subsidized German vessels to Australian ports, and that the Continental classification rates were arrived at by adding the transhipping charges from Australia to New Zealand to the through subsidized rates from Hamburg to Australian ports. Freight charges on bottles, glassware, and chinaware add fully 50 per cent. to the invoiced value, consequently the preferential rates given to foreign as against British suppliers more than nullifies the advantages given to British manufacturers under the preferential Customs tariff.

The imports from Germany for the year 1910 totalled £398,308, from the United Kingdom £10,498,771. So that the New Zealand shipping companies are penalizing their best customers in order to foster the trade of Great Britain's keenest competitor. The volume of shipping from Antwerp and Hamburg to all New Zealand ports is only 5 per cent. of that from all British ports, and, as subsidized vessels trading to Australian ports are run at a loss, the policy of the New Zealand shipping companies means giving a subsidy to Continental shippers to the manifest disadvantage of the British manufacturer, and at the expense of the New Zealand public, who pays this subsidy by the higher freights charged from British ports, and thus saves the foreign shippers the cost of subsidized freights on the goods shipped to New Zealand.

Butter and Eggs.

Butter and eggs.

12. There are no reliable statistics showing the actual quantity of butter used for consumption in New Zealand, but it may be fairly estimated that two-fifths of the total amount manufactured in the Dominion is locally consumed. In some quarters there is a strong belief that local winter supplies are controlled by speculators in order to obtain higher prices from the public. The Customs tariff gives a protection of 20 per cent., which would make it possible for holders of winter supplies to corner the local market and inflate prices to local consumers. The value of butter to the producer is regulated by the English market price, which practically fixes the price of butter-fat. In June and July of 1911, retail prices were 1s. 5d. and 1s. 6d. per pound for factory butter for the North and the South Island respectively. It is desirable that the public should be protected from the possibility of local combines fixing unduly high prices for local requirements. But it should be pointed out that, as a result of the drought and other unfavourable conditions during the 1911 summer throughout the whole of the Northern Hemisphere, and especially in dairying countries, New Zealand produce found a ready market at high values. Never before, perhaps, in the history of the industry have prices risen to so high a level, and been maintained through our export season. Butter reached 136s. to 137s., and cheese 76s. to 76s. 6d. So far as the investigations of the Commission have gone, however, there is nothing to show that there has been any very systematic or successful exploitation of the public by "cornering" the supply of this necessary article of daily consumption. The complaint that is sometimes made that overexportation leads to an undue inflation of prices, by shortening supplies during certain seasons of the year, is not well grounded. The uncertainty of our climate makes it difficult for dealers to gauge accurately the probable supply, and a sudden change in the weather during the late autumn may have the effect of reducing supplies almost to the vanishing-point, and thus make it necessary to draw upon reserves in store at a much earlier date than anticipated.

In Auckland complaints were made that the wholesale prices for butter and eggs by the merchants were below those actually ruling in the market, and were calculated to mislead the settlers when disposing of their produce. Mr. Schmitt pointed out the following: "In connection with eggs I may say that to-day's price in the *Herald* newspaper is 1s. 4d. per dozen—the wholesale quotation. That is what the shopkeeper gives the farmer. On Friday last a sale of eggs at auction realized 1s. 9d. to 1s. 10½d. a dozen. To-day's price for eggs is 1s. 8d. to 1s. 9d.: that can be got for them. What I want to point out is that the price of 1s. 4d. is absolutely misleading. That misleading statement does not only occur now and again, but it is a misleading statement which occurs repeatedly. The misleading price of eggs is misleading to the farmer—that is to say, it leads him to accept 1s. 4d. for his eggs in the country when in reality the price is 1s. 8d., 1s. 9d., or 1s. 10d." (see page 281, question 26).