How do you find the trading-station as a business proposition apart from the copra question?—Well, we have not had a long experience here—we have only run for six months and we have balanced up to the 31st August. According to our balance-sheet figures the profit on our stations amounts to 1·14 per cent. of the capital outlay.

The Chairman.] Is that ascertained on a strict profit-and-loss basis?—Yes.

You do not include interest on capital?—No, certainly not. Nor do we include any profit that we may make on the station copra at £16 per ton. Any profit that we may make on that is a head-office profit; but, on the other hand, we charge our stations 10 per cent. on the landed cost of goods in Apia. Our balance-sheet shows only 1·14 per cent., but actually we made a little more.

What is that balance-sheet that showed a profit?—The half-yearly balance-sheet.

Head office at Apia?—Yes.

Does it amalgamate the returns of the different branches?—It amalgamates them, sir, and shows the profit made at the branches as a separate venture.

Is there no general balance-sheet showing the results?—Yes.

What does that show for the copra?—On the trading-stations as a whole the profit is 1·14 per cent. net.

The Chairman: That does not help us very much.

Judge MacCormick: That brings in your general trading operations. We are not concerned with the question of the profit on goods.

Mr. Baxter.] That includes both merchandise and copra dealing?—Yes

You have to comply with any regulations before you are granted a trading license?—Yes. We have to comply with regulations laid down by the Administration.

What are they?—I have a copy of them here. [Handed in.]

That is a correct copy of the trading regulations?—To the best of my knowledge and belief. It was handed to me by my predecessor.

How much does it cost you to establish a station?—The minimum is £750, but, on an average, it is nearer £1,000.

Then, I suppose there are rentals to pay?—Yes; when we obtain a site from a Native we are bound by the Administration to pay a minimum rental of £12 per annum for a store-site and £8 per year for a copra-shed.

The idea seems to be to improve the quality of the copra. Would it be possible for the merchants to buy two qualities of copra?—Yes, quite possible.

Could you do it at the same expense?—No. It would mean the erection of additional copra-sheds and extra labour.

Would you, therefore, be agreeable to join in any scheme for the improvement of copra?—Yes, quite agreeable.

Do you consider if such a scheme were drawn up you would be able to pay the prices now advanced by the Government?—No; possibly $\frac{1}{4}$ cent above the ordinary Native prices.

I conclude from that you could not make it a paying proposition at that price?—No, not at the prices paid by the Administration.

You have not offered so far to come up in price?—No, for the very good reason that we thought it would be useless to do so while the Administration was paying such high prices. It is no use our offering $3\frac{1}{4}$ cents for a grade of copra that the Administration is offering $3\frac{3}{4}$ cents for.

Have you any knowledge in regard to whether it is an advance or a purchase?—Yes, I have had conversations with our traders and with an actual seller.

The Chairman.] Do you mean to tell me, Mr. Dowling, that you doubt the statements of the Administrator that they are consigning the copra and not purchasing it out and out?—I can assure you, sir, that some of the sellers do not understand that.

You do not believe that statement that has been made by the Administration that they were not buying any copra out and out?—I would not say that. To the best of my knowledge and belief the Natives do not understand that.

Apia seems to be a garden of suspicion?—May I put it this way: The Natives do not understand that they may be called upon to pay any losses incurred by the Government.

I certainly understand that, but it is quite another matter. If they did understand it I think there may be a difficulty in collecting it?—Would I be in order in saying, sir, that I am aware that people who have sold to the Government consider it to be a straight-out sale, and have no knowledge of any further contingencies.

The Chairman: You have said it, but it will not affect my mind. It is not the sort of evidence on which Courts act.

Mr. Baxter.] What provision have you made for freight here?—From the $2\frac{1}{4}$ cent district at the rate of 12s. 6d. per 1,000 lb. That is the Faasaleleaga district, on Savai'i.

Is there a freight rate fixed among launch-owners in Apia?—Yes.

How is your firm doing under that rate?—Running the whole of our vessels at an utter loss.

Mr. Meredith.] Your firm is here to make a profit, and you buy with a view to making a profit?—Yes.

And I suppose the more profit your firm makes the better they will be pleased?—Yes.

Naturally you do not like anything that affects those profits: you will agree with me in that, naturally?—Yes, that is a natural assumption.

You have said that different grades of copra can be bought and kept separate?—Yes, at additional expense.