332. But still the policy is not being carried out?—Not generally. The original idea is to keep London supplied with New Zealand produce. That is our main object in New Zealand, but we are not tied down to that. We can sell to other people if we like if they are willing to give us more money.

333. You found fault with the methods of business here in that business people were competing against each other and not putting their heads together?—Not as far as business and prices are concerned, but regarding things in a general way. I do not say that they should get together for a secret combine or anything of that sort, but about business in general—new conditions, and so on, and the possibility of changes in those conditions in the future.

334. So that although you have four hundred packing-works in America you still have a common policy?—I think their ideas are a great deal more alike than those of the business men in this country in regard to business.

335. *Mr. Field.*] More uniformity in business methods?—Yes.

336. *Mr. Talbot.*] Would not the farmers in this country be alarmed if they knew that the people in the meat business were getting together?—Yes, I think they would be alarmed.

WEDNESDAY, 10TH OCTOBER, 1917.

The Chairman produced a letter, dated 25th September, 1917, from Mr. W. D. Lysnar, which the Committee desired should be recorded in the evidence.

Following is the text of the letter:—

DEAR SIR,— Gisborne, 25th September, 1917.

When in Auckland last week I was informed that there was some talk that the Westfield Freezing Company, in conjunction with the Whangarei Freezing Company and W. and R. Fletcher, were making an effort to capture the bacon trade. This prompted me to take an opportunity to search the records at the Registrar of Companies Office, Auckland, and ascertain who the Westfield Freezing-works really represented, as I had previously understood that the Westfield Freezing Company and the Whangarei Freezing Company and W. and R. Fletcher and Co.'s business were all really run by Vestey Bros., of England. According to the official documents filed I found that the Westfield Freezing Company is owned by George Llewellyn Denton James, engineer and architect, Wellington, who holds 500 shares, and Alexander Grant Duncan, draughtsman, Wellington, who holds another 500 shares, making a total of 1,000 £1 shares. The company was registered as a private company on the 2nd March, 1915. The Whangarei Freezing Company (Limited) is owned by George Llewellyn Denton James, engineer and architect, Wellington, 500 shares; Alexander Grant Duncan, architect, Wellington, another 500 shares: being of value £1 each. The company was registered as a private company on the 15th December, 1914. I also found by the register that W. and R. Fletcher (N.Z.) (Limited) was owned by Stanley George Chambers, Auckland, public accountant, 950 shares, and Ralph Lionel Ziman, Auckland, solicitor, 50 shares, making a total of 1,000 £1 shares. The company was registered as a private company on the 8th December, 1915.

I am personally acquainted with the Mr. James referred to above, as he acted as architect to the freezing-works we built at Gisborne. About the end of 1915 Mr. James informed me that he was about to leave the Dominion, as he had been engaged by Messrs. Vestey Bros. to travel over different parts of the world for the purpose of constructing and remodelling freezing-works, which would entail his visiting Australia, Argentine, France, Russia, America, and England, where they had freezing interests, with the result that he sold his business in Wellington to his brother, Mr. Alexander James, and Mr. C. J. McCarthy. Mr. G. L. D. James proceeded to Port Darwin in about January or February, 1916, where, he personally informed me, he was constructing works for Vestey Bros. involving an expenditure of over £250,000. His health broke down there, and he visited New Zealand again for a few weeks about six months back, after which he proceeded to the United States to fulfil some engagements there; and a few weeks ago he returned to New Zealand, and is at present in Auckland supervising some alterations and additions to the Westfield Freezing-works.

Mr. A. G. Duncan referred to I believe to be a clerk in Mr. James's Wellington office, but about a year back he went to the war, and, so far as I am aware, is still at the front.

So far as I could learn, W. and R. Fletcher's business in England is reported to have been sold to Vestey Bros., and I understand that S. G. Chambers is auditor for the Whangarei Freezing Company (Limited), and Mr. Ziman is their solicitor.

I searched the titles of the land upon which the Westfield Freezing-works and the Whangarei Freezing-works are situate, and in both cases they are registered in the name of the respective companies, and free from encumbrance by way of mortgage.

I was credibly informed that the freezing-works at Westfield would cost something over a quarter of a million, independent of extensive additions that they are now undertaking there; and regarding the value of the works at Whangarei, while these were not of so great a value as the Westfield works, they would entail a very considerable expenditure. There is reason to believe that all these companies are really controlled by one and the same source (which is either Vestey Bros. or Armour and Co.) in some indirect way.

You are probably aware that under the Companies Act, where any foreign person or company resident outside the Dominion is operating in New Zealand through somebody else, they must appoint an attorney under deed, and must lodge a copy of such power of attorney in the Supreme Court office nearest to where they are operating. I made a careful search at the Supreme Court office in Auckland to ascertain if there was any power of attorney lodged appointing any one to act for them in connection with Vestey Bros., W. and R. Fletcher, or Armour and Co., of London, and found there were no powers of attorney filed. I think it right and proper to bring this matter especially to your notice, and suggest that you and your Committee should give the matter some special consideration as to whether it would not be prudent for you to recommend an amendment of the company law making it obligatory on any person who holds shares in any company, private or public, to file a statutory declaration as to who are the real owners of the company for whom they are nominally holding; for it would be idle to say that the individuals who are the nominal owners of these companies, which own property worth over £400,000 and are dealing in purchasing meat worth many hundreds of pounds a year, should be represented by three companies with a total capital of £3,000.

It also occurs to me that there is a door open in this matter that may seriously affect the revenue which our Government may be entitled to in connection with the licenses and taxations in the operations of these companies. Take the annual license fee alone. A company registered as the Westfield Freezing Company with a capital of £1,000 would pay a very small annual license fee, whereas if that company were properly registered for its full amount of capital it would have to pay several hundred pounds for its annual license alone. And, again, will the company only pay taxation on the profit that goes to the nominal owners, or on the ultimate profit that goes to the real owners, who, I suggest, are wholly represented outside the Dominion? These are matters upon which I think very necessary for your Committee to obtain the advice and guidance of the Law Office of the Crown—as to how the companies laws should be amended so as to checkmate tactics of this kind. I suggest there can be no wrong in providing legislation that would disclose the real owners of any company. It would seem that these are common tactics applied by these