

CHARLES JOHN REAKES examined. (No. 2.)

1. *The Chairman.*] What is your position?—I am Director of the Live-stock Division in the Department of Agriculture.

2. Will you make a statement to the Committee?—Yes. Some time since I furnished the Minister with a confidential report in regard to the Meat Trust, and I understand that copies have been handed to the members of this Committee. That report includes what authentic information we have had to date, and also in it I endeavoured to give him in a concise form a sort of summary of some important points which have been brought out by previous inquiries. In the first place, there was the United States Commission which reported in 1890, and later there was a British Departmental Commission in 1909; while in addition—and this is not referred to in the report—there was a Royal Commission set up in Australia in 1914. In the report there is one paragraph, emanating from a very responsible source, to which I would like to call special attention. The paragraph is as follows: "It is clear that the Chicago beef interests are obtaining complete control of the Argentine industry, and any interruption of the Australian and New Zealand supply will enable them definitely to consolidate their position in the Argentine, leaving them free to deal with Australia and New Zealand at their leisure. It seems to be established beyond doubt that their intention is to obtain control of the world's meat-supply." It seems to me that is really the crux of the whole position, and we know that at the present time in New Zealand one of the most powerful firms, which was formerly included in the Beef Trust, has already established itself here—that is, Armour and Co.

3. This report mentions that Armour and Co. are established in New Zealand?—Yes. They have established themselves as a subsidiary company under their own name. There is one rather notable fact—namely, they are established with a capital of £20,000. Well, their operations already are so large that they could not be carried on with a capital of £20,000 alone.

4. *Mr. Pearce.*] Does your report give the managers of that company?—Yes, there are three people. Mr. Carney holds all the shares but two. He is understood to be associated with a United States firm dealing in wool and skins, which is in turn understood to be associated with Armour and Co. He is an American, and has been living in Christchurch for some years. Armour and Co. have come here under their own name, and are trading quite openly and making no secret of the fact. Last year they did a fair amount of business. They were up against some very strong competition, especially in the North Island, and I am told that during the coming season they intend to considerably enlarge their operations. A few months ago a Mr. A. L. Joseph, who carried on a pretty big meat-exporting business, and used to buy stock on the hoof and have it killed and dressed for him by various freezing companies, mostly in the South but partly in the North, died, and a few months ago Armour and Co. took over the whole of his business. That has given them an already-established business to work upon in addition to what they have made and are making on their own account. Armour and Co. have no freezing-works of their own, and I have no knowledge of their having made any attempt to acquire any works. They carry on in the same way that other meat-exporters do: they buy their stock and put it through the various works—presumably those works that are most conveniently situated to where the stock are bought—and have it dealt with—presumably at the usual charges—by the freezing companies for killing, freezing, and so on.

5. They do not kill in any special works?—No, I do not know that they do. They kill at several works. When they first established themselves in New Zealand I communicated with all the freezing companies and asked them whether they were proposing to do business for Armour and Co. and kill for them, and I got replies from most of them to the effect that they were established to do business for clients, and if Armour and Co. came along they hardly saw how they could refuse to kill for them.

6. *Mr. W. H. Field.*] How long ago was that?—I think, about two years ago.

7. *Mr. Pearce.*] In your report I do not see any mention of the Ocean Beach Freezing-works. Birt and Co., of Melbourne and Sydney, own those works, and they are not agents for Armour and Co., of Australia?—I understand they acted as Armour and Co.'s agents in Australia.

8. Armour and Co. do not use those works entirely?—No.

9. You know there is a possibility of those works belonging to Armour and Co.?—I believe not. Birt and Co. own them, not Armour and Co. They are an established firm in London.

10. But they are Armour and Co.'s agents in Australia?—Yes, so it is understood.

11. If they are the owners of the works, that means their agents are controlling them?—They own the works, and the local company of J. G. Ward and Co. are the managing agents for Birt and Co. I do not know what the arrangement between Birt and Co. and their agents are, but Birt and Co. are carrying on the Ocean Beach Freezing-works in very much the same way as other companies carry on their works. If a client comes along and wants stock put through they will put it through, provided they have the space, no matter who the man is.

12. *Dr. Newman.*] They are buying very largely in the North Island?—Yes, considerably; and I was told yesterday by a meat-company man—I would rather not mention his name—that he had been informed by one of Armour and Co.'s men that they were getting hold of every good stock-buyer they could get hold of in the South Island.

13. *Mr. Scott.*] Are the agents offering higher prices than other agents?—I do not know whether they have begun to operate for the next season yet to any extent, but last season they had to pay pretty high prices, because the people competing with them had to pay high prices. As a matter of fact, I think many companies operating in the North Island, especially on the west coast, had a rather hard time of it: they were putting the prices up against each other.

14. Do you think they are going for the best stock?—I do not know that Armour's are exercising any greater discrimination than any other large operators are.