

locally at prices averaging 10½d. per pound f.o.b., which is equivalent to 98s. per hundredweight c.i.f. London or West Coast of England ports. This price was so favourable that a comparatively small number of factories risked consigning.

It is gratifying to note that the exports of saltless butter, which lends itself so admirably for the "faker's" purposes, have decreased to a considerable extent, and that, instead of getting top market price during the past season, consignors in some cases had to accept as much as 3s. per hundredweight less than the price obtained for choice New Zealand salted butter.

Reference was made in the Department's 1906 report to the Sale of Butter Bill, which had failed to pass the Imperial Parliament on four occasions. On the 21st February last the British Department of Agriculture introduced an amended Bill, which provides for the registration and inspection of factories where butter is blended or reworked, or where butter-substitutes are made. The Bill also empowers the authorities of the Board of Agriculture to enter any unregistered premises if there is a belief that inspection is desirable. The percentage of moisture in butter, whether British-made or imported, is limited by the Bill to 16 per cent., and in milk-blended butter 24 per cent. The latter must be delivered to the purchaser in a wrapper bearing a printed description of the article. This Bill has passed the House of Commons. If it becomes law it is doubtful whether it will be of material service to New Zealand manufacturers, as it recognises that butter-blending is a legitimate trade, and simply aims at placing a maximum on the percentage of moisture and establishing a system of inspection of the factories where blending is carried on.

*Cheese.*—This industry is rapidly expanding, the increase in weight exported last year being 55,088 cwt. The demand for white and coloured makes appears fairly equal, sometimes coloured having an advantage of two or three shillings a hundredweight over white, and on other occasions *vice versa*. It is gratifying to note that prices for the New Zealand article, which have been on a par with the manufactures of Canada for many months past, now exceed those of our chief colonial competitor by 3s. to 5s. per hundredweight.

*New Zealand Hemp.*—This manufacture has been in a very satisfactory position during the past year, but unfortunately the supply has not been equal to the demand coming from the United Kingdom, Canada, the United States, Continent of Europe, Japan, and other countries. The increase in export was 1,351 tons more than the quantity shipped for the year ending March, 1906, and the highest price realised during the year was £41 per ton for good fair grade on spot, which came within £2 10s. of the price quoted for fair current manila at the same time. Fair-grade hemp is now being shipped to Great Britain in large quantities, and practically has a market to itself, the difference in price being but £3 per ton less than that realised for good fair grade.

*Tow.*—The refuse product in the manufacture of hemp has risen both in quantity exported and also in value in a phenomenal way. A few years ago millers were burning this article to get rid of it, as the £2 to £2 10s. offered f.o.b. here hardly paid for baling-up. Now there is so great a demand from the United Kingdom, America, and also Japan, that this product touched the high figure of £13 per ton f.o.b., with more buyers than sellers. The total quantity exported amounted to 6,554 tons, being an increase in weight of 2,606 tons, which may be considered as being very satisfactory.

I am of opinion that insufficient care is taken to insure hemp and tow being placed on the markets of the world in an attractive condition. Remarking on the liability of tow to take fire whilst in transit to oversea markets, the Commissioners appointed to inquire into fires on wool-ships write as follows: "The question of covering tow for shipment has been prominent throughout the investigation, and the evidence as to the utility of the practice is somewhat conflicting.

In our opinion it would be an advantage if bales of flax or tow were covered, and we are of opinion that tow should be inspected." I have for some time been of the opinion that all tow and flax exported should be covered with jute, hessian, or some such material, not so much as a protection against fire risks as to preserve the bright, clean appearance of the produce from being destroyed, as is now largely the case. I am convinced that the dirty, stained, and crushed appearance that the hemp exhibits in a large number of cases operates in no small degree against its favourable reception by British and continental merchants. I consider it would pay the millers well to cover their hemp and tow, and thus insure these products being placed on the markets in a presentable condition.

Dumping the bales of flax is also largely responsible for their very dilapidated appearance when put on foreign markets. When in Liverpool I saw New Zealand flax which had been dumped lying in the dock sheds: there was absolutely no semblance of bales, merely an aggregation of crushed and dirty hanks, which from their general appearance one would not have picked up from a rubbish-heap. As flax is carried at weight-rates shippers should, I consider, insist on their consignments being conveyed undumped. Even at a higher rate of freight I consider that this course would prove of decided commercial advantage.

*Timber.*—During the year ending 1906-7 over 147 million feet of timber were shipped from New Zealand to the United Kingdom and Australia, and inquiries are now being received by the Department from various European centres regarding prices at which our timber can be landed there. Demands for white-pine have set in from the West Coast of England ports, and monthly shipments are being despatched thereto. The decrease shown for the year 1907 as against the previous year is very small, amounting only to 3,500,000 feet, or a value of £14,436. The decrease in shipment is largely accounted for by the fact that the building trade of New Zealand has been very active.

In order to foster an extensive trade in New Zealand woods the Department has had special samples prepared, together with a list of current prices. Full sets of samples have been delivered to the High Commissioner in London, and also the Australian and Chicago agencies, who are therefore now enabled to give prompt information to inquirers.