

REPORT.

ON THE INQUIRY INTO (1) PROPOSED STATEMENT BY THE NEW ZEALAND OVERSEAS SHIPOWNERS' COMMITTEE TO PRESS ASSOCIATION IN REFERENCE TO THE INCREASE IN THE RATE OF FREIGHT CHARGES; (2) MEMORANDUM FROM THE PRIME MINISTER TO THE COMMITTEE DIRECTING THAT AN INQUIRY BE MADE—FIRSTLY, AS TO WHETHER SUFFICIENT SHIPPING IS LIKELY TO BE AVAILABLE FOR THE PURPOSE OF OUR TRADE, ESPECIALLY THE EXPORT OF PRODUCE, DURING THE NEXT FEW YEARS; AND, SECONDLY, TO ARRIVE AT A DEFINITE UNDERSTANDING WITH THE SHIPPING COMPANIES AS TO WHAT THE RATES OF FREIGHT ARE LIKELY TO BE, ESPECIALLY FOR WOOL, MEAT, DAIRY-PRODUCE, AND FLAX.

I AM directed to report that the Committee has gone fully into the above questions, and finds that—

1. The refrigerated tonnage engaged in the services of the companies in the New Zealand trade is sufficient for normal requirements at the present time.

2. While giving full consideration to the various causes which have operated in materially increasing the cost of running vessels as compared with pre-war times, the Committee, after carefully weighing the evidence given, is of the opinion that the rates now quoted for privately owned produce are unwarrantably high. These rates, when applied to an output of frozen meat, dairy-produce, meat sundries, flax, and animal by-products equal to that shipped in 1919, and an output of wool equal to that shipped in 1914, would involve the payment of £5,143,202 in excess of the payments made for freight on these products during the year 1913. Moreover, these rates are in excess of those ruling during the actual war period. The Committee was unable to ascertain the excess amount involved by the present rates for cargo from Great Britain to New Zealand as compared with 1913, but if the figures could be ascertained they might be expected to aggregate to a large sum.

3. The evidence obtained as to combinations among shipping companies gives cause for grave concern, especially when the dependence of the Dominion upon refrigerated tonnage is realized and consideration given to the relatively small total amount of refrigerated tonnage existing in the world as compared with ordinary cargo-vessels. Thus the existence of these combinations of shipping companies owning refrigerated tonnage constitutes a position which has in it possibilities of creating trading-conditions calculated to operate to the disadvantage of the community generally.

4. Notwithstanding the fact that sufficient refrigerated tonnage for present-day normal requirements is owned by the companies now in the New Zealand trade, the Committee is of the opinion that, consequent upon the possibilities latent in the combinations existing, it is desirable, in the best interests of the Dominion, that a shipping line be established which will be entirely independent of any combination, and that the Government should assist in the establishment of such a line by guarantee, financial assistance, or otherwise.

5. Among the most important features of the evidence obtained was the information given to the Committee regarding the methods adopted by shipping companies or combines in preventing opposing independent lines securing outward cargo from Great Britain, among which methods the granting of freight rebates constituted an important feature. In order to combat this, the Committee recommends that legislation based on that contained in the United States Shipping Act, 1916, be introduced. The nature of the provisions contained in the United States Act referred to may be summarized as follows :—

Synopsis of Sections 14 and 15 of the Shipping Act (U.S.A.), 1916.

Shipping companies are declared by the Act to be common carriers, and a Board is set up to administer the Act.

Section 14. Common carriers by water are forbidden—

- (1.) To pay or allow, or agree expressly or impliedly to pay or allow, any deferred rebate. "Deferred rebate" means a rebate to shipper of part of freight charge in return for shipping all or part of his goods by carriers' vessels or for any other purpose, payment of rebate being deferred beyond the period of service to cover a period during which it can be seen whether agreement complied with.
- (2.) To use a "fighting-ship" either separately or in conjunction with others. (A "fighting-ship" is one used to drive a competitor out of a particular trade.)
- (3.) Retaliate against shipper by refusing space or by discrimination because shipper has patronized a rival, or lodged a complaint, or for any other reason.
- (4.) To make unfair or unjustly discriminatory contracts with a shipper on basis of volume of freight, or to unjustly discriminate against a shipper (a) in matter of space or facilities, (b) loading and landing of freight in proper condition, (c) adjustment and settlement of claims.

Penalty : 25,000 dollars for each offence.

Section 15. The common carrier by water must file with the Board a copy of every agreement with another relating to rates, concessions, accommodation, regulation of competition, pooling, restrictions of sailings, volume of business, &c.

Board may disapprove, cancel, or modify agreements unlawful without approval.

27th October, 1920.

GEORGE HUNTER, Chairman.