

amount at risk at any time of the year is never under £50,000, and is frequently more than £150,000. This, of course, covers meat, tallow, wool, and various other items which it is practically impossible to sell before shipment on anything like fair terms, and you will thus see how impossible it is for a company to commence its operations at the beginning of the year, and so to shape its course as to say we shall have 8 per cent., or any other per cent. of dividend, so-much to put to reserve, so-much to write off for depreciation, and so forth. We have a large amount of speculative risk in the business of the company, and we never know at the end of any one financial year what the results of the year may be until at least six months after the close of that year. To give an example. About three years ago we happened to have nearly two thousand bales of wool in the London market. Wool had been very low, and we expected to meet a very poor market. Instead of that there was a very sudden rise that nobody expected, and a very large profit was the unexpected result. Of course, a different result might easily have accrued, and when critics of freezing companies point to the £25,000 that we have as a reserve fund, and £7,500 as an insurance fund, as a very large sum indeed, it is no such thing. It is very moderate reserve when the risk of the company is considered. It is also imagined that this amount of £32,000 is at call in the bank or available in the form of cash, but in reality every copper of it is invested in buildings and plant to do the work of the farmers—about the best purpose to which it could be put. As a matter of fact, 1s. per head of loss on the number of stock put through by the Meat-export Company in one year would swallow up the whole of the reserve.

79. *Sir W. R. Russell.*] Can you tell what proportion of the shareholders are townsmen and country-men in your company?—No, I could not exactly, because in the case of a good few of the shareholders it is very difficult to place them in either category. All I can say is that when this agitation started throughout the country over the freezing business we circulated lists of the shareholders showing the voting-power of town and country, and it showed at once that the country settlers had absolute control of the company to do what they liked with it.

80. At any rate, at the annual meeting of the company, have you a preponderance of townsmen or country-men attending at the meeting?—Very few country-men, indeed, attend the meetings, but they send down their proxies to be used if necessity arises.

81. Do you know the average weight of sheep you freeze?—I gave the average. The average this last year was 56½ lb. freezing-weight.

82. How did that compare with the South Island sheep?—I do not know the average freezing-weight of this last year in Canterbury, but I should say there would be very little difference between them. It will, I think, vary from ½ lb. to 1½ lb. in favour of the North Island. We send ours away mostly as four-tooth as against two-tooth sheep in Canterbury.

83. Do you not freeze two-tooth sheep here?—Very few. The light weights I gave are all practically two-tooth.

84. About this sending of sheep from the North Island to the South Island: can you account for that in any way? Do you say that the butchers purchase them?—The position is quite simple, as will be seen by the Shaw-Savill Company's return of the number of legs and pieces from year to year shipped by the North Island and none at all by the South. The butcher in the North Island for the most part gets his mutton at boiling-down price. In Canterbury, on the other hand, he has to come into competition with the freezer. He has to pay the high freezing-rate for Canterbury quality, and he can afford to give a big price for the heavy North Island wethers which are usually shipped.

85. Now, let us take a case I have read of in the newspapers, and which, I may say, has come under my notice, because sheep from Mount Herbert have been sent down to Wellington and various parts of the South Island. The shipper has paid freight and landing-charges, and still has made a profit. How can you account for that?—In the first place the Hawke's Bay prices are usually lower than are paid here. The Mount Herbert sheep are well known to have been heavy sheep, and, taking these factors into consideration, it can easily be seen how these sheep could have been shipped at a profit.

86. Then, again, in the matter of lambs, I know as a fact that southern buyers have come up to Hawke's Bay and bought lambs at a higher price than we could get locally. Can you account for that?—Yes, I will give a typical case. One of the Meat-export Company's clients, on the advice of the Meat-export Company, sold his lambs to a southern buyer for 12s. The southern buyer, however, stipulated for heavier weights than the company, and this, of course, makes all the difference. We have also always advised our clients when they have Down lambs not to sell to the company, because they are bound to do better if they ship on their own account, the reason being this: that the great bulk of the company's lambs are ordinary crossbred, and if these Down lambs were mixed up amongst them, we could not get from c.i.f. buyers the differential price that they are worth unless the company kept them separate and consigned them on their own account to the London market. I have never sold a single lamb personally to the Meat-export Company for freezing, and a good many of the company's clients have followed the same course by the company's advice. I am now referring to the Down lambs. In the case of the particular client I spoke of the stipulation with the southern buyer was that the lambs must be up to a given weight. Towards the latter end of the season the weights were found to be deficient.

87. You mean that they were fat?—Yes; but they were also light in weight, and the company took them at the ordinary price.

88. What do you mean by the company's ordinary price?—We were giving 10s. 6d., and at that price we lost money this year.

89. You mean that your company took the residue of the lambs at the price you were paying ordinarily for lambs?—Yes, for most of them. As the season went on the lambs were improving, but many of them never got to the weight stipulated by the purchaser at the beginning of the season.

90. You said that the southern buyer was giving 12s., and the company's price was lower?—We gave 10s. 6d.