

shares of £1; issued, £2,000,000, in 1,000,000 ordinary and 1,000,000 preference shares, fully paid, of which 993,567 ordinary are held by the Peninsular and Oriental Steam Navigation Company. 436,183 preference shares were on the London Register at 30th November, 1919. The preference shares are entitled to a cumulative dividend of 5½ per cent. (payable 31st May and 15th December), to priority for capital, and in the event of a winding-up to further participation after repaying the ordinary shares. Preference shares on the London Register (within Nos. 1000001 to 2000000) are quoted in the official list. Prices marked in 1919: Highest, 21s. 6d.; lowest, 19s. 3d. Both classes of shares are also quoted at Edinburgh. That is all I have to say.

*The Chairman:* That is all valuable information.

Hon. Sir W. BUCHANAN, M.L.C., examined. (No. 9.)

*Hon. Sir W. Buchanan:* My connection with New Zealand shipping dates from the year 1897, when the freight-reduction movement commenced. Freezing and meat-export had then been fourteen years in operation, and great difficulties were experienced as to successive shipping contracts—as to rates of freight and sufficient insulated space. Wool freights were in some cases double the Australian rates, shipments in some cases being made to England from New Zealand via Sydney at lower rates than were obtainable by direct route from the Shaw-Savill or the New Zealand Shipping Company. We obtained guarantees of thirty thousand bales of wool from settlers, and in this we chartered sailing-vessels at a freight of 1½d. per pound, which worked out at 10s. 5d. per 400 lb. bale. We also aimed at the carriage of meat and dairy-produce, but the liners frustrated that by forestalling us with a hurried contract of five years with the freezing companies, which shut us out completely. Steamers of the Clan Line followed the sailers, and we practically controlled the rate of freight for all classes of unrefrigerated exports until the war broke out in 1914, when all British ships were commandeered by the British Government. The business methods we followed were very simple. We got offers every season for steamer or sailer in the world's open market. On receipt of these tenders we submitted the lowest to a committee of wool-growers, on whose approval the season's rate of freight was fixed; and consequently the liners had to come into line, or take the risk of our chartering more ships. When it was pointed out that ½d. per pound on each season's clip amounts to about £100,000 sterling, it will at once be realized that the freight-reduction movement saved many thousands annually to the producers of the Dominion during the seventeen years of its operations. Not only was this the case as applied to wool, but also as to flax, tallow, and the numerous other important items of export. The shipping companies made an important reduction on frozen-meat freight within forty-eight hours of the freight-reduction being announced. How this was done was as follows: When they found that we were "on the warpath," within six-and-thirty hours of their coming to know it they cancelled a fifteen-months unexpired meat contract, and entered into a new five-years contract at a substantial reduction of freight. Then we found it impossible to do anything with regard to frozen meat and dairy-produce, because this five-years contract practically bound all the then-existing frozen-meat companies, and consequently we were forced to remain the carriers of unrefrigerated produce only. The finance was conducted very simply by means of a bank guarantee given by a couple of settlers, the loading-expenses of each ship being rounded up and discharged directly the bills of lading were signed. Our last charter was a first-class new steamer to load in New Zealand early in January of 1914, able to carry about forty thousand bales of wool; but the Imperial Government commandeered her before she could leave England, and so our freight-reduction movement was brought to an abrupt end for the time being. We had, however, established our claim to a share of the Dominion's export freight on such a firm basis that the liners were glad to admit in writing that we were entitled annually to sixty thousand bales of wool, as well as a proportionate share of other exports. Nothing further was done until 1917, when an influential conference of representative settlers and business men, hailing from Auckland to the Bluff, met in Wellington to consider the shipping question, the outcome of which was that a committee was appointed to ask the Government whether they would assist, financially or otherwise, in the establishment of a producers' shipping company in the event of a company being formed. The reply of the Government was that they could not see their way to take any action until the conclusion of the war. In the summer of last year I paid a short visit to England, one of my objects being to resume the chartering of ships by the Scales Company to again carry New Zealand unrefrigerated produce at reduced rates. I accompanied the Hon. Mr. Massey to an interview with Lord Inverforth, who was then Minister in control of wool-shippments, and the following letter from him gives the result of our negotiations:—

"Ministry of Munitions, Whitehall Place, S.W. 1, 30th May, 1919.

"DEAR MR. MASSEY,—

"Referring to our interview yesterday, I have now to state that the position with regard to freight arrangements for carriage of New Zealand wool is as follows: The wool was carried during the war, under arrangements with the Ministry of Shipping, at a freight of 2½d. per pound, which under the circumstances of the time was very cheap. In February we were informed that the rate had been reduced to 1½d., and that the liners were soon to be released, and that the condition would be imposed upon them of carrying the Government wool at 1½d. Not satisfied with this arrangement, we brought pressure to bear upon the liners, who agreed to carry all the wool required for the United Kingdom and France up to the 31st December, 1919, at the very favourable rate of 1½d. We are therefore bound to the liners up to the end of this year, except with regard to wool for Italy and other outside destinations. This, however, is principally Australian wool, and does not seem to offer much inducement to the Scales Company, whose special position you have brought to my notice.

"Four to five months hence the time will come to make arrangements for the 1920 freight-requirements. We shall notify the agents of the Scales Company (Messrs. Lawther, Latta, and Co.) in due course, and they will be given an opportunity of making an offer to carry such portion of the New Zealand wool to Europe as they may be interested in. It will then be seen whether or not the Scales Company are in a position to compete on equal terms with the established liners. In justice to the New Zealand sheep-farmers, who have a heavy interest in the profits of the resale of the wool, the Ministry will, of course, feel obliged to secure the lowest possible freight for the wool which can be obtained from ships under the British flag.

"Yours sincerely,

"INVERFORTH."