217. If a witness has said that a badly fed North Island sheep produces 4 lb. of fat, and that a first-class properly bred and well-fed Canterbury sheep has 14 lb. of fat, would you think the statement correct or incorrect ?—It is possible for an individual sheep to give 14 lb. of fat, but you have to take the average. I stated that three times as much fat was absurd.

218. *Mr. Lethbridge.*] Do you know that the Wanganui Meat Company had just the same experience as Nelsons when they started to freeze on owners' account, and could not get sufficient sheep?—I did not know it; but, of course, as I said, if they did that years ago, the farmers are more alive to their own interests now.

219. Was not that company started by farmers?—Yes, and it was a failure. Farmers, as a rule, are bad business-men, and the original shareholders in that company made a mess of it. But when the company got into the hands of sound business-men and got over its initial difficulties, then it began to pay.

220. Then, the farmers sold their shares?—Yes. It is quite possible to do this if a new company started: to have a provision in the articles of association that the stock of the company shall be taken up by farmers, and that no shares shall be transferred to other than farmers for ten years. I think you would get shares taken up on that basis. Recently we asked the Meat-export Company, when they proposed an allocation of 15,000 shares, that they should issue them to the farmers on the basis that the shares should be kept for ten years. I do not know whether Mr. Buchanan ever put that proposal to the company, but it did not give us the offer, any way.

221. Is it not a fact that some of the directors of the Wellington Meat-export Company are suppliers to the company?—Yes.

222. And also on the Wanganui Meat Company?—Yes. Mr. Birch is himself a supplier. Of course, there is another grievance, and that is that we have never had from the companies what we consider a fair price for our tallow. When the South Island people are getting 3d. a pound they palm us off with 2d. or 2½d. a pound. Tallow has always been worth more down South than up here. The by-products, the pelts, are worth in the London market from 15s. to £1 5s. up to £1 10s. a dozen. The allowance made here by the companies, say, in the month of April was 1s. 9d. and 1s. 10d. for the pelts; and at that time they had six months' wool on them.

223. Have you heard it stated that on account of the better feed in the South there is more stearine in the fat?—There may be something in that, because there is something more vital in the fat; the properties may be harder.

224. *Mr. Lang.*] In reference to limiting the shares to farmers, and making it impossible to transfer them to other than farmers within ten years, would that not affect the value of the shares?—No. I think it would give stability to the company.

225. I mean so far as the shareholders themselves are concerned. It was pointed out by Mr. Lethbridge that the farmers of the Wanganui company sold out. If you restricted the shares to farmers it would lessen the value of the shares?—It would all depend upon the success of the company and the dividends it was paying. If it were making something below 5 per cent., and not building up a reserve fund, it would make a difference. The Gear Company distributed £36,000 of reserve funds amongst its shareholders. The total capital subscribed by the shareholders amounts to £56,000, but their paid-up capital represents £92,000. The actual amount of money coming out of the pockets of the shareholders was £56,000. Their own balance-sheet shows that.

226. Why do not the farmers form a co-operative company?—That is a different matter altogether. If I take up forty or fifty shares in such a company as I referred to, I take them up knowing that I have to keep those shares, and that I have to help that company in order to get my money out of it. I do all my business with it, knowing that I have a liability to hang on to those shares for a number of years. If the farmer would look at the matter in that light it would make the company much stronger.

WEDNESDAY, 24TH SEPTEMBER, 1902.

JOHN MARTIN, Farmer, of Martinborough, examined. (No. 9.)

1. *The Chairman.*] Would you prefer to make a statement or be examined by members of the Committee in cross-examination?—I would prefer to be examined.

2. *Mr. Hornsby.*] It has been stated before this Committee that there is a difference in the weight of the inside fat in a North Island sheep as against that in a South Island sheep, in favour of the South Island sheep of two-thirds—that is to say, that in a prime North Island as against a prime Canterbury sheep the Canterbury sheep will have 12 lb. or 14 lb. of inside fat as against 4 lb. or 5 lb. of inside fat in a North Island sheep: can you give the Committee any information as to whether that is a correct statement or not?—The difference would be scarcely so much, I think. A difference of two-thirds would be as against 12 lb.

3. No; 4 lb. in a North Island sheep as against 12 lb. in the Canterbury sheep?—I should think there would be scarcely so much. I believe there is a difference, although I cannot account for it.

4. Have you any idea of the difference in weight in the inside fat?—No, I cannot account for the difference; I do not see why there should be the difference.

5. With regard to the quality of the sheep sold to the companies, what sort of sheep do the buyers of the companies prefer to take from the settlers when they are round buying from them?—The heavier sheep, undoubtedly.

6. The heavier the sheep the more they take?—Yes.

7. What encouragement is there for the farmer to breed the small, nuggety, handy little sheep, say up to 56 lb. to 60 lb.—speaking for the Wairarapa, because there your knowledge is absolute?—That is, of course, one of the grievances that a small farmer has in our district. There is no