

majority of their outgoing suppliers for many years ; in fact, it is not too much to say that many shares have been acquired in the industry in the knowledge and on the expectation that a reasonable discount would be imposed on their ultimate resumption.

56. After the present chaotic position has been settled it is unlikely that the Tribunal would be called upon very often to adjudicate between the dry shareholder and his company. The principles would then be well known and any fair approach to the matter by the then parties should result in prompt and amicable settlement. In any case, there is no reason why any company cannot, as at present, agree with any of its shareholders to resume at any rate mutually agreed upon or to pay out a higher rate than fixed by the Tribunal if the wet shareholders agree.

57. The composition of such a Tribunal is, we think, very important. We consider that it should be comprised of, say, three persons who should have a definite knowledge of the industry. It would inspire confidence on the part of the company concerned if one of the members were nominated by the Dairy Board, and we are of the opinion that the Minister of Agriculture should nominate another person, and, as it will be at all times necessary to protect creditors, the third person could be nominated by the Minister of Stamp Duties, the Department which administers the present Part III of the Dairy Industry Act, 1908, and the Companies Act, 1933.

It should be emphasized that dairy-company representatives have indicated a strong preference for such a set-up, rather than that these matters should be determined by Court procedure and litigation.

It has been mentioned to the Committee by several companies that they consider that any moneys set aside from butterfat proceeds for the purpose of resuming dry shares should be exempt from taxation, but as this matter is outside the order of reference of the Committee we do not feel that we should make any recommendation in this respect.

SURPLUS SHARES

58. Many current suppliers of companies are holding more shares than they now require to relate their shareholding to their present supply. These now unrequired shares are known as "surplus" or "excess" shares. Many companies have urged that these surplus shares should be treated as if they were dry shares. If they were so defined and treated, then the holders would be entitled to resumption in five years, if the Committee's recommendations become effective. The Committee feels, however, that there are too many administrative difficulties to permit of a solution of this problem being laid down. It has been emphasized that the statistics of dry shares quoted in paragraph 22 refer only to the shares of persons not now supplying the company in which the shares are held. We have no statistics as to the number of surplus shares of members of dairy companies. In some cases, we do know, the proportion is quite substantial. As these surplus shares have come into being in many different ways, and as there is no certainty as to the proportion which will continue to be surplus, we think it can safely be left to the companies themselves to discharge their true obligations in this respect ; and if a solution of the present vexed dry-share problem is found, companies will have the incentive to keep their shares related, as far as is practicable, to their actual supply. We think that it should be made clear that companies have the right *at any time* to resume such surplus shares, a right now contained in section 50 of the Dairy Industry Act, 1908.

UNTRACEABLE SHAREHOLDERS

59. As we have previously mentioned, many shares have been dry for a generation or more. As will be seen from the statistics quoted in paragraph 22, there are many holders ; thus the individual sums are often small. Present whereabouts of many of those shareholders are unknown. Many will be deceased or have left the country. The Committee found that in some cases the Christian names and occasionally even the