

market in that country. However, there are indications at present of an improvement. The bulk of the shipments of produce made from New Zealand to South Africa during the past year has been made largely on behalf of Australian merchants, who only fill their requirements in this colony when they are unable to purchase on better terms in their own colony. During the drought of 1902-3, when local supplies were scarce, Australian merchants were compelled to purchase supplies for South Africa heavily in this colony, and by doing so they conserved their trade, and when supplies of produce were available at home they ceased to purchase in New Zealand, and our own exporters have found it necessary to exert themselves to secure and hold a portion of this trade for our colony. Further remarks on this subject come within the province of the Commercial Agent for the colony resident in South Africa, to whose report attached I beg to refer you.

FROZEN-MEAT TRADE.

In referring to this important branch of the produce trade of the colony in my previous reports I have always advocated an extension of the markets with a view to relieve the congestion which occurs in London, and to reduce the competition amongst the brokers who handle New Zealand meat. Steps have now been taken in the direction indicated, and the manifests of recent steamers prove conclusively the wisdom of the extension. The markets of Liverpool, Cardiff, Bristol, and Glasgow are now added to the trading opportunities of the colony, and, without any fear of being considered optimistic, I venture the opinion that the trade with those centres will be a very important factor in the prosperity of the colony. Further remarks on this subject come within the province of the Produce Commissioner stationed in London, whose extensive report is attached hereto, and to which I beg to refer you.

STEAM SERVICE TO AND FROM THE WEST-COAST PORTS OF THE UNITED KINGDOM.

The important step of calling for offers to supply a steam service to and from the west-coast ports of the United Kingdom was taken in December last. Three tenders were received—from the Shaw, Savill, and Albion Company, the New Zealand Shipping Company, and the Federal and Houlder Steamship Lines. Before the acceptance of any offer, that of the New Zealand Shipping Company was withdrawn, and subsequently the offer of the Federal and Houlder Steamship Lines was accepted. It is gratifying to note that neither offer required subsidy, and that these new markets are now available to the producers of the colony without any burden to the taxpayers of the colony. The service was initiated by the "Surrey" on the 6th March last; since then the "Devon," "Dorset," and "Suffolk" have sailed, and the complete justification of the establishment of the service is demonstrated by the latter steamer, which sailed on the 2nd June with a full cargo for South Africa and the west-coast ports of the United Kingdom, the total estimated f.o.b. value of which was £82,500, and which included 35,000 carcasses mutton, 33,000 carcasses lamb, 2,783 boxes butter, 14,250 cases of rabbits, 414 crates poultry, 810 boxes boned beef, 2,869 sacks peas, 23,324 sacks oats, 2,351 sacks bran, 615 sacks beans, 1,978 sacks wheat, 533 sacks barley, 219,976 superficial feet of kauri timber, 156 cases cheese, 275 live sheep, and a large quantity of sundries.

The steamer "Suffolk" has since been followed by the s.s. "Buteshire," with a cargo valued at £84,000, of which the following are the particulars: 36,314 carcasses lamb, 16,325 carcasses mutton, 501 quarters beef, 18,241 crates rabbits, 1,690 boxes butter, 800 boxes boned beef, 56 crates poultry, 50 cases frozen fish, 1,798 cases preserved meats, 110 cases cheese, 200 boxes potatoes, 13,482 sacks oats, 5,874 sacks bran, 2,520 sacks wheat, 2,597 sacks grass-seed, 500 sacks potatoes, 116 sacks peas, 445 sacks beans, 10 sacks tares, 10 sacks oatmeal, 43 bales hemp, and 2 crates sundries.

The present service is without doubt answering the purpose effectively of opening up new markets for New Zealand produce.

COMPULSORY GOVERNMENT GRADING OF GRAIN FOR EXPORT.

Applications for the position of Government graders have been called for recently, and the appointments are about to be made at all the principal grain-exporting ports of the colony. The tariff of charges will be fixed at such a scale that this section of the Department should be self-supporting, and, in any case, if there should be a small deficiency, the money will be well spent if the proposed step tends in any way to improve the quality of shipments of the colony's produce, and by reliable work to create confidence and promote trade with outside markets.

DEPARTMENTAL EXPENSES.

The expenses incurred in carrying on the Head Office for the year ending the 31st March last amount to £1,240 7s. 8d., made up as follows:—

	£	s.	d.
Salaries	716	5	0
Clerical assistance	296	8	0
Rent of offices	137	10	0
Travelling-expenses	4	19	0
Contingencies	85	5	8

The expenses of the South African Agency for the same period amount to £1,044 6s. 5d., made up as follows:—

	£	s.	d.
Salaries	450	0	0
Clerical assistance	36	10	2
Rent of offices	21	18	6
Travelling-expenses and allowances	499	10	11
Contingencies	36	6	0