margin of profit.’”

The following is another significant extract, cabled from Melbourne on the 15th of last month, and which appeared in the *Evening Post* of that date :—

“Speaking in the Federal House of Representatives, Mr. W. M. Hughes stated that the British shipping combine had unsuccessfully endeavoured to induce the Commonwealth Line to increase its freights. As the combine’s freights were not increased, it was assumed that the Commonwealth’s refusal to raise its rates prevented the British increase.”

I do not know what the rates of freight in Australia are, or how they would compare with the rates demanded from us ; but it would appear that they must be lower than ours.

2. *Mr. Powlrell.*] Is there any possibility of getting the Australian Government’s balance-sheet with the view of ascertaining how their ships are paying ?—I do not know ; but a statement has appeared in the papers to the effect that the Commonwealth Government were £1,000,000 to the credit on their shipping venture at quite a recent date. It certainly looks as if they were in a sound position when they refused the request of the liners to increase the freight ; and they are also, of course, building a lot of new ships. The following cable, dated London, 13th April, 1920, appeared in the Press of the Dominion on the 16th April :—

“Mr. Larcin, manager of the Commonwealth State steamers, in an interview in the *Daily Express*, states that it is unquestionably entirely due to the Commonwealth Government Line that the Australian freights have not risen. He enumerates a number of advantages which he declares the British merchants derived from the Government line, including the utilization of intermediate ports in the United Kingdom, causing the conference steamers to follow suit.”

The following cablegram from Melbourne, dated 15th April, 1920, and which appeared in the New Zealand Press on the 16th, is quite apropos :—

“Replying to a deputation of unionists, which urged the Government to arrange further ship-building contracts with New South Wales, Mr. Poynton, Hon. Federal Minister, stated that the Government had decided to build eleven ships of 12,800 tons each to maintain a fortnightly service with the United Kingdom. The Ministry’s policy was to continue building, but it must have a continued guarantee from the unions.”

Concerning labour, I suppose that means freedom from strikes. I have recently received a cable from Mr. Seales (who within the last four or five months has paid a visit to London and New York) stating that it was impossible to charter steamers because there was no outward freight obtainable ; that the steamers would have to depend entirely upon export freight from New Zealand for their earnings, and, no freight outward being obtainable, that he was unable to charter any steamers. In regard to sailers he stated that it was possible to charter sailers at a slight reduction upon the liners’ rates of freight. But the charter condition would stipulate that unless storage was available immediately upon arrival of the ship in London, so-much per week would be charged for storage in the vessel herself. My cabled reply was to this effect : that the prospects of wool-prices in London, together with the apparent great difficulty as to storage, would probably mean storage on wool in New Zealand to a very considerable amount, and it was therefore inadvisable at the present juncture to enter into any charter.

3. *Mr. Field.*] How long ago is that ?—About a week or ten days ago. As I have stated, we are up against this : that unless we are able by some means to put an end to the monopoly of outward freight by the liners we are absolutely in their hands as to the rates of freight and conditions for the next twelve months. The question, therefore, for us to consider is whether there is a practical remedy. I had a search in the library, with the result that I found the United States had passed an Act in 1916, the effective sections of which I propose to read to the Committee.

4. *Hon. Mr. Nosworthy.*] Is that an American Act you are going to quote from, Sir Walter ?—Yes.

5. *The Chairman.*] You have given us the history of what was done in the past. We want also to get at the history of the present and future, if possible. You have intimated you cannot suggest anything in the direction of the reduction of freights ?—No, at present I cannot, unless it be the American Act I have mentioned.

6. There is in that proposal something that might deal with this question ?—I think at this stage it would be useful to the Committee if I quote a portion of a letter sent by the Prime Minister (Right Hon. Mr. Massey) to the Chairman of the Board of Agriculture (Sir James Wilson), and dated 3rd February last :—

“It seems to me the first step was to see what could be done with the shipping companies trading between this country and Britain. Are they prepared to carry our products at a fair and reasonable rate ? If so, well and good. If not, then let us do what under the circumstances seems to be the next best course, and I think a strong Committee should be set up to look after the interests of the producers, consisting of the Board of Agriculture and representative men from the farmers’ unions, and the agricultural and pastoral associations, and the freezing companies. I have sometimes heard it said that the farmers are not business men, but I must say that that is not my experience. Where their own interests are concerned there are no keener business men in the world. The men of whom I am thinking could hold their own with the representatives of the shipping combines, or the Meat Trust, or any of the other great organizations of which we have heard so much. Let the matter be left in their hands to negotiate, with a representative or representatives of the Government. If a satisfactory agreement cannot be arrived at, and if it become necessary to put additional ships in the trade, then the Government will assist to the full extent of its ability. Personally, I think if anything is done in this way the producers should at least be part-owners, because if such an undertaking is to be a success it will require all the support it is possible to obtain, and must be managed upon thoroughly business-like and systematic lines. If it is left to be financed and managed by the Government, then the Development Fund will be seriously interfered with, and this will happen : contending parties will seek to outbid each other for political support. We had some experience of this sort of thing not long ago, and the result would be a constant reduction of freights and passenger fares until the balance-sheet showed a loss. This would not happen if the great bulk of the shareholders were producers, anxious for the welfare of the company in which part of their capital was invested. If it becomes necessary to start such an undertaking the Government will do its part, either by guarantee or by taking up a proportion of the shares, whichever may be decided upon ; but we must do our business as sensible business men, thinking not only of our own interests, but of the greater interests of the Dominion as a whole. If we act in this way and pull together with our full strength, there need be no fear of exploitation from any trust or combine. I am quite sure you will appreciate the great importance of the subject, and I shall be glad to meet representative men to discuss the position at any suitable opportunity.

“Yours sincerely,

“W. F. MASSEY.”

7. *Hon. Mr. Nosworthy.*] That was a letter to the Board of Agriculture?—Yes; and it is of importance as showing the mind of the Government at the time.

8. *The Chairman.*] I understood you to say that we have failed to come to any reasonable understanding with the shipping companies?—That is so.

9. You have already made some reference to an American Act. What is their remedy?—Section 14 of the American Act is as follows. This Act is known as the Shipping Act, 1916, passed by Congress on the 7th September (*vide* Chapter 451):—

“Section 14. That no common carrier by water shall directly or indirectly—

“First: Pay or allow, to enter into any combination, agreement, or understanding, express or implied, to pay or allow, a deferred rebate to any shipper. The term ‘deferred rebate’ in this Act means a return of any portion of the freight-money by a carrier to any shipper as a consideration for the giving of all or any portion of his shipments to the same or any other carrier, or for any other purpose, the payment of which is deferred beyond the completion of the service for which it is paid, and is made only if, during both the period for which computed and the period of deferment, the shipper has complied with the terms of the rebate agreement or arrangement.

“Second: Use a fighting-ship, either separately or in conjunction with any other carrier, through agreement or otherwise. The term ‘fighting-ship’ in this Act means a vessel used in a particular trade by a carrier or group of carriers for the purpose of excluding, preventing, reducing competition by driving another carrier out of said trade.

“Third: Retaliate against any shipper by refusing, or threatening to refuse, space accommodations when such are available, or resort to other discriminating or unfair methods, because such shipper has patronized any other carrier or has filed a complaint charging unfair treatment, or for any other reason.

“Fourth: Make any unfair or unjustly discriminatory contract with any shipper based on the volume of freight offered, or unfairly treat or unjustly discriminate against any shipper in the matter of (a) cargo-space accommodations or other facilities, due regard being had for the proper loading of the vessel and the available tonnage; (b) the loading and landing of freight in proper condition; or (c) the adjustment and settlement of claims.

“Any carrier who violates any provision of this section shall be guilty of misdemeanour punishable by a fine of not more than \$25,000 for each offence.”

The Act is apparently a very complete and effective step that would enable us to put an end to the shipping monopoly from which we are suffering.

10. *Mr. Field.*] In what year was that Act passed, Sir Walter?—In 1916. To-day, as stated by the Prime Minister of the Commonwealth, the combination of liners has a complete monopoly of the outward freights; even the Commonwealth cannot get anything outward except Government cargo, because the system completely bars them from getting any general outward cargo. I am informed by one of the highest legal authorities in New Zealand that all that is required to put this into force is to pass a short Act embodying the provisions of the American Act as the conditions under which alone any ships can trade with New Zealand. I have always been under the impression that it was necessary to go to the Imperial Government before we could deal with the question of rebates, but the opinion given to me is that the provisions of this American Act can be applied in New Zealand by the very simple process of making its provisions applicable to all ships trading to this country. I want in conclusion to say that with the experience we have had for seventeen years on the slender footing of a guarantee from a few settlers of so-much wool and other produce, and the limited finance upon which the whole thing was based, surely it should not be beyond the competence of the settlers and Parliament of New Zealand to repeat on an effective scale what was done by the freight-reduction scheme with such limited means. You have, for instance, a freezing company at Gisborne stepping into the breach and able to put a fully-equipped ship into the trade. We also know in a rough-and-ready way what happened concerning the Union Steamship Company and the Huddart-Parker Company. We know that three or four of the latter company's steamers compelled the Union Steamship Company to come to terms. Let me say at once that I do not think it is at all necessary to call upon this country to become what might be called a full-blown shipping company. The situation would, I believe, be fully met if half a dozen steamers of first-class character were chartered or purchased, and either of these alternatives is surely well within the compass of the Government. It seems that this Dominion should look upon it as intolerable to allow the continuance of such a complete monopoly as is now enjoyed by the liners of to-day. Their power is unquestionable to exact whatever rates they choose. I want, too, to point out to the Committee the enormous saving there would be in freights to and from the Dominion as a whole, even if only a small reduction was made in the rates. The quantity of our exports and imports is now so great that a comparatively small reduction in the rate would annually mean a very very large sum of money. Even if we lost in the working-balance of the year—as we very well might at the beginning—there would be a much greater benefit going to the country generally through the less amounts of freight paid on both exports and imports. I want to emphasize another very important point, and that is this: that when the shipping companies realize that the Freight Reduction Committee were about to commence operations, as already pointed out, within thirty-six hours there was an immediate reduction in the rates of freight for frozen meat.

The Chairman: You are the last and most important witness. We want to thank you for the valuable information which you have afforded, and for the arguments with which it has been supported. I make this observation now, because some of our members have to go away presently, and we require to have a talk before we separate, whilst the evidence tendered is fresh in their minds. You have probably suggested a solution that will possibly get us out of a great difficulty.

A Member: It is valuable evidence.

Hon. Sir W. Buchanan: I beg to thank the Committee. There is one point, however, that I omitted to mention when discussing the American legislation. I should have added that a Board was appointed under that Act with power to investigate, and get proof, where needed, as to the Act being effectively put into force. The Board is charged with the enforcement of the Act; it can take evidence and inflict punishment.

APPENDICES.

APPENDIX A.—FREIGHT RATES.

THE following tables have been drawn up to illustrate the war and post-war advances in the freights on our principal exports. With regard to these tables it is necessary to note that—

1. Variations occurred in the freight rates charged for wool in 1917, but careful inquiry shows that an average flat rate of 2½d. represents the charges for that year with approximate exactness. There was also variation in the 1917 dairy-produce rates, but the figures shown are the most approximately exact obtainable.

2. Except in the case of wool, the quantities actually exported in 1919 are used as estimates of the 1921 exports.

3. The number of sheep in New Zealand in 1913 was 24,789,763, and the number on 30th April, 1920 (*vide* interim return) was 23,957,200. It has therefore been assumed that the quantity of wool available for export from the 1920–21 clip should be approximately equal to that exported in 1914. Hence exports for 1914 are used as estimates for the 1920–21 exportable surplus.

4. In all instances the figures are for calendar years.

5. The Census and Statistics Office, the Imperial Supplies Department, the Customs Department, the Dairy Division, and the National Dairy Association have been consulted in connection with these compilations.

C. J. REAKES.

FREIGHTS—1913, 1917, 1921.

Year.	Exports.	Freight Rates.	Total Freight Expenses.
<i>Meat.</i>			
	Cwt.		£
1913	Beef .. 276,112	9d. per pound, less 5 per cent. ..	68,890
	Lamb .. 1,088,457	3d. " " ..	361,902
	Mutton .. 1,111,212	11d. " " ..	338,364
	Total .. 2,475,781	Total ..	769,156
1917	Beef .. 890,526	11½d. per pound, plus 5 per cent. ..	736,465
	Lamb .. 470,080	11½d. " " ..	446,106
	Mutton .. 1,041,239	11½d. " " ..	924,620
	Total .. 2,401,845	Total ..	2,107,191
1921 (estimated)	Beef .. 776,708	12d. per pound, plus 10 per cent. ..	697,872
	Lamb .. 1,049,320	2d. " " ..	1,077,126
	Mutton .. 1,877,950	17d. " " ..	1,717,527
	Total .. 3,703,978*	Total ..	3,492,525
<i>Wool.</i>			
	Lb.		£
1913	Greasy .. 155,342,727	5d.	404,538
	Scoured .. 13,900,152	3d.	45,126
	Washed .. 540,144	3d.	47,981
	Slipd .. 16,750,013	11d.	47,981
	Total .. 186,533,036	Total ..	497,645
1917	Greasy .. 145,778,614	} 2½d. per pound, flat rate ..	1,671,323
	Scoured .. 13,720,691		
	Washed .. 282,042		
	Slipd .. 18,493,139		
	Total .. 178,274,486		
1921 (estimated)	Greasy .. 183,984,668	15d. per pound ..	1,245,730
	Scoured .. 13,205,219	2½d. " ..	122,146
	Washed .. 590,162	2½d. " ..	177,288
	Slipd .. 22,692,849	17d. " ..	177,288
	Total .. 220,472,898†		1,545,164
<i>Butter.</i>			
	Cwt.		£
1913	372,258	2s. 6d. per box ..	93,065
1917	254,397	3s. 9d. " ..	95,302
1921	345,818‡(estimated)	5s. 4d. per box, plus 5 per cent. ..	193,658
<i>Cheese.</i>			
	Cwt.		£
1913	611,663	9d. per pound ..	160,561
1917	885,743	11d. per pound, plus 5 per cent. ..	542,517
1921	1,572,311‡(estimated)	11d. " " ..	963,041

* Quantity exported during 1919. † Quantity exported during 1914. ‡ These are the quantities exported during 1919. They appear to be reasonable estimates for 1921. As the prices offered for cheese are still much more attractive than those offered for butter, there is little likelihood of any change towards the production of butter.

FREIGHTS—1913, 1917, 1921.

Summary.

Export.	Total Freight Expenses, 1913.	Total Freight Expenses, 1921.	Increase since 1913.
	£	£	£
Frozen meat	769,156	3,492,525	2,723,369
Wool	497,645	1,545,164	1,047,519
Butter	93,065	193,658	100,593
Cheese	160,561	963,041	802,480
Totals ..	1,520,427	6,194,388	4,673,961

FREIGHTS—1913, 1917, 1921.

Year.	Exports to United Kingdom.	Freight Rates.	Total Freight Expenses.
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Tallow.

	Tons.		£
1913 ..	22,723	£2 per ton weight, plus 10 per cent. ..	49,990
1917 ..	9,672	£6	63,835
1921 ..	24,437*	£9 15s.	262,087

Meats, Potted and Preserved.

	Cwt.		£
1913 ..	17,698	£2 per ton measurement, plus 10 per cent.	3,028
1917 ..	39,227	£5 5s.	17,619
1921 ..	18,029	£6	9,255

Hemp and Tow.

		Tons.		£
1913 ..	Hemp ..	20,992	£4 5s. per ton weight, plus 10 per cent. ...	98,138
	Tow ..	5,395	£5	29,672
	Total ..	26,387	Total	127,810
1917 ..	Hemp ..	7,669	£10 per ton weight, plus 10 per cent. ..	84,359
	Tow ..	199	£13	2,846
	Total ..	7,868†	Total	87,205
1921* ..	Hemp ..	12,784	£15 per ton weight, plus 10 per cent. ..	210,936
	Tow ..	3,133	£24	82,711
	Total ..	15,917	Total	293,647

Hides, Pelts, and Skins (Undressed).

	Lb.		£
1913 ..	22,427,080	£2 5s. per ton weight, plus 10 per cent.†	24,780
1917 ..	10,660,560	£6 10s.	34,028
1921* ..	22,945,000	£9 15s.	109,860

* In all instances the 1914 export figures are used as estimates for the 1921 exports.
Imperial Government supplies.

† No primage for

Summary.

Exports to United Kingdom.	Total Freight Expenses, 1913.	Total Freight Expenses, 1921.	Increase since 1913.
	£	£	£
Tallow	49,990	262,087	212,097
Hemp and tow	127,810	293,647	165,837
Potted and preserved meats ..	3,028	9,255	6,227
Hides, pelts, and skins (undressed) ..	24,780	109,860	85,080
Totals	205,608	674,849	469,241

N.B.—These figures refer only to the exports to the United Kingdom. Large quantities of these articles are exported to other countries. In 1913, the following approximate proportions of these particular exports were sent to the United Kingdom:—Tallow, 99 per cent.; potted and preserved meats, 50 per cent.; hemp and tow, 75 per cent.; hides, pelts, and undressed skins, 70 per cent. Such proportions vary greatly from year to year.

APPENDIX B.

Agricultural and Pastoral Industries, Stock, and Commerce Committee,

DEAR SIR,—

9th August, 1920.

I am directed to invite your attendance at a meeting of the above Committee, the date to be decided later, to give, *inter alia*, evidence on the following points :—

- (1.) To produce copy of contract with freezing and dairy companies that was current at the outbreak of war.
- (2.) Do the shipping companies contend the above contracts will still be current when shipping becomes normal after the determination of the Imperial commander of insulated shipping?
- (3.) Do the shipping companies intend to require the freezing and dairy companies to trade under a shipping contract when matters become normal?
- (4.) The Committee desire to receive data justifying the larger increase of current export and import freights as compared with war freights.

I am to request that, if it is necessary to cable overseas to enable you to answer the above questions, you will please do so.

Will you advise me as early as possible when you will be in a position to be present with the necessary particulars.

Yours faithfully

H HARRISON,

Chairman, Overseas Shipping Committee (N.Z.), Wellington.

Clerk to the Committee.

APPENDIX C.

THE New Zealand Overseas Shipowners' Committee announces that it has received a cablegram from the London Tonnage Committee to the effect that the Imperial Government states it finds it necessary to retain its requisition of insulated space in all steamers trading with Australia and New Zealand until April, 1921.

The rates of freight which the Imperial Government proposes to charge for the carriage of private meat in requisitioned insulated space will be as follows :—

	Increase over War Rates.	Pre-war Rates.
Beef	1 $\frac{3}{4}$ d.	$\frac{1}{8}$ d. (5 per cent.).
Mutton and tegs, pork, veal, and crates of sundries	1 $\frac{3}{4}$ d.	9 $\frac{3}{4}$ d. per 60 lb.
Lamb and bags of sundries	2d.	6d. per carcass
Rabbits	£8 15s. per 40 cubic feet.	$\frac{3}{4}$ d. (5 per cent.).
Fruits	8s. per case.	
All plus 10 per cent.		

No indication has yet reached the New Zealand Overseas Shipowners' Committee regarding the amount of space which will be made available by the Imperial Government for the carriage of private meat.

APPENDIX D.

AN AGREEMENT made the eleventh day of February, one thousand nine hundred and fifteen, between the WELLINGTON MEAT-EXPORT COMPANY (LIMITED), a joint-stock company having its registered office in the City of Wellington, in the Dominion of New Zealand (hereinafter called "the Frozen Meat Company," which expression shall include its assigns) of the one part, and the SHAW, SAVILL, AND ALBION COMPANY (LIMITED), a joint-stock company having its registered office in London (hereinafter called "the Shipping Company," which expression shall include its assigns) of the other part, as follows :—

Clause 1. The Frozen Meat Company agrees during the term hereafter mentioned and subject to the conditions hereof to ship by the steamers provided by the Shipping Company, and the Shipping Company agrees during the said term and subject to the conditions hereof to forward by their steamers from the Dominion to London and (or) safe ports on the south and east coasts of the United Kingdom, and Continent (Havre-Hamburg range) in each and every month, to be carried by such steamers, half of all the meat frozen by the Frozen Meat Company at the works at present owned by them, or any new works which may during the currency of this contract be erected by them, which may be tendered for shipment during each month for such ports. The Shipping Company shall not be bound to serve south and east coasts of England ports (excluding London) and Continental ports (Havre-Hamburg range) by other than cargo-steamers, and they shall not be bound to provide a cargo-steamer to these ports for less than the following quantities: South of England, ten thousand freight carcasses for each port; east coast of England, five thousand freight carcasses for each port; Continental ports (Havre-Hamburg) range, ten thousand freight carcasses for each port.

Clause 2. This contract shall commence on the first day of December, one thousand nine hundred and fourteen, and shall remain in force until the thirtieth day of November, one thousand nine hundred and nineteen, subject to extension, suspension, or determination as hereinafter provided.

Clause 3. An agreement of even date herewith has been entered into between the Frozen Meat Company and the New Zealand Shipping Company (Limited) for the carriage of the other half of the meat frozen by the Frozen Meat Company and tendered for shipment, the terms of which are the same as the terms of this agreement.

Clause 4. If in any one month (which term throughout this contract means calendar month) the Frozen Meat Company shall, owing to there not being steamers of the Shipping Company or sufficient space therein available, ship by the Shipping Company's steamers less than the quantity of meat which according to the terms hereof should have been shipped by the Shipping Company's steamers during that month, then the Shipping Company shall not have thereby any claim on the Frozen Meat

Company to have an equivalent excess of meat or any excess of meat in any future month or months ; but if in any future month or months the New Zealand Shipping Company and the Shaw, Savill, and Albion Company (Limited) shall arrange for an adjustment of the quantities of meat to be taken by the steamers of each of the said shipping companies, the Frozen Meat Company will, if it can do so without loss and inconvenience, endeavour to assist and fall in with any such adjustment as may be arranged as aforesaid ; but nothing in this clause contained shall be construed to prejudice the rights of the Frozen Meat Company in respect of any month in which the Shipping Company shall fail to forward from the Dominion the proper quantity of meat in accordance with the terms hereof.

Clause 5. In the first week of each month the Shipping Company shall prepare a time-table for that month and the following five months showing the approximate dates of the arrivals and departures at the various ports of the various steamers engaged by the Shipping Company in the meat trade, and shall supply the Frozen Meat Company with a copy of such time-table, and the Shipping Company shall adhere to such time-table as nearly as possible ; but nothing in clause contained shall be construed to limit or affect the liability of the Shipping Company to the Frozen Meat Company in respect of any month in which the Shipping Company shall fail to forward from the Dominion the proper quantity of meat in accordance with the terms hereof.

Clause 6. The Frozen Meat Company shall on or before the fourteenth day of each month give notice in writing to the Shipping Company of its frozen-meat-space requirements for the second succeeding month—that is, on or before the fourteenth day of January for all March, and on or before the fourteenth day of February for all April, and so on ; and unless such notice is given the Shipping Company shall not be liable for any loss sustained by the Frozen Meat Company by reason of any freight space not being available for any frozen meat.

Clause 7. When after giving notice as required under clause 6 the Frozen Meat Company is prepared to make a definite booking of freight space the Shipping Company shall, within five days after receiving notice in writing of such definite booking, intimate their acceptance or otherwise of such booking. Should the Shipping Company decline such booking or any portion thereof the Frozen Meat Company shall be at liberty to arrange tonnage elsewhere : Provided that the failure on the part of the Shipping Company to carry the said quantity of meat shall not, save so far as such quantity is concerned, affect this contract ; and nothing in this clause contained shall be construed to limit or affect the liability of the Shipping Company to the Frozen Meat Company in respect to any month in which the Shipping Company shall fail to forward from the Dominion the proper quantity of meat for which due notice has been given as provided in clause 6.

Clause 8. Freight shall be paid by the Frozen Meat Company to the Shipping Company in New Zealand at the following rates : December to May inclusive—Mutton, $\frac{1}{16}$ d. per pound ; lamb, $\frac{3}{8}$ d. per pound ; lamb over 42 lb., $\frac{1}{16}$ d. per pound ; beef, $\frac{1}{16}$ d. per pound ; (all less 5 per cent.). June to November inclusive—Mutton, $\frac{1}{16}$ d. per pound ; lamb, $\frac{3}{8}$ d. per pound ; lamb over 42 lb., $\frac{1}{16}$ d. per pound ; beef, $\frac{1}{2}$ d. per pound (less $7\frac{1}{2}$ per cent.) ; pork, $\frac{1}{16}$ d. per pound net all the year round. Legs, shoulders, and pieces of mutton and lamb, and pieces of beef, and all frozen by-products, $\frac{1}{2}$ d. per pound net on net weight all the year round, or, if packed in cases 1s. 6d. per cubic foot measurement, at the option of the Freezing Company. Slips-wool, $\frac{1}{16}$ d. per pound above the rate for greasy wool.

Clause 9. For freight purposes the deduction on mutton and lamb shall be 6 per cent. off hot weight and 3 per cent. off the cold weight of beef.

Clause 10. Bills of lading for all shipments shall be of the form attached hereto, with such variations as may be agreed upon from time to time. Notwithstanding anything in clauses 3 and 4 of bill of lading, any meat overcarried or transhipped owing to the fault or for the convenience of the Shipping Company shall be at the risk and expense of the Shipping Company until delivered at the destination named in the bill of lading : Provided that clauses 3 and 4 shall apply in any case or cases where the Shipping Company in the protection or safety of ship and (or) cargo overcarries or tranships any meat.

Clause 11. The steamers to be provided by the Shipping Company are to be tight, staunch, and strong, and in every way suitable for the purpose of this agreement, with the refrigerating machinery competent to produce and maintain in insulated chambers a temperature suitable for the reception and carriage of frozen meat tendered for shipment by the Frozen Meat Company. Before loading commences the said insulated chambers, fittings, and refrigerating machinery are to be in proper and efficient order to the satisfaction of and certified to by the Surveyor to Lloyd's Register, or the Surveyor to the British Corporation, or the Surveyor to the New Zealand Underwriters' Association, or his representative at the loading-port or at any other port at which the hold has been previously surveyed, and this certificate shall be conclusive evidence of the fitness in all respects of such machinery, insulation, and fittings for the reception and carriage of the meat ; a copy of such certificate to be supplied to the Frozen Meat Company. In the event of the refrigerating machinery, insulation, or their fittings being so damaged or defective as to render it unsafe to load meat, then the Frozen Meat Company shall have the power of refusing to load until the machinery and (or) insulation are repaired and made good to the satisfaction of the Surveyor or his representative. The Shipping Company agrees that each and every chamber shall be thoroughly cleaned and sufficiently cooled down to the satisfaction of the Surveyor or his representative for a period before or after arrival at the port of loading of from twenty-four to forty-eight hours, according to the size of the chamber before any frozen meat is received into such chamber.

Clause 12. No meat shall be stowed in steamers so as to touch the top part of the chamber or impede the free circulation of air, and all meat-holds shall be properly battened so that no meat shall touch the ceiling or skin of the steamer.

Clause 13. The Meat Company shall at all times afford every possible facility to the Shipping Company's officers for determining the condition of meat during the course of preparation at their works or when tendered for shipment.

Clause 14. The Shipping Company shall at all times while its steamers are at the port of loading afford every possible facility to the Frozen Meat Company's officers to have access to the steamers' holds before and during loading of frozen meat and until the steamers leave.

Clause 15. The Shipping Company agrees not to knowingly receive on board from any person whatever any meat found to be soft or otherwise not in good condition, and no goods or fish other than frozen meat shall be received into the meat-chambers on board steamers unless the same be tendered in a thoroughly frozen condition.

Clause 16. Strikes, and lockouts, and the responsibility resulting therefrom barred on both sides.

Clause 17. The Shipping Company shall not be liable for any damages to the Frozen Meat Company owing to the loss or breakdown of its steamers or machinery or any of them rendering it unable to carry out this agreement; and the Frozen Meat Company shall not be liable for any loss to the Shipping Company owing to the destruction or breakdown of its works or any part thereof rendering it unable to carry out this agreement.

Clause 18. Should the Shipping Company be prevented from providing or delayed in providing the steamers or sufficient space therein under the terms of this agreement by reason of the act of God, the King's enemies, detention, quarantine, blockade, or loss, stranding, collision, or other serious accident of navigation or perils of the sea, to any steamship or part thereof, including refrigerating machinery and insulation previously advised as intended to be provided hereunder, whether such accident or detention shall have been caused by negligence or default on the part of the masters, mariners, engineers, or others in the service of the Shipping Company or by latent defect in the said steamer, the Shipping Company shall be excused from the consequences of its failure to provide or delay in providing such steamer, but shall repair or replace such steamer with all reasonable speed. Notice in writing shall as soon as possible be given by the Shipping Company to the Frozen Meat Company of any failure or delay, and of any such replacement or repair, and of the date when the steamer or its substitute will be ready to load meat: Provided, however, that failure from any cause to provide a steamer or steamers as before mentioned, and pending the supply by the Shipping Company of such necessary steamer or steamers, either party shall be at liberty to suspend the operation of this contract, and the Freezing Company shall be free to make any other freight arrangement as may seem to it best.

Clause 19. If by reason of any war or hostilities either party shall be prevented from fulfilling any of their respective obligations hereunder this agreement may, at the option of either party hereto, be suspended during the continuance of such war or hostilities, but shall be resumed as soon as possible after cessation of hostilities.

Clause 20. It shall be competent to the Shipping Company to assign to any company or ship owner or owners having suitable steamers for the service and adequate financial position for the responsibilities and obligations imposed on the Shipping Company under this agreement the interest thereof of the Shipping Company under this agreement, upon previously obtaining from the Frozen Meat Company their consent in writing to such assignment; and upon such assignees duly taking over such obligations and responsibilities in such form or manner as the legal advisers of the Frozen Meat Company may reasonably consider desirable or necessary, the Shipping Company shall be free from all further liability hereunder. Any legal or other charges or expenses incurred in consequence of such proposed assignment or carrying out the same shall be borne by the Shipping Company.

Clause 21. The Meat Company shall not sell or otherwise dispose of their interest or any part thereof in their freezing-works to any other company, person, or persons unless subject to this contract and the terms thereof being carried out by such company, person, or persons.

Clause 22. In the event of any reduction or rebate in freight having been made previously to the date hereof or being hereby granted by the Shipping Company or any other shipping company, firm, or line ship or ships at any time during the currency of this agreement, or with any freezing company or meat-shippers in New Zealand, or if any meat-shipper or any freezing company in New Zealand makes a freight contract at a less rate of freight for over a period with any other line, then a similar reduction for a similar period as such reduction or rebate was made shall be made to the Meat Company:

Provided the Meat Company agrees to accept all the essential terms and conditions of any contract which may be made by the Shipping Company or shipping companies hereinbefore specifically mentioned consequent on such reduction or rebate, but no such reduction being accepted by the Meat Company shall be construed to render this contract terminable before the period provided for in clause 2. In the event of a quantity of meat being carried from New Zealand by a ship or ships other than those provided by the present contracting shipping companies at a less rate than contained in this contract the Shipping Company will carry a similar quantity of meat for the Meat Company at the same rate, but the Freezing Company will endeavour as far as possible to ship at the same period of the year. The Shipping Company is quite in accord that the Meat Company is to be placed on as advantageous terms as any meat-shipper in New Zealand, but both mutually agree that the conditions of this clause 22 are not to be used as a lever to obtain a general reduction of rates.

Clause 23. No live-stock to be carried on deck immediately above a refrigerating-chamber containing frozen meat unless the Shipping Company are expressly liable for any damage to meat caused thereby.

Clause 24. The Shipping Company agrees that it will not either directly or indirectly purchase, or become in any way directly or indirectly interested in the purchase of, sheep, lambs, or cattle, or the meat thereof, in the Dominion.

Clause 25. If at the request of the Shipping Company the Freezing Company supplies frozen meat to any steamer under overtime-labour conditions the Shipping Company shall pay the increased cost of overtime incurred.

Clause 26. The Shipping Company undertake that they will discharge with their own stevedores any steamers carrying meat under this contract.

Clause 27. The Frozen Meat Company further agrees to ship by the sailing-vessels or steamers of the Shipping Company, at the option of the Freezing Company, provided the necessary tonnage is available, one-half of all the general cargo the *bona fide* property of the Frozen Meat Company which it may have available for shipment from its works, and shall tender for shipment for export to London and (or) ports on the south and east coasts of the United Kingdom; and the Shipping Company undertakes to carry the above general cargo for the Frozen Meat Company at the lowest current rates obtainable in New Zealand from any of the at-present-established or any future-established lines at the time of shipment; and the Shipping Company further undertakes to pay to the Frozen Meat Company a return of five (5) per cent. on the net amount of freight by steamers, and two and a half (2½) per cent. on the net amount of freight by sailing-vessels. In the event of the rates of freight being temporarily reduced owing to the competition of outside steamers and sailing-vessels other than above referred to, the Frozen Meat Company shall have the right, should the Shipping Company decline to carry at such reduced freight cargo tendered for shipment, to ship same by other steamers offering such freight.

No. 3.—COMPARISON OF MEAT AND DAIRY-PRODUCE RATES OF FREIGHT FROM MAY 1915, TO DATE.

		Beef, per Pound.	Boned Beef.	Butter, per Box.	Cheese, per Pound.	Lamb, per Pound.	Mutton, per Pound.	Pork, per Pound.	Rabbits, per Ton Measurement.	Frozen Sundries in Bags, per Pound.	Frozen Sundries in Crates.	Veal, per Pound.	Shoulders, per Cask.
		d.	Per Ton Meas. 60s.	s. d.	d.	d.	d.	d.	s. d.	d.	Per Ton Meas. 80s.	d.	d.
31 May, 1915 (net)	.. ..	..	Per lb. d.	3 0	$\frac{3}{4}$	..	..	$\frac{3}{4}$	75 0	$\frac{3}{4}$	80s.	1	..
16 Oct., 1915 (net)	.. ..	..	$1\frac{1}{8}$	3 9	$\frac{11}{16}$	..	..	$1\frac{1}{8}$	100 0	$1\frac{1}{8}$	100s.	$1\frac{1}{8}$	..
1 Jan., 1918 (net)	.. ..	..	2	5 9	$1\frac{1}{8}$	..	..	$2\frac{1}{4}$	180 0	2	180s.	$2\frac{1}{4}$	..
			Per lb. d.										
8 July, 1918 (plus 5 per cent.)	.. ..	$1\frac{7}{8}$	$2\frac{1}{8}$	6 0	$1\frac{3}{4}$	$2\frac{1}{8}$	2	2	187 6	$2\frac{1}{8}$	2	2	$2\frac{1}{8}$
14 Jan., 1919 (plus 5 per cent. for private cargo)		$1\frac{11}{16}$	$1\frac{15}{16}$	5 4	$1\frac{9}{16}$	$1\frac{15}{16}$	$1\frac{13}{16}$	$1\frac{13}{16}$	167 6	$1\frac{15}{16}$	$1\frac{13}{16}$	$1\frac{13}{16}$	$1\frac{13}{16}$
24 Mar., 1919 (plus 5 per cent. for private cargo)		$1\frac{5}{8}$	$1\frac{7}{8}$	5 3	$1\frac{1}{2}$	$1\frac{7}{8}$	$1\frac{3}{4}$	$1\frac{3}{4}$	165 6	$1\frac{7}{8}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{7}{8}$
5 July, 1919 (plus 5 per cent., private cargo extra 5 per cent.)		$1\frac{11}{16}$	$1\frac{13}{16}$	5 4	$1\frac{1}{4}$	$1\frac{15}{16}$	$1\frac{13}{16}$	$1\frac{13}{16}$	167 6	$1\frac{15}{16}$	$1\frac{13}{16}$	$1\frac{13}{16}$	$1\frac{15}{16}$
Rates for private cargo from 27th July, 1920, plus 10 per cent.		$1\frac{3}{4}$	$1\frac{7}{8}$	..	..	2	$1\frac{7}{8}$	$1\frac{7}{8}$	175 0	2	$1\frac{7}{8}$	$1\frac{7}{8}$	2

NOTE.—Butter and cheese are still being carried at the rates fixed on 5th July, 1919, but an indication was received on 27th July that revised rates for dairy-produce would follow.
Wellington, 30th August, 1920.

APPENDIX F.

Agricultural and Pastoral Industries, Stock, and Commerce Committee,
1st October, 1920.

DEAR SIR,—
I am directed by the above Committee to thank you for your attendance and the information given to the Committee to-day.
The Committee desires to ascertain from you whether the terms and conditions set out in the circular—viz., “Proposed Statement by New Zealand Overseas Shipowners’ Committee to Press Association,” is final both in regard to the rate of freight charges and general conditions.
The Committee wish to obtain this information as early as possible so as to be able to consider it before the presentation of its report to the House.
Yours faithfully,
H. HARRISON,
Clerk of the Committee
J. Findlay, Esq., Chairman, Overseas Shipping Committee (N.Z.) Wellington.

APPENDIX G.

New Zealand Overseas Shipowners’ Committee,
Wellington, 5th October, 1920.

DEAR SIR,—
I am in receipt of your letter of 1st instant, and in reply have to advise you that so far as this Committee is concerned the rates of freight for private wool—i.e., $1\frac{5}{8}$, $1\frac{7}{8}$, and $2\frac{1}{8}$ per pound net—and the conditions of carriage as expressed in the new clause reading as follows: “Consignees undertake immediately on arrival of the steamer within the port of discharge to be ready forthwith to receive their cargo as fast as the steamer can discharge from the ship’s tackles, wherever she may be lying, and in the event of the consignees failing from any cause whatsoever to so take delivery, the ship-owners are at liberty at the merchant’s risk and expense to discharge into craft and (or) land in any available storage space notwithstanding that it may not be a usual place for the discharge of such goods or that the goods may not be stored under cover, same being at merchant’s risk absolutely from the time of leaving the ship’s tackles, anything in this bill of lading to contrary notwithstanding”—must be regarded as final
There is a possibility that scoured wool may be placed on a parity with slipe wool at $1\frac{7}{8}$, but this cannot yet be regarded as definite. The rates of freight are as moderate as circumstances will permit, and in view of possible storage difficulties in the United Kingdom it is considered reasonable by ship-owners that they should protect themselves, under the abnormal conditions which may prevail, from having their steamers used as store ships for wool for lengthy periods, which would result in retarding their expeditious return to the Dominion for the carriage of other classes of general cargo.
Yours faithfully,
NEW ZEALAND OVERSEAS SHIPOWNERS’ COMMITTEE :
JAMES FINDLAY, Chairman.
The Clerk of the Committee, Agricultural and Pastoral Industries, Stock, and Commerce Select Committee, House of Representatives, Wellington.

APPENDIX H.

Department of Agriculture, Wellington, 8th October, 1920.

At the last meeting of the Committee a request was made that particulars should be obtained of the steamer freights charged from Australia for various classes of produce. I enclose herewith a statement showing the Australian rates, together with the New Zealand rates for several of the classes of produce mentioned.

C. J. REAKES, Director-General.

The Secretary, Agricultural, Pastoral, and Stock Committee, Parliament Buildings.

COMPARISON OF FREIGHT RATES FROM AUSTRALIAN PORTS TO THE UNITED KINGDOM AND NEW ZEALAND PORTS TO THE UNITED KINGDOM.

	Australian Ports.	New Zealand Ports.
Lamb	2d., plus 10 per cent. ..	2d., plus 10 per cent.
Beef	1½d., plus 10 per cent. ..	1½d., plus 10 per cent.
Mutton tugs, pork, veal, boned beef, and sundries in crates	1½d., plus 10 per cent. ..	1½d., plus 10 per cent. (mutton).
Wool, greasy	1½d.	1½d.
Wool, scoured	1½d.	2½d.
Butter*	5s. 4d. box, plus 10 per cent.	5s. 4d. box, plus 5 per cent.
Cheese*	1½d. lb., plus 10 per cent. ..	1½d. lb., plus 5 per cent.
Tallow and pelts	180s. ton weight	195s. ton weight, plus 10 per cent.
Hides	1½d.	
Preserved meats	120s. ton measurement ..	120s., ton measurement, plus 10 per cent.
Rabbits and poultry	175s. ton measurement, plus 10 per cent.	
Sheep-skins	1½d.	

* Being revised, and likely to advance.

APPENDIX I.

COPY OF CABLEGRAM FROM THE HIGH COMMISSIONER, LONDON, TO THE RIGHT HON. THE PRIME MINISTER, DATED 14TH OCTOBER, 1920.

WITH reference to your telegram of 4th October, my telegram 6th October, after careful inquiry regret reliable information as to actual annual profits unobtainable, as steamship companies are merged into and controlled by big combines, from whose accounts it is impossible to obtain particulars you desire. In addition dividend figures, &c., available to you as per my telegram 6th October, our brokers have ascertained that New Zealand Shipping Company dividends have been—year 1913, 10 per cent. with bonus of 56¼ in shares; 1914 to 1917, 8 per cent., all free of tax. It has been stated that twenty-three representative passenger steamship lines showed in 1919 Reserve Fund of 57½ millions on a capitalization of 33¾ millions, while the average dividend over fourteen years was 9.03 per cent.

By Authority: MARCUS F. MARKS, Government Printer, Wellington.—1920.

