

APPENDIX I

New Zealand Dairy Board,
Wellington, 15th March, 1948.

To The Chairmen,
All Co-operative Dairy Companies.

DEAR SIRS,

Arising from discussions at the 1947 National Dairy Federation Conference and following the passing of a remit sent from the Federation to the 1947 Dominion Dairy Conference of the New Zealand Dairy Board, a Committee was set up by the Board to report on the position of existing legislation affecting the Dairy Industry, with particular reference to non-supplying or "dry" shareholders, the adequacy of Articles of Association to provide for immediate and future developments of the Industry, and the incidence of taxation on amounts set aside as reserves. The preliminary investigation of this Committee indicated that in the interests of dairy companies and dairy farmers there was urgent need for fresh legislation, and it was recommended that, in order to ascertain the full extent of the difficulties to be overcome and the most satisfactory remedy, a Committee should be appointed by the Government to receive evidence in confidence and report to the Hon. the Minister of Agriculture.

With the approval of the Board I approached the Hon. Minister (Mr. E. Cullen), asking on behalf of the Industry that a Committee of enquiry be appointed. The Minister has now agreed to this request in respect to the first two matters, namely "dry" shareholders and Articles of Association, and has announced the Committee as Mr. H. A. Foy, Director of the Dairy Division, representing the Department of Agriculture (Chairman), Messrs. C. H. Courtney, Secretary of the New Zealand Dairy Board, and F. W. Groom, Office Solicitor to the New Zealand Co-op. Dairy Company Limited, representing the Dairy Industry, Mr. E. C. Adams, District Land Registrar, Wellington, representing the Registrar of Companies, and Mr. J. E. Marshall, Head Office, Department of Agriculture, as Secretary. The Minister felt that questions of taxation with their wide ramifications could not come properly within the scope of any Committee concerned principally with Industry matters. The opportunity which many dairy companies have been seeking for years is now available with the knowledge that evidence may be given in the assurance that it will be treated in strict confidence and for the purpose intended. It will not be passed on to any Government Department and will not go outside the members of the Committee. It is hoped that the deliberations of the Committee will result in adjustments of the difficulties that have been developing over a considerable period.

I have ascertained that the Committee desires typed submissions setting out the views of interested companies and individuals, and if possible these submissions by the end of April. After consideration of the submissions the Committee will fix an itinerary of visits to dairying centres to give opportunity for personal evidence and discussion.

In order to assist companies and individuals interested, might I suggest that submissions follow, as far as possible, common lines such as the following:—

(All information to be treated by the Committee as strictly confidential.)

Five typed copies to be supplied to Mr. J. E. Marshall, Department of Agriculture, P.O. Box 3004, Wellington.

1. Name of Company.
2. Date of Incorporation.
3. Copy of Memorandum and Articles of Association.
4. Copy of latest Annual Report, Balance Sheet, and Accounts.
5. Number of shareholders:—

(a) Supplying	..	..	No.	Total Nominal Value £.....
(wet)	..	..		Total Paid-up Value £.....
(b) Non-supplying	..	..	No.	Total Nominal Value £.....
(dry)	..	..		Total Paid-up Value £.....

6. Brief outline of policy for resumption of shares.
7. Suggestions as to remedy of position *re* non-supplying shareholders.
8. Outline of problems arising from defects in Articles, with particular reference to compulsory payment of dividends, voting powers of "wet" and "dry" shareholders, whether dairying operations are carried on in groups within the company or as a whole, and the general suitability of Articles to meet modern trends and in the undertaking of new projects.
9. Suggestions and recommendations generally on any of the above or related matters.

There is nothing to prevent individuals desiring to submit evidence in stating the extent and nature of any hardship which they fear might result to them from changes in the present general set-up, and if they so desire they may offer their suggestions as to how the present position can best be remedied.

In conclusion, the Board considers that the Dairy Industry should take the fullest advantage of the present opportunity being offered to put its house in order, and I would urge that this matter be treated seriously and dealt with promptly.

Yours faithfully,
W. F. HALE, Chairman.