

pushed at a high speed, with extremely short time at terminals. It is considered highly creditable to the management that these two vessels have maintained a northward and southward trip in two months instead of in three months as in pre-war days. The carrying-capacity by this means achieved is actually more for the war year than in the pre-war year above mentioned.

(b.) As regards the San Francisco service, this shows a very considerable diminution, due to the smaller vessels employed.

(c.) Trans-Pacific cargo service: The withdrawal for national requirements of ships most suitable for this service has considerably restricted the tonnage capacity available.

(d.) As regards the Calcutta service, it will be observed that the same number of trips have been maintained, the difference in tonnage being due to the smaller vessels employed. In this instance, the "Aparima," which in pre-war days was employed in this service, and since lost by enemy action, was approximately 50 per cent. larger than the vessel now doing her running.

5. From the foregoing it will be seen that the shortage of tonnage has created very considerable difficulties, and other factors arising out of the war have had a similar effect. For instance:—

(a.) In pre-war days when any extraordinary development occurred it was always possible to charter tonnage, and for some years previous to the war several New Zealand interests invariably had large cargo-vessels chartered to them. At the present time it is impossible to charter any tonnage, and it is therefore extremely difficult for those interested to deal with any variation causing an increase of ordinary business.

(b.) It must be borne in mind also that the almost entire cessation of shipments of fertilizers from Europe, Egypt, and the United Kingdom has augmented shipments from Australia to the Dominion. This comment also applies to salt now coming from Australia and from the Pacific Coast.

(c.) So far as the Pacific Coast trade is concerned, early in the war the cargo-steamers which were in the habit of loading for New Zealand from the eastern ports of Canada and New York, and other eastern American ports, have almost entirely disappeared. This increased to a very considerable extent the quantities of cargo, such as paper and oils, from Vancouver and San Francisco.

(d.) As an illustration of a development which did not exist in pre-war days and which absorbs considerable tonnage, it is desirable to refer to the necessity for drawing large supplies of wheat from Australia. For the next eighteen months the importations of wheat will be greater even than those which eventuated last year, and the tonnage to be set aside for this purpose has to be drawn from the reduced fleet of cargo-steamers now operating.

(e.) The changing conditions due to the war have not tended to facilitate the despatch of steamers. It is manifest that labour on the waterfront is gradually becoming scarcer, and, further, the limitation of railway services on port lines has at times restricted the rapid despatch of vessels other than overseas ships. Further, the necessity of navigating Cook Strait in daylight now prevents quick coal trips to the West Coast. In addition, there have been interruptions in the work at the mines, and a smaller output has naturally accentuated the demand for coal.

(f.) When the war commenced it was not generally anticipated it would last as long as it has, and during the first two years everything possible in connection with repairs to vessels that were not absolutely essential was set aside, but owing to the long period of the war it is now found absolutely necessary to undertake overhauls to various vessels, although at the present time only absolutely essential work is being carried out.

6. In view of the above it is not difficult to comprehend the reasons for frequent delays in finding freight opportunities both coastwise and inwards to New Zealand. The commodities which have probably suffered most through lack of transport have been light produce, such as chaff, straw, hay, &c., which in times past, when ample space was offering, were accepted as "fill-up" cargo at reasonable rates. As a result of the extreme pressure in every direction it has been difficult to make as satisfactory arrangements for this as obtained in pre-war days, but notwithstanding this I think it can be submitted that all requirements have been reasonably catered for, in view of the difficult conditions prevailing, and it is satisfactory to record that no industry has been stopped, although inconvenience at times may have arisen. Probably New Zealand has so far suffered less than any other British possession through the shortage of shipping during the period of this devastating war, which has now continued for more than four years.

7. To meet the situation which has arisen owing to the shortage of tonnage coming under this head, an arrangement has been come to between my Department and the shipping companies concerned whereby in special cases regard will be had to my views on such applications for space as are considered entitled to preference. By this means the ordinary commercial procedure of applying for space is not disturbed, but those awkwardly situated are able, if they wish, to request further consideration from an independent quarter.

8. Looking to the future it is difficult to see how conditions will be immediately ameliorated on the cessation of hostilities, but I have no doubt that a gradual improvement can be confidently expected when the imperative need for vigorously prosecuting the war has ceased to demand the fullest attention of all interests and activities.

CONCLUSION.

On this occasion it is desirable to mention that those gentlemen who associated themselves with me at the inception of the Department have, since my last report, completed over three years of valuable and gratuitous service in acting with me in various capacities. It will be recognized that the character of the business dealt with in this report is such as to afford a field where their respective talents can be very advantageously utilized from a national standpoint. Such service they have readily afforded, and I therefore acknowledge the great assistance they have been in their respective