

experience of a year or two's running would mean there would be greater security for the existing companies, as the moderation of our rates would be realized. I prophesy that a State line could not run at a profit at the present rates; and the only way of keeping it alive would be to make the Consolidated Fund bear the loss (which would be economically unsound), or alternatively to raise rates of freight.

132. Have the shipping companies, in submitting these freights to the Committee, taken into consideration the possibility that they may be opening the door to a change being made in connection with the Dominion's shipping arrangements?—We realized that contingency, and we consider that the proposed freights are very moderate.

133. That is, for the moment?—I do not say that those rates are there for all time; and when there is a fall in running-expenses no doubt it will be reflected in lower rates, as it would not be fair if expenses came down to keep the rates up.

134. You no doubt have some knowledge of the rates charged in the pre-war days by the shipping companies for wool, meat, and dairy shipments, and of the contracts in connection therewith?—I am reasonably aware of such facts.

135. Are you aware that during those contracts certain firms were able to ship wool at a lower rate and allow heavy rebates to the growers? If it were possible to carry wool in that case at a considerably lower rate than what is now being charged by the shipping combine, and to return handsome profits to those who shipped, could not lower rates be provided for now?—I do not quite like the term "shipping combine," which is not a fact.

136. I am not using it in an offensive sense, but you must admit that there is a set rate arranged by the shipping companies working in harmony with regard to different classes of produce: does it not point to the presence of a combine?—I understood you to say that in pre-war days some people were able to load at lower rates of freight than were charged under the contracts. I should like an example.

137. I can give you a very good one, in my own case: I was one?—I know there was one year when Sir Walter Buchanan did propose it in the Freight Reduction Committee: we charged, I think, not lower rates, but the same rates.

138. The companies did not charge lower rates, but the producers were able to show that there was a very great profit in the rates charged?—My answer would be this: Supposing that one or two individuals formed themselves into a company—it need not be a large one or have a very large capital—and they chartered perhaps two steamers, and they made on a capital of £10,000 a profit of £2,500, which would represent a dividend of 50 per cent. on each vessel, they are speculators for the time being and operate only when conditions are favourable. Well, their steamers come to New Zealand and load in the height of the season wool only, which before the war was the most payable cargo going. But they do not trade with New Zealand in the slack season; they do not bear the heat and burden of the day; they do not do—as our liners frequently had to do—go away from New Zealand in the winter-time one-half or two-thirds empty. The winter trade from New Zealand was a most unprofitable one. My point is this: if you make a profit in the summer you have to provide for a certain loss on many of the steamers in the winter.

139. There is a suggestion that there has been more stuff in the country than could possibly be taken away by your steamers?—Are you referring to pre-war times?

140. No, in the post-war period; and, indeed, for many years it is stated there has been more stuff produced in the country than there has been shipping to take it out of the Dominion; so that there has been really no slack time. Is that within your knowledge?—I can hardly agree that there is no slack time, and I anticipate empty space for general cargo next winter.

141. Have you considered the possibility of the farmers, the freezing companies, and producers generally combining with regard to establishing a shipping line to get their produce away, and sharing the profits attached thereto?—I have my doubts about the profits. I may be wrong, but I do not see them materializing to the extent anticipated.

142. A scheme like that would be carried right through once it was started. Do the shipping companies realize that the people of the Dominion have taken that view, and that the companies are up against the grave possibility of its becoming the policy of the Dominion?—I quite realize it; but you should also consider that there are more remunerative trades than New Zealand. We are not going to neglect New Zealand so long as we are fairly treated, and we intend to try and keep the trade here; but if we have to look to the possibility of New Zealand neglecting us, then our position may have to be reconsidered.

143. Is this the position: that as long as the shipping companies are having their own way as regards their charges for taking away our produce they are not likely to forsake New Zealand?—The matter operates both ways. We will be faithful to New Zealand, but expect New Zealand to reciprocate.

144. As to the expenses problem, you think that the peak load is being reached?—It is difficult to say, and I can only base my calculations on the indication given in the cablegram I quoted from the Old Country.

145. That peak load, of course, has a lot to do with the cost of stuff leaving this country?—Yes, and I realize that much hinges on reasonable charges. So long as the existing shipping companies charge you reasonable rates you have no justification for suggesting going elsewhere for tonnage.

146. You are satisfied of that?—I am.

147. Are we to understand that there is no hope of any reduction at present in the quotations for dealing with the stuff as soon as the commandeering or requisition comes to an end? Are these prices finally definite from the shipping association?—Unless circumstances most unexpectedly alter, I do not see how the rates can be less.

148. *The Chairman.*] There is not a reasonable prospect of a modification or reconsideration of the charges set out in this circular?—I do not think so. That is my own personal opinion.

149. *Mr. Lysnar.*] Do you think they are likely to increase?—It depends very much on what unexpected increases there may be in running-costs. Otherwise, I think an effort will be made—I can make no promise—to adhere to these freight rates if at all possible. I think that every effort should be made.