

ARTICLES

8. Submissions hereon disclose that many companies have in recent times made amendments to their Articles, particularly in regard to the rate of dividend or the rate of interest on shares, often altering the previously mandatory provision to an optional one. Some companies state that they have been advised by their solicitors that notwithstanding those alterations have been made in the manner set out in the Companies Act, the dissenting shareholders are not bound and can still demand the rate of dividend or interest previously applying.

9. Many of the submissions urge an alteration to the Articles to make the payment of a dividend optional, but no suggestions or recommendations have been received as to what should be done in respect of the "dry" shares thereby to be deprived of a dividend or an interest rate.

10. Another submission contains the suggestion that in lieu of dividends all shareholding suppliers receive a shareholders' bonus on their actual butterfat supply—in other words, no supply no bonus, neither should a supplier who is not a shareholder receive a bonus.

11. Again, a perusal of Articles sent in and of the submissions to hand indicate that many companies have no provision to enable them to diversify their manufacturing operations or to make differential payments to various sections of their suppliers; such a provision is particularly necessary where companies are now engaged in the Town Milk business or any combined cream and whole milk operations including, or course, manufacture of by-products.

12. Some companies have submitted that the Articles should empower all companies to make differential payments to cover the extra cost of collection and administration of what is known as the "billy can" supplier.

13. Another submission is that the contract between the company and the supplier shall, in the absence of writing to the contrary, be deemed to be for the then current season only, thus enabling the company to fix the basis from year to year and avoid being bound by customs of the past not equitable in the light of changing conditions.

14. It has also been suggested that the control and management of a dairy company should be in the hands of the "wet" shareholders only, and in particular that a 75% majority vote of "wet" shareholders at a properly-constituted meeting should bind all shareholders of the company, "wet" and "dry", it being stated that the Courts have held that dissenting shareholders are not bound by any prejudicial alteration in which they do not acquiesce, thus permitting the minority to hold up changes in administration.

While many companies may feel satisfied that their written submissions as furnished to the Committee have given all possible information on their problems, some companies may still desire the opportunity of oral discussion with the Committee. With this in view it is the intention of the Committee to visit several centres. If your company's representatives wish to meet the Committee for further discussion, I shall be pleased to receive your notification accordingly at the earliest possible date, so that a suitable itinerary might be arranged.

I would reiterate the statement of Mr. W. E. Hale, Chairman of the New Zealand Dairy Board, to the effect that all submissions, whether written or oral, will be treated in the strictest of confidence by the Committee.

H. A. Foy,
Chairman, Committee on Dairy Legislation.