

1913.
NEW ZEALAND.

HIGH COMMISSIONER FOR NEW ZEALAND

(REPORT OF THE), FOR THE YEAR 1912.

Presented to both Houses of the General Assembly by Command of His Excellency.

DEPARTMENT OF THE HIGH COMMISSIONER: REPORT FOR YEAR 1912.

SIR,— Westminister Chambers, 13 Victoria Street, London S.W., 31st May, 1913.

I have the honour to make the following report upon the work executed by this Department for the year 1912.

It will be seen that in some respects this report will follow on the lines of that for the year 1911, as, so far as I am personally concerned, the Department was only under my actual control for three months of the year.

During the year 1912 the work of the Department has steadily increased, the following figures bearing eloquent testimony to the volume of the work transacted by the various branches of the Department:—

Despatches received and sent to the Dominion, 9,857.

Cablegrams received and sent to the Dominion, 1,189 (168 only in 1892).

Foreign Imprest Account, number of payments, 7,589, representing £3,164,421.

The Department is broadly divided into three main branches, each under the general supervision and direction of the Permanent Secretary of the Department, who is responsible to the High Commissioner for the proper and efficient performance of the work. These branches are—

- (1.) The General Section.
- (2.) The Financial and Commercial Section.
- (3.) The Shipping and Emigration Section.

Attached to the Department and under the supervision of the High Commissioner are the Produce Commissioner, the Veterinarian, the Dairy-produce Inspector, and the Military Adviser and Inspector.

The General Section, under the charge of the Chief Clerk, Mr. Row, deals with the dissemination of information concerning the Dominion both to visitors and by correspondence. It also deals with diplomatic matters; educational and other Government or local bodies' appointments of various kinds; the obtaining of all publications ordered by the Dominion; arrangements as to Defence officers undergoing training here; and generally deals with such matters as are not specially undertaken by the other branches.

The Finance and Commercial Section is under the charge of the Accountant, Mr. Copus. It deals with the detail working of all financial matters and the accounts of the Department; in addition, the placing and execution of contracts for material (which involves asking competitive quotations in every case where practicable) for various Departments or local bodies, and the obtaining of live-stock form part of the work of this branch, besides all insurance matters (life, fire, and marine), Public Trust Office business, and all work in connection with Government securities.

The Shipping and Emigration Section is under the charge of the Trade and Immigration Representative, Mr. Donne. It deals with the arrangements for the shipment of goods procured through the Finance and Commercial Section, and also the securing and arranging of passages for approved settlers. This section now also undertakes the advertising in this country in connection with the Dominion, as well as the preparation and issue on loan of lantern-slides for the numerous lectures on the Dominion which are given all over the country.

The Produce Section, under Mr. Cameron, on which he reports separately, deals with matters pertaining to produce, market cables, and also the work entailed in connection with the collection and display of exhibits at the various Exhibitions, &c., but this latter is at present discontinued. The development of our produce trade has increased to such an extent that it has been impossible for one man, no matter how well qualified he may be, to deal with it all. It has therefore become necessary to divide the work and to specialize.

The Veterinarian, Mr. Crabb, deals now entirely with the inspection, handling, and sale of New Zealand meat arriving in this country, and with the export of live-stock from this country to the Dominion, and reports fully on such subjects to the Dominion.

The Dairy-produce Inspector, Mr. Wright, deals now with the inspection, condition, handling, and sale of dairy-produce arriving in this country from New Zealand and fully reporting thereon to New Zealand.

The Military Adviser and Inspector, Colonel A. W. Robin, C.B., C.M.G., reports upon, advises, and when necessary carries out inspection of warlike stores and cadet equipment required by the Defence and Education Departments.

In addition, the following technical advisers, who are paid by commission, are attached to the Department, viz.: Messrs. Carruthers and Elliot act as consulting and inspecting engineers as regards railway, public-works, and other stores and material; Messrs. Preece, Cardew, and Snell act as consulting and inspecting engineers in respect to telephone and telegraph material; Mr. Sandle acts as adviser and inspector for stationery, stamp-paper, &c.; Messrs. D. and C. Stevenson act as marine engineers for lighthouses and similar materials.

FINANCIAL.

The heaviest and most exacting work is that of finance; but, as these transactions are mostly confidential, I am embodying them in a separate letter by this mail.

This branch of the work involves the keeping of accounts and conducting of transactions with the Bank of England, the Bank of New Zealand, the Crown Agents for the Colonies, Messrs. J. and A. Scrimgeour, and the Inland Revenue Department. In addition, the business appertaining to the Loan and Stock Agents, involving the raising of loans, conversion operations, inscription of stock, and issue of debentures, is carried out by the Department, besides that of the trustees of the sinking fund of loan of 1863. The custody of public securities in this country and work in connection therewith is also dealt with by this Department.

GENERAL AND COMMERCIAL.

Attached hereto are appendices containing statistical particulars which in themselves give an indication of the extent and variety of the business transacted by the Department.

The total number of letters received and despatched during 1912 amounted to 167,014 (being a daily average of 534).

The number of Government despatches received from and sent to the Dominion amounted in 1912 to 9,857. The number of rail and book packets despatched during 1912 amounted to 4,678. The number of cablegrams received from and sent to the Dominion in 1912 on public business was 1,189.

Publications relating to the Dominion, amounting to a total of 525,123 (as per attached list) have been circulated during the past year.

INDENTS.

The number of orders of all descriptions received from the various Government Departments during 1912 was 589, involving the placing of 807 separate contracts. In addition to these there were 458 standing orders, principally for publications, as compared with 192 in 1902. The value of many of these indents is very considerable, and their placing and execution requires great care and experience, involving in every case where practicable the invitation of as many competitive quotations as possible.

In addition, a great quantity of bridge material, for which the contracts are let in New Zealand, is supplied from and inspected in this country. In 1912 this amounted to 1,218 tons of material of all descriptions, the checking and passing of which considerably increases the work of the office.

SHIPMENTS.

During the year 1,612 separate shipments were made, comprising 23,482 tons dead-weight, representing 140,150 bundles, pieces, casks, or cases, and 30,500 packages of measurement goods, besides a quantity of live partridges. The outbreak of foot-and-mouth disease in this country during 1912 stopped all shipments of live-stock ordered through this Department.

MARINE INSURANCE.

Marine insurance policies were taken out on various goods and material, representing an amount of £698,125.

PENSIONS.

The number of pensions paid through the Department has grown considerably, and last year £4,109 was so expended.

PUBLIC TRUST OFFICE.

The number of payments made on account of intestate and trust estates dealt with by this office during 1912 on behalf of the Public Trustee was 599, and the amount disbursed on account thereof was £41,665.

I have referred in the separate Financial Report to the number and value of the deposits by insurance companies under the Foreign Insurance Companies' Deposits Act, 1908, and held here on behalf of the Public Trustee.

GOVERNMENT LIFE INSURANCE.

The number of policies registered at this office amounted in the past year to 561, representing £183,469, the amount insured. The number of premiums received in 1912 was 822, amounting to £5,163 4s. 3d., and the amount of annuities paid was £2,354.

In addition to the receipt of premiums and payment of annuities, transactions connected with loans and surrender of policies have been completed by this office, as well as the procuring of birth and other certificates from various parts of the United Kingdom.

STATE FIRE INSURANCE.

The Department acts as the intermediary between the State Fire Department and the underwriters, and, as usual, arranged the reinsurance cover with the latter upon satisfactory terms to the former. The various schedules of reinsurances, renewals, &c., received are transmitted to the brokers, and afterwards the policies are checked and compared therewith. Any questions of variations in the contract are dealt with from time to time.

OLD-AGE PENSIONS.

This office also obtains, when possible, under instructions from the Pensions Department in the Dominion, the necessary proofs of age in cases where applicants apparently have been unable to furnish proof. Schedules of such cases are received regularly from the Dominion, and the amount of correspondence with all parts of the United Kingdom necessary to obtain proof is very great, and several hundred certificates and other forms of proof were obtained and sent to the Dominion last year. The proofs obtained, however, do not give any idea of the amount of work, as the correspondence in cases where no proof is obtainable is always heavier than in successful cases.

INFORMATION BUREAU.

I attach a printed paper (not printed) containing a list of the publications, &c., relating to the Dominion which can be seen or obtained at the Information Bureau.

The number of persons calling personally at the Bureau for information respecting New Zealand and the prospects it holds out to those who desire to settle in one of the colonies has been great, and the number of visitors from the Dominion, as usual, very large. It cannot be adequately realized the amount of time taken nor the work involved in meeting New-Zealanders and assisting them when in the Old Country. Whilst this office is only too pleased to be of assistance, I regret it is absolutely impossible for me to see all such visitors, otherwise pressing work would require to be shelved. Everything is done to assist them in seeing as much of interest in this country as possible. This, of course, involves a very great amount of work and correspondence in obtaining special permits for places of interest, and in the furnishing of very many letters of introduction. During the year 1,897 orders were obtained from various authorities, enabling 2,185 New Zealand visitors to see over various places of interest in London.

The extent to which this office is utilized by visitors from New Zealand is shown by the fact that 18,257 letters, &c., addressed to them "care of the High Commissioner," were received for the purpose of their being forwarded to addresses entered in the visitors' book.

The reading-room attached to the Bureau, where files of the New Zealand papers and parliamentary and other publications can be seen, has been resorted to by a large number of visitors and others seeking information. The work of filing in connection therewith is considerable.

Inquiries made on subjects other than those relating to the prospects of intending settlers have been very numerous, and the official publications belonging to the library of the Department have been in constant requisition in respect to matters relating to New Zealand legislation, powers of attorney, intestate estates, old-age pensions, mining, formation of companies, Customs duties, education, labour legislation, defence, finance, and other matters.

SHIPPING, EMIGRATION, AND ADVERTISING BRANCH.

I do not propose to detail here the particulars of the work carried out by this branch, as that is fully dealt with in Mr. Donne's report, which will follow by an early mail; but I should like, in the first place, to draw your attention to the satisfactory financial results in connection with the working of the branch. I find that after paying the salaries of the staff, office rent, stationery, and the whole of the upkeep of the branch for the year ending 31st December, 1912, there remains a credit balance of about £500, which, I am sure you will agree with me, is a very satisfactory result.

The shipments of goods in 1912 comprised 24,482 tons dead-weight, and 30,536 packages of measurement goods, as compared with the shipments of the previous year—i.e., 22,232 tons dead-weight and 27,501 packages of measurement goods.

The number of persons to whom reduced-rate passages were granted, and who duly proceeded to the Dominion, was 3,508, taking with them £25,113 declared capital, making a total of 28,716 persons with £794,428 declared capital who have proceeded to the Dominion under the reduced-rate passage scheme since March, 1904, the date on which the new regulations came into force. But it must be borne in mind that many persons take with them a much larger amount than that which they specify on their application forms, so that the actual amount which has been taken out by these reduced-rate passengers during that period greatly exceeds that mentioned above. I may point out that during the last four years the granting of reduced-rate passages has been limited exclusively to persons of the agricultural and dairying and domestic classes and to those nominated through the Government Immigration Office in New Zealand, and in respect to this part of the work it is gratifying to note that the reports of the Immigration

Officers in the Dominion are invariably favourable as regards the health, appearance, and general character of the reduced-rate passengers sent out by this office. Great care is always exercised at this end in the selection of those to whom assisted passages are granted, and the most thorough inquiry is made as to their occupation, health, and character, and the concession is not granted unless the applicants are satisfactory in every respect and comply with the conditions now in force under the reduced-rate passage scheme. Where, therefore, an adverse report is received from the Immigration officials in the Dominion upon the unsuitability of an immigrant I would submit that in nearly every instance it will be found that it was a case not dealt with by this office, but one in which the passenger proceeded to New Zealand as an ordinary paying passenger, and over which, of course, I have no jurisdiction.

The work in connection with advertisements directing attention to these passages is also attended to by this branch. These advertisements are inserted in newspapers and other periodicals circulating in the various parts of the United Kingdom; and, in selecting the periodicals in which to insert the advertising matter, preference is given to those circulating in agricultural districts. The cost of advertising emigration for 1912 amounted to £475 net.

During the lecture season numerous applications were received by this branch for the loan of lantern-slides for the purpose of illustrating lectures given in this country on New Zealand. It is estimated that during 1912 many hundreds of lectures were given in various parts of the United Kingdom, and were illustrated in this way. In a number of instances New Zealand visitors also avail themselves of the loan of slides when giving lectures in this country on the Dominion. There are from four to five thousand lantern-slides at this office available for loan purposes. There is, in addition, a small number of cinematograph films depicting New Zealand scenery, industries, &c., which have been publicly shown on many occasions at the various picture-palaces in towns in this country.

Many matters of importance have been dealt with on general military questions and the supply of Defence materials. In connection therewith I have received advice and considerable assistance from Colonel A. W. Robin, C.B., C.M.G., who on the 4th November, 1912, took over the duties of Major-General E. H. Steward, C.M.G., as Adviser and Inspector of Warlike Stores, thereby effecting the saving of the latter's salary to the Defence Department. In addition, he has been very helpful in supplying information and facts to enable me to combat attacks as to the New Zealand scheme of general training.

I may here remark that it is of advantage both to the High Commissioner's Department and the Dominion that the Military Adviser is on the War Office staff, as it enables correspondence to be much facilitated and ensures early acquaintance with the latest changes in war materials, &c. In addition, advice can be given which often saves needless correspondence, and by prompt information considerable savings may be effected, as in the case of the recent purchase of second-hand but serviceable rifles for use in the Dominion.

SPECIAL WORK FOR LOCAL BODIES, ETC.

A considerable amount of business has been transacted by the Department on behalf of public bodies and institutions and others outside the Government Departments. Particulars as follows:—

New Plymouth Borough Council: Obtaining information respecting petrol tramway-car.

Lyttelton Harbour Board: Obtaining and forwarding meteorological instruments.

Otago Acclimatization Society: Six red deer (postponed to next year owing to foot-and-mouth disease); woodcock and snipe (unobtainable here; recommended to try India).

Auckland Acclimatization Society: Twenty pairs French red-legged partridges (birds collected died before shipment).

Canterbury Acclimatization Society: Obtaining and forwarding particulars respecting salmon-marks.

Auckland Acclimatization Society: Obtaining and forwarding ten pairs Mongolian pheasants.

Auckland Grammar School Board: Distribution, &c., of competitive-design conditions.

Timaru Navy League: Two silk flags for H.M.S. "New Zealand."

Auckland Technical Education Board: Advertising for, selecting, appointing, and arranging passage of the Chief Instructor in Physics and Electrical Engineering for the Seddon Memorial College.

Wellington Technical School: Advertising for, selecting, appointing, and arranging passage of Assistant Art Instructor.

Canterbury College, Christchurch: Advertising for, selecting, and appointing Professor of Classics.

Christ's College Grammar School, Christchurch: Assisting the Warden and other members of the governing body of Christ's College in drawing up and inserting the necessary advertisement for headmaster of the school, compiling for them the statement of particulars for candidates and forms of application, and receiving and arranging the applications.

DISTRESSED NEW-ZEALANDERS.

Many applications are still made to this office by distressed New-Zealanders for assistance to enable them to return to their homes in the Dominion, and the necessary inquiries into their cases entail a considerable amount of correspondence. In most cases the men come over to this country with very little prospect of obtaining funds sufficient to enable them to pay their passage back to

their homes; consequently application has to be made to the various shipping companies trading with New Zealand to allow them to work their way, and, although these stranded persons often cause discontent amongst the regular crew, the companies are generally ready to find working-passages if possible. In some cases it is necessary to supply these men with board and lodging, and also with clothing.

APPOINTMENTS.

In addition to his position as Representative of New Zealand in this country, the High Commissioner holds the appointment of Stock Agent, Commissioner under the Public Revenues Act, Loan Agent under the New Zealand Loans Act, 1908, and various authorizing Acts, Sinking Fund Trustee and Custodian under the Public Securities Act. He also acts as representative of New Zealand on the Pacific Cable Board, and as New Zealand representative on the Advisory Committee assisting the Board of Trade in the management of the Imperial Institute, and member of the Board of Trade Advisory Committee on Commercial Intelligence.

Mr. Palliser, in addition to the duties appertaining to his appointment of Secretary to the Department, holds also the appointments of Stock Agent, Commissioner under the Public Revenues Act, Loan Agent, Custodian, and Sinking Fund Trustee.

REVIEW OF POSITION OF NEW ZEALAND PRIMAL PRODUCE.—POSITION OF MARKET AND FUTURE PROSPECTS.

WOOL.

Wool being the main item of export from New Zealand, its present position and prospects in the markets must be of great interest to the people of the Dominion. Notwithstanding the fact that last year's yield of cotton was exceedingly large, and that the price of that commodity fell from 8d. to about 5½d. per pound, and in face of the shortage of money and the disturbance and uncertainty connected with the Balkan struggle, the position of wool remained firm throughout the whole year, and it is likely to continue firm and probably to show an improvement. This arises from many causes, the chief being the great increase in the use of wool. Ladies are now using wool in their clothing much more extensively than formerly. Then, the world's wool-using peoples are increasing far out of proportion to the world's increased wool-yield. Every increase in wages, every betterment of the condition of the people, adds to the demand for wool. Good harvests are everywhere reported, and trade prospects were never better. All these facts influence the value of our most important staple product. On this point the Chancellor of the Exchequer, in budgeting for the official year, has relied on the continuance of excellent trade during the period covered by his proposals. He mentions that he has made careful inquiries amongst traders and manufacturers all over the country, and can learn nothing which might cause him to anticipate a decline. Another important consideration is the proposal of the Americans to place wool on the free list. This proposal has gone through the House of Representatives, and it is expected to go through the Senate presently. The proposals of the new Democratic Government of the United States to make sweeping reductions in the schedules relating to various manufactured and unmanufactured products and raw materials mean that the masses will now be able to buy wholesome, warm clothing, and there will be a consequent increase in the consumption of woollen goods, with a corresponding increase in the importation of raw wool. It should be noted, too, that all grades of wool will be affected, and that American buyers on the London market will therefore no longer be compelled to restrict their purchases to clean or fine-grade wools. Trade is very good in the United States, but until the changes take place there is every indication that American buyers will keep their purchases of wool on the London market as moderate as possible.

The following are the published particulars of some of the manufactured articles, raw materials, &c., which are scheduled under the proposed revision of the United States tariff either for the free list or on which the duty is to be reduced: Free list—Raw wool. Reduced list—Woollen yarns, from 79 to 20 per cent.; flannels, from 93 to 25 and 35 per cent.; blankets, from 72 to 25 per cent.; clothing, from 79 to 35 per cent.; women's dress goods, from 99 to 35 per cent.

It should also be mentioned that there is an expected shortage in the Australian crop of from 250,000 to 300,000 bales.

COTTON.

As indicated in the foregoing remarks, cotton has, as a rule, a great influence on the prices of wool. Although it did not lower existing values during the past year, it probably prevented a rise, and the position in reference to the future might be scanned. The world's production of cotton during the past two years has been as follows: 1910–11, 17,000,000 bales, 1911–12, 20,500,000 bales; probable production, 1912–13, 18,500,000 bales. Last year's consumption, 18,250,000 bales.

Although the crop for 1912–13 is not so great, yet the difference can be made up by surplus stocks from the previous year.

Summarizing the world's consumption figures, we get the following: World's consumption of cotton of all sorts for the years ended 31st August—1910, 17,030,511 bales; 1911, 17,819,070 bales; 1912, 18,226,000 bales.

It is interesting to note that Great Britain's exports of cotton goods have increased in ten years from £70,500,000 to £122,000,000.

Outlook.—At the time of the publication of the opinion regarding the probable production, 1912–13, it was too early accurately to estimate the size of the American crop. Advices from India were stated to be very satisfactory, and pointed to a large crop. The Egyptian crop was

thought to be in excess of any previous one. Russian crop advices were good, and cotton-cultivation was rapidly extending in the Asiatic provinces under the paternal care of the Russian Government.

In this connection I would like to refer to the position in Egypt as it appeared to the representatives of the International Cotton Federation when they visited that country recently. They found things in a far more healthy condition than they were a year ago. The cotton industry is going forward by leaps and bounds under the wise guidance of Lord Kitchener and Sir Reginald Wingate. It is proposed to ask the British Government to sanction a loan of £3,000,000, which will be spent in irrigation and railway-works in the Soudan. If the scheme goes through, the Gezira Plain—a vast stretch of country 3,000,000 to 4,000,000 acres in extent—will eventually be rendered suitable for cotton-growing. It will take years to carry out this great scheme, but such an enormous yield of cotton may have an influence upon the future values of our staple output—namely, wool.

GRAIN.

The latest published estimates of the wheat crop of the world give the total for 1912 as set out in the following, where comparison is given with previous years: 1910, 442,300,000 quarters of 480 lb.; 1911, 432,300,000 quarters of 480 lb.; 1912, 464,100,000 quarters of 480 lb.

In the case of oats, the estimated totals for the given years are as follows: 1910, 448,000,000 quarters of 304 lb.; 1911, 413,800,000 quarters of 304 lb.; 1912, 498,600,000 quarters of 304 lb.

From these figures it will be noted that the world's crops for 1912 were very large. It must be borne in mind, however, that some very wet weather was experienced in Europe at the time of the harvest, and in consequence a good portion of the crop was rendered unfit for human consumption.

The International Institute of Agriculture at Rome have recently published the following compiled figures:—

The Harvests of 1912-13 and 1911-12 in the Southern Hemisphere compared.

		WHEAT.		Production, in Bushels of 60 lb. Weight.	
		Harvest Area (Acres).		1912-13.	1911-12.
		1912-13.	1911-12.		
Argentina	...	15,566,513	15,518,250	176,400,000	147,751,333
Australia and New Zealand		7,001,631	6,957,378	75,378,154	70,923,589
		OATS.		Bushels of 40 lb. Weight.	
		1912-13.	1911-12.		
Argentina	...	2,682,900	2,319,750	82,418,000	49,196,000
New Zealand	...	352,181	367,542	12,889,464	17,043,799

According to the same source the production of wheat and oats for the Northern Hemisphere in 1912, combined with the Southern Hemisphere figures for the harvest of 1912-13 given above, turns out as follows:—

Total Production, Northern and Southern Hemispheres.

		WHEAT.			
		1912 and 1912-13	1911 and 1911-12		
1912 and 1912-13	...	...	...	3,252,174,178 bushels of 60 lb.	
1911 and 1911-12	...	...	...	3,021,900,481 bushels of 60 lb.	
		OATS.			
1912 and 1912-13	...	...	...	3,300,813,216 bushels of 40 lb.	
1911 and 1911-12	...	...	...	2,738,326,990 bushels of 40 lb.	

Reason for Differences in Prices.

I append hereto an interesting table for the purpose of elucidating and stating the reason for the difference in the price of cereals in various centres:—

	Per Quarter of 8 Bushels.						
	Price paid to Farmer.	Transportation.		Insurance.	Storage, Hauling-charges, and Interest.	Merchant's profit and Broker's Commission.	Price in Liverpool or Antwerp.
		Rail.	Ocean.				
	s. d.	s. d.	s. d.	d.	s. d.	s. d.	s. d.
United States of America	22 7	3 0	2 0	2	1 3	1 0	30 0
India	19 6	4 0	4 0	3	0 9	1 6	30 0
Argentina	17 6	6 0	4 0	3	1 3	1 6	30 0
Russia	19 1	5 0	3 0	2	0 9	2 0	30 0

Thus, according to the compiler of the figures, the farmer in the Argentine would only receive 17s. 6d. per quarter for his wheat, as compared with 22s. 7d. paid to the farmer in the United

States of America—the difference being due to the various overhead charges that would have to be incurred in placing the product on the markets of Liverpool or Antwerp, for instance. Of course, the figures are only given as an approximate calculation, and, in addition to the various items included, the effect of tariffs would have to be taken into account, as the latter impost is a prominent factor in causing differences in price in various countries, as compared with the “world’s price” figures.

The important question for the not-far-distant future is the rapidity with which the increasing demands of their own population will allow the wheat-growing countries to maintain their exports of supplies. Comparing 1911 with 1901, the increase of wheat area in the Empire (five countries) in thousands of acres was 45·5 per cent., compared with a 6·6-per-cent. increase in thousands of population; in eleven European countries the figures were 17·1 per cent. and 15·6 per cent. respectively, and in six other countries 19·9 per cent. and 20·6 per cent., the total for the whole being 22·9 per cent. increase of wheat area and 13 per cent. increase of population. These statistics take into account the majority of the wheat-growing territories and most of the wheat-eating peoples of the world. Thus there is no reason to doubt the correctness of the general conclusion to be drawn from the figures—namely, that the supply of wheat is at present keeping pace with the increasing demand for it.

GOLD.

There is no doubt that the scarcity of money at the present time is in a great extent due to the very large calls that have been made of recent years upon the London money-market for loans. Another factor is the large demands that have recently been made for gold from both India and Egypt for absorption. India took in 1912 28 per cent. of the world’s output of gold, as against 16 per cent. in 1890. Egypt is moving on similar lines, though to a much smaller extent, and is importing millions of sovereigns, which are absorbed and pass out of circulation.

From what I can gather the demands for loans made upon London amounted to £498,000,000 during the three years ended December, 1909, and to £670,000,000 during the three years ended December, 1912. These large demands have been the means of raising the interest charges on borrowed money, and investors are not satisfied with the return they received for their moneys a year ago. How long this state of affairs is going to continue it is difficult to say, but it is always the unforeseen that occurs.

The estimate of the world’s gold-output for the last five years is as under :—

	Total Output (Million Pounds).	New Coinage and Re-coinage (Million Pounds).
1908	91·0	67·2
1909	93·4	64·4
1910	96·4	92·3
1911	97·3	77·2
1912	98·0	(Not available.)

The gold-output of 1912 was three times as large as the output in 1893, when the output was £32,400,000, the increase being due to the development in South Africa, Alaska, and Siberia.

It may be of interest to give the stocks of gold held by the principal banks of issue in Europe in 1912, and the estimated amounts for the present year :—

	1912. £	1913. £
England	38,274,828	36,303,979
Germany	40,981,700	46,153,800
France	129,000,000	129,835,480
Russia	148,329,000	150,696,500
Austria-Hungary	52,683,666	50,150,917
Italy	51,200,000	55,400,000
Holland	12,138,740	13,464,104
Belgium	7,598,880	8,700,240
Spain	16,926,000	17,883,108
Totals	£497,132,814	£508,588,128

In connection with this accumulation of gold and the great desire of the State banks of the chief European countries to keep intact their stocks of gold, it will be a problem in the future with the decreasing output of gold in relation to the required accumulations how those responsible are going to keep up their reserves, and in this respect there appear two factors—the one to increase the note-circulation and the other to extend the use of silver.

That the note-circulation is on the increase is specially evident in the case of Germany, France, and Russia. In Germany the note-circulation and advances have increased by some £24,000,000. France has also increased her note-circulation, the Bank of France having increased their note-circulation and advances to an amount of upwards of £20,000,000. Russia is apparently in a good position, having not only increased her gold-circulation, but confined her increase in note-circulation and advances to £15,000,000.

It is, of course, quite possible that silver, by mutual arrangements between Governments, may be minted subsidiary to gold on a much larger scale, or it may be agreed to raise the legal tender of silver now that the increase in the output of that metal appears to be on the decline. Should those forecasts take place there is little doubt that silver would again take the place it

occupied some forty years ago, when its relation with gold was in a more or less fixed ratio. This was, of course, prior to demonetization by Germany in 1873.

MEAT.

Coming to the question of produce, since I arrived in England I have devoted special attention to the commercial and produce side of the work, having personally visited most of the harbours, docks, and stores, and witnessed the handling and the plant at the leading seaports of Great Britain. Time did not permit of my visiting Cardiff and Hull, but of those ports I have visited in connection with the handling of some of our leading products Bristol, Southampton, and Manchester occupy first place, and the Port of London last. I have taken steps to push on the facilities of the Port of London. For some considerable time operations were practically suspended owing to there being a division on the part of the meat people as to which of the docks were the most suitable. Some of the New Zealand farmers' representatives held that the South-west India Docks were the best because of their closer proximity to Smithfield, whilst the majority of those holding our meat here favoured the Albert Docks, lower down the river. I had an interview with Lord Devonport, Chairman of the Port of London Authority, and some members and officers of the Authority, and after a long discussion discovered that it was impossible to submit the terms to New Zealand they proposed in connection with the construction of the South-west India Docks, and the proposals, such as they were, would not have been taken in hand, even if agreed to, within five years. Such being the case, the question of the Albert Docks was gone into, and after much discussion, during which plans were inspected and suggestions made, Lord Devonport agreed, on behalf of the Port of London Authority, to call for tenders, and to accept one of the tenders received, and to have the work put in hand as early as possible. If this work be carried out there is no doubt that the facilities at the Port of London will be enormously improved, thereby benefiting not only the producers of New Zealand, but also the consumers at this end. The Port of London Authority hope to lessen the objection to the distance between the Albert Docks and Smithfield by utilizing the tramway service.

The proposal of the Port of London Authority is to erect sorting-sheds and stores at the north-west corner of the Albert Dock, and it is promised that those will be ready for use by December, 1914. The sheds are to have a quay frontage of 1,150 ft. by 120 ft. deep; the top story is to be insulated for the sorting of meat, and the store is to have a capacity of 250,000 carcasses; mechanical appliances are to be provided to remove the meat from the ship to the sorting-shed, from which, after sorting, it will be delivered, again mechanically, to cold store adjoining, or to craft, or to railway-van, as required.

This step is an absolute necessity, and is one which will lead to a marked improvement in the condition of our meat; it will prevent sorting in the hold, and also the deterioration at present due to delay, as it is assumed that all meat will go into the sorting-shed and that none will be redelivered until sufficient of any mark has accumulated to fill the barge or other conveyance. At present great delay occurs in filling the barges, and this is the chief cause of damage in connection with the barging. Attention will also be given as to the condition of the barges themselves.

Bristol.—The methods of handling meat at Avonmouth Docks during discharge are good. The ships discharge alongside the cold stores, the meat is lifted from the hold by sling, placed on an elevated platform, and carried into the cold store through an air-lock; it is stowed into the store according to mark, and redelivered to railway-vans (the only method of transit) as required. The exposure to the weather is very short, averaging from the hold to the store about half a minute. The only drawback is that discharge must cease in wet weather, but this the Dock Authority has promised to remedy by the use of covered mechanical carriers from the hold to the store. In fact, the facilities at Bristol, both for discharge and for distribution, are so good that if the London Dock Authorities did not greatly improve conditions at their port there would be a great likelihood of producers seriously considering the transference of their business, or as much of it as they can possibly transfer, from London to Bristol and other places where adequate accommodation is available.

Liverpool.—Few facilities are here provided for handling frozen meat. Slings are exclusively used; these land the meat into a large open shed, where it is loaded into the various conveyances for transit to the cold stores. The only advantages are that the meat is mostly under cover, and that the cold stores are not far away from the docks. Nevertheless, a considerable amount of damage occurs to our meat at this port, mostly due to lack of care on the part of receivers; owing to the shortage of carts, meat frequently remains far too long in the shed, naturally deteriorating the whole of the time. Here again a sorting-shed would be of use. I have already discussed the matter with the Mersey Dock and Harbour Board, and find that they would make the necessary improvements if assured of increased imports.

Glasgow.—The conditions here are much the same as at Liverpool, with the disadvantages that the stores are further away from the docks, and insulated vans for the carriage of meat are not in use.

Southampton.—The accommodation here is good in every respect

Importation of New Zealand Meat into Foreign Countries.

I have given attention to the above matter, but regret to say that indications of a payable trade are not present. Taking France as an example I found that, with duties and other expenses, if meat were worth 4½d. in London it would cost 8d. to 8½d. by the time it reached Paris, and this, together with the fact that we are handicapped by tariffs of almost 1d. per pound in competing against the Argentine, would preclude any possibility of a paying trade.

Importation of New Zealand Meat into France.—The French Government was approached in order to ascertain—

- (1.) What concessions on French products would be required in exchange for the admission of frozen meat from New Zealand to France on the same conditions as those accorded to frozen meat from the Argentine Republic; and
- (2.) If French inspectors could inspect New Zealand meat in London, their expenses to be reimbursed.

The reply received was—

- (1.) That in order to obtain the benefit of the minimum tariff the concessions required are (a) the maintenance of the "most-favoured nation" treatment in favour of all French importations into New Zealand, after denunciation of the dispositions of the Convention of the 26th January, 1826, relative to the Dominions; (b) the engagement not to prohibit the importation of fermented drinks; and (c) the recognition of French regulating certificates accompanying consignments of horticultural products; and
- (2.) That the French Government cannot see its way to fall in with the suggestion that French inspectors should inspect New Zealand meat in London.

Certain public-health regulations have to be complied with in the case of meat imported into several of the Continental countries, which would materially affect the margin of profit; a few countries admit our meat dressed in the ordinary commercial manner, but, unfortunately, in these countries there is little or no demand.

ATTITUDE OF THE EUROPEAN COUNTRIES AND CONDITIONS UNDER WHICH FROZEN MEAT IS ADMITTED.

Country.	Conditions.	Duty (per Pound).	Retail Price.
United States of America	Specially worded tag, sealed on to the carcasses; attestation of inspectors before the United States Consul; certificate in London of transshipment. Only certain firms in America allowed to sell frozen meat	..	..
Austria-Hungary ..	Special permission has to be obtained in the case of each shipment. Several shipments were made in 1911, but since then permission has been refused	1-3d.	Argentine beef sold wholesale at about 6d. per pound.
Germany	Carcasses to be entire or in halves, and accompanied by internal organs	2d.; but this may be reduced by 50 per cent. on application to the municipality receiving the meat	7d. to 9d.
Switzerland	Restrictions relaxed at end of 1911; meat is now accepted dressed in the ordinary manner, without being accompanied by a certificate from country of origin; in the case of meat transhipped in England, certificate of veterinary surgeon in this country is accepted	Was originally 25 francs per 100 kilos, but has been reduced to 10 francs for 100 kilos, or about ½d. per pound	..
Servia	Certificate from country of origin as to health of cattle	1s. 4d. per carcass	Very low.
Denmark	Importation prohibited	..	7d. to 9d.
France	Entire carcasses with internal organs attached	2½d., including Octroi duty	11d. to 1s. 1d.
Norway	Importation forbidden	..	4½d. to 7d.
Greece	Certificate as to health of cattle in country of origin	1½d.	6½d. to 9½d.
Turkey	No regulations	11 per cent. ad. val.	5d. to 6d.
Portugal	"	½d. to 1½d.	5d. to 11d.
Belgium	Mutton may be sent in carcasses without internal organs; beef and pork must have internal organs	About ½d. on whole or half carcasses	5d. to 11d.
Sweden	No stringent regulations	½d.	5d. to 8d.
Roumania	No regulations	1-3d.	Very low.
Spain	Importation prohibited	..	..
Italy	Certificate from port of origin	½d.	..

The following are the main alterations which have taken place recently in the conditions governing the import of frozen meat into the various Continental countries:—

Austria-Hungary.—Experimental shipments were authorized in 1911, and several comparatively large shipments of beef were sent from South America. Although those met with approval and sold well, pressure was brought to bear on the authorities, with the result that further shipments have not been allowed.

Germany.—The only alteration here has been a reduction of the duty by 50 per cent. under special agreement between the central authority and the municipality receiving the meat.

Switzerland.—Only a few years ago importation was forbidden into this country, but not only were the laws amended to make importation possible, but quite recently the import duty was reduced by over 50 per cent.

Belgium.—The regulations here have also been amended so as to make importation easier, and the duty has been reduced.

The following are some figures which will show in some cases the amount of frozen meat imported into the Continental countries:—

Italy: In 1909 the imports consisted of 1,800 tons; this in 1911 had grown to 7,790 tons, and estimated figures for the year 1912 are 15,000 tons.

France: Little or no frozen meat is imported into France, with the exception of shipments from South America to Havre. These amount to about 25,000 carcasses per annum for consumption in France, and in addition to these a certain number are imported for ships' stores, but the extent of the latter I have not ascertained.

Switzerland: In 1911 frozen meat to the weight of 1,095 tons was imported, and in 1912 2,370 tons.

Germany: No regular imports are made into this country, but within the last two years a few experimental shipments of mutton from Australia have been made.

Fixing Tags on Meat by Means of Seals.

This is a matter to which I have also given consideration. There is no doubt that meat from other countries is substituted for New Zealand, although it is always difficult to prove this in a Court of law. If our tags were sealed on, detection would be rendered much more easy, and the amount of substitution would be greatly lessened, more especially in connection with supplies to public institutions, shipping companies, &c. A great amount of New Zealand meat is asked for by various public bodies. For instance, forty-two institutions (Boards of Guardians, hospitals, &c.) consume no less than 61,250 sheep and 7,600 lambs annually, and this is only a very small portion of the amount annually used throughout the country by similar bodies. If our tags were sealed on, and we had the co-operation of the various bodies, we could be sure that New Zealand meat would be supplied when tendered for. It would only be necessary for the various bodies to call for whole carcasses or undivided pairs of legs with the original tag on one of them, and, as this is frequently done at present, it would assist materially. The cost would be very small in proportion to the value of our meat-output, and I consider the benefits would be great. The use of seals would also safeguard our Inspectors in New Zealand, and might, moreover, be an important factor in the opening-up of a Continental trade.

The condemnations of New Zealand meat have been neither frequent nor large, the veterinary inspection in New Zealand has been efficient, as is indicated by the absence of condemnations for disease at this end, and, with a few exceptions, the vessels have arrived here with their meat cargoes in good order.

During the year ending 31st March, 1913, four steamers from New Zealand have discharged damaged frozen meat, the damage being attributable to some fault of the ship or stowage, but none of these cases have been serious nor have the condemnations been great.

Condemnation of Kidneys.

Great improvement in this matter has taken place. For the period 1911-12 no less than 18,569 dozen sheep and lamb kidneys were condemned, while for the period now under review the number reported on was only 3,688 dozen.

Bone-taint in Beef.

I am pleased to be able to report that the condemnations due to the presence of bone-taint have materially decreased. Some years ago the loss from this trouble was very heavy, some parcels having 25 per cent. of them affected. In 1911-12 over 30,000 lb. of beef was condemned, while for the present year the returns only show a little over 8,000 lb. All the same, every effort should be made to eliminate this cause of condemnation, as, apart from the actual monetary loss, the fact of bone-taint being found in beef from certain works prejudices the future sale of meat from that source.

Boneless Beef.

During the past few years there has been a gradual increase in the amount of boneless beef shipped from New Zealand to this country, and this increase is especially marked during the year under consideration. In 1910-11 only 3,362 packages arrived; in 1911-12 this had increased to between 4,000 and 5,000; while for the present year the returns show that about 22,000 bags of boneless beef arrived in this country from New Zealand.

A good demand exists for boneless beef in Scotland, and prices are obtained which must be remunerative to the shipper.

The greatest fault found with this meat is distortion in packing, the various cuts being rolled or folded, instead of being frozen in, as near as possible, their natural shape. Out of the 22,000 packages arriving this year, over 6,000 were unsatisfactory, and, although none were actually condemned, some had to be thawed out for the examination of the Inspectors here, and this would lead to deterioration. Some packers in New Zealand do their work well, and their meat is in good demand at higher prices than that from other sources, in the latter case the buyer having to risk the loss through non-compliance with the regulations. I would strongly advise that all the requirements be complied with if shippers wish to redevelop this trade.

Damaged Meat.

A considerable amount of damage is evident in New Zealand meat by the time it is exposed for sale. I am not referring to such great damage as might occur as through, say, a breakdown in machinery, but more to deterioration noticed in almost every parcel, due to defective handling, and consisting of such as broken shanks, heel-marks, chafing, dirtiness, off-colour and

staining through partial thawing, and other allied defects. The result of such damage to our meat is to make it compare unfavourably with that from other countries, and it has, moreover, the effect of causing loss to the producer, not only on account of any decline in market value consequent on the damage, but by the fact that it leads to insurance claims being made and allowed, and naturally a proportionately high premium has to be paid by the shipper in New Zealand. There are numerous and varied causes contributing to this damaged condition, some of them being as follows: Sorting in the hold, associated with the multiplicity of marks and numbers and small parcels sent from New Zealand; the breaking-up of consignments after arrival into lots for delivery to various destinations; method of stowage, leading to delay in completing orders; the fact that most of the meat has to be stored at a distance from the docks, thus entailing double handling; exposure to weather during discharge; general rough handling. It does not seem possible to point to any one circumstance as being the cause of the damage; it would appear to be rather the result of a combination of circumstances, some of which, under existing conditions of discharge and handling, cannot be eliminated.

In view of the wide interest taken by meat-growers, I venture to summarize some figures which will be of interest to them:—

Table showing Imports of Refrigerated Meat from All Sources for the Years 1910, 1911, 1912, and for the First Three Months of 1912 and 1913.

			Mutton and Lamb.	Frozen Beef.	Chilled Beef.
1910	New Zealand	...	5,407,470	344,048	...
	Australia	...	4,219,012	533,598	3,844
	South America	...	3,353,726	1,484,841	1,593,181
	Total	...	12,980,208	2,362,487	1,597,025
1911	New Zealand	...	5,223,783	165,598	...
	Australia	...	3,611,051	520,345	...
	South America	...	4,125,350	1,522,845	2,152,026
	Total	...	12,960,184	2,208,788	2,152,026
1912	New Zealand	...	5,495,251	157,853	...
	Australia	...	2,883,505	732,781	...
	South America	...	3,603,378	1,806,067	2,221,659
	Total	...	11,982,134	2,696,701	2,221,659
First 3 months of 1912	New Zealand	...	973,114	17,836	...
	Australia	...	1,284,809	14,799	...
	South America	...	1,061,045	375,901	468,253
	Total	...	3,318,968	408,536	468,253
First 3 months of 1913	New Zealand	...	1,045,240	20,455	...
	Australia	...	1,443,822	110,340	...
	South America	...	950,718	472,106	574,879
	Total	...	3,439,780	602,901	574,879

The foregoing figures show that, reckoning frozen supplies from all sources, there was a decrease of almost one million carcasses of mutton and lamb in 1912 when compared with the imports of the previous year. This decrease, combined with other factors, tended to maintain prices at a high level throughout the year, and prevented any accumulation of stocks, the last factor resulting again in the maintenance of satisfactory prices during the first three months of the present year.

During 1912 there were various circumstances which influenced the prices of frozen meat: the Home supply was smaller than normal owing to the bad season; foot-and-mouth diseases reduced the supply considerably, as imports from Ireland were stopped; and the unsettled state of labour had its influence on the markets, both beneficial and otherwise. With those disturbing factors fluctuations in prices were only to be expected, and the weekly returns show that these occurred.

North Island lamb in January, 1912, commanded 5½d. per pound; during the dock strike in June it rose to 6½d., and then gradually decreased until in November it stood at about 5½d.; another rise then ensuing on account of rumoured labour troubles in New Zealand. Canterbury lamb showed similar fluctuations, opening in March at 5½d.—5¾d., touching 7d. and 7¼d. in June and then gradually falling to 5½d. in October, rising again slightly towards the end of the year. Mutton and beef have also fluctuated very much in price: North Island mutton has ranged from 3½d. to 4½d., and Canterbury from 4½d. to 4¾d. per pound; fore quarters of New Zealand beef from 2¾d. to 3¾d., and hind quarters from 3¾d. to 4½d.

Although these variations in price are greater than normal, the average has been well maintained, and the year 1912 may be said to have been a satisfactory one for the New Zealand producer.

The figures for the first three months of the present year show an increase, when compared with those of a corresponding period of 1912, of 120,000 carcasses of mutton and lamb and 300,000 quarters of beef; but, notwithstanding this, satisfactory prices still rule: Canterbury lamb is at present quoted at 6½d., North Island at 6½d., while Canterbury and North Island mutton are 4½d. and 4½d. respectively; New Zealand beef fetching 4½d. for hind quarters and 3½d. for fore quarters. These high prices may be accounted for by the scarcity of Home-grown mutton and lamb, and also a shortage of Continental supplies, Dutch mutton being in much shorter supply than last year; the foregoing shortage being accompanied by a generally prosperous condition of trade throughout the country.

The high prices of mutton and lamb in April, 1913, are somewhat reducing forward buying; but the indications are that, with continued prosperity and short Home supplies, the outlook is good, provided shipments are properly regulated.

The Veterinarian's report upon the work carried out by him during the year 1912 has been despatched to the Director of the Live-stock and Meat Division of the Department of Agriculture.

HEMP.

The following tables will be of interest. These show the total shipments of Manila and New Zealand hems for the past three years, giving the destinations of the various quantities:—

<i>Manila.</i> To—				1912. Bales.	1911. Bales.	1910. Bales.
Atlantic ports	...	...	...	386,285	354,962	488,019
Pacific ports	...	...	...	223,376	167,370	105,555
London and Liverpool	...	...	...	584,626	470,580	548,564
Continent of Europe	...	...	...	102,214	99,259	93,568
China and Japan	...	...	...	62,526	36,259	27,620
Australia	...	...	...	26,563	25,707	22,901
India and other ports	...	...	...	12,597	10,798	11,271
Total	...	...	...	1,398,187	1,164,810	1,297,498

<i>New Zealand.</i> To—						
United Kingdom	...	...	...	Detailed particulars not yet available for separate countries	14,152	15,731
Australia	...	...	...		2,035	4,485
U.S.A.—East coast	...	...	...		1,081	398
„ West coast	...	...	...		10	26
Other countries	...	...	...		88	5
Total	...	...	...		19,272	20,645

Prices were very high in 1906–7, but declined until the beginning of 1911. Manila “fair current” was then quoted below “good-fair” New Zealand, and the average values on spot during February, 1911, were—Fair current Manila, £18 17s. 6d. per ton; good-fair New Zealand, £19 5s. per ton. 1911 witnessed a recovery, which increased until in December, 1912, quotations were £11 to £12 above the year's opening rates, the average monthly quotations on spot being, at the end of the year—Fair current Manila, £33 5s. per ton; good-fair New Zealand, £33 10s. per ton, New Zealand still keeping slightly above the Manila quotation.

Outlook.

It will be recalled that in the early months of last year a severe drought was experienced in the Philippines, and in order to avoid the complete destruction of many of the plantations the Natives cut down the plants prematurely and extracted the hemp. Thus, towards June the receipts of hemp at the shipping ports were very large, but later on they became normal again. Then in October several destructive typhoons occurred; thus the outlook for 1913 was on the gloomy side, and it was anticipated in many quarters that the total production for the year would not be more than 1,000,000 bales. In this connection the following facts should be noted:—

The actual receipts for the first quarter of 1913 have amounted to 286,000 bales—i.e., 65,000 less than those for the same period of 1912. Latest estimates place the probable receipts for the first six months of this year at between 500,000 and 571,000 bales, which compares with 724,000 bales received during the first six months of 1912 and 686,000 bales received during the same period of 1911. Thus a considerable shortage has already been realized, and, taking all things into consideration, it would appear that the 1,000,000 bales estimate is not likely to prove so very far wrong. If this should turn out to be approximately correct it will be seen that the falling-off in production will be very appreciable, as the total receipts of Manila hemp at the shipping ports of the islands for 1912 were 1,430,000 bales, and for 1911 they were 1,299,029 bales.

It may be noted that under the new tariff proposals of the United States binder-twine, whether manufactured from New Zealand, Manila, Istle, Sisal, or Sunn hemp, is to be placed on the free list.

A large amount of attention has been given to the hemp industry. Information concerning the bonus of £12,000 offered by the Government for improvements in flax-dressing machinery or methods of dealing with the by-products was widely distributed in proper channels throughout the country. As a result of the information given a leading specialist in fibre machinery has decided to go to New Zealand to test his patents on the spot.

DAIRY-PRODUCE.

The great importance of this subject requires me to make the following special references in this report, as the latter will no doubt be widely read by people interested in the Dominion.

Creamery Butter.

In the majority of brands the flavour may be said to have been satisfactory, but there seems to be a widening range in quality that even the pasteurizing of the cream for buttermaking does not seem to be able to prevent. This wide range in quality is attributable in a considerable degree to the growth of home separation in New Zealand and to the practice of sending to Home markets "whey" butter under the "Creamery" brand. This latter cause has, however, now been removed owing to the fact that "whey" butter is now sent forward classified as "Factory."

Just a word touching the position of creamery butters of secondary quality. Owing to the scientific methods introduced in the manufacture of margarine and the low prices at which it can be marketed, it is claimed that it will take the place of low-quality butters, which will then be practically unsaleable on Home markets. The public taste is becoming educated to using margarine in preference to inferior butters. To show how much that trade is growing here, one factory in the vicinity of London alone turns out 1,000 tons weekly.

Regarding butter generally, fishiness in the New Zealand creamery butters is decreasing. The body and make in our butters are generally giving satisfaction, but when the moisture-content of a butter is higher than 15 per cent. the body suffers and the make is inclined to be of a lardy or salvy appearance, breaking short and crumbly when the butter is of low temperature.

The constantly recurring instances of excessive moisture being found in our butters is a matter of grave import, and has a tendency to create a feeling of distrust in the minds of those who are in the habit of handling New Zealand creamery butters. A grocer in one of the provincial towns appeared on the charge of offering for sale butter that has been found to contain over 21 per cent. of moisture according to the City Analyst. This butter was New Zealand creamery butter. If producers of our creamery butters will persist in this policy it can only end in financial loss.

Attention is drawn to a considerable loss to the trade through the lack of distinctive and efficient branding of packages of unsalted butter, and it is also desired to draw the attention of producers to the necessity of supplying their agents or buyers with correct description for each shipment of creamery butter, so that confusion may be prevented at this end.

Cheese.

The flavour of the major portion of the cheese cargoes has been found to be more or less unclean. Some brands have been so bad indeed that sales have been repudiated for this reason, and in all cases when expert examination has been made there has been no alternative but to admit that the complaints were well sustained. So inferior, indeed, has been the general quality that it has been the cause of many buyers turning their attention to cheese derived from other sources.

Instructions not to repeat orders have been received by shipping firms in London from their clients very frequently during the last few months, and again, lines of cheese when sent out have to be returned to warehouse. So acute has this trouble become that retailers are willing to pay higher prices for cheese other than New Zealand in their endeavour not to lose trade. This condition must not be taken as applying to all makers, because there are brands of New Zealand cheese on the London market that have generally been satisfactory.

Whilst the inferior flavour in our cheese has given rise to very unfavourable criticism, comments upon the make of the cheese have been of even greater condemnatory character. Very loose and open make has been much in evidence, coupled very frequently with various types of gas or fermentation holes. So great has been the inferiority of make in some brands that it has been extremely difficult to do business at all. Allowances up to 1d. per pound have been asked for for this reason, and in isolated cases the cheese had to be disposed of at a very low price. In some instances the cheese could not be utilized for the class of trade for which it has been secured.

The glut of New Zealand cheese on the London market, which is estimated at 50,000 crates, is largely attributed to the inferior and secondary quality of a very considerable proportion of the cheese. This should not be so, as with the great prosperity here and lessened imports, stocks should really be cleared. The following figures are of interest as showing the position:—

Total quantity of "Cheddar" cheese imported into the United Kingdom during the last three years from British Dominions: Year ended 30th June, 1910, 102,519 tons; 1911, 97,330 tons; 1912, 97,775 tons.

Total quantity of cheese of various kinds imported into the United Kingdom for the last three years from all sources: 1910, 122,824 tons; 1911, 121,464 tons; 1912, 116,838 tons.

Yet, notwithstanding, New Zealand has on hand now 50,000 crates, as against 28,000 three years ago.

General.

It is very early as yet to offer any opinion as to the market prospects for New Zealand dairy-produce, there being one or two factors that have an important bearing on the subject, the revision of the United States of America tariff and the climatic conditions in the United Kingdom and Continent being perhaps the two most important.

At the present time there are no conditions apparent that need give any anxiety to New Zealand producers, providing butter and cheese of high quality are sent forward. Available statistics do not indicate that there is any danger of production exceeding the demand for dairy-produce in the United Kingdom at the present time.

In the matter of the ability of competing countries to maintain the quantity of the dairy-produce exported by them, statistics for the last ten years show that the imports of butter to the United Kingdom have been practically stationary in quantity; in 1903 the total tonnage was 200,186, and in 1912 200,195, there being only an increase in favour of the year 1912 of 9 tons.

A review of the foregoing shows that the imports into Great Britain of butter from Denmark and Siberia are almost stationary. Although the export of Siberian butter has increased, Germany is now importing more butter from that country, and quantities of milk and cream from Denmark, thus relieving English markets.

Argentine has, if anything, a decreased export butter trade, but the export of butter from Sweden is showing substantial increase; the outputs from the majority of Continental countries show a decrease. In 1903 foreign countries imported into the United Kingdom 176,320 tons, whereas in 1912 the quantity had fallen to 147,338 tons, or a falling-off of 28,982 tons. As it may be argued that the droughty summer conditions of 1911 have some bearing on these figures, still the figures for the year ending 30th June, 1911, show the substantial decrease of 14,553 tons covering the same period.

The net increase in prices for butter from various countries for the last twenty years make interesting reading, and are given for your information: Irish, 15s. 6d. per hundredweight; Australian, 8s. 11d.; New Zealand, 13s. 11d.; Danish and Swedish, 9s. 9d.; Dutch, 18s. 10d.; French, 5s. 2d.; Russian, 18s. 3d.

Cheddar Cheese.

In dealing with the cheese problem there are three countries that are responsible for the major portion of the production of Cheddar cheese—they are the United Kingdom, Canada, and New Zealand. It is impossible to estimate the amount of cheese of this class made in the United Kingdom, so we will only deal with the Canadian and the New Zealand output. In 1903 Canada imported into the United Kingdom 87,883 tons. In the same year the New Zealand figures were only 2,617 tons. In 1912 Canada imported into the United Kingdom 72,690 tons, being a decrease, roughly, of 15,000 tons, a steady decrease being noticeable for the last five years. For the same period New Zealand imported into this country 24,993 tons, or an increase of approximately 22,000 tons over the output for 1903, and may be said to show a steady increase right along the line, with the exception of the year 1911, when a decrease of some 2,000 tons took place owing to drought conditions in New Zealand.

Should the revised tariff, as at present drafted, become law in the United States of America, it will have an important bearing upon the import of Canadian cheese into the United Kingdom. At the present time it is too early to make any definite suggestions as to what extent trade will be affected.

The following table of five years' average prices is of interest:—

	Canada.	New Zealand.
	s. d.	s. d.
1907-8	62 10	62 1
1908-9	63 0	62 10
1909-10	60 6	58 9
1910-11	59 8	59 1
1911-12	71 5	69 10
Average for period	63 6	62 6

Butter and Cheese.

The set-back which this important trade has received this year is largely due to the producers themselves. It is within the power of New Zealand makers to correct this unsatisfactory state of affairs. The chief reason why New Zealand cheese has gone out of consumption is its lack of quality. The supply is not in excess of normal demand—indeed, the reverse is the case. Experience this year has shown, however, that if consumers of Cheddar cheese cannot procure the English or Canadian makes they prefer to do without the article rather than purchase New Zealand cheese.

Dairy By-products.

Reports have been submitted to the Department in New Zealand on the conversion of dairy drainage into artificial manure; casein and machinery; the manufacture of milk-powder, sugar of milk, and synthetic milk. Regarding synthetic milk, this is a subject which is, of course, of more than ordinary interest to New Zealand producers, inasmuch as it is claimed that this substitute for milk can be manufactured at half the cost of the latter, with a food-value equal to that of milk, the manufactured substitute being quite sterile. Recently but little has been heard of this substitute, but the effect that it would have here would be that, if people were to

use it as a substitute for cows' milk—which is exceedingly doubtful—a great quantity of the real article would be liberated for the manufacture of butter and cheese. It might be added that this synthetic milk is not suitable for the manufacture of butter, although it is claimed that it can be used for the manufacture of cheese.

FRUIT.

There is nothing additional to report in connection with New Zealand fruit, as no further shipments have come to hand, and already my impressions have been given of what I have seen here. A report has been submitted of the investigations made by me in South America during a brief visit there, when I stated that an excellent market existed for our fruit.

Dealing with the general prospects of the fruit trade in this country as applying to New Zealand, I am of opinion that an excellent opening exists here, if only intelligent attention is bestowed on the selection of commercial varieties of fruit adapted to our soils, and care is taken in grading, packing, and shipping to this market. When one realizes the position occupied in this market by countries no better circumstanced than we are—indeed, in some respects not so good—and as we know that vast areas of New Zealand are admirably adapted to the growth of fruit, and some parts are not adapted to other purposes—one feels that a forward movement should without delay be made to develop what will be of such enormous importance to our Dominion, and will furnish a profitable and pleasant occupation to many who wish to escape from city life and who may not be adapted to other forms of country occupation. One cannot help being struck with the very beautiful fruit (apples, &c.) that is displayed in shops at this season of the year. It is to be regretted that New Zealand fruit is not shown on a parity with the other less-favoured countries. The question of markets outside London might be dealt with, but I will content myself with giving one example, which is that Cleopatra apples from Victoria realized at Hamburg recently from 20s. 6d. to 23s. per case. The fruit went direct to Hamburg, and was not transhipped in London.

I might here mention that apples are subject to a Customs duty equalling, roughly, 5½d. per 40 lb. case on importation into Germany.

KAURI-GUM.

Imports of Kauri-gum into the United Kingdom.

	Quantity (cwt.).				
	1907.	1908.	1909.	1910.	1911.
Totals	137,512	104,106	165,702	155,194	132,315
	Value.				
Totals	£480,795	£439,972	£777,974	£637,605	£556,940

Where the gum goes to—

Exports of Kauri-gum from the United Kingdom.

	Quantity (cwt.).				
To—	1907.	1908.	1909.	1910.	1911.
Russia	3,894	2,083	2,904	5,279	6,260
Germany	23,280	11,646	13,048	11,023	14,912
Netherlands	2,996	1,137	553	1,496	2,365
Belgium	1,022	1,081	63	122	1,211
France	1,663	926	1,231	1,075	564
U.S.A.	92,954	58,797	119,722	91,229	70,373
Other foreign countries	2,773	2,529	1,916	1,842	2,679
New Zealand	248	45	343	112	2
Canada	1,464	698	915	381	317
Other British possessions	3	...	...	...	...
Totals	130,297	78,942	140,695	112,559	98,683
	Value.				
Totals	£476,905	£354,434	£721,743	£524,148	£484,658

From this table it will be seen that of the total exports, roughly about 72 per cent. go to the United States. Germany takes about 14 per cent., Russia coming next with, say, 6½ per cent. The Netherlands, France, and Canada together take about 4½ per cent., and the remaining 3 per cent. goes to other foreign countries. The figures for 1912 are not yet available.

The following statement, showing the quantity of New Zealand direct imports retained in the United Kingdom for the years stated, is interesting:—

	1907.	1908.	1909.	1910.	1911.
Imports of kauri-gum from New Zealand (cwt.)	136,182	98,040	163,469	154,785	128,654
Quantity retained in the United Kingdom (cwt.)	6,024	21,112	24,583	42,832	33,561

The next table shows the quantities of kauri-gum imported into and delivered from London during the given years, and also the quantities on hand at the end of each period :—

	1907.	1908.	1909.	1910.	1911.	1912.
Imported to London (tons) ...	1,823	1,022	583	564	699	1,290
Delivered from London (tons) ...	2,550	1,052	766	570	652	1,436
Stocks in London on 31st December (tons) ...	628	558	365	337	381	157

From these figures it will be seen that stocks are very much lower than they have been for many years, and therefore it is unlikely that any depression of values on this account will be experienced during the present year.

The trade generally in 1912 was good, and on the whole prices advanced. At the end of the year three-quarters-scraped and half-scraped sorts particularly were dearer. Supplies again showed some falling-off.

It is rumoured in many parts of the Dominion that a ring exists in London for the purpose of depressing values of kauri-gum, but no evidence in support of the belief is obtainable.

OFFICE.

Every occasion should be seized for keeping our country's interests in the forefront. There is no doubt but that we are on the dawn of great possibilities. First, there is the cutting of the Panama Canal, which is now nearing completion, and which must inevitably make for enormous trade developments. Of almost equal importance is the matter of the proposed readjustment of the United States tariff, which is of especial interest to New Zealand, seeing that amongst other important alterations wool and meat are placed on the free list, and the duty on cheese is reduced from 3d. to 1d. per pound; and these alterations occur at a time when America is in many ways changing the character of her foreign trade. She has now reached a state of internal development which is changing the nature of her exports. She is becoming a food-importing country and ceasing to occupy the position she formerly held as a great meat and produce exporter. On the Continent of Europe opportunities at times present themselves which should not be allowed to pass, and of which our rivals are not slow to avail themselves. The people of New Zealand may rely on this office being ever ready to do its part. It must be assuring to our people to know that the general outlook for all their products is good, and that all that is necessary is to keep up the quality of the article and see that the channels of distribution are attended to.

New Premises.

It is also quite evident to me that, owing to the great and continual expansion of the Department and the necessities of the Dominion, more commodious, convenient, and central offices must be obtained in the near future. At present the Department is very cramped for space, besides being somewhat scattered in the building, and the question of new premises is still undecided. I am aware that you have this matter under your serious consideration, and that the Government realizes the importance to New Zealand of the matter.

GENERAL.

I hope to be in a better position during the present year to study and formulate further proposals and initiate alterations which will tend to increase the value of the work performed by the High Commissioner's Department. In this connection it may be incidentally remarked that by adopting, where practicable, commercial methods the Department can be made more self-supporting. Mercantile houses here charge from 1½ to 5 per cent. for indenting. It might be reasonable to make a charge on the lowest scale for work done by us for the various Government Departments. These indents last year amounted approximately to £500,000, excluding shipping, inspection, &c., so that at the proposed rate of 1½ per cent. this Department would have received credit last year of £6,250 by the following Departments :—

Department.	Amount. £	Commission. £
Working Railways ...	260,833	3,260
Public Works ...	46,291	579
Post and Telegraph... ..	21,522	269
Defence (say) ...	54,127	677
Printing and Stationery ...	22,356	279
Stamps ...	1,677	21
Marine ...	3,745	47
Mines ...	1,030	13
Lands ...	3,921	49
Internal Affairs ...	1,207	15
Education ...	1,238	15
Tourist and Health Resorts ...	712	9
Junior Cadets ...	401	5
Agriculture, Industries, and Commerce ...	140	2
Customs ...	137	2
Justice ...	45	1
Mental Hospitals ...	17	1
Treasury (silver and bronze coin) ...	80,045	1,000
	£499,444	£6,244

It might here be pointed out that in this estimate no allowance has been made for the work done in connection with the Dreadnought cruiser, nor does the amount cover the work carried out for local bodies, on which certainly a charge could be made for credit of the High Commissioner's Department. It is not proposed to suggest that any charge be made on such sums as loans, receipts, &c., which during the year amounted to £11,500,000.

During my period of office here I have been impressed by the volume and variety of the work performed, which is much greater than realized by the people in New Zealand. Comparisons have from time to time been made regarding the staffing and cost of the New Zealand High Commissioner's Office with other offices doing similar work, but investigation made has shown that the result is not to the disadvantage of the New Zealand office. It has to be borne in mind that most of the Government Departments in the Dominion, in a greater or lesser degree, each send their quota of work to be done, the whole aggregating to large dimensions. In addition various New Zealand local bodies and individuals freely use the resources of the Department to obtain goods and information of all descriptions, thus considerably adding to the work.

The work rendered is of a highly general nature, yet requiring expert experience, as the subjects dealt with, being so many and varied, considerably increase the arduousness of the duties of those officers responsible for the proper carrying-out of the work, and throws upon them duties not shared to an equal extent by any other Department of the Government.

The High Commissioner's Department is now entrusted with much more work than formerly, due both to the growth of the Dominion's trade and to new work originating with myself. It should be mentioned that no increase to the number of the staff has been made, although the work has been so much enlarged and is still growing. It remains to be seen whether the staff will be equal to bearing the increased work.

As already stated, Mr. Crabb, F.R.C.V.S., takes over the entire handling of meat both technically and commercially, Mr. Wright acting in a like capacity in regard to dairy-produce, whilst Mr. Cameron continues in charge of all other produce in which New Zealand is concerned. The rearrangement will also enable the office to avail itself of Mr. Cameron's experience of New Zealand to assist in securing the right type of emigrants to the Dominion. Mr. Knowles has been promoted to the position of Private Secretary to the High Commissioner, and some other improvements have been made by concentrating in this office some of the work done in outside buildings—viz., by having Messrs. Crabb and Wright attached to this office. The average rate of pay for the clerks is not high, being under £125 per annum.

I am of opinion—and the experience gained during the last few months has confirmed it—that it is incumbent upon the High Commissioner to take every opportunity of bringing the Dominion still more prominently before the people of this country with a view to strengthening our position both commercially and financially. And it might be mentioned in this connection that the expenditure on exhibitions is at present less than that which formerly obtained, whilst the rivalry with other overseas possessions is increasing enormously.

In conclusion, I beg to state that I have endeavoured to place before the Government the particulars and statistical information relating to the Dominion's work here. I deem it right to place on record that the officers, from Mr. C. Wray Palliser downwards, whose duty it is to carry into effect the instructions of the Government and myself do so loyally and efficiently, notwithstanding the inconvenience experienced in these offices.

The many letters received from all sources containing expressions of thanks and appreciation for the information and assistance afforded bear testimony to the excellent services rendered by these officers.

I have, &c.,

THOMAS MACKENZIE.

The Hon. the Prime Minister, Wellington, New Zealand.

APPENDIX.

SUMMARIZED RETURNS OF WORK DONE IN THE HIGH COMMISSIONER'S DEPARTMENT IN THE YEAR 1912.

Number of letters received from Dominion and elsewhere	93,327
Number of letters sent to Dominion and elsewhere	73,687
Number of letters received for visitors and readdressed	18,257
Book packets sent	3,313
Rail packets sent	1,365
Number of despatches, memos, and letters received from Government Departments in New Zealand	2,902
Number of despatches, memos, and letters sent to Government Departments in New Zealand	6,955
Number of standing orders	458
Number of cablegrams to and from the Dominion—	
Outward	553
Inward	636
Amount of receipts into Public Account in London	£11,493,329 9s. 6d.
Amounts of payments therefrom	£11,489,157 2s. 2d.
Number of Treasury vouchers passed for payment on Foreign Imprest Account	7,589
Amount of payments made through Foreign Imprest Account	£3,164,421 9s. 7d.
Amount of pensions paid	£4,109 0s. 6d.
Number of orders for goods and material from Government Departments in the Dominion	589
Number of contracts	807
Number of marine insurances effected	1,825
Amount insured	£698,125
Number of shipments	1,612
Bridge material, &c., inspected only (approximate tonnage)	1,218
Number of coupons paid	5,750
Amount of coupons paid	£99,376 14s. 3d.
Amount of bonds from which coupons were paid	£3,819,964
Amount of bonds matured and paid off, exchanged, converted into stock, transferred, or cancelled and returned to New Zealand	£5,090,780
Number of bonds	5,779
Amount of Bonds issued for loans, advances, &c.	£6,854,150
Number of bonds	9,593

New Zealand Government Life Assurance.

Number of policies on registry	561
Amount insured	£183,469
Number and amount of premiums received—	
Number	822
Amount	£5,163 4s. 3d.
Amount of annuities paid	£2,354 3s. 3d.

Public Trust Office.

Number of payments under trust and estates dealt with	599
Amount disbursed on account of Public Trust Office	£41,665 5s. 11d.

SHIPMENTS BY THE HIGH COMMISSIONER'S DEPARTMENT IN THE YEAR 1912.

No. of Bundles, Pieces, Casks, or Cases.	Dead-weight.	Tons	cwt.	qr.	lb.
28,113 Steel rails		17,158	5	3	11
26,479 Rail fastenings, fangs, spikes, bed-plates, fish-plates, and fish-bolts, &c.		1,843	17	0	15
1,712 Steel tires		265	3	2	6
2,963 Channel-bars		783	14	1	13
8,570 Iron and steel plates, bars, angles, rods, &c.		1,727	3	0	27
4,545 Steel-axle forgings, steel forgings, &c.		570	4	2	2
143 Copper wire, &c.		41	15	2	1
11,660 Pig iron		556	0	0	0
4,675 Galvanized-iron wire and bolts		212	8	2	20
2,000 White-lead		106	0	2	4
5,055 Insulator-bolts		131	2	1	8
25,240 Machinery, cranes, chains, ropes, &c., wheels and axles		420	6	0	27
2,175 Telegraph material		72	16	1	7
2,746 Steel coil springs		141	1	3	12
1,810 Defence: Shot, fuzes, cartridges, gunpowder, &c.		91	14	2	22
1,103 Spring steel		243	0	2	8
943 Hoop steel		48	9	1	4
13 Agricultural Department: Stores, &c.		4	8	0	3
10,205 Pintsch's gaslight apparatus		64	8	1	26
140,150		24,482	1	0	20

SHIPMENTS BY THE HIGH COMMISSIONER'S DEPARTMENT IN THE YEAR 1912—*continued.**Measurement Goods.*

1,378	pieces and packages Pintsch's gaslight apparatus.	
350	bales cotton and woollen waste.	
435	bales canvas.	
86	pieces and packages workshop machinery, cranes, weighbridges, &c.	
140	cases, &c., telegraph and telephone material and stores.	
11,202	cases, &c., insulator-cups.	
4,046	cases, &c., general stationery, Printing and Stationery Department, &c.	
80	cases, &c., mail-boxes.	
162	cases, casks, and bales Telegraph Department stationery.	
84	cases scientific instruments, various.	
315	barrels sheet-dressing composition.	
176	cases railway-ticket cards.	
103	cases, &c., Public Works and Mines stores, &c.	
96	cases, casks, &c., Marine stores, &c.	
41	cases, &c., Survey Department stores; Asylum, Tourist and Health, chemicals, &c.	
138	cases postage-stamp paper, letter-card paper, &c.	
778	cases general railway stores.	
113	cases books and sundries.	
4,395	cases, barrels, &c., ordnance and Defence stores, guncotton, cordite, shell, fuzes, cartridges, rifles, &c.	
899	cases boiler-tubes.	
3	cases Agricultural Department stores, &c.	
161	cases Education Department material.	
574	packages, &c., linoleum and cork carpet.	
120	packages paint.	
603	drums (3,015 gallons) turpentine.	25,015 gallons.
2,360	drums (11,800 gallons) Colza oil.	
1,000	cases (10,000 gallons) paraffin oil.	
20	packages (200 gallons) Dustolio.	
638	boxes British silver and bronze coin; value, £98,630.	

Live-stock.

40 partridges.

30,536

LIST OF PUBLICATIONS ON NEW ZEALAND DISTRIBUTED BY THE HIGH COMMISSIONER'S OFFICE DURING THE YEAR 1912.

New Zealand Official Year-book	1,040
Advance Sheets of Year-book	11,350
New Zealand Settlers' Handbook	2,950
New Zealand Handbook	66,900
Professional Handbook	281
Emigration Statutes and General Handbook	74
New Zealand: Illustrated Pamphlet	53,500
Journal of the Department of Labour	8,170
Papers and Reports relating to Minerals and Mining	132
Crown Lands Guide	426
List of Publications available at High Commissioner's Office	45,950
Maps of New Zealand for Emigrants' Information Office	102,000
New Zealand Government Railway Time-table	210
Reduced-rate Passages: Application Forms	72,000
New Zealand wants Domestic Servants	75,500
New Zealand: Information for Farmers and Farm Hands	40,000
Statistics of New Zealand	1,840
Fruitgrowing in New Zealand	2,500
New Zealand Post-cards	1,050
Itinerary of Travel in New Zealand	930
New Zealand in a Nutshell	30,320
Miscellaneous: Reports, Department of Agriculture, Cheeseman's Flora of New Zealand, The Marlborough Sounds and Nelson, New Zealand Mining Handbook, A Tour Through Westland, Nautical Almanacs, Acts, Parliamentary Papers, Topographical Maps of New Zealand, Customs Tariffs, Extract from Customs Tariff <i>re</i> Passengers' Baggage and Effects, &c. (say)	8,000

525,123

ANNUAL REPORT OF THE PRODUCE DEPARTMENT FOR THE OFFICIAL YEAR 1912-13.

SIR,— Westminster Chambers, 13 Victoria Street, London S.W., 1st April, 1913.

I have the honour to hand you herewith a report on the work of the Produce Department during the past twelve months.

Reports.

During the year 119 reports have been made on matters affecting the New Zealand produce trade, and all these have been forwarded to Wellington as in previous years. These reports have dealt with a wide variety of subjects, including such special lines as hemp, wool, grain, grass-seed, linseed, hops, fruit, honey, eggs, kauri-gum, commercial matters relating to dairy-produce, commercial matters relating to meat, importation of meat to the Continent, Army contracts, trade with Japan, British Empire trade-marks, exhibitions, lectures, &c.

Cablegrams.

Each week a cablegram has been compiled and despatched to Wellington giving the prices of the leading lines of export from New Zealand to this country, together with a statement as to the condition of the markets on which they are handled. As can be well understood, to keep in touch with so many markets, and to make the inquiries necessary to ascertain accurately, so as to be of value to producers, the quotations for the various lines in which the Dominion is interested, and to give reliable information concerning them, requires an amount of care and tact and occupies a great deal of my time. The responsibility placed upon me when cabling quotations that are to be of use and value to producers in the Dominion is fully recognized. I am well aware that it would be useless accepting without confirmation information that might be supplied to me by persons engaged in any particular trade. I am satisfied, however, that the quotations that have been cabled weekly throughout the year will have been found to be as accurate and reliable as any that could be sent to the Dominion. As in previous years, these cables have, as far as possible, been prepared in a manner which makes it possible, by reading each cablegram with that preceding, to obtain a connected continuous report of the several markets concerned.

Agency Inquiries.

During the year many inquiries have been received from persons, both in New Zealand and in this country, desirous of undertaking agencies, either for importers or exporters. All these have received attention, and as far as possible have been placed in communication with firms with whom business might possibly result.

Exhibitions.

No large exhibitions in which the Dominion has participated have been held during the twelvemonth. Advantage has, however, been taken on several occasions of small local exhibitions at which space has been offered to the Department, either free or at very little cost. These small exhibitions have been held in country districts, and the opportunities afforded to make attractive small displays of New Zealand produce generally at them have been satisfactory. In this way a considerable amount of good has been done in interesting country people in the resources of the Dominion, and as a result inquiries have been directed to the Emigration Department.

Lectures.

During the winter months I have delivered fourteen lectures on New Zealand. Most of these have been delivered throughout the country under the auspices of the Victoria League. The remainder, having been given in London and suburbs in my spare time in the winter evenings, have not encroached to any extent on the ordinary work of the Department; while, although the work has been of considerable value, the expense incurred to the Department has not been at all great. I am pleased to report that the result of these lectures has been highly satisfactory, and I understand they have created a large amount of interest in the Dominion and its advantages amongst those to whom I had the pleasure of delivering them.

Hemp.

A large amount of attention has been given to the hemp industry. Information concerning the bonus of £12,000 offered by the Government for improvements in flax-dressing machinery or methods of dealing with the by-products was widely distributed in proper channels throughout the country. This resulted in a large amount of correspondence. The Chairman of the New Zealand Flax-millers' Association, Mr. Joseph Liggins, visited this country during the summer, and in conjunction with him a large amount of work was done in reference to the bonus matter. Many people have been interested in the subject, and it is anticipated that a number of patents will be submitted in competition for the bonus offered. As a result of the information given concerning the New Zealand hemp industry, a leading specialist in fibre machinery has decided to go to New Zealand to test his patents on the spot.

During the year the market for New Zealand hemp has shown very great improvement. Prices, compared with those ruling for some years past, have advanced 50 per cent. or more. Unfortunately, the hemp market is a peculiar and difficult one to follow, being largely dependent upon the Manila reports, and to a great extent speculative. From the reports made by me during the year and forwarded to Wellington this would be understood. It has been stated that recently the quantity of hemp offered from the Dominion has been restricted, and that prices asked by millers there have been higher than those offered on the London market. Although there has not been any keen demand evinced by manufacturers here to secure supplies, values

have been steady. I have been endeavouring to ascertain the probable future of the market for hemp, but have found it impossible to gather information that will justify any certainty in a forecast. Brokers differ very widely in their opinions. Manufacturers show no disposition to purchase freely. So far as I can decide, however, I have come to the conclusion that present prices are likely to continue for a time. I do not anticipate any rise or any great fall.

Wool.

The various series of wool-sales held during the past twelve months have proved of a satisfactory character, and prices realized for all qualities of wool sold at them must have proved remunerative to the growers in the Dominion. The chief feature has probably been the steadiness maintained in values throughout the period. Little fluctuation has taken place. For any slight alteration that may have been noted the demand from America has been the main cause. It has been recognized for some time that changes in the American tariff were pending, and so, in accordance with the opinion held by American buyers, a slight rise or fall, as the case might be, was occasioned in the values of the classes suitable for American requirements. Beyond this no change of any importance can be reported.

Early in the year it was recognized that the world's supply of wool would be moderate; that trade being sound and manufacturers busy would ensure a continued demand; and that stocks of wool in manufacturers' hands were not heavy, and fresh supplies would be required. All these factors pointed to a rise in values. The outbreak of hostilities in the Near East, however, had the effect of hindering the advance. Owing to the war, with the consequent interference of trade and tightening of the money-market by the imposition of high rates of interest on advances, Continental buying was greatly interfered with. As the result prices remained steady instead of advancing.

The outlook, like the result of the season's operations, is satisfactory. So far as can be ascertained, there is every prospect of the maintenance of, or advance in, the present good values, and the outlook for the wool-growers in the Dominion is decidedly encouraging.

Mutton.

During the year, in order to obtain accurate information for the purpose of the weekly produce cables, I have kept closely in touch with the markets for New Zealand meat and dairy-produce. The market for New Zealand mutton has been fairly uniform during the twelvemonth. For Canterbury, with the exception of one quotation, prices have ruled from 4½d. to 4½d. per pound, while for North Island brands quotations have been from 4½d. to 3½d. The average price for the year for Canterbury mutton has been 4½d. per pound, an increase of ½d. per pound on that of the previous twelvemonth. For North Island the average price has been 4½d. per pound, or ½d. per pound higher than the average for the previous year. These increases in prices will be noted with satisfaction by all concerned.

Lamb.

In the quotations for lamb there have been greater variations. As regards Canterbury, prices have been as high as 7½d. and as low as 5½d. The averages for the year have been 6d. and 5½d. respectively, both showing advances on the previous year's figures of 1d. and 1½d. per pound.

Beef.

The beef market has not been subject to any great sudden rise or fall. Prices for hind quarters have ranged from 3½d. to 4½d., and for fore quarters 2½d. to 4d., the average in each case being 3½d. and 3½d. respectively, an average increase over the previous year's results of ½d. and ½d. per pound.

During the year a good deal of correspondence has taken place with reference to the importation of frozen meat to the Continent. Unfortunately, however, little progress in this direction has been made.

Butter.

The prices obtained for butter during the twelvemonth have not been so satisfactory as during the previous period. Comparing New Zealand butter with Danish, the average price for the former has been 116s. 11d., as against 127s. 1d. for the latter, showing a margin in favour of Danish butter of 10s. 2d. for the year. As last year's figures were 120s. and 128s. 6d. respectively, it will be seen that the margin has been increased by 1s. 8d. per hundredweight, and that the average for New Zealand butter is 3s. 1d. lower than for the previous twelvemonth. This widening of the margin in price between Danish and New Zealand butter is regrettable. Opinions on the market differ very greatly as to the reason. While there may be a number of causes to which this is attributable, I am strongly of the opinion that the chief reason for it is the difference in methods adopted in handling and distributing the respective butters. Danish butter is placed on the market here systematically. The same brands go regularly on to the same markets. They are handled by the same agents year after year. These brands become known to retailers, who, as they can depend upon getting them, give their orders ahead. Going by this means into the hands of high-class retailers, to whom regularity of supply and dependence upon quality is of more consideration than a shilling or two per hundredweight in price, they generally meet a good market. New Zealand butter, on the other hand, cannot be depended upon to reach the same market two years running. Factory-outputs may be consigned one year and sold the next. Persons handling them have no certainty that if they work up a demand for any particular brand they will get it the following season. Consequently they take little

interest in the butter. Further than as a business transaction, on which they can make as much profit as possible, they have no concern in it. If a New Zealand brand is known and liked on any particular market one year, and is asked for the following, there is under present conditions of trading every probability that it cannot be secured. It may be in London one year, in Glasgow the next, and in Bristol the following. This year it may be distributed by a retailer doing a high-class trade, and the next it may be purchased by a blender and kept off the retail market altogether. Unless the factory directors in New Zealand can agree to some definite system of handling and distribution, to which they will adhere during a series of years, irrespective of the initial results, it would appear almost impossible to advise as to how the wide margin between New Zealand and Danish butters can be satisfactorily reduced.

Cheese.

The prices for cheese have varied considerably during the period under review. Both white and coloured New Zealand cheese went as high as 78s. during the transport-workers' strike in the early part of the year, when prices for all provisions were inflated. Apart from this instance, however, the highest price cabled was 74s. for both kinds, and the range for the twelve-month has been practically from that figure to 60s. per hundredweight. The year started with the quotation at 74s. for both white and coloured, and until September the price did not fall below 65s. From the latter end of November, however, until the close of the period under review the range of quotations for both varieties fluctuated from 60s. to 63s. The average quotation for the twelvemonth has been 65s. 7d. for white cheese and for coloured 66s. 1d. This has been a decrease of 5d. and an increase of 1d. per hundredweight respectively on the figures for the previous period, and also shows a margin in favour of coloured cheese of 6d. per hundredweight for the year. It will be noted that for the preceding year the averages for white and coloured cheese were identical, both working out at 66s. per hundredweight.

Wheat.

Although the total wheat crop of the world for 1912 was larger than that for a number of preceding years, the quantity received in this country from New Zealand was less than for the preceding twelve months. Owing to the unfavourable weather both in the United Kingdom and on the Continent, the market for wheat has been a fairly firm one, and business has been of a satisfactory character. The prices cabled to the Dominion have been those paid for ex-store deliveries. The bulk of New Zealand trade has, however, been done on c.i.f. terms. Comparatively few lots have gone into store on account of producers, and it is felt therefore that possibly for that reason the quotations given may have been to some extent misleading to growers as to values in the Dominion.

Oats.

The arrivals of oats, like those of wheat, have been heavier in 1912 than in recent preceding years. The demand for them, however, has not been brisk. With the exception of finest quality, of which the supply was throughout moderate, and for which a good inquiry was experienced, prices were not high. New Zealand oat shipments showed a large increase over those of the preceding twelvemonth. New Zealand oats are favourably regarded by merchants in this country, and are well distributed throughout the markets of the Midlands and West of England. The outlook for the sale of oats is not at present encouraging. Supplies on hand are large, and holders are anxious to clear their stocks. Shipments from the Argentine, also, are being freely offered at low prices. The result, therefore, is that merchants are not keen to do business, and the trend of prices is downward.

Beans.

Consequent upon the dull condition of the oats market, that for beans has suffered in sympathy. Owing to an unfavourable season last year, however, supplies have been moderate, and this has had a tendency to prevent the lowering in values that otherwise might have been looked for.

Peas.

Peas during the past twelvemonth have met a much quieter market than that on which the previous year's shipments from the Dominion arrived. Prices show a considerable fall from the high quotations of the previous season. New Zealand partridge peas, however, met a fairly good demand, and were sold at prices that must be considered satisfactory when compared with those accepted for many other lots shipped to this country. At present the market is bare of New Zealand supplies, but, judging by the prices accepted for home-grown parcels, the outlook for the coming season is not very encouraging.

Cocksfoot.

Cocksfoot-seed has also met with a dull sale throughout the year. The high prices that had ruled for some considerable time evidently encouraged growers on the Continent to develop their crops. The result has been that, instead of the Continent being a buyer, as was generally the case formerly, considerable supplies have been sent from there for sale on the English market. Prices, therefore, suffered accordingly, with the result that there has been during the twelvemonth a large falling-off in the trade in cocksfoot-seed from the Dominion. At present the market is very dull. Buyers are not at all anxious to do business, and in order to effect sales of the New Zealand crop for 1913 considerable reductions in price will have to be made. The outlook is not promising.

Hops.

The market for New Zealand hops in this country for the past year has been rather better than usual. There have not, however, been many lots offered. The few shipments that came under my notice passed direct into consumption on account of the purchasers, and were valued at time of arrival at from £9 10s. to £10 per hundredweight. Brewers in this country have not been keen to do business in New Zealand hops. Possibly this has arisen from prejudice on their part, owing to lack of knowledge as to the character and quality of the hops. Prices recently ruling have been much lower than last year, and shippers must be prepared to accept, for any lots sent forward this season, lower prices than those mentioned above.

During the year a small but excellent sample of hops grown in the Nelson District was received and exhibited at the Brewers' Exhibition, being awarded a Diploma of Merit. These samples were very favourably commented upon. Numerous inquiries were made regarding the prospect of trade with the Dominion, and merchants and others making these inquiries were placed in communication with growers in New Zealand.

Honey.

Several shipments of New Zealand honey have come forward, and a number of these have come under my notice. While, owing to the wet and dull summer experienced in this country during 1912, there has been a fair steady demand for honey, prices realized have not been high. The quality of the parcels that have been landed has been satisfactory, but the price realized has only been about 40s. per hundredweight. The system of packing generally adopted—two tins of 56 lb. each being placed in a wooden case—has been suitable to the trade. Evidently shippers have wisely come to the conclusion that it is more advantageous to ship honey in this form than in small tins with individual growers' labels fixed on them. While the price realized may not prove so remunerative as might be expected by beekeepers in the Dominion, and although the advance made towards the establishment of a regular trade cannot be said to have been great, it is evident that with regularity of shipments and the maintenance of quality a good trade might ultimately be established, and possibly prices might improve as the demand is increased.

Eggs.

During the year several shipments of eggs from New Zealand have been received on the London market. They arrived in satisfactory condition, and realized prices that compared favourably with those paid for other varieties of eggs on the market. The price of eggs during the past year has been above the average commonly received for consignments. It is doubtful, however, whether such values will be maintained during the coming year. Reports concerning the various shipments were made to Wellington, but it is questionable whether a regular payable trade in eggs can be established between New Zealand and this country.

Apples.

Early in the year a shipment of apples arrived in the s.s. "Kaipara," and were landed in good order and condition. The quality of the apples, however, was disappointing, and as a sample of what New Zealand can produce was unsatisfactory. It should have been possible, by the exercise of more care in selection and grading, to have placed on the market here a shipment which would have reflected greater credit on the fruit resources of the Dominion. The average price realized was about 7s. per case. There is undoubtedly a market here for good fruit such as New Zealand can produce, but, of course, as in many other lines, good prices are only obtainable for the best quality, of which the Dominion ought to be able to send forward a considerable supply.

The market for apples on the Continent, especially in Germany, is said to be a good one, and a report on the markets there was forwarded to the Government.

Although no information has been received from Wellington concerning apple shipments for the coming season, it is understood from reports appearing in the newspapers that no shipments to this country will be made, as any lots available for shipment have been purchased for consignment to South America. It is to be regretted that the initial shipments of apples from New Zealand have not been followed up, as spasmodic consignments to the London market are not appreciated by buyers there, and the opportunity is lost for establishing a market with a demand at satisfactory prices. Trial or individual shipments never reach high figures—they are generally purchased at job-lot prices.

Kauri-gum.

Shipments of kauri-gum from New Zealand have been coming forward in pretty regular quantity during the past year. The trade has been quiet and steady, and little fluctuation in price has taken place on the market. A good deal of the gum shipped to London is re-exported to the United States and to the Continent. Germany and Russia are the two chief Continental countries using it. The supply of finer grades has lately shown a falling-off, and values of three-quarter-scraped and half-scraped gums have consequently been particularly firm. Stocks in London are at present lower than they have been for some time, and it is not anticipated that values will recede. Those closely identified with the trade anticipate a rise in prices for finer grades.

I have, &c.,

H. C. CAMERON,

Produce Commissioner.

The High Commissioner for New Zealand, London.

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