The following letter from Lord Inverforth's office is of special interest :—

"Ministry of Munitions (Supply), Imperial House, Tothill Street, Westminster, S.W. 1, 10th July, 1919.

"DEAR SIRS,—

"We were informed some time ago by a representative of the Scales Shipping Company of New Zealand that the company would be ready to tender for the transport to the United Kingdom and France of the Government wool from New Zealand as soon as we were ready to consider shipping arrangements, following upon those already in force, which extend until the 31st December. The Ministry is now considering proposals for the carriage of about sixty thousand bales of wool per month from New Zealand to British and French ports throughout the year 1920. I shall be glad to hear what proposals you can make on behalf of the Scales Company.

"Yours faithfully,

"A. H. GOLDFINCH, Director of Raw Materials."

The Committee will note Lord Inverforth's statement that he would in four or five months notify Scales's agents in London to send in tenders for the carriage of some of our 1919–20 New Zealand wool-clip, instead of which, notice was received by the agents on the 10th July—that is, within forty days, instead of the four or five months as specified in Lord Inverforth's letter to Mr. Massey. Cable communications at that time often took thirty days, and it was impossible to get into correspondence with New Zealand with the view of pointing out what the conditions were in London, and enable us to tender in competition with the liners for the carriage of the 1919–20 season's clip. I immediately waited on Scales's agents, and I now read a quotation from their response to me by letter : "I am prepared to stand behind you for the conveyance of sixty to seventy thousand bales of wool, in two shipments, from New Zealand during the second half of next year. This offer I am prepared to take unconditionally, the rate of freight to be not less than is being accepted by the liners.—JOHN LATTA.

This letter was signed by John Latta, who is head of the firm. This offer was duly made to the Government Shipping Control Department and refused, and a large portion of this wool is still lying in New Zealand.

1. *Mr. Field.*] At 1⅝d. ?—Yes. These were two comparatively new ships, and able to carry 40,000 bales of wool apiece. There was no question of the ships being available. They had been employed by the Imperial Government for the carriage of all sorts of stores, and were perfectly suitable in every respect. To show the Committee how determined they were in their refusal, when I called at the office I asked for an extension of the time within which we could make an offer. The reply I received was, "Next day at five o'clock your opportunity closes ; we cannot give you any further time than that." They were, in short, absolutely determined to shut us out. After my return to New Zealand a meeting of producers, freezing companies, and other representative men took place in the Farmers' Institute, Wellington, on the 19th February of this year, at which it was resolved to request the Government to ask the shipping companies to indicate the rates and conditions of shipping freights they proposed to charge after the 30th June, when the Imperial Government's requisitions of Dominion produce were arranged to terminate. The reply of the shipping companies was to the effect that they were unable to specify any definite rates of freight until the Imperial Government had finally released their ships. A cable message, however, has since been received suggesting a still further increased freight above the war rate. These rates are shortly as follow : On an 800 lb. bullock, £6 8s. 4d. ; excess above pre-war rate, 360 per cent. On a 60 lb. sheep, 10s. 9d. ; excess above pre-war rate, 318 per cent. On a 35 lb. lamb, 6s. 5d. ; excess above pre-war rate, 308 per cent. On a 400 lb. bale of wool, £2 14s. 2d. ; excess above pre-war rate, 260 per cent. On a box of butter, 5s. 7d. ; excess above re-war rate, 223 per cent. On a pound of cheese, 1⅝d. ; excess above pre-war rate, 250 per cent. I do not propose to take up the time of the Committee by attempting to define what would be fair rates of freight under the present high cost of ships, of labour, of coal, and other material. Balance-sheets indicating shipping-rates of profit are in very few cases obtainable, as we were told by the shipping representative, Mr. Findlay, last week. But the quotations of the London Stock Exchange as to shipping shares afford ample and reliable proof that their profits during the war have been simply enormous. No further evidence of that fact is necessary than that £100 paid-up shares of the P. and O. Company stood not long ago at over £600—although they have recently suffered a fall to the neighbourhood of £400, chiefly through coal and labour troubles. The grave fact which this Dominion is up against is that combination in recent years by the shipping companies has given them such absolute power as to rates and conditions of import and export freights that effective steps should with as little delay as possible be taken to put an end to that power. To show what the position really is, nothing could be very much clearer than the statement of the Prime Minister of the Commonwealth on a recent occasion. I quote from the *Evening Post* of the 28th February, 1920 :—

"Referring to the recent cable message from London concerning the refusal by conference steamship lines to pay freight rebate to merchants who ship goods by the Australian Commonwealth Line, Mr. Hughes (Australian Prime Minister) said : 'This is further proof, if such were needed, that the shipping combine is using every means in its power to remove its only competitor. It is evidently determined not to stop at trifles. For some months past the combine has been exercising its tremendous influence to dissuade merchants from shipping their goods on the Commonwealth Government Line of steamers, and though this is the first occasion on which it has actually refused the rebate, it has threatened all merchants who have the temerity to ship goods to Australia on vessels owned by the Australian people with dire pains and penalties. Several of our vessels have had to leave England in ballast, some with only five or ten tons of cargo. It is very unfortunate that the great British shipping interest should resort to such tactics. Their object, of course, is perfectly clear : they hope by driving out of the trade their only effective competitor to control freight rates to and from Australia completely, and extort from the producer what they choose. To the producers of the Commonwealth this is literally a matter of life and death. High freights mean low prices for the Australian producer. Every 20s. a ton increase in freight means a decrease of 6d. a bushel in the price received by the farmer. A paragraph recently appeared in the Press informing us that the freights from Australia had been raised from 105s. to 150s. When the Government control of shipping is removed in Britain, and the shipowners are able to fix their own rates, there is no doubt whatever that we may look for further increases. In the circumstances, the only hope for the producer is the existence of a line which will, by healthy competition, ensure such reasonable rates as will leave him a fair margin of profit.' "