1917.

NEW ZEALAND.

# MEAT EXPORT TRADE COMMITTEE

(REPORT OF): TOGETHER WITH MINUTES OF EVIDENCE, EXHIBITS, AND APPENDICES.

*Report brought up 25th October, and, together with the Minutes of Evidence, Exhibits, and Appendices, ordered to be printed.*

## ORDERS OF REFERENCE.

*Extracts from the Journals of the House of Representatives.*

FRIDAY, THE 20TH DAY OF JULY, 1917.

*Ordered*, "That a Select Committee be appointed, consisting of ten members, to inquire into and report upon the present position and future prospects of the export meat trade of the Dominion, and more particularly the operation of the organization known as the American Meat Trust; with power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Anstey, Mr. W. H. Field, Mr. Forbes, Mr. Lee, Hon. Mr. MacDonald, Dr. A. K. Newman, Mr. Pearce, Mr. Scott, Mr. Talbot, and the mover."—(Right Hon. Mr. MASSEY.)

FRIDAY, THE 27TH DAY OF JULY, 1917.

*Ordered*, "That the number of members of the Select Committee appointed to inquire into and report upon the present position and future prospects of the export meat trade of the Dominion, and more particularly the operations of the organization known as the American Meat Trust, be increased to fourteen by the addition of the names of Mr. Dickie, Mr. T. A. H. Field, Mr. Reed, and Mr. Witty."—(Right Hon. Mr. MASSEY.)

FRIDAY, THE 3RD DAY OF AUGUST, 1917.

*Ordered*, "That the names of the Hon. Mr. Ngata and Mr. Anderson be added to the Meat Export Trade Committee."—(Right Hon. Mr. MASSEY.)

## REPORT.

THE Committee appointed to inquire into and report upon the present position and future prospects of the export meat trade of the Dominion, and more particularly the operation of the organization known as the American Meat Trust, has the honour to report that the Committee held twenty-three meetings and examined the following witnesses:—

Right Hon. W. F. Massey.
Dr. C. J. Reakes, Director Live-stock Division, Agricultural Department.
Mr. W. H. Millward, managing director Gear Meat Company.
Mr. W. G. Foster, managing director Wellington Meat Export Company.
Mr. M. A. Eliott, partner Mellsop, Eliott, and Co., Palmerston North.
Mr. H. J. Gill, managing director East Coast Freezing Company.
Mr. A. S. Paterson, merchant (A. S. Paterson and Co.).
Mr. J. C. Cooper, managing director Wellington Farmers' Meat Company.

Mr. D. G. Sinclair, buyer, Armour and Co. (of Australasia) (Limited).
Mr. W. D. Lysnar, chairman Poverty Bay Farmers' Meat Freezing Company.
Mr. W. Wood, merchant (W. Wood and Co.), Christchurch.
Sir G. Clifford, chairman Canterbury Frozen Meat Company.
Mr. W. Murray, director and manager New Zealand Refrigerating Company.
Mr. R. B. Bennett, representative H. S. Fitters and Sons, London.
Mr. E. J. Arlow, manager S. V. Nevanas and Co. Proprietary (Limited).
Mr. S. J. Ambury, chairman Auckland Farmers' Freezing Company.
Mr. D. Long, secretary Auckland Farmers' Freezing Company.
Mr. P. S. Carroll, managing secretary Taihape Freezing-works.
Mr. F. S. Candy, manager Hawke's Bay Farmers' Meat Company.
Mr. H. A. Knight, chairman New Zealand Refrigerating Company.
Mr. C. S. Harper, manager Borthwick and Co.
Mr. C. C. M. Ollivier, auditor for Sims, Cooper, and Co., Christchurch.
Mr. A. Rowlands, manager W. and R. Fletcher (N.Z.) (Limited).
Mr. H. G. Warren, secretary Nelson Bros. (Limited).
Mr. W. Kinross White, managing director North British Freezing Company.
Mr. J. Findlay, representative Shaw, Savill, and Albion Company.
Mr. W. I. Carney, director Armour and Co. (of Australasia) (Limited).
Mr. R. A. Anderson, managing director J. G. Ward and Co., Invercargill.
Right Hon. Sir J. G. Ward, Bart.

The Committee finds—

1. That the conditions prevailing during the war, under which the meat-output of the Dominion has been purchased by the Imperial Government, have necessarily held in suspense the system of trading which was in operation before the Imperial Government took over the meat-supply. It follows, therefore, that the operations of the meat trade are not carried on with the freedom of contract which prevailed, and will prevail, in normal times.

2. That Armour and Co. (of Australasia) (Limited) is a company registered in New Zealand, and operates in New Zealand on American capital. It is financed and controlled by Mr. J. Ogden Armour, of Chicago, president of the firm of Armour and Co., Chicago. Armour and Co. (of Australasia) (Limited) freeze in various works throughout New Zealand.

That in a pamphlet published in 1917 by Armour and Co., setting out their business organization, it is stated that Armour packing plants are operated in Argentina, Brazil, Canada, and New Zealand, and Armour selling organizations are located in London, Paris, Rotterdam, Hamburg, Bremen, Frankfort, Copenhagen, Stockholm, Milan, Cape Town, Havana, Buenos Ayres, Panama, Canada, and elsewhere. The evidence before the Committee has not disclosed the works mentioned in the pamphlet, or that this company had any such packing-works in New Zealand.

That Vestey Bros., of Great Britain and Chicago, U.S.A., control the following companies operating in New Zealand—namely, W. and R. Fletcher (N.Z.) (Limited), Westfield Freezing Company (Limited), and the Whangarei Freezing Company (Limited).

It has been suggested that Sims, Cooper, and Co. (N.Z.) (Limited) are controlled by or assisted with American capital, but after taking evidence from various sources no proof of this has been forthcoming to that effect, but that financial support is received by the company, in so far as buying in New Zealand is concerned, from local banking institutions.

3. That some buyers have given prices for stock which could not be justified in view of the Government rate. This has obtained more particularly in the North Island. The result of these undue prices has been to cause some freezing companies to suffer heavy losses, and in one case it brought about the closing of a company's works for part of last season.

4. That it is unsatisfactory and unfair to the New Zealand producers that enormous profits should have been made out of the sale of New Zealand released meat in Britain.

5. That freezing companies are giving large buyers special rebates and concessions. This operates to the detriment of small buyers and tends to create monopolies.

6. That a system has grown up in New Zealand of establishing companies financed and controlled by capital obtained beyond the Dominion. These companies register in New Zealand with a capital entirely disproportionate to their scale of operations.

7. That at present there appear to be sufficient freezing-works in New Zealand for the stock offering under normal shipping conditions. There is, however, a complaint, which is justified, that space is allotted to large buyers to the prejudice of small producers.

8. The system of payment f.o.b. by the Imperial Government is not conducive to the interests of the small producers, as it tends to put the trade in the hands of the large operators. The small producers are not financially strong enough to wait any length of time for payment, and are placed at a disadvantage with respect to storage and interest.

9. That in some countries the American Meat Trust has already established control of the meat trade. By its operations it first inflates prices of stock to kill competition, and then acts detrimentally (1) to the producers by forcing prices down below the fair market value, and (2) to the consumer by imposing excessive prices.

10. That in this Dominion the producers, except as shareholders of freezing companies, have not up to the present suffered from the operations of large firms, but keen competition has induced high prices. There is, however, a distinct danger in the growth of any combination which may endeavour to control values to the injury both of the producer and the consumer.

The Committe therefore recommends—

1. That legislation be at once passed giving the Government power to make it illegal to grant concessions in consideration of exclusive dealing and to control or prohibit special rebates.

2. That the Government promote legislation generally (*a*) to control monopolies; (*b*) to prevent unfair trading by freezing companies or shipping companies; and (*c*) to provide for issuing licenses to freezing-works and the business of meat-exporters; (*d*) dealing with shipping as common carriers; (*e*) making charges of carriers just and reasonable; (*f*) preventing undue preference; (*g*) prohibiting pooling of freights and earnings; and (*h*) providing that common carriers shall print and exhibit schedules.

3. That the Government should forthwith consider a scheme for (*a*) controlling the export of frozen meat after the war, and (*b*), in conjunction with the Imperial Government, the distribution of meat in Britain. (NOTE.—This is necessary to prevent the exploitation of the producer or consumer by meat trusts.)

4. That effective measures should, in the interests of the British consumer, be taken by the Imperial Government to control the prices of released meat in Britain.

5. That the Government, either in conjunction with the Home Government or the New Zealand producer, consumer, and importer, or with all of these parties, should establish a controlling interest in the freights and shipping between New Zealand and Great Britain.

6. That the Government should, in the interests of the small producer, and in view of the probable serious shortage of storage space, take power to prevent large buyers monopolizing space in freezing-works during the war.

7. That special care be taken to see that foreign firms and their agents, and also companies registered in New Zealand with small capital, which carry on large businesses by means of outside financial support, shall not escape taxation on the grounds that small, if any, profits are made on their trading in the Dominion. Provision should be made that such firms shall be taxed to an amount not less than is paid by New Zealand firms not so financed or controlled.

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# MINUTES OF EVIDENCE.

FRIDAY, 3RD AUGUST, 1917.

Right Hon. Mr. MASSEY. (No. 1.)

*Right Hon. Mr. Massey* (Prime Minister) made the following statement: I shall not be able, Mr. Chairman, to remain with the Committee this morning, as I have other important engagements; but I desire to place before the Committee a report of the Imperial War Conference, containing a resolution moved by Sir Albert Stanley, President of the Board of Trade, and also a speech made by myself. [Printed documents handed in.] I also desire to add that we fear the trusts in this country, and have good reason to fear them seeing what has taken place in the Argentine. To me it seems so serious because if they once get into the position in London of controlling the meat trade there it will very seriously affect New Zealand, and no doubt that is what they are aiming at. If they get established in London they would be able to squeeze the producers at this end and squeeze the consumers at the other. The British Government, especially the Board of Trade, sees this possibility, and I can assure you that everything possible to prevent the trusts there going in for exploitation will be done, but they want our assistance and ask for it, and I think we should do everything we can to assist them.

*Mr. Reed:* Do they indicate the direction in which we can assist them?

*Right Hon. Mr. Massey:* In the way of supplying them with information as to what is going on here and making recommendations. They want the Government to help them by continuing to control the export of meat from this country. I believe that will have to be done. I do not know whether the control will remain as it is, but I think it would be a huge mistake for the Government to allow the meat to be dealt with by the trusts and other people concerned in a way that possibly might happen after the war. I think some sort of control is absolutely necessary.

*Mr. Pearce:* They are doing it now under the present arrangement with what they release in England.

*Right Hon. Mr. Massey:* Yes, but it is very satisfactory to notice that the meat which is released and goes into the hands of the Meat Trust is only about 1 per cent. of that released, and would probably be not more than ¼ per cent. of that sent from New Zealand. We cannot, however, shut our eyes to the influence. Personally I am rather afraid of it. They must possess an enormous amount of influence, with an enormous capital behind them.

*Mr. Anstey:* In order to do anything effective it seems to me you would have to go to the extent of the Government buying all the meat here and eliminating the outside buyer altogether.

*Right Hon. Mr. Massey:* Speaking for myself, I am prepared to go that length. As a matter of fact, I would stop at nothing to prevent these people getting control. It would be the most serious thing that has happened to New Zealand if they did.

*Mr. Anstey:* The evidence we have had from Dr. Reakes that two firms—Armour and Co. and another firm—are buying large quantities. It seems to me if we are going to control it the Government will have to buy the whole lot.

*Right Hon. Mr. Massey:* Yes. There is also the shipping problem, which will have to be taken up. I referred to it at the Imperial Conference. The Imperial Government contemplate controlling the whole of the overseas shipping as between Britain and the Dominions. The manner in which they will control it has not been decided upon, but the idea is that it may be done in the same way as what is called the Inter-State Commission in the United States controls the freights in both shipping and railways in that country. The idea is that something in the way of a Commission of experienced men should decide upon reasonable freights as between, say, the United Kingdom and New Zealand. I am taking New Zealand as an illustration. Then, if it is not possible for the shipping companies to carry our produce at those rates arrangements will be made whereby the shipping companies will be subsidized; but the underlying principle is that of preference. It is a matter in which very substantial and satisfactory preference may be given to British citizens resident in the Dominions. This is the sort of body they have in view, which will tend to make the Empire, in the words of Sir Albert Stanley, self-sufficing or self-supporting.

*Dr. Newman:* It is possible that the trusts may get a preferential rate from the mercantile marine, and squeeze us out and get a hold upon the ships.

*Right Hon. Mr. Massey:* What do you mean by "squeezing us out"?

*Dr. Newman:* The large steamers at present belong to America, and supposing the trusts go to the shipping companies and say, "You must give us preference in rates and preference in shipping," instead of being common carriers they are the servants of the meat trust there, and the producers here will be shut out.

*Right Hon. Mr. Massey:* It will be the duty of the Government to prevent that sort of thing if anything like it is attempted, and I do not think it would be extremely difficult to stop it.

*Dr. Newman:* Supposing the Government were to approach the P. and O. line, do you think they would give the Government a guarantee that there would not be preferential rates to the American Meat Trust?

*Right Hon. Mr. Massey:* I think that is possible. The Government must see that there will be no such thing as preferential rates with the American Meat Trust.

*Dr. Newman:* Already they have done it. Three or four years ago the New Zealand and other shippers were sending mutton to New York, and then later the shipping companies would not carry any more. They said our mutton would not go to New York. It is understood that the P. and O. line is the Cunard Company, and they might make secret arrangements.

*Right Hon. Mr. Massey:* Well, we must see that there are sufficient ships under our control when the war comes to an end to make us independent of those organizations. There is no doubt they are a menace. They are only formed with one object, and that is to protect their own interests and make large profits. So long as there is reasonable competition I do not think we have very much to fear, but self-preservation is the first law of nature, and after what I saw in England and what I have read of what took place in the Argentine and the United States we must take every possible precaution that we do not get into the same trouble here.

*Dr. Reakes:* They can kill competition.

*Right Hon. Mr. Massey:* Yes, we know what the system was in the Argentine. The first move was to buy an opponent out lock, stock, and barrel, make other arrangements for disposing of the output, and so close their opponents down. Those Argentine businesses not connected with the trust were in very serious financial difficulties when the Imperial Government came along, and it is helping them during the war period.

*Dr. Reakes:* I believe those difficulties were accentuated by the fact that the Americans were so able to manipulate the market in Smithfield as to make the Argentine companies sell beef at a loss for a time.

*Right Hon. Mr. Massey:* Yes.

*Mr. Anstey:* Do you think the Imperial Government would undertake to regulate the market at the other end?

*Right Hon. Mr. Massey:* I am confident it will if Sir Albert Stanley remains head of the Department.

*Mr. Anstey:* Will they not do it now?

*Right Hon. Mr. Massey:* They have control now.

*Mr. Anstey:* Presumably our mutton and beef does not go to the consumer at the price we sell it here, but the free meat does not.

*Right Hon. Mr. Massey:* That is so.

*Mr. Anstey:* Is there any reason why the Imperial Government should not take charge of that free meat?

*Right Hon. Mr. Massey:* Do you mean by "free meat" imported meat?

*Mr. Anstey:* Yes, released meat. Is there any reason why they should not take our lamb and supply the public institutions direct?

*Right Hon. Mr. Massey:* None whatever.

*Mr. Anstey:* And not release any of it at all to these companies. For instance, the camps—they are able to take all the meat.

*Right Hon. Mr. Massey:* There is a new arrangement coming into operation on the 1st September, which will give them the control of the retail price of meat.

*Mr. Anstey:* We have got control of the wholesale price.

*Right Hon. Mr. Massey:* Yes.

*Mr. Anstey:* But the Meat Trust may have it released to them, and they have retail shops, and therefore release it to themselves.

*Right Hon. Mr. Massey:* To a certain extent, yes.

*Mr. W. H. Field:* The statement you make is that these men have a very grave and growing influence?

*Right Hon. Mr. Massey:* That is my opinion. I have every confidence in the Imperial Government. Personally I do not believe the Imperial Government will allow themselves to be influenced. I am referring to influence in Parliament rather than in the Government.

*Mr. Anstey:* Do you suggest that this Committee or the Government can do anything in regard to the disposal by the farmers of the forthcoming season's meat? It is beginning to come in now. Can you suggest anything the Government can do to control that this year?

*Right Hon. Mr. Massey:* In addition to the control already possessed?

*Mr. Anstey:* Yes.

*Right Hon. Mr. Massey:* I do not know that we can do anything more than we are doing now.

*Mr. Anstey:* You know these buyers are paying more than the Government price?

*Right Hon. Mr. Massey:* Yes.

*Mr. Anstey:* And we as farmers are pleased to get it, but we realize we are getting it as a bribe for which we will have to pay by and by.

*Right Hon. Mr. Massey:* You know that the by-products are exceptionally valuable just now, and I think a great deal of the high prices is due to the gambling in by-products. For instance, pelts at 7s. each—a price unknown before.

*Mr. W. H. Field:* Do you think, Mr. Massey, that the United States Government will assist us in this matter?

*Right Hon. Mr. Massey:* No, I do not think so. I do not think you can expect to get any assistance from America.

*Mr. W. H. Field:* Even to accept some of our products in America?

*Right Hon. Mr. Massey:* That is a different matter. I think they would be only too pleased to get some of our products, but we could not let them have any at present.

*Dr. Reakes:* I consider it will go into the United States through the American Beef Trust.

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.

15. *Mr. Talbot.*] If they are trying to secure all the good buyers, that will mean that the salaries of buyers will go up?—Yes, that may be expected. They have never made it a secret from the beginning—they are operating quite openly. They are a tremendously wealthy firm, established here, and ready to go right into the market.

16. *Dr. Newman.*] Can you tell us anything about Swift's—the National Packing Company?—The National Packing Company has really dissolved now. It was formed, I understand, as the result of endeavour to get round the operation of the United States law when the Meat Trust proper was dissolved.

17. But there are other firms, such as Cudahy and Co.?—I have no definite knowledge that Cudahy and Co. are trading here. I was told that before the war broke out a certain individual had a good chance of being appointed by Cudahy and Co. as agent in New Zealand, but owing to the outbreak of war the company gave up the idea of appointing an agent here. That, of course, is only hearsay. There is another firm operating here, not in live-stock but in buying frozen meat, which I have been told is in association with Cudahy and Co.; but whether it is really in connection with them I have no proof. So far as I know, this firm is trading on quite sound lines in a small way.

18. In regard to Swift's, what do you know about them?—So far as Swift's are concerned, we have no absolute and definite information of their operating in New Zealand at all.

19. *The Chairman.*] Do you desire not to give the name of the firm you referred to just now?—Yes. It is hardly worth while giving it under the circumstances. There is another firm operating very largely in New Zealand—namely, Sims, Cooper, and Co.—who have been reputed to be in association with Swift's. We have made a very large number of inquiries, obtained such information as we could, and we have no actual proof that they are associated with Swift's. They started in business some years ago. Messrs. Sims and Cooper both held subordinate positions in Christchurch, and they very quickly blossomed out into very large operators.

20. Can you tell us anything about the London Produce Company?—The history of the London Produce Company is this, so far as we can ascertain: I have not the actual date, but some years ago Mr. Sims went to England from New Zealand, and I understand he tried to establish himself in business in London, but apparently was not successful. Then he paid a visit to the United States. He is understood to have gone over there to see if he could do business in pelts. He came back to London, and shortly afterwards two firms—Sims, Cooper, and Co., belonging to New Zealand, and later in Australia, and another firm, the London Produce Company, which has its office in London—were formed and commenced to do business. It is quite generally admitted that the London Produce Company is really Sims, Cooper, and Co., and most, if not all, of their London business is done through the London Produce Company.

21. *Mr. Reed.*] But not all?—We cannot trace everything. Generally speaking, we look upon the London Produce Company as the London agents of Sims, Cooper, and Co.

22. *Dr. Newman.*] Is there any proof beyond vague suspicion—because Sims, Cooper, and Co. are going to deny it? Have you any evidence that Sims, Cooper, and Co. are connected with the Meat Trust?—I have no definite evidence that they are connected with Swift's.

23. Or any American meat trust?—No, nor any American meat trust. There was a certain amount of presumptive evidence, but nothing to go upon, and Sims, Cooper, and Co. deny the fact that they were connected with any American company. Some months back Mr. Sims called upon me and said he was quite prepared to give me every opportunity for investigating the affairs of his company in New Zealand, and offered me facilities for going to his bank and going through all their financial transactions, and obtaining everything I wanted in the way of information. I told him that was a thing I could not do on my own responsibility, and that he had better write me officially on the matter. I had some correspondence with him, and then I told him I was referring the whole matter to the Minister, and that is where it stands. The correspondence is at the disposal of the Committee.

24. *Mr. Scott.*] Do you know who their agents are?—Their bank in New Zealand is the Bank of New South Wales. That information acquired then has not lately been added to to any extent. Sims, Cooper, and Co. have operated very largely since, and have continued the same somewhat aggressive form of business which has always characterized their operations throughout, and is also characteristic of the average American meat firm; but the fact of their operating on similar lines does not necessarily show there is any direct connection between them, and all attempts to definitely identify Sims, Cooper, and Co. with Swift and Co. have failed entirely. That is the whole position, and, as I have already said, they have offered the Government every facility for going into their business affairs. Then, in regard to the firm of Morris and Co.——

25. *Mr. Pearce.*] Is it your opinion that the firm of Sims, Cooper, and Co. are not connected or that they are?—All I can say is that they are very astute and very clever operators, and my own private opinion is that when they started business they probably got some financial support from the United States. Of course, that is absolutely guesswork; but whether they are associated with Swift and Co. or not now I cannot definitely say. In fact, it would not be fair for me to give an opinion when all efforts to identify them with Swift's have failed. I might say that recently we have been taking note of what has happened to the meat sent Home—the meat freed for sale in England.

26. There has always been a suggestion that they were buying very freely the beef freed in England, but they could not get any advantage out of that?—No. They have operated very largely in mutton and lamb here. I will read to the Committee a communication I have received from London. It is really a personal letter from a valuable source, but it is not of so personal a nature that I cannot read it to the Committee. It is dated 12th June, 1917, and reads, "I

have again been through the returns of meat sold by the London Produce Company. During January and February the total amount of New Zealand meat on behalf of the Board of Trade was 71,089 mutton and 303,877 lamb, and of this the London Produce Company handled 16,429 mutton and 57,492 lamb, equal to nearly 20 per cent. During March and April the total amount sold for the Board was 32,283 mutton and 121,112 lamb, of which the London Produce Company sold 5,171 and 17,391 respectively, equal to 14·6 per cent. It does not seem, however, that out of the amount sold by them the L.P.C. are yet supplying any undue amount to the Americans. In January and February, out of their total amount of mutton and lamb the Americans got about 1·3 per cent., and in March and April this had fallen to 2·16 per cent. Out of the total amount of meat released by the Board of Trade during January and February the American firms (Armour, Morris, and Swift) received together 1·74 per cent. of the mutton and lamb, and in March and April they got from all sources equal to 1·8 per cent. I have also been through the nominations up to the 'Ruapehu,' which left New Zealand in March. My figures run from the 'Somerset,' leaving New Zealand in April, 1916, and from then to the 'Ruapehu,' the seventy-four steamers had carried 5,467,706 mutton and lamb and 702,648 quarters beef. Of these quantities the London Produce Company had been nominated for 698,736 mutton and lamb and 39,417 quarters—*i.e.*, 12·7 per cent. and 5·6 per cent. respectively. I note that Sims, Cooper, and Co. have offered to put all facilities in the way of investigation, but I think one could make quite sure that having done so they will take care there is nothing to find out."

27. *Right Hon. Mr. Massey.*] They made that offer to me?—They approached me in New Zealand, and I referred the matter on to the Minister.

28. *Mr. Pearce.*] Is it not rather peculiar that there is only that small percentage that goes to the meat firms—1 per cent.?—Yes, that is so.

29. The percentage of meat released seems to be very large to that company?—They are very large buyers. I have not in my possession any figures showing the quantity they have put through the different works. They have been buying pretty heavily in the North Island this past season, but we could possibly get from the Imperial Supplies Department figures showing the payments made to Sims, Cooper, and Co. I think there is a system under which they are paid direct, but it does not follow that that covers the whole of the meat they bought. When putting small quantities through the works they may have been paid through the company, and the money passed on. It would be possible, of course, for the Committee to obtain from the different freezing companies the quantities they have put through for this firm. But the position seems to me to be this: that there is a very general belief that they are associated with Swift and Co. There is no proof that they are, but the people will continue to believe that they are so associated until the contrary is proved.

30. *The Chairman.*] You referred to the firm of Morris and Co.?—I have no knowledge that they are doing any business in New Zealand at all. They no doubt handle a certain quantity of New Zealand meat in England, but they may buy in the ordinary way; but the two companies with which New Zealand is most concerned are Armour and Co. and Sims, Cooper, and Co.

31. *Mr. Forbes.*] What about Borthwick and Co: they are pretty large holders?—Yes, they are British. I have no knowledge of their joining the American combine. As I told the Committee just now, I communicated with all the freezing companies and asked them if they were going to kill for Armour and Co., and Borthwick and Co.'s reply was that they were not killing for Armour and Co., and did not intend to do so. There was a report current in New Zealand some two or three years ago that Borthwick and Co. were associated with Armour and Co., and were acting for them, but there was no proof of it. They have always been looked upon as being a purely British firm. They might have sold a certain quantity of meat to Armour and Co. in America, but it does not follow that they were associated with them. They were simply selling their meat to people who would buy it. One of my officers handed me a letter he received from a storekeeper in the United States, in which he spoke very highly of some of the New Zealand meat he had sold. He said he had bought it from Armour and Co., and he sent out a tag which had been attached to it showing that it had been bought by Armour and Co. from Borthwick and Co. There is, of course, nothing in that, because Borthwick and Co. were buying meat and at the time shipping to the United States. The great danger is that many firms will either have to join the trust or go out of business altogether. The trust firms have such a large capital that they can practically ruin any competing firm if they wish to do so.

(At this stage the examination of witness was discontinued to enable the Right Hon. Mr. Massey to make a statement to the Committee.)

### CHARLES JOHN REAKES further examined.

32. *The Chairman.*] Will you now continue your statement to the Committee?—Well, gentlemen, I have already covered the ground fairly well. As regards the operations of Armour and Co. and Sims, Cooper, and Co. in this country, and as regards the general principles of the business, I have endeavoured to largely show the position in this report, copies of which you have, and it is unnecessary that I should traverse all that ground again; but the one underlying point in my mind is this, that the incoming of American meat companies into New Zealand constitutes one of the most serious matters that has ever confronted the New Zealand producers. We know their history in the United States. I gave an extract from the United States report, and we know their policy is to eliminate competition, and summed up it is calculated to squeeze the producer at the one end and the consumer at the other. That is the crux of the whole thing, and I am quite satisfied that the right thing to be done in New Zealand is to get such control over the meat-export trade as to prevent any possibility of that happening at this end, and at the same time get the co-operation of the Imperial Government to exercise control at the other end; because it is no use our working at this end if nothing is done at the other, our marketing end.

33. *Dr. Newman.*] You said that the Americans themselves tried to tackle the matter?—The American Government dissolved the trust as a trust. It is not a trust now—each company is acting individually; but there is reason to believe that when anything happens which acts as a menace to their common interests they will work in combination to combat that menace. That is the general impression. In some cases you will find them buying against each other and in competition with each other, but as soon as something comes along which acts as a menace to them, they may be expected to act in combination.

34. The United States brought in a law which regulates freights, but it has nothing to do with the meat companies?—No. The meat companies are very powerful in the United States at the present time. For instance, I met an American gentleman two or three years ago who came over here to see what could be done in the way of buying live-stock, freezing it, and sending it over to Seattle. His firm was not in the slightest degree suggestive of the Beef Trust—apparently it was acting quite independently of them; but I got very reliable information later that they were one of the offshoots of the Beef Trust firms. It is the same in most cases in America. If any one tried to start an independent company in connection with the business they would find it very difficult. I do not think I can say much more now except to refer to a firm mentioned by the Prime Minister—namely, Vestey Bros. The company which they are particularly interested in is known as the Union Cold Storage Company, one of the most powerful companies in the meat trade in England, and I took steps last year to get as much information as I could regarding that company, and the information is embodied in this statement, as follows: "Regarding the Union Cold Storage Company I have got some information about them, but nothing whatever which points to any collusion between them and the Americans or any American control of their company. As mentioned in my last letter, their share-list is available at Somerset House, but as it is a huge volume of three to four hundred pages it takes some getting over. My clerk here has been along twice already, but it will require a few more visits before giving any definite decision. Up to the present, however, the following has been ascertained: The share capital issued consists of 500,000 6-per-cent. £1 cumulative preference shares, 50,000 6-per-cent. £1 cumulative preference shares (10s. paid), 300,000 10-per-cent. £1 "A" cumulative preference shares, 300,000 ordinary £1 shares. The directors are: Roger Percy Sing, Eastham, Birkenhead; Thomas Baptist Horsfield, Manchester; Sir W. Vestey, Denmark Hill, S.E.; Ed. H. Vestey, Croydon; Sam Vestey, Herne Hill; John Jos. Vestey, Purley. The first two of these only hold small lots. The whole of the ordinary shares are held by E. H. Vestey, Sir William Vestey, and Sam Vesty. Of the 10-per-cent. shares, 40,000 are held by E. H. Vesty, 21,000 by Sir W. Vestey, and 1,585 by the two of them jointly, and there are several other of the Vestey family holding comparatively small numbers. Of the other shareholders there appears to be no one, or no group, holding sufficient to give them any control over the company. There are dozens of people holding from 1,000 to 2,000 shares, but the only larger numbers noted up to the present are 5,000 shares held by E. Hughes and P. Forester, and 4,000 by the Industrial and General Trust; but of course neither of those are large enough to have any influence." That seems to indicate that there is no preponderance of American influence in the company. I do not think I need say more, gentlemen. I have given you the general position as it appears to me, but I wish to emphasize the fact that I consider no steps should be missed to do what we can to prevent these so-called Meat Trust companies getting any measure of control over our business here, and do it as quickly as possible. Sims, Cooper, and Co. form a problem which will have to be elucidated.

35. *Mr. Pearce.*] Have you any suggestions to make as to the way in which this menace can be checked: for instance, getting hold of shares in New Zealand?—It would be a very difficult thing to prevent any reputable person buying shares in any company. You could not do it under the existing law.

36. This Committee could recommend that the law be altered: have you any suggestion to make in regard to legislation for the purpose of stopping it?—There was one suggestion I made to the Government, which was only made after a great deal of thought and with the realization that it would probably be looked upon as not being very effective; but if it can be laid down as a principle in law that the operations of certain firms are a menace to the well-being of the Dominion—if that can be done, then the Government already has power in its hands which would enable it to act, and that could be done by authorizing the Minister of Agriculture to refuse to renew the annual license of any company whose operations, on account of it operating on behalf of one or more of such firms, were of such a nature as to render them a menace to the well-being of the country.

37. They do not have a company of their own?—But a New Zealand company can pass over to the American people.

38. I understand they do not do that, but take portion of it?—You could not get at them entirely in that way unless you are prepared to lay down a rule that these firms are not to operate here at all. You must allow a company to carry on its business.

39. Of course, you would have to have some proof before taking any steps?—That is so.

40. Do you not think that one of the first things that ought to be done is in connection with shipping? In your report you state, "The trust firms had attained such a measure of control over the meat trade in the United States and over shipping-space to England that they were able in the United States to fix the price of beef both to the producer and the consumer"?—Yes, that is what happened.

41. You do not say where you got that information?—That was from the report of the United States Commission which reported in 1890.

42. They got control of the shipping-space—that was the lever they used?—Yes.

43. Do you not think that would be the first lever they would use in New Zealand?—I think it would be if they were able to do it; but that position could be met if the arrangement

is carried out, as mentioned by the Prime Minister, which is in the mind of the British Government—namely, to exercise a certain amount of control over Empire shipping. Shipping-space for the New Zealand exporters is absolutely essential in order to maintain the business of the producers.

44. And that there should be no preference given to any particular company?—Yes.

45. Would it be possible to do that by legislation?—I do not know. That is rather a difficult legal point: whether the New Zealand Government could legislate in connection with steamers owned outside New Zealand. It would have to be done probably in conjunction with the Imperial Government.

46. It has been suggested that the law should be altered to make them common carriers, so that they would have to carry for any one who offered them freight?—That probably would make some difference. The question of shipping depends largely upon the quantity of produce to be shipped, and the quantity of shipping-space available to take it away. If your shipping-space is in excess of the quantity of produce to be taken they probably would become practically common carriers, and be only too glad to get cargo. If, on the other hand, the produce is in excess of the shipping-space available, then there would be a very grave danger that the big wealthy firms having the best influence with the shipping companies would get preference.

47. The cargo has always been in excess of the shipping-space at the busy time of the year?—Yes. Danger would appear to exist also in connection with preferential rates and rebates—namely, the same rates being charged, but rebates given in special cases.

48. Is there not some way in which objectionable actions on their part could be stopped?—Well, there would be if the Imperial Government would co-operate with us.

49. *Mr. Anstey.*] Dealing with the question of buying meat here, you say Sims, Cooper, and Co. must be dealt with. Is there any particular harm in allowing Sims, Cooper, and Co., or any one else, to buy freely in New Zealand under the existing conditions?—We are controlling the whole output now. The position is very different to what it would be if there was absolutely free trade in meat. When I said Sims, Cooper, and Co. have to be dealt with, what I meant was this: that we should be able to know whether Sims, Cooper, and Co. are purely a New Zealand firm, or whether they are associated with or in collusion with Swift and Co. If they are a purely New Zealand firm we cannot interfere with them.

50. Supposing they are connected with the American Meat Company, do you think it would be wise to stop their operations during the forthcoming season?—I do not know whether I can go as far as that, but if after investigation the Committee are satisfied they are acting in association with Swift and Co., then they should be treated as a so-called meat-trust firm.

51. Then would you suggest that local buying should be stopped?—Not at present.

52. You understand that is the problem, for you must either allow local buying or compel everybody to consign?—Yes, but you cannot stop them on presumptive evidence.

53. But would you be prepared to go that length—to say that local buying should not take place by anybody?—I do not know that you can do that. You mean, everybody should put their stock through on their own account?

54. Yes?—That would be extremely difficult in the case of the small farmer. That is a thing which would be quite right in theory, but difficult to carry out in practice.

55. You think it would not be advisable?—Yes.

56. Is there any particular object, then, in blocking any particular buyer?—Yes, there is. If that buyer is a member of a big firm with such an enormous capital that it can afford to do twelve months' trading at a loss and lose as much money as would run an opponent out of the business altogether, then it is not a good thing to let those people go on buying.

57. Then you would suppress them as local buyers?—I would take such steps as would be best under the circumstances to prevent them unfairly competing with the local buyers.

58. What steps would you suggest? How would you prevent him buying from a farmer who wanted more than another, or prevent him selling?—I myself think that any steps that can be taken under any law we can see in sight at the present time would have to be taken in connection with the licenses of the companies.

59. Supposing you refused to license any local freezing-works, that would mean you would shut it up, and the only man you would injure would be the local farmer?—That is so in theory.

60. And what would you accomplish by so doing?—Then probably the freezing company would come to us and say, "It is hard lines to shut us up in this way; we are quite prepared to do away with the cause of the trouble and refuse to freeze for these other people."

61. In the meantime you practically ruin the market so far as the local producer is concerned?—If the freezing company were wise they would not allow their works to be shut up; and there would be plenty of buyers for other works.

62. Does not that show that it is very little use touching these people locally, and that the only place to control the American operations is not before you reach the ships, at any rate?—I think we can.

63. What can you really do locally, then?—As I have said before, you can exercise the powers you possess over the freezing-works. You could not go to a man who was a law-abiding citizen and say, "You are not to buy meat because you belong to an American firm."

64. But if you close the works you injure the farmer?—Only if you permanently closed the works, and no one else was available to send the meat away.

65. Would you suggest that the Government should seize the works and keep them open?—One way would be for the Government when the time comes, and they are in a financial position to do so, to take over the whole of the meat companies in that way.

66. Supposing instead of Sims, Cooper, and Co. themselves consigning they put nominally one of the buyers in as consignee, could you stop it that way?—To operate in his own name on their behalf?

67. Yes: could you stop that?—If you could prove his association with a trust firm.

68. The London Produce Company are practically Sims, Cooper, and Co.: is there any means of finding out to whom the London Produce Company sells the meat that is returned to them?—We have a good deal of information on that point, and I have already read that.

69. There was no information in that—it was simply that there was no evidence. Could not some more evidence be obtained?—Yes, I showed the percentages which were sold to the American buyers.

70. That is not quite the point. This free meat is handled by Sims, Cooper, and Co. and the London Produce Company, and to whom does the London Produce Company sell it?—They do not sell it direct to the consumer: they principally sell it to wholesalers, who pass it on.

71. Is there any evidence as to whether it goes under the control of the Meat Trust?—That I could not say. That is what I should like to know.

72. Have you any evidence that Sims, Cooper, and Co. actually tried to get preferential rates from the local shipping companies?—I have no knowledge of their business with the shipping companies.

73. You mentioned something of Sims, Cooper, and Co. having secured the Geelong Freezing Company?—They have had those works leased for some time.

74. Have they not leased them since they obtained them?—They took them over shortly after they were built. They belong to the Geelong Harbour Trust—a municipal trust.

75. *Mr. Reed.*] Could you supply us with a list of the freezing-works and freezing companies?—Yes.

76. And also a list of the shareholders in those various companies?—That might be obtainable.

77. Have you looked into the share-list of some of those companies that you believe contain outside capital?—Possibly I may have been misunderstood when I stated that one firm had offered to put a lot of money into certain freezing companies. I do not know that either of those freezing companies accepted the offer.

78. Who are the shareholders in Birt and Co., in Vestey's, and in Fletcher and Co.?—I could not tell you who are the shareholders in Birt and Co.—that is a London company.

79. Are they simply registered here as an English company?—Their works are at Ocean Beach. The official designation of the management there is "Ocean Beach Freezing-works: J. G. Ward and Co., Managing Agents."

80. Are Birt and Co. registered here or simply carrying on business?—I do not know what their status is in that direction.

81. In the case of Fletcher's or Vestey's, are they both registered here?—W. and R. Fletcher are registered here as a New Zealand Company. It is simply an offshoot of a large firm in London.

82. I understand their share capital is £2,000, and they must have about a quarter of a million or more worth of plant?—It is understood in New Zealand that they are acting on behalf of Vestey's and the Union Cold Storage Company.

83. Do you know what companies have been financed by outside capital? You mentioned just now that companies or outside individuals had offered to find money for freezing-works: do you know of any cases where companies have been financed in that way?—I do not know that I do, except that in more than one company the shipping companies have taken a large number of shares. I have only heard of reputed offers which have been made and have been turned down.

84. Could you also get the Committee a list of the exporters in New Zealand?—Yes, I could get that.

85. Also a list of the exporting companies?—Yes.

86. Also the English representatives of the whole of the exporting people?—Yes.

87. Do you know anything about the operations of Weddel and Co.?—They are a very large firm in London doing a big business and having representation in New Zealand.

88. Have you any reason to believe that they are in any way at all connected with the American Meat Trust?—I think there is no doubt they have a very large number of transactions with the Meat Trust people in London, but I have no reason to believe that they are in any way allied to them. I think they are quite an independent company.

89. Sims and Cooper were both in their employ after they first started in that line?—I have no knowledge of their having been.

90. Were not Sims and Cooper working in conjunction with Weddell and Co. when they first started, and were financed in the first instance?—I do not know who financed them when they first started.

91. They were clerks, were they not?—One was a clerk and the other either a clerk or a stock-buyer.

92. How long ago is it since they left employment of that kind?—I suppose they have been established about ten years now.

93. Have you any idea at all where their capital came from when they started?—Absolutely no knowledge.

94. Have you any idea of the extent of their transactions when they first started?—They grew very quickly, but in the beginning one's attention was not focussed on them very much.

95. They were small buyers to begin with?—Yes, but their business grew very rapidly indeed, and their operations extended.

96. Have you any idea of what the extent of their turnover is at the present time?—I have no idea, but it must be very large.

97. You know the history of the operations in the Argentine—you know the methods of the American Meat Trust for the purpose of acquiring a monopoly in the Argentine?—Yes.

98. The methods adopted were that they took possession of works and bought heavily from their competing firms, paying exorbitant prices for their stock so as to bring about a loss with all the companies, and they having the most capital could withstand a loss?—Yes, those were among their methods, and the English companies lost so much they were unable to stand up to it individually any longer. The English companies had to combine together to fight the other people.

99. If it had been illegal in the Argentine to purchase live-stock, could that operation have been carried out and the farmers compelled to freeze and ship on their own account?—Yes, theoretically; and then of course it would be quite impossible for them to monopolize the market for live-stock and to have killed the other companies.

100. Of course, there is only one result of that fight so far as the Argentine farmer is concerned, and that is that he will get much less value for his stock?—Once the other people get full control of the market.

101. Has it come under your notice that stock-sales are held in the Argentine, and that the vendors of stock are paid off with two-thirds of the market price, the idea being to the world that the prices are up to the world's market? The farmers get the full amount if they claim it, but that is the last transaction they will get?—That is a very wide statement. There is no doubt, when the trust actually was a trust operating in the United States, that they there practically eliminated competition in buying fat stock.

102. And drove people into other operations?—Yes.

103. In the co-operative works in Gisborne, do not the small men there freeze on their own account and get financed by the bank?—A good many of them do, but outside operators put a certain amount of stock through.

104. Is it not a fact that the banks will advance 80 per cent.?—Under present conditions I suppose they would, but I do not know whether they would before the war. The small farmer wants his money as soon as the stock goes off his place.

105. Supposing legislation is introduced preventing the erection of any further works by capital outside New Zealand, that would prevent the trust from erecting new works and assist in checking them?—Theoretically it would; but it would not be a very difficult matter to get round that by getting hold of a few dummies in New Zealand, or even buying out existing New Zealand companies. Theoretically it would be of assistance.

106. If that was carried through and after a certain period no freezing companies in addition were started, or it was made illegal for outside capital to be invested in local works, then the Government would have to acquire or sell?—That might be of some assistance, but if you are going to shut out outside capital you have got to realize the fact that all the capital has to be found in New Zealand itself if new works are needed.

107. Could you give me, roughly, the amount of outside capital used in the erection of works in New Zealand at the present time?—No, I could not.

108. It is very small?—Yes, possibly. I suppose the shipping companies have put in the biggest quantity.

109. *Mr. T. A. H. Field.*] Do you know anything about the National Cold Stores?—No, I have not heard of those.

110. Do you know anything about Nevanas and Co.?—They are a firm established in England which has lately commenced to operate in New Zealand. I believe they have done a fair amount of business in the Argentine also in the past, not as owners of freezing-works but rather as dealers in meat, and the nature of their operations in New Zealand at the present time is largely to buy stock on the hoof and have it frozen on their own account and shipped Home. They freeze on their own account and sell to the Imperial Government for shipment Home. They probably are looking to make a status for themselves in New Zealand, so that they will get into a good position to operate to a larger extent if later on the market becomes absolutely free again. They are really in the same position as other exporters at the present time.

111. *Mr. Talbot.*] You said that the amount of meat released to the Meat Trust people at Home was about 1·8 per cent.?—That was for the two periods—the two months each.

112. Would it be possible to trace the percentage by a firm like Sims, Cooper, and Co.?—Those figures were solely in connection with Sims, Cooper, and Co.'s business. The quantity that the Americans got from the London Produce Company was 4·3 per cent.; in January and February 1·74 per cent., and March and April 1·8 per cent.

113. Sims, Cooper, and Co.'s amount was 4 per cent.?—Yes.

114. Is it not true that both Weddell and Co. and Borthwick and Co. have drawn attention of the Imperial Government to the menace of the American Meat Trust?—Yes, in their annual reports.

115. It was suggested that the Government might take the whole thing in hand at this end as it has now. Would it be possible to work in some way that there will be no middlemen, but that the farmers should deal straight with the Government and get rid of the buying firms altogether?—It would be rather more difficult in the case of meat than with wool, because the farmer wants to get rid of his stock just when it is fat, and it would need a very large organization to enable the whole of that to be handled entirely by the Government.

116. The Government has to handle it in any case?—It is only handling the frozen meat. I hardly think the farmer would be agreeable to the suggestion that he would always have to be responsible for sending his own stock to the freezing companies. What suits the small man is for the buyer to come along and take the stock off his place.

117. Unless you have a Government buyer to go out?—Yes. If you were going in for a Government scheme you would have to get Government buyers. It would be a terribly awkward

thing to handle. There is always this to be remembered: that as long as you have healthy competition it is a good thing for the country. What I take it we want to get is to maintain healthy competition and to do away with the dangerous condition of things which will eliminate such competition. What we want most of all is the assistance of the Home Government in order that they can assist us at that end.

118. *Mr. W. H. Field.*] You are quite satisfied that the only method of effectually dealing with this difficulty is to have combined action on the part of this Government and the Home Government?—You will never get it thoroughly effective unless you get the co-operation of the Home Government.

119. And how far those two Governments should take a hand in this matter you are not prepared to say at the present time?—No. It would have to be a very elaborately thought out scheme, and one elaborated in conjunction with somebody who is very closely conversant with the whole of the details of the meat business at the other end, and in touch with the ramifications of it. Relatively it is a much more simple matter here than in England.

120. But nothing short of Government control of the meat from the time it comes from the farmer till it reaches the consumer in the Old Country would be effective, would it?—Until it reaches the wholesale dealer. If you are going to follow it right up to the consumer you would need a tremendous organization in England.

121. Do you think the wholesale dealer would be far enough to carry it?—I think it would under ordinary business conditions. The arrangement in force now has resulted in a very big profit being made as between the wholesale dealer and the consumer, but in normal times I do not think that would occur.

122. I suppose control being exercised over meat in war-time will be some sort of help as to what we would be capable of doing in peace-time?—Yes, it has been a very valuable experience as a basis on which to deal with the thing in peace-time.

123. You say the American meat companies are acting independently until they are faced with a difficulty from outside persons?—Yes.

124. Then they combine together to fight that common enemy —Yes.

125. Did you get any information further than you have given us as to where Sims, Cooper, and Co. got their money from?—No, I could not. I have tried to get information by all legitimate means, but have not been successful.

126. Are there not sufficient freezing-works in New Zealand to deal with our meat at the present time and for some years to come?—Yes, I consider there are—that is, under normal shipping conditions.

127. When I speak of the control of the meat from the producer to the consumer or the wholesale dealer I do not suggest we should interfere with the present freezing companies—that they should take over the freezing and the shipping companies should undertake the business of shipping by arrangement with the Government: you see no difficulty about that?—No, so long as the freezing companies are constituted as they are at present.

128. I notice that amongst the papers you supplied was part of the report of the United States Commission. Can you tell us anything about that Commission? The Prime Minister told us he thought we had nothing to hope from co-operation with the United States Government?—That is a pretty old Commission which sat in 1890, at the time when the United States Government was dealing with the trust as a trust; but I do not think myself that the United States Government would be of any assistance to us at the present time, because the big meat firms and subsidiary firms, and those associated with them or controlled by them, are compelled to work with them with a knowledge that if they do not they will be pushed out of existence. I think they have such control over the whole of the meat trade of the United States that we would not be able to do much there.

129. The United States Government is in this position: the whole meat trade having been collared by these companies, they are unable to assist either the producer or the consumer?—I do not think they are able to do anything more than they are doing at the present time. I know that two or three years ago there was a great agitation about the retail price of meat in that country, but nothing tangible seems to have been done by the Government. Before the war broke out we had sent two or three shipments of meat direct to the United States.

130. *Mr. Scott.*] In this extract from the report of the British Departmental Committee in 1909 I notice the names of the Hammond Meat Company. They seem to have some connection with the American Trust. Have they operated in New Zealand at all?—No. That is a company which was really a selling company in Great Britain. The position was that in America, by-way of getting over the difficulty regarding the trust, the three big firms—Swift and Co., Armour and Co., and Morris and Co.—formed a company called the National Packing Company, which was controlled by those three firms. The Hammond Beef Company handled the National Packing Company's meat in England.

131. Has there been, to your knowledge, any direct offers made to the freezing companies to purchase the businesses in New Zealand by American representatives or Sims, Cooper, and Co.?—I have heard statements to that effect, but I am not in a position to substantiate them. If any of the meat-company representatives are coming before the Committee they may be able to state definitely.

132. In the event of the representatives of the American Trust, if they are here, purchasing any refrigerating-stores in New Zealand, would that assist them?—Of course, it would be of considerable advantage to them to have their own freezing-works, because now they have to pay the freezing companies to do the work for them, and a big freezing company wants to run its business in order to make sufficient profit.

133. *Mr. Anstey.*] Have you any information as to whether any of those buyers are operating largely in stores? The suggestion is that these companies buy stores sufficiently large to corner the market under compulsion, and to resell them back when fat, leaving a small margin?—Yes, I have heard of that being done not only by Sims, Cooper, and Co., but by one other firm.

134. Can you get the Committee any evidence as to whether it is being done to any extent?—Yes, I think I probably could. I will get a report on the subject. Another point that came under my notice was that Sims, Cooper, and Co. were buying up breeding-ewes last year.

135. Can you find out whether they are using that for an unfair purpose—it does not confine itself to Sims, Cooper, and Co.?—No, I have heard of others doing the same thing. It will take me a little time to get some of this information.

136. *Mr. Talbot.*] It has been proved that in America, where the Meat Trust is operating very strongly, live-stock has gone down. Is that solely caused by the price of stock being forced down so that the farmers go in for other things, or is it because they have been buying up the stuff prematurely and making baby beef?—Well, at the time of the United States Commission the fact was accepted that some people had gone out of the stock business on account of that; but at the present time I do not know whether the same conditions operate exactly, because the general market prices for stock and all by-products are so good that the American farmer ought to make the business pay very well. It is a fact that the production of meat in America has not kept pace with the increase in population, and the United States instead of being a large exporting country would be but for the war an importing country now.

137. *Mr. Pearce.*] Have you any means of getting the prices in the Argentine of bullocks and fat stock for the last two years? You have no agents there, have you?—No.

138. The *Pastoralists' Review* used to give a monthly price-list, but when the Meat Trust got control they ceased giving the prices?—I do not know that I have any source of information available there. That information could probably be obtained from the British Minister there.

139. The whole of the works must have combined to force down the prices on the hoof, including Borthwick's?—I will ascertain whether there is any other source of information than the British Minister. I think I could do it in that way. It would be for the Governor to write to the General Secretary in London, and then for him to write to the British Minister in the Argentine, and that would take some time. I have no knowledge of any New Zealand Government agent being there. I do not think there is anything further I can add to what I have already said.

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WEDNESDAY, 8TH AUGUST, 1917.

WILLIAM HENRY MILLWARD examined. (No. 3.)

1. *The Chairman.*] What are you?—Chairman and managing director of the Gear Meat Company.

2. Will you make a statement before the Committee?—The Chairman was good enough to ask me to come this morning, but did not give me any lead at all as to what I should be required to answer, so I thought perhaps the best way was to make a short statement. I am surmising that the Committee has evidence already that the Meat Trust is in New Zealand, and consequently I am dealing with it from the point of view of how it is best to cope with it. Many suggestions have been made as to the methods to be adopted to control the operations of the Meat Trust, but as they have not included combinations between both the supplying and consuming ends of the business they may be deemed to be more or less incomplete. The United States of America have tried for a number of years to rid themselves of its influence, but have been unable to do more than dissolve the National Packing Company, which was a glaring association of meat firms. The British Empire is, however, better placed to protect its subjects. Government control appears to be the real solution, but to be effective there must be full co-operation between the authorities in Great Britain and the Dominions. It may be accepted that in the welfare of the Dominions generally it is necessary to conserve the interests of the producers. Such being the case, the British Government is even more concerned in seeing that an ample supply of wholesome food is provided for the consumers at a reasonable cost. Seeing that much the greater part of the British imports of mutton and lamb come from Australasia, there should be no insuperable difficulty in arranging a satisfactory basis for these products. Beef is in a rather different position, as the bulk of the imports at present is from South America. There does not, however, appear to be any valid reason why Australasian exports should not be included, as any method making for steady demand at fair prices would encourage the increase of cattle-feeding in the Dominions. In any case, moderate prices for mutton and lamb would either keep foreign beef-vendors in check or would so stimulate the consumption of the former as to react favourably upon Australasia. Further, it is problematical as to whether Argentina has not so depleted its herds as to be unable to force competitive selling for a few years, at any rate. During 1916 the British home supply of meat was 68 per cent. of the total available for consumption; that from the Dominions, exclusive of large quantities diverted to the Continent, 13 per cent.; and that from foreign sources 19 per cent. The quantity under the direct control of Imperial Governments was therefore preponderating. After the war the Meat Trust firms will be in a very strong position not only financially, but by reason of their having been the largest distributors of imported meat during the time that Australasian supplies have been commandeered. The possibility of a preferential tariff has probably been the means of bringing American representatives to Australasia, so that their trade in Great Britain could be supplied from British Dominions, and the exports from Argentina and elsewhere used for United States of America and the Continent. The Dominions Royal Commission recommended that the British

Government should retain control of the frozen-meat trade for a period following the signing of peace, as it is clear that surveillance will be necessary to prevent diversion of excessive quantities to other countries, even perhaps to our present enemies, to the detriment of our own kith and kin. Mr. Lewis Harcourt, in the House of Commons, recently mentioned that arrangements had been in contemplation for after-war supplies, but nothing had so far eventuated. The existing system of sale to the Imperial Government, which has been in vogue for the last two years and more, has worked very satisfactorily. It has enabled the farmer to gauge the value of his stock, and, although conditions have been abnormal, sufficient experience has been gained to prove that with a restoration of shipping facilities a stability would be given to fat and store stock values which would to a great extent eliminate speculation and make for soundness in Dominion finance. If the Imperial Government controlled the wholesale market at Home it could in turn regulate retail prices. Profiteering, which has recently been so much in evidence, would be minimized, and consumers would be supplied on the lowest possible basis. Violent fluctuations due to plethora or paucity of supplies could be bridged. A reference to the attached chart, issued by the Colonial Consignment and Distributing Company (Limited) for the year before the war, will better convey the purport of this. Another important advantage in connection with such a scheme is that, there being only one shipper of meat, the supplies could be so dealt with as to fill the steamers more regularly, thereby obviating the heavy summer and autumn shipments as against the light winter and spring exports, which operated so unfavourably to all interests prior to the war. Under the old system these objections will in future normal times be multiplied owing to there now being many more freezing-works. Another serious disadvantage of individual consignment is that when the outlook is not promising weak holders make the position infinitely worse for all concerned by forcing their parcels on an unfavourable market, thereby reducing values, which in turn become reflected at the producing end. If a modification of the present system could be arranged, figures to be paid by the Imperial Government could be settled from time to time by a committee representative of all interests. Its duty would be to fix prices on the basis of the parity of world's value, taking into consideration shortage or excess of supplies in producing-centres, also the consumptive demand generally on the Continent, in United States of America, or elsewhere. As an indication of what may happen in New Zealand if some remedy cannot be found and the trust becomes able to dominate local companies as it has done in South America, the position in Argentina may be mentioned. According to the *Pastoral Review* of the 16th July last the quotations ruling on the 1st May (the latest date available) were—Special bullocks, £14 to £15 15s.; good bullocks, £8 15s. to £10 10s.; special Lincoln wethers, 33s. 3d. to 35s.; good Lincoln wethers, 26s. 3d. to 29s. 9d.; special Lincoln ewes, 27s. to 28s. 10d.; good Lincoln ewes, 25s. 4d. to 27s. Prime bullocks in New Zealand were about the same time bringing £20 and wethers 40s. on the run. It must also be borne in mind that Argentina was getting a higher price from the Imperial Government for its frozen beef, and had a free market for chilled beef and such frozen mutton and lamb as was not required for Army purposes at figures considerably in advance of those fixed for Australasian-released meat.

3. Do you desire to say anything about shipping?—Not beyond this: that this scheme would make for regularity in filling ships. In summer we do not, even in normal times, get enough ships to cope with the pressure, and in the winter they are waiting in the harbour for the wool season to begin. But shipping, of course, does not exactly come into the scheme, although it will follow.

4. *Mr. Pearce.*] From the statement you have read I gather you are in favour of the Government taking over the whole of the meat in the country?—The two Governments, yes.

5. And the Government here would have to take the meat from the companies?—Yes.

6. You and your company are in favour of that?—I was called as an individual.

7. But as representing your company?—I have not consulted my co-directors on the subject.

8. We want some practical idea as to what form that taking by the Government will be. Would you propose that the Government buy on the hook and the companies merely handle it, or that you sell to the Government after you have bought and frozen?—That is a mere matter of detail.

9. It makes a great deal of difference as to the way in which the farmer would look at it. If there was a monopoly by the Government in buying, the Government could give whatever price it liked, and it may be as bad as the trust?—The prices would have to be fixed by the representative committee which I mention in my statement.

10. But the quality varies so?—That could always be easily arranged. The present system has worked very favourably without friction, but it would have to be modified in details.

11. Do you think it would be better in every one's interests for the companies to continue to buy, or whether the Government take it in hand and buy the whole lot, and the companies merely do the freezing of it?—That is a matter for the Government: it is quite immaterial to us. The farmer certainly had the benefit through the companies buying this year. There has been no adequate freezing-charge taken out of the farmer.

12. You, of course, suggest that they should buy here, and the Home Government should handle it at the other end. What would your suggestion be about shipping—because if the Meat Trust had a controlling interest in the shipping there still might be a difficulty?—I take it the Government would protect that.

13. That means the Governments would have to control the shipping as well?—Yes, they could not do otherwise. The Government at the present time control the shipping.

14. That is during war-time; but you must know that the Home Government seemed to be very loath to control the shipping for this meat even when they bought it. It was quite a long time before they controlled the shipping and allowed us to be charged extreme freights on wool and meat?—I think they took charge of the refrigerated space in the ships quite early.

15. These prices you quoted for the Argentine show the prices to be really lower than they are in New Zealand?—Yes.

16. Your contention then is that this combine has squeezed down the producer to a lower price than his stock is worth?—Yes. The freights were lower from Argentine; and, further than that, what the companies were selling on their own account in England was for considerably more than the meat released by the Government.

17. We were informed by the Agricultural Department representative that the British agents there owned about 40 per cent., and that the Meat Trust got about 60 per cent.: why has not the competition in the Argentine assisted to keep prices up?—Some time prior to the war the competition of the American companies in South America was so great that several of the British companies could not carry on, and they made an arrangement with reference to the quantities which each company should handle, and this lack of competition probably follows from that. As soon as they got their quantity in view there was no object to be gained by running the prices.

18. *Mr. Anstey.*] You said that the Imperial Government should regulate the market at Home. Do you not understand that the price is regulated at the present time up to the point of the wholesale disposal of the meat?—Yes, that is so.

19. You suggest that the Imperial Government would have to go further than that and regulate the retail price as well?—They could do that easily enough if they regulated the wholesale prices.

20. The retail price is not regulated now?—No.

21. It bears a very much greater relationship to the wholesale price than we think necessary?—Yes.

22. In order to do anything effective you think they have to go further than they are going now?—Yes. They do not really regulate any of the prices now beyond the price of the meat released from Government purchases from the Dominions, and that is such a small portion that it has little or no effect. Some weeks they release very little indeed, and it is only what is not required by the Army that they do release.

23. *Mr. Witty.*] They release all lamb?—Yes, but not in very regular quantities. You can quite see they have no control over the wholesale market at present, for the cablegrams show that while our lamb was selling at 9½d. the Argentina lamb, which is inferior, was selling at 11d. It is quite clear when they get in the retail shop the prime lamb is not sold at a lower price by reason of the figure at which it was bought.

24. The Government do not regulate the price of our lamb at all?—Not the retail price.

25. You suggest that in addition to regulating the price of the Australian meat they should also assume control of foreign meat?—No, I do not know that they could do that; but, as I pointed out in those figures, foreign meat is only 19 per cent., and British meat, including the Dominions and Home supplies, is 81 per cent.

26. Then you say it would not be necessary to control any meat except any British-grown meat?—If they liked to extend it to foreign meat it would be so much the better, but 81 per cent. is sufficient to control the whole lot of it. At any rate, if they controlled 81 per cent., the other 19 per cent. would be more or less driven out of the market: our trade would be expanding.

27. Then the meat released at Home at present goes into the market at very high prices?—No, not the Government-released meat. It is put on the market at probably very little more than it cost the Government. For instance, they pay 5⅝d. for mutton, and put it on the market at 8⅞d With the storage and interest I do not think there is very much profit in what they are releasing.

28. But we have evidence here that the New Zealand lamb which is sold at 10d. per pound is being released at 2s.?—If they control the wholesale market there is no object in their doing so unless they control the retail market. They are not now controlling the retail market.

29. Would you suggest that the Government can do anything to control the retail market?—Yes. I suppose the British Government could easily legislate in that direction. I think, before very long, you will find they will be controlling the prices. I think now that America has come in they will be controlling the price of meat effectively.

30. That would mean controlling the prices at which the retailer could sell?—Yes, that is so.

31. Supposing the Government undertake to control the meat-buying here, is it necessary that they should at the same time commandeer the shipping after the war as they are doing now?—There is a certain amount of difficulty about that, because, as you know, shipping is mobile and can be moved away to other places. Unless they make arrangements which would be satisfactory to the ships, probably they would be sent elsewhere; but arrangements could easily be made with the shipping companies. I am quite satisfied that most of the shipping companies are reputable concerns, and they would be only too pleased if legislation were passed preventing them giving rebates to any one at all.

32. But could the shipping be controlled if you could get the Imperial Government to take up control at that end as well as the Government doing so here?—Only by arrangements. You cannot compel people to put boats into a certain trade.

33. *Mr. Reed.*] I understand your scheme, and of course there are some difficulties; but it may be some little time before the Imperial authorities would come in?—The Imperial authorities are already contemplating doing something after the war.

34. It is a big scheme, and there may be some delay in bringing it into effect?—Yes.

35. Do you think it would assist the country at all if the freezing-works in New Zealand were locally owned with only New Zealand capital? Would that be advantageous pending the completion of the scheme?—I have thought of this for some years, and unless you go in for such a scheme as I propose I can see no other way of control—other methods can mostly be got behind. For instance, shares could be put in the name of a New-Zealander and you would not

know who supplied the capital. Take, for instance, Armour and Co. (N.Z.). There is Mr. Carney, who is an American and has been buying wool here for some years, but he is the largest owner in the registered company of Armour and Co. of New Zealand, and he is the registered owner of practically all the shares but two.

36. But it is possible to bring forward a scheme by which you could check that foreign capital coming in if there was legislation in that direction?—Yes.

37. You may be able to give the Government powers of purchase on suspicion?—Yes.

38. Do you think it would be of advantage to the country to pass legislation that no further outside capital should go into the local works, and that within a certain period all foreign capital should retire under some scheme?—I am afraid it could be got round in the way that these foreign people prefer to work through local institutions. But if once the Government purchased the meat here and the Imperial Government handled it at Home, the more competition there would be here the better for the producer. The control by the companies is immaterial, because the more they pay for stock the better for the farmers.

39. I admit that; but in the event of there being a difficulty in your scheme, we are so dependent upon the Imperial Government, over which we have no influence?—As the present purchase scheme goes on for three months after the war, something may evolve during that time. As pointed out, the diversion of supplies after the war may leave England short, particularly if a large amount of Home-grown meat be killed, and the British farmers have been instructed that they must kill off a great quantity between now and December.

40. You do not think it is feasible, then?—I am afraid it could be got round.

41. I suppose you would not suggest as an alternative New Zealand buying prior to arrangements made with the Imperial authorities—buying without having an assured market at the other end?—If you work without the Imperial authority's co-operation it is quite possible for the Argentine vendors to make a dead-set upon your marketings and put parcels in competition below cost in order to try and smash the experiment. They have done it before, and would do it again. I think the Imperial authorities are aware that it will be necessary to provide food for their population for some time. After the war there will be a shortage of food, and all revolutions or discontent come from food-shortage. I have turned over in my mind every suggestion that has been made, but they can mostly be evaded. They may be in the right direction, but still they do not close every door. This scheme I have put forward ought to close every door.

42. *Hon. Mr. Ngata.*] That is, provided the Australian and British Governments co-operate?—Yes.

43. *Mr. Reed.*] In your scheme would you suggest the State controlling the freezing-works in New Zealand?—I do not think that would be necessary. I think it would be better to leave the companies largely as they are: they are working in harmony with the Government. If it were found to be necessary an alteration could be made, but there is still a lot of work for the companies to do. The meat has been brought up to a high standard, and the grading and breeding has got to a fairly high pitch. There is plenty of room for us to develop offal and other things like that: find markets for the products and improve them. We are constantly doing something in that way, and I think the energies of the companies in this direction should be left free to expand.

44. You do not thing any of the freezing-works would be calculated to suffer?—I do not think so. I think it would put all the smaller companies on a sounder basis, because they would be able to finance. Until lately there was a difficulty as to ownership of the meat in the works, and it was difficult for the small companies to finance, but the new arrangement now existing has made everything quite smooth. One of the troubles to-day is that some of the companies are not financially strong, and if the system before the war was to come back again those companies might drop into any trust at a figure below cost.

45. Would that happen under the present system?—It could not, because finance would be assured and the companies would know exactly what they would have to give for meat. According to the chart I have produced a man under the old system might be buying Canterbury lamb on the basis of 7d. per pound at Home, and when the consignment reaches its destination the value might be 1d. or more below that figure.

46. At the present time certain buyers in New Zealand are paying a certain price above the value of the meat?—Yes.

47. Are they doing that in anticipation of a free market after the war, or for the purpose of injuring other companies?—I think they are doing it more to get their footing—to stand well after the war is over in order to build up a business in future.

48. Do you think that would continue if this scheme of yours is brought into operation after the war?—There would be no object in it. I take it they are now trying to build up a business for after the war, and they would then look to reap money out of consignments. If the meat was sold on value in England or at contract price to the Imperial Government we would all be on one footing, and New Zealand concerns would be able to hold their own under such conditions. When I was at Home in England I discovered that the Meat Trust had a tremendous hold in the retail trade at Home. It seemed to be a growing trade, and a lot of it was done under other names. That is part of their method.

49. Now, in reference to shipping, would you suggest the State being the sole consignors?—That would be so in the matter of meat.

50. In that case it would be immaterial whether the State owned the ships or not?—Yes; if they could not make satisfactory arrangements with the present shipping companies they have the trump card that they could go in for State-owned ships, but I think better arrangements could be made with the present shipping companies.

51. In the event of the State going in for ships, would you suggest amalgamation with the farmers or a company formed with half local capital and half State in preference to a purely local company?—You mean something in the same direction as the Bank of New Zealand? I think that would be preferable, because we would all have an interest in it. The Bank of New Zealand arrangement has worked very satisfactorily.

52. *Mr. T. A. H. Field.*] According to your scheme there should be only one consignment of meat in the first place?—Yes.

53. In the second place, you suggest that the Imperial authorities should control the wholesale market at Home?—Yes.

54. In the third place, you suggest that there should be Government control of the shipping? Yes. With regard to the Government being the sole consignor, at present we are free to handle our offal and develop it, but probably it would be better if it were all under Government control. With the high price of meat in England at the present time there has been a good demand for offal, but probably the offal trade would sink into insignificance after the war. The offal trade has run up simply because the price of meat has been so high.

55. *Mr. Witty.*] Have you lost any of your buyers to these American people?—No, we have not lost any of our buyers.

56. Are you aware of any other companies who have?—Yes, I think some of them have. Of course, Armour and Co. bought out one firm, buyers and all. I think they took over nine buyers.

57. Are you aware that they are taking over buyers from other companies?—I think they have done so. I know they have done so. I know they have been angling for some of our buyers, but they did not go.

58. I think you said that the arrangements made during the last few years have been very satisfactory?—Yes, they have worked absolutely without friction as between the Government and the companies.

59. But has it been satisfactory to the farmers at this end and the public at the other end?—It has been satisfactory to the farmers at this end, but at the other end the public have not had the advantage, simply because the Imperial Government have been putting so little on the market. You must remember that the Imperial Government has been supplying the Armies, and at a lower price than can be done under any other scheme.

60. But they have not been supplying them with lamb, and therefore would it not have been better for the lamb to have gone in the ordinary way?—I do not think so. There may be a difficulty in regard to what is lamb and what is hogget.

61. There is a Board of Control at Home which controls the prices, is there not?—They fix the price of the lamb for the week, but the committee I suggest is a different one to that.

62. I am alluding to the Board composed of three men?—Yes.

63. They sell lamb at 10½d., and yet the retailers sell at 2s.: that is not giving the New-Zealanders a fair deal, is it?—No, it is not. I should have preferred to see them fix no price at all for lamb or for released mutton, and leave it so that our meat would stand on its own relative market value at Home. They have not released enough to be of any value in controlling the prices.

64. Are not these low prices likely to affect New Zealand lamb? You admit yourself that our lamb is much superior to the Argentine, and yet the Argentine lamb is fetching a higher price than ours?—Ultimately our quality will tell again, but in the meantime we must admit that one of the disadvantages owing to the war is that our meat has been largely taken off the market, but we hope to get it back.

65. But if the Board regulates the price at 10½d. per pound are they not to blame for not putting the price higher?—Yes.

66. Is it not a fact that most of the meat from the companies at this end is sold to agents in the Old Country in the ordinary business way?—I do not think there are many New Zealand freezing companies who have their own shops.

67. But they have agents to whom the lamb is sold by this Board?—So far as we are concerned we sell our lambs through Fitter and Sons, against whom there is no suspicion.

68. But the margin between 10½d. wholesale and 2s. retail is very extravagant?—Quite so. Under the present system it is quite clear that if lamb is being put on the market at 9½d. and sold at 2s. retail somebody is getting the advantage. So far as the producers of New Zealand are concerned, they would sooner see the consumers or the Imperial Government get the advantage than that it should go into other hands.

69. That is, the Board of Trade allow the firms to get that lamb at 9½d. or 10½d., and then make a huge profit by selling to those who retail it?—No, the wholesalers are controlled—their profit is limited to ½d. per pound.

70. But they have sub-agents to whom they sell?—I cannot say as to that.

71. In regard to the question of the Government buying, do you not think it would be bad policy for the Government to buy direct from the farmer?—I think there would be a great deal of difficulty. This country is getting cut up into small parcels of land. For instance, our works receive in one day as many as seventy-five different mobs. We have to go back into the country as far as sixty miles from the railway-lines and take small lots from the different farmers. It is quite impossible for us to drive those lots separately and identify the different brands after they have passed along miles of dirty roads. The marks become obliterated. That will be one of the difficulties if the Government bought from farmers.

72. There will have to be the speculative element if the Government buys from the farmers as your firm does?—Yes. The farmer at the present time knows exactly what he is going to get for his meat—he can work the thing out better than under any other system.

73. Yes, if selling by the pound; but they do not always buy by the pound in Canterbury?—No, nor in the North Island. Besides, a lot of people prefer to sell by the head.

74. Do you not think it would be far better for the companies to sell and for the Government to buy from the companies, instead of the Government buying from the farms per head?—I do not think the Government could do the latter. It is a very costly matter. You have to keep such a large number of buyers going.

75. You say it is admitted that some companies are paying higher prices than others for lamb that has been shipped Home?—I would not say that. We have had to do in regard to lamb the same as others. If you have a business with a number of clients you must keep them together. If some one else comes along and offers a higher price than you are offering you are forced to give the same price or go under.

76. But is it not a fact that some of those who buy know, when it goes to the Old Country, that the lamb will be sold to their shops?—Well, we assume that: we have no knowledge that it is so.

77. Therefore they can afford to give higher prices for stuff at this end than those who have no shops?—But they have been giving equally high prices for beef and mutton.

78. But I am alluding to lamb and mutton?—Yes. They have been trying to build up a business.

79. *Mr. W. H. Field.*] Is there any evidence as to whether there is any existence of the operations of the Meat Trust in New Zealand?—Armour and Co. are established in New Zealand, and if you turn up the *Christchurch Sun* of the 30th September, 1916, you will see that Swift and Co. are stated to have been here for some years. I never saw any contradiction of the statement in the paper. Armour and Co. have their plate up.

80. You are satisfied as managing director of the Gear Company that the trusts are operating here?—Yes, I do not think there is any doubt about that.

81. Do you think their operations and influence are extending?—Owing to the conditions ruling at present there is not a great deal of room for them to extend, because every company knows now exactly what they can do. If the time comes when the companies will not know what to do, then it is possible that the operations of the Meat Trust will extend, because small companies will not be strong enough to speculate.

82. It is for the Committee to consider what evidence should be adduced in regard to the existence of the operations of these companies; but do you think we could get very much further evidence as to their operations in this country—I mean further witnesses?—Well, you can call Mr. W. N. Kingdon, of Christchurch, and Mr. W. I. Carney. Mr. Carney is the head man of Armour and Co. (N.Z.), and Mr. Kingdon is their meat expert. Mr. Carney will no doubt own up to representing Armour and Co., of Chicago.

83. Do you think the meat trusts can do us very much harm while the present system continues and while the war lasts?—I do not think the trusts can do us any harm under the scheme I propose.

84. But I am asking, while the war lasts?—Their efforts will be to build up a business after the war.

85. I want to know whether you think it is essential that Parliament and the Government should act this session if possible?—Assuming the war will be over this year—which I sincerely hope—the Government ought to be authorized to negotiate with the Imperial authorities.

86. You think it would be dangerous to wait?—I am afraid it would be dangerous to us and to the Imperial authorities. One of the modifications will have to be in regard to weight grades, which at present are very broad, up to 72 lb. for one grade of mutton; it will be necessary to subdivide that for the ordinary market.

87. It is quite certain that if we wait till after the war is over we will have more difficulty in dealing with the matter than we have now?—Yes.

88. We have had it from Dr. Reakes that we could not go further than the wholesale dealer in the matter of control: you are still strongly of the opinion that we should control the business right up to the retailer?—Yes, I am, because a lot of those shops in England are controlled by the Meat Trust companies, and it seems to me that if you control the wholesaler it is a very simple matter to put on a certain amount of profit and allow the retailers to come up to that.

89. You are of the opinion that the Government should buy from the farmer, with perhaps the assistance of the freezing-company buyers, and that the Government should be the purchaser?—I do not say that the Government should purchase the stock, but they should be the buyer of the meat from the companies.

90. Either buying from the companies or the companies having bought from the farmers?—Yes, it would be a simple matter. If the Government want to deal with every farmer it would mean considerable trouble. We have to go round these small settlements once a month taking small quantities with different brands. This involves a large amount of clerical work, and it would mean an enormous scheme for the Government to attempt to do the business the companies are doing.

91. Would it not be possible for the Government to buy direct from the farmers through the instrumentality of the companies and their buyers?—It would make it more complex.

92. [In reply to a question regarding consignments to Home markets the witness said]: The system does not make for sound finance. No small man will be safe in consigning on that plan. When I was at Home there was a small parcel of meat frozen by the company put on the market by a weak holder at a low price, and that pulled our price down for the time being. We lost through this in one day more than all the profits we could have made out of that particular parcel.

93. You spoke of the representative committee: what would you suggest should be the constitution—should it be a Board of Trade?—They should be practical men. I mentioned in my

statement that the committee should be a representative one fixing prices according to the conditions ruling in the different parts of the world. The New Zealand farmer is entitled to a fair thing, but the conditions ruling in all parts of the world will have to be taken into account.

94. Where would you suggest the representation committee should be?—The Old Country would be the best place, because they have the reflex of the pulse of the whole world.

95. Would you suggest that the Dominions should be strongly represented on that committee?—Yes, the representation should be equal between the Dominions and the British Government.

96. Are you quite satisfied that we cannot fight these trusts by a combination of the farmers—you consider it must be by a combination of the Governments?—Whatever we might do at this end would probably be counteracted by the trust at Home. They might put the stuff on the market at a price which would make our operations here unsuccessful.

97. We are told that America has practically thrown up the sponge, and are not prepared to fight the trust. Seeing that America has come into the war, do you think there is any chance of their joining with us?—From what I have been reading I do not think that such a suggestion would be unwelcome to America.

98. You think they would be quite willing to seize the opportunity?—I do not think they would consider it unfriendly.

99. Do you regard the United States in the future as a pretty extensive market for our meat?—I think they would mostly buy from the Argentina. Our experience in regard to shipping to the west coast is that our meat is a little bit too fat. The meat companies in the Argentina are a very close corporation, and America has reciprocal arrangements with the Argentina.

100. From a market point of view we have not very much interest in the American market?—I do not think so. I think our interests in Great Britain can be developed enormously, and after the war our meat will be sold at a fair price.

101. As to the European markets, I suppose we can hope that some other countries will want meat from us, and therefore our markets will have to be extended?—I have suggested in my statement that that will have to be taken into consideration in fixing the price. The Imperial Government can handle meat in the same way as they are handling wool, and ship it when required.

102. In regard to freezing-works and their capacity, do you think there are sufficient in this country at the present time to do all the work that is necessary now and for some years to come?—I think so; but there is still a lot of room for expansion in the producton of meat, &c.

103. As far as you know, do you think the freezing companies would be willing to do the freezing and get a fair return for the work done in that respect—for freezing only?—I have not discussed the scheme with them, but I once mentioned it to Mr. James Borthwick, and he thought it a very good one.

104. Speaking for the Gear Company, can you say that is so?—Yes.

105. They would be quite prepared to do freezing only?—Yes. I might say that the Gear Company has never frozen for any agents; we always thought we might be helping some of those acting for foreign principals.

106. Do you know if any action has been taken by other Dominions in fighting this trust?—No, I could not say that.

107. You have not heard what Queensland is doing?—They endeavoured to pass legislation enabling them to buy the freezing-works, but the Upper House threw it out; and then the Government went to the country to do away with the Upper House, and the whole thing has been hung up.

108. In regard to the huge profits referred to by Mr. Witty, between 9½d., 10½d., and 2s. per pound, is that still continuing or has a check been placed upon it?—I cannot say personally. I understand Lord Rhondda is going to fix the price from the 1st September.

109. *Mr. Reed.*] Would it be satisfactory, pending arrangements with the Imperial Government, to continue the present system, or would it be better for the Government to act at once with a view to putting the proposals in concrete form between the Imperial Government and ourselves?—I take it that the Government here would have to get authority from Parliament to negotiate in that direction, because three months after the war is over the present scheme would lapse.

110. Unless there was an extension agreed to?—Yes. The Government have no power to make an extension except as a war measure or by mutual agreement.

111. The best thing would be to take legislative power at once?—To take power for the Governments to negotiate.

112. Is all the capital in your company local capital?—Yes. Well, when I say "all" of it, I think there are two or three shareholders who have gone to Australia, and perhaps the same number have gone to live in England; but we have no outside capital at all.

113. *Dr. Newman.*] You consider that the meat trade of the River Plate is practically controlled by the Meat Trust?—From what I have read I should say so. The British companies must work in harmony with the Meat Trust or there is trouble.

114. So that the Meat Trust can fix the price to the farmers in Argentina?—Yes, I should say so.

115. *Mr. Pearce.*] You say the present arrangement with the Government might be continued on the same lines?—With the modifications I have spoken of as to grades, &c.

116. But would not this be the position: that now, of course, there is a fixed war price for all time, and in any future arrangement the price would have to be fixed perhaps once a month?—Yes, from time to time, but the variation would not be so great as under the old system. According to the chart I have produced the prices have varied from week to week, whereas under Government control they would be much more regular.

117. But the Government could not guarantee the price?—If the Imperial Government could see their way to control wholesale and retail prices they would be able to say what they could afford to give.

118. But the New Zealand Government could not do it?—No, only in conjunction with the Imperial Government.

110. *Mr. Talbot.*] Under your scheme for buying would the buying firms cease operating—for instance, would Sims, Cooper, and Co., and Borthwick be eliminated altogether?—Not by any means. There is nothing to limit competition if anybody wants to come in and buy, provided they hand the meat over to the Government at a price. Under my scheme there would be one ultimate buyer and one ultimate seller. The farmer would get the benefit of all the competition there is.

120. *The Chairman.*] Would it affect the position if Australia declined to enter into similar arrangements with the Imperial Government?—Australia ultimately should be a much larger shipper than she has been. Up to the present she has not been affecting the trade to any great extent, but the trouble in regard to Australia is that she is on the market about the same time as we are, and in a measure spoils it for us, because they can sell at a lower price than we can owing to cheaper production. However, I think you would find that Australia would be quite willing to come in, but I do not think so far as mutton and lamb are concerned it would affect us very much if she did not. All countries, from what I have read, are afraid of the Meat Trust, and they are all endeavouring to find a remedy.

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WALTER GEORGE FOSTER examined. (No. 4.)

1. *The Chairman.*] What is your position?—I am manager, chairman, and director of the Wellington Meat Export Company.

2. The Committee will be pleased if you will make a statement in regard to what you know as to the operations of the Meat Trust?—Well, sir, I have not come prepared with any statement. I imagined that I would be only asked to tell you what I knew or suspected of the operations of the American Beef Trust. There is not very much I can tell you as to that. We know, first of all, that Armour and Co. are here, and they have stated quite frankly that their cards were on the table. Those are the words used by the manager in Christchurch. He said they had come here to do business, and to do the business of the country if they could get it. By that I mean they would be able to do everything that is offered to them. In order to start business here they registered as a private company. There are five members, all of whom, with the exception of the solicitor, are directly connected with institutions in America which are very largely owned by Armour and Co. They registered that company for the purpose of carrying on operations of enormous magnitude, if they can get the business, with a nominal capital of £20,000, the registration fee being quite nominal (£20); but New Zealand companies contemplating doing a smaller portion of business in comparison with a capital of £200,000 or £300,000 have to pay a considerably greater registration fee. The trouble, however, is this—and it gives them an enormous advantage over other New Zealand companies which are trading here—they do not contribute to the New Zealand revenue at all as compared with those companies which are registered here and are New Zealand companies. The result is that you cannot tell what profits they are making. Take Armour and Co., for instance: they do not need to disclose the actual profits on their transactions, because their business passes through their foreign office. They may show a profit here or they may show nothing at all. It is not essential to Armour and Co.'s business, because the profits are realized outside New Zealand, and can be concentrated in their American balance-sheet. I happen to know, on good authority, that is the case: that the firms of Armour and Co., Swift and Co., and other American businesses which are conducted in London, their London profits are not shown in connection with their London branches but in America. Therefore they have an immense advantage over us. As to how that is to be coped with is quite another thing. I take it the Government here has power to refuse registration to any company. The direction in which legislation should go, to my mind, is to endeavour to follow their business through to its end and collar the taxation on their profits as if earned here. Whether you can do that I do not know. In regard to Armour and Co.'s operations here I have heard what Mr. Millward has said. He has given you an indication of what business is being done by Armour and Co. and Swift and Co. I might say that my company this last year has been persistently followed round by the buyers of these American companies, who have said to the farmers, "You sold to the Meat Export Company; we will give you 1s. a head more for your sheep than they will." Those are the tactics which are followed. You can imagine that sort of thing must keep the trading companies very much on the stretch, and it is a very cheap way of making the other fellow sweat. We have had to sweat a good deal this year, and I think that has been the position of other companies here. Armour and Co., as Mr. Millward has mentioned, purchased right out an old Canterbury firm of dealers—viz., A. L. Joseph and Co. Mr. Joseph died not long ago, and the executors sold the business. Armour and Co. had absolutely no connection to begin with, and their only object in taking over that business was for the purpose of purchasing in the local market. I have been informed that Armour and Co. put a buyer into the Auckland Province at a substantial salary. He was running there for three months, and a gentleman told me that Armour and Co. had lost in that time £3,000 between purchase-price and the sales to the Government. That, of course, is pretty substantial. I think they sacked the man. I do not know whether they went on with their business there. Their manager, Mr. Kingdon, saw me on one occasion in regard to our company freezing for Armour and Co. He told me that they

had come here to do business, and were going to have it no matter what it cost. Those threats have, I think, been held out to numerous other companies in the same way. We do not freeze for Armour and Co., and we have as far as possible refused to do any business for American companies or business people who are assumed to be representing American companies. The result of that naturally is that they have made it as warm as they possibly can for us. As to the steps which should be taken to counteract these methods, I confess that I am quite unable to make any recommendation. It is such a huge question. It is surrounded with difficulties which can only be got over by co-operation with other Dominions. I fail to see what can be done unless, first of all, the inclination of these outside places is ascertained by the Government here. Without co-operation and combination by the different Dominions or nations my opinion is that we shall fail. As to the question of the Government purchasing stock I do not know what to think. I have a perfectly open mind on the subject, and am anxious to be convinced, but as far as I have seen State institutions have not been as successful as most of those who promoted them expected. I have seen something of State handling in the last few years since the war commenced, and the small respect I had for Government handling has not improved very much. At any rate, there is this to be said, that whatever may be done by the Government, they have still to do what all companies have had to do—namely, buy our experience. There is no question about that. No Government can take it up and at once become practised and skilled in an industry which it knows nothing about. Therefore the question of Governments controlling works, to my mind—whilst it is quite open to argument, and I am prepared to find I am wrong—at first blush it seems impracticable.

3. *Mr. Pearce.*] Do you mean taking over the works altogether?—No, controlling in any way. I am not speaking of controlling the prices, but of regulating them. I think one question was asked as to whether the Government should control the freezing-space. Well, I do not know; it might be practicable, but it seems to me that if that were to be brought into operation all kind of factors might arise which would affect the earning-power of those companies. Many things might occur. Under the conditions of competition some companies are able to pay the farmer a higher price than others, and they can bring the stock past other people's works and freeze them at their headquarters. If you eliminate that you will, of course, eliminate a very large amount of competition. There are many ramifications which I could not attempt to speak on without previous grave consideration.

4. Would not those difficulties be got over if they took the meat at a certain price per pound from your works?—It depends upon how much meat is put through their works. If the Government buys I do not exactly see where the object comes in, because if the Government buys at a price it would be, I take it, delivered at the works. If the farmer has got to fix the price for his animal, then the buyer does not exactly come in.

5. I mean, fix the price for the meat?—Well, really I would prefer not to try and advise on the matter, because the question is a very huge one. The whole question of commerce and the whole principles of commerce are involved, and unless we get the other Dominions and other nations to act together we can expect nothing but failure. Without the assistance of the Imperial Government, or without the co-operation of English firms on the Home markets, I do not think we shall get very much further. Even if the Government bought the meat the big combination in the Home markets, especially with the Meat Trust, might make it a very awkward job for the Government. Mr. Millward mentioned the possibilities of committees dealing with this. There are committees already set up, but they are committees to deal with imperishable commodities. If you attempt to hold the meat-market up it is going to cost you storage at so-much per pound all the time, so that the cost does not improve. At any rate, I have nothing to go upon which would warrant me in attempting to advise you gentlemen at this stage. Probably it would save your time a good deal if advice were not given, but when you have got what you want from the various people, then you might call together those whose evidence has seemed to you to be good enough and ask them to sift that evidence as far as they can, and tell you what inferences they draw and the conclusions they have arrived at. I think that would probably save time. I would not attempt to advise you. You, of course, are aware that Imperial inquiries have been made into this Meat Trust question, and pamphlets have been published. In Australia there was a judicial inquiry in regard to the existence of the Meat Trust, but the papers practically leave you as much in the dark as ever. Then, gentlemen, there is another aspect of this question which I would like to refer to. Supposing you succeed in putting the American Trust out of our market, are there not any other trusts that might be equally dangerous to us if you get rid of the American Meat Trust? As probably some of you are aware, Mr. Vestey came to New Zealand not long ago after having spent a considerable time in Australia. While in Australia he purchased large tracts of country. He is a meat man on the London market and a great speculator, and with all due respect to him—and I think he will admit it himself—he *is* a speculator. I do not think he cares whether it is in British sovereigns or in American dollars that he gets his money, so long as the aggregate is all right. I think he would tell you that himself. He came out here, and an inquiry to purchase a freezing company immediately followed his arrival, I assume he was an intending buyer of freezing companies in New Zealand. At any rate, an offer was made to my company, and I know of offers being made to other companies to sell right out. Since then Mr. Vestey has built works in Auckland. Now we have in New Zealand other companies, such as Armour and Co., with British capital no doubt, they being duly registered here. I do not know whether they have followed on the same lines with regard to registering with a small nominal capital, but, with America out of the way, even an English company formed with capital to work on the same lines would be just as bad for us; so, as I said before, difficulties bristle. When these gentlemen have been in New Zealand I have had opportunities of discussing various matters with them from this point of view, and I have realized that whilst the American

Meat Trust is the most serious because of its enormous resources, still it is only a question of time when some other bogey may arise equally as serious. Another thing is that, supposing you scotch the American Meat Trust, are we quite sure that the people who trade on the same lines as Mr. Vestey—who, by the way, I am told sold to Armour and Co. some of the enormous areas of this country which he purchased in Australia—have we any assurance that an English company may not do the same? Therefore it is a tough proposition you have before you, gentlemen. I do not know that I need take up your time any further.

6. *Mr. Scott.*] Do you not think the State could control the meat that is produced here by fixing the price and not interfering any further so far as the freezing-works or the producers were concerned—acting in conjunction with the Imperial authorities at Home?—Yes, I think a great deal is possible if they are acting in concert with those who can assist them elsewhere; but if you ask me whether the Government here can control the meat business by fixing the price here, all I can say is that the Government then becomes a speculator, and would have to withstand the variation in prices which would occur between the buying and the arrival of the meat on the market in London.

7. Would not that be met by the suggestion made by Mr. Millward that there should be a committee to advise the Government?—I do not know how you can hold up the market unless everybody's stuff is under the same control. The great difficulty, and one in connection with which we have no experience, is that our product is a perishable one, and a costly one to hold in the best condition. Mr. Millward referred to 1909. I happened to be in London at the same time. Our frozen meat went down to an unprecedented extent. All kinds of suggestions were made to hold up the price, but it was simply impossible. In that year I do not know what the losses the freezing companies in New Zealand must have made, but I know in our case it was huge. Those who operated upon the London market—the wholesalers—simply broke the prices down. They are out to speculate, and I do not think they have any better consciences in London than we have in New Zealand. We are out to make profits, as we must do, for our shareholders. We do not think very much of the buyer at the other end, and they think nothing of us when they get the opportunity, but that has been the condition of commerce from time immemorial. I do not really see how you are going to upset it. It will be quite a revolution if it is entered upon, and the fate of it I do not think any of us can foretell.

8. *Mr. W. H. Field.*] You agree that the outlook is very serious in this country if this movement is not checked?—I say it is serious now beyond doubt.

9. And it is worth our while to evolve a remedy if we can?—Yes, there is no question about that. I should suppose that, roughly, the presence of speculators of this kind must have cost operators this year a long way over a quarter of a million, and I am satisfied that is a low estimate.

10. You are aware, too, that the American trusts are beginning to operate also in fruit and butter, and endeavour to affect the markets of the world?—I cannot say I am aware of it, but I have heard it on good authority.

11. And you think the first step we should take is to endeavour to acquire the co-operation of other parts of the British Empire, at any rate?—Yes, undoubtedly.

12. With that co-operation you think something might be done?—I think the chances are you would bring into a conference better heads than mine. I do not know what may come of it, but I have a strong impression that so long as the war lasts you will get no assistance of any kind from the Imperial Government. The Imperial Government has to consider what effect it will have upon the American supplier of the moment, who, of course, is the biggest supplier. I do not know whether the Right Hon. Mr. Massey has told you, but I know that cables to London from the Requisitions Committee, of which I am a member, indicated that the Imperial Government, or the Board of Trade, which represents the Government, would do nothing that would in any way affect the arrangements that they had made with South America for the supply of beef. Mr. Millward referred to the arrangement we had with the Government as to frozen meat. He said it is running well so far as the working of the scheme here is concerned. The Imperial Government commandeered all our frozen meat, including lamb. The lamb was not required for military purposes, but was put upon the market in London at a restricted price, supposedly in the interests of the consumer—at least that is what we were informed when the commandeer was arranged—that it was to keep prices fairly low. The prices paid here were good, and somewhat in excess of the hoof value of our stock at the time. Everybody was thoroughly well content with those prices, and when a subsequent offer was made increasing the price for meat it was less warmly received than was expected. The desire was more in the direction of allowing surplus meat (after providing for military wants) to go on the market without any restriction, because the restriction was putting money into the pockets of the South American firms all the time, as they were free to sell without control anything over and above what they had actually sold to the Imperial Government. I do not know that the New Zealand farmers were anxious to get a fraction of the money, and they probably would have been perfectly content to know that this meat being put on the market was making a big profit for the Imperial Government. As it is, New Zealand is indirectly contributing enormously to the carrying-on of the war, and nobody gets any thanks for it. What we are contributing is the profit between what we get and what the consumer has to pay. Of course, that is going into somebody else's pockets first, but all the same the profit is retained in England. Therefore I am of opinion that our aim should be to get the Imperial Government to put all the surplus meat on to the London market without restriction, because the Imperial Government would then get the advantage direct.

13. Would your company be willing to freeze only?—Our company was started to freeze only, and we still call ourselves a farmers' company, notwithstanding the fact that in order to keep our works full we must go on the market too. It would suit us admirably to freeze only on producers' account if we could keep the quantity up, but as we cannot do so, and as it certainly would not pay anybody interested to keep machinery idle, we have to purchase also.

14. *Mr. Witty.*] You said there was only one share held in New Zealand by Armour and Co., the chairman holds one and the solicitor one?—I do not know what the shares held are, but there are five shareholders in it.

15. By their methods they are able to evade legitimate taxation, are they not?—Unquestionably.

16. Would an English combination not be less likely to evade taxation than an American one?—If their ultimate profit is made there they could, I presume, be bound to declare that profit.

17. And therefore it would not be lost to the British nation?—Quite true. What I mean is that the profits of their New Zealand operations would have to be shown in London.

18. There could be reciprocity between New Zealand and Great Britain so far as taxation is concerned where there could not be between New Zealand and America?—Yes.

19. *Mr. Forbes.*] I think you said that the operators had forced up the prices, which meant a loss of something like £250,000?—Yes.

20. Did your company feel the competition?—We have lost. We have paid away more money than I expect we shall get back; but it is very difficult to say how the ultimate realization will open out. We have never had such enormous stocks as we hold at the present time unrealized, and we do not know what the fate of them will be; but, taking the position as at present, and considering what is a fair margin, practically the year has not shown a profit. To illustrate what I mean: the market for any of our products, except meat, which has been commandeered, may turn in any direction; the Imperial Government has intervened and fixed the price of meat without our having a say in the matter, and the realizable value of the stocks we hold under similar conditions might involve us in further losses.

21. What particular stocks do you refer to?—Tallow and pelts, but not meat. Meat is not paid for until it is f.o.b.

22. But there can be no alteration in that price—no loss?—No, but that is not the biggest value of the whole animal.

23. Last year the shipping companies had a very profitable year, did they not?—Yes.

24. And during war-time the freezing companies' profits have been higher than in previous years?—Not necessarily, because as the prices went up the freezing companies have had to follow them, and it means that the "value" is the price we have to pay.

25. The effect of the American competition, or the competition whether American or not, has not made the freezing companies' operations more profitable within the last few years than the competition operating prior to the new competitor coming on the market?—I do not think one can attribute any serious differences to these companies in the last year or two, but as the question turns a good deal upon your reference to profits made by companies during the last year I might say that the profits made by the companies last year were entirely unexpected. They were due to sudden enormous rises in certain directions of stuff we had free for the market. We were all greatly surprised. Take, for instance, sheep-pelts: they went up 100 per cent. in value at a time when nearly every company had pretty well the whole of their year's output unsold. Tallow went up nearly double, but both pelts and tallow are now shivering, and are falling.

26. Practically you have felt the harmful effect brought about by the operations of the Meat Trust?—This year we have, because we have had to buy close up. We have paid too much according to our estimate. We are not able to provide in our estimates what I consider is a safe margin for the risks we run.

27. *Mr. Anderson.*] I understand that the buyers in New Zealand for these companies we are referring to are prepared on occasions to pay more than the Government price for the meat: is that so?—My buyers are not.

28. I am asking about the American buyers?—I really do not know: we hear all sorts of stories, but I do not pay very much attention to them.

29. Is it a fact, then, that lamb can be tagged for certain firms at Home?—Yes, that is so. It was so arranged, and was considered a good thing in the beginning. When the war commenced, of course, we were all anxious as to what was going to happen to our business connection, and it was thought desirable that the regular selling agents should have surplus meat placed in their hands by the Imperial Government for sale at fixed maximum prices on behalf of the Imperial Government. At that time most people thought the war was going to be over in a short time, but it has continued, and the trouble that has arisen with us is that dealers (Armour and Co., for instance) have bought and shipped a considerable quantity of stock, and as Armour and Co. are their own selling agents in London they receive the surplus New Zealand meat for sale on behalf of the Imperial Government, with the brand of Armour and Co. on it. The same thing applies to Borthwick and Co., who are operating here. Then, Sims, Cooper, and Co. are very large operators: they have their London house, and they, of course, get their own marks. Fletcher's and Vestey's also get their own brands, and so it goes on. Therefore you see that there are certain companies trading here—and not Americans only—who are able out of the profits between the wholesaler (themselves) and the retailer (also themselves) and the consumer to pay more money than a company which is trading only in New Zealand, and whose surplus stuff goes into the hands of their regular agents on behalf of the Imperial Government.

30. Is that prejudicial to the local companies and the farmer, or is it an advantage to the farmer that these companies I am referring to are able to pay more for the stock than they otherwise would do?—Well, on the transaction itself they are on no better wicket than anybody else, but when you realize that they have their own nominee for the surplus at Home they have a guarantee of a supply at a fixed price. It is not distributed, as in the case of lamb: there is pretty well from 9d. to 1s. per pound profit as between the wholesale price and the consumers; and as they have their own shops it is conceivable that they can stand quite a substantial loss on their cost here and make it up from there. In the South Island Armour and Co., I understand, do that.

31. Is it your experience that this tagging of meat enables him to do that?—Unquestionably.

32. Is it prejudicial to local companies, such as your own?—Without doubt, and to the farmer, too. Armour and Co. are here, and have spent a considerable amount of money to purchase a goodwill.

33. Do you think if some amendment were made in the present system of tagging that would be an improvement?—I recommended to the Minister when the last increased price was given not to bother about the price. I said, "Get the surplus meat free on the market, because that will satisfy New Zealand."

34. *Mr. Reed.*] Is all the capital of the Wellington Meat Export Company New Zealand capital?—So far as I know, yes. I do not know that we have any foreign element. It is all subscribed in New Zealand.

35. What is your opinion regarding the effectiveness of compelling all freezing-works in New Zealand to be locally owned: do you think that would combat the operations of any trust?—I think it would be a very good thing if it were possible, but I do not know how you are going to provide such a thing as excluding all but New Zealand capital. Are you going to prohibit the transfer of shares?

36. It would amount to that?—I am afraid that you would not get a very big subscription towards the new company.

37. If you thought it were possible, you would think the scheme a good one?—I would rather look round for some other solution. It occurs to me that I would try a good many other things first; but probably there may be no necessity for that if you made it unprofitable for foreign capital to come in.

38. *Dr. Newman.*] If something is not done to check the advance of the Meat Trust in New Zealand, will it not shortly get complete control of the trade with the wealth of money they have?—The local companies will undoubtedly go under.

39. And if there is no combined action and the State does not intervene they will have complete control?—Unquestionably.

40. *Hon. Mr. Ngata.*] Would the freezing companies have any objection to giving this Committee or the Government information as to the ownership of stock in the various works: by "ownership" I mean the people who are freezing and have sold their stock to the Government—that is, taking in the farmer who freezes and the agents who have purchased?—Under the scheme of working consequent upon the commandeering of the meat the companies have undertaken to give to the Government all the information they require. If it were not so provided for we would give it cheerfully.

41. Then that information is readily available?—Quite.

42. There was one point in Mr. Millward's suggestions which you did not emphasize in expressing your views, and that is this: that this scheme of Government control, by fixing the prices through a representative committee, could only succeed if the Imperial Government at the other end controlled the distribution?—I do not think any possible good could eventuate from the New Zealand Government acting alone.

43. Do you think it would be practicable if the Imperial Government were so minded to control the distribution to the consumer?—It is practicable.

44. In what way—by merely fixing the price?—The fixing of prices when it goes to the consumer would mean that you would have to fix so-much as the price for a leg of mutton, so-much for a loin, so-much for the saddle, and so on. To my mind the only way in which you could come to something absolutely definite would be for the Imperial Government to own all the meat-shops.

45. And short of that?—I do not think there is anything short of that which would not be open to all kinds of abuses.

46. That is what I mean, practically—unless they enter into the business whole-heartedly?—It seems to me that is the only way. Of course, nations have gone ahead, and Great Britain has done very well in spite of obstacles, but I do not know what might be the effect if there is still too much State control.

47. But they might control sufficiently long to enable them to scotch the trusts?—Yes. I do not understand very much about trusts—it is an intangible sort of thing. They might be compelled, as the oil companies were, to distribute their resources. But what happens now? They are just the same under another name; and it may be so with the trusts.

48. *Mr. Pearce.*] In your works you freeze for various clients, do you not?—Yes.

49. Do you know of any case where meat after it has been frozen has been transferred to a fresh owner after it leaves your works?—No, we would not need to know that. If it is sold by the owner his transaction is with the other man, to whom he hands the bills of lading.

50. Any of your own clients could do it without your knowledge?—Yes. The bills of lading are handed to the owner, and if he sells his meat he passes on the bills of lading.

51. Do you not think it would be some check on the Meat Trusts if we passed legislation making it illegal to allow any rebates in regard to freezing and shipping for some of the big firms, who get rebates and are thereby enabled to compete on better lines?—Yes, that would be a good thing. I know there is in existence a practice to make substantial reductions in freezing-charges to certain people. I know on one occasion I was a sinner. I agreed to do what a competing company were doing, and at the end of the period I asked for the production of the agreement with that company before I paid out. They refused to produce it, and I said, "Very well, I do not pay until I get it"; and I have not paid to this day, and I am not doing any more business with that company.

52. You think it would be an advantage to take some action?—Yes, I do. It has worked well in other respects.

53. Can you give us any information about the firm of Sims, Cooper, and Co.: there seems to be a great difference of opinion as to whether they belong to the Meat Trust?—Well, if you ask my opinion I might say that lately I refused to freeze for them.

54. *Mr. Anderson.*] You suggested that the only way in which the matter could be controlled at Home was by the Government establishing State shops. Do you think the Dominion Government should establish shops of our own in England for the purpose of distributing meat?—No, I do not think you could, unless you could control everybody else's meat. Unless all the meat was controlled it would not be effective. I might say, Mr. Chairman, that if there are any returns which my company could work up for the information of the Committee, or any information that we can get hold of from any other quarters we shall be very glad to lend every possible assistance.

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TUESDAY, 14TH AUGUST, 1917.

MELDRUM ALFRED ELIOTT examined. (No. 5.)

1. *The Chairman.*] You are a partner in the firm of Mellsop, Eliott, and Co., meat-exporters?—Yes.

2. Will you make a statement to the Committee in reference to the matter we are inquiring into—namely, the Meat Trust operations in the Dominion—together with any suggestions you may feel disposed to make?—Well, I would be very pleased to make some suggestions, but it is rather a difficult matter to make a statement about because, as I stated in my telegram, I can only repeat current rumour. I have no first-hand evidence as to the operations of the trust.

3. Could you, first of all, give us some evidence regarding the purchasing operations in the Dominion—whether you think there is any undercurrent or whether prices are abnormal?—Well, Mr. Chairman and gentleman, as you all know, there has been a certain firm of exporters in New Zealand who are publicly supposed to have represented for many years the firm of Swift and Co., of Chicago. If you ask me for any evidence on that point I am afraid I cannot give it to you, but I feel in my own mind that that is so, and most of those connected with the trade are of the same opinion.

4. Will you mention the name of the firm you are referring to?—I suppose the information would be privileged?

5. Yes?—It is popularly supposed to be Sims, Cooper, and Co., of Christchurch, who are representing Swift and Co., of Chicago. They have been in operation in New Zealand for many years—at least ten years—and they have gradually increased their operations until now I suppose they are without doubt by far the largest exporters of frozen meat in New Zealand. It is well known that they were formerly two employees in the Christchurch Meat Company, and had practically little or no capital to start with, and the question immediately arises how they finance the gigantic operations which they now carry on. Well, I do not think I have anything else to add as far as Sims, Cooper, and Co. are concerned. Of course, it is generally recognized that they are very large proprietors also as tannery and pelt manufacturers in Christchurch. I refer to the Woolston Tanneries Company, which was once owned by Bowron Bros. (Limited). The company has been reconstructed, and both Sims and Cooper are directors, and also have a very large controlling interest. As far as Armour and Co. are concerned, their manager, Mr. Kingdon, said, "We have put our cards on the table, and have nothing to conceal." Mr. Carney also makes the statement that Armour and Co., of Australasia, have nothing to do with Armour and Co. of the United States or Armour and Co. of London, but it is absurd to expect any man to believe that, especially when he sees that one firm is doing the selling and the other is doing the buying. Mr. Carney holds 4,498 shares in the company, Mr. Kingdon has one share, and Mr. Alpers has one. Mr. Carney holds power of attorney.

6. *Mr. Dickie.*] And they give the biggest prices of buyers?—Yes. It is reported that they are paying their manager, Mr. Kingdon, £3,000 a year, so that they are evidently laying themselves out to do a very big business.

7. *The Chairman.*] Have their operations affected buyers?—Not so much Armour and Co. up to the present, but they are laying themselves out to do very much larger operations. They are also throwing out feelers everywhere in connection with buyers and agents. In my own district they put on their buyer there last season, but he did very little. Still, he is there, and is prepared to do a very much bigger business. The operations of Sims, Cooper, and Co. have had a good deal more to do with the excessive high prices than Armour and Co. up to the present, because certain freezing companies have had to follow Sims, Cooper, and Co.'s prices in order to maintain their connection and prevent their clients from drifting away. The consequence is that the balance-sheets will show that the freezing companies have made very heavy losses. I believe I am correct in saying that the Wellington Meat Export Company has lost very nearly £15,000 this last year. The Wellington Meat-farmers' Company at Masterton, although they nominally show a small profit, that is made up by their not having written off the same amount for depreciation as in previous years, and the balance-sheets of other companies will be found to be in the same position, showing that the price paid for stock was considerably above the legitimate value—I mean the value of the business based on the Government schedule of prices, which presumably everybody received.

8. *Mr. Witty.*] That is, they were giving more than the Government were giving?—Yes, more than they could recover from the Government. In support of that statement I have drawn out one or two actual returns, showing the prices realized for one or two lines of lambs and

some beef, which I will put before the Committee. [Returns produced and put in.] Here is a line of 241 woolly lambs killed at Feilding works on the 29th January, 1917. At the Government schedule prices prime quality was 6½d., first quality 6⅜d., and second quality 6⅛d. After deducting the freezing company's consolidated rates for killing, freezing, bagging, putting f.o.b., crediting the account with the actual returns on fat and returns from pelts and wool, the result is a loss of £1 17s. 5d. [*Vide* Exhibit 9.]

9. *Mr. Scott.*] Was that the loss on the whole number?—Yes, the total loss. Showing how closely the thing was cut, here is another line of 230 lambs killed at the same works on the same date. It showed a profit of £2 10s. 7d. on the 230. Then, another line of 455 showed a loss of £28 18s. 2d. I may say that these returns do not make any allowance for insurance or interest, and, of course, the longer the meat remains in the works the greater the amount of interest and insurance. [*Vide* Exhibit 9.]

10. *Mr. Witty.*] That loss was practically on the hooks?—Yes. As to the cost price, I may say that I have taken it at 8½d. for prime and 8¼d. for first and second quality, or slightly under current prices, because immediately after that the prices rose up to 8¾d. and even to 9d. Those bought were rather on the low side. If they had been bought at prices which I know were current at the same time in the district they would have shown a very much bigger loss.

11. Can you give us any idea of the position in regard to wethers?—I have no return here in regard to wethers, but I will have a return supplied. [*Vide* Exhibit 7.] I have a return here also showing the value of beef at Longburn Freezing-works on Government schedule prices after crediting the account with 5d. per pound. [*Vide* Exhibit 12.] That is ox beef, and hides at the full value of 1s. 1½d. per pound, with tongues, tails, and tallow, and deducting the consolidated rate for freezing, &c. The return shows 44s. 10d. per 100 lb., and that is the net return. I think everybody knows that the current price for ox beef has been in the neighbourhood of 50s. for practically the whole of this season. That is the price fixed by the Christchurch Meat Company, or, rather, the New Zealand Refrigerating Company, the Gear Company, Sims, Cooper, and Co., and they are practically the largest buyers. They are all paying £2 10s. per 100 lb. At Longburn the charges are a little higher than at other works, but they have to pay railage to Wellington, which is equal to about 0·11d. per pound. However, in the case of the Gear Meat Company, Sims, Cooper, and Co., and the New Zealand Refrigerating Company, I understand they pay the railage on live-stock to Wellington, or to Imlay (Wanganui), as the case may be, so that they are practically in the same position. Sims, Cooper, and Co. pay railage on beef from the Waikato, Hawke's Bay, Wairarapa, and even from North Auckland to Wanganui.

12. *Mr. Anstey.*] What is that return on?—It is on a line of beef put into the works by clients of ours.

13. And they only got 44s. 10d.?—Yes, that was the net return. Then the return from a line of cow beef showed 42s. 8d. [*Vide* Exhibit 12.] Sims, Cooper, and Co. were paying at least 45s., and in many cases 46s. Then there is a return in regard to a line of ox beef at the Wanganui Freezing Company's works, which gave a net return of 46s. 1d. per 100 lb. [*Vide* Exhibit 11.] That is about 4s. under the ruling price. Then there is a return of a line at the Feilding Works which averaged 700 lb., and that gave a return of £2 5s. 9d. per 100 lb. [*Vide* Exhibit 10.] Then I produce a return from the Southdown Works at Auckland. [*Vide* Exhibit 13.] I think they are a little bit low in their estimate for skins, as the wool and pelts realized more than they show here. They give a net return for wethers at 5¾d. per pound: that would be for shorn wethers. I have put in these statements to show that the value paid to the farmers for live-stock in the first instance by one or two firms, and which had to be followed by other freezing companies and exporters, was considerably above the true legitimate value. What the object was of those who initiated those extremely high prices it is very difficult to say. In the case of lamb you could possibly understand it, because under the present system of nomination of selling agents in London any meat not required for Army purposes is sold back by the Board of Trade through those agents who are nominated at this end, and they either get 2-per-cent. commission straight out as agents, or ½d. per pound as wholesale merchants. Most of the business is done on a 2-per-cent. commission, but some firms, like Fitter and Sons and one or two others, work on ½d. per pound profit, and in one or two cases it has been represented that either this commission of 2 per cent. or the greater part of it, or the ½d. per pound, has been returned to the exporters at this end, which of couse is directly opposed to the principles of the Board of Trade or to the conditions. I understand that in one or two cases representations were made to the Board of Trade on the matter, and that the 2-per-cent. commission was stopped.

14. *Mr. Witty.*] Are you sure it does not go to the Imperial Government?—Yes, I am sure of that. The agents at Home or the wholesaler has to work on that, out of which he has to pay office expenses and other usual charges; but I am sure I am correct in saying that in some cases either the commission or the ½d. per pound has been wrongfully handed back to the exporter at this end, thereby giving certain exporters an undue advantage, which they should not receive. It was never intended by the Board of Trade that any part should be handed back to the exporter in New Zealand. It was represented to the Board of Trade that there were certain firms and agents doing business in London who were entitled in order to retain their connection that they should receive some recognition and some slight remuneration for their services, and the Board of Trade recognized this and made these allowances, but it was certainly never intended that anything should go back to the exporter in New Zealand.

15. *Mr. Forbes.*] But it is done?—Yes. I believe in one case representations were made to the Right Hon. Mr. Massey when in England, and it was immediately stopped.

16. *Mr. Scott.*] It is not in operation now?—Well, I believe it is, but I have no direct evidence on that point. I believe that in one or two cases the ½d. per pound has been handed back to either the freezing company or the exporter in New Zealand.

17. *Mr. Witty.*] Is it a fact that the Board of Trade sells the stuff that is ticketed from certain works to the same companies at Home who have retail shops?—Well, I have heard that mentioned, but it seems to me it would be impossible. You mean a particular line of lamb or mutton goes to a firm nominated?

18. Yes?—I do not think so. I believe they get an equivalent quantity, but not a particular line. They may get a particular line, but it does not follow it is from any particular works.

19. Why should they give a higher price for the lamb here—that is, those who have got shops at Home—than the ordinary freezing-works give, unless they are getting back their own lamb at the other end?—The explanation is that it is owing to the American companies operating at Home, who do not belong to the Incorporated Society of Meat-importers. They are able to manipulate large supplies of South American and Argentine and Patagonian lamb, and they are able to make a loss on New Zealand lamb and use it as a lever to sell South American lamb. If a retail firm say they want twenty carcases of New Zealand lamb, and the Board of Trade say that any retailer is to be placed in the position of getting a fair proportion of what he wants—but supposing he goes to an American firm which controls large supplies of New Zealand lamb and says he wants twenty carcases of New Zealand lamb, the American firm insists on his taking perhaps a hundred carcases of Patagonian lamb before they supply the New Zealand lamb. Therefore I think the nomination is to some extent playing into the hands of the American companies. Of course, it is against my own interests to say so, because we nominate our agents for shipments, and if the nominations were stopped, of course my firm would lose that. But I think regulations should be made to stop the American firms manipulating the market.

20. The same stuff does not always reach the same destination?—No, I do not think so; but as long as they get supplies of New Zealand lamb you see what a lever the American companies can make of it. Before the war the New Zealand mutton and lamb was worth 1d., 2d., and 3d. per pound above the American lamb, but now it is the reverse.

21. That is wholesale, but not retail?—No, I should say not retail. The whole trouble, to my mind, is that the Imperial Government command the disposal of the meat up to a certain point, and then lose control of it altogether. They take control here in New Zealand, arrange shipment of it and arrange agents, but immediately it gets out of the hands of the wholesalers they lose control of it entirely, and consequently the consumer at Home is forced to pay exorbitant prices.

22. Would it not be better for the Imperial Government to control it right to the consumer?—Yes, that is the solution of the difficulty if it could be arranged. Of course they could, as has been suggested, place a maximum price that could be charged to the consumer. Of course, one of the difficulties is that South America has such enormous supplies of beef that the firms handling that beef are placed at an advantage over the New Zealand firms, who have not the same corresponding lots of beef to deal with. I have drawn up a few suggestions, Mr. Chairman, which, if adopted, might be a step in the direction of attaining the object which the Committee has in view. I will not say for one moment that they will cover the ground or go as far as it may ultimately be found necessary to go, but you will agree with me that it is necessary we should make a start with the matter. It has been suggested by many people connected with the trade in New Zealand that we cannot do anything in New Zealand, and that it must be left to the Imperial authorities in London, and that they are the people who have to take the steps necessary to deal with the matter. Well, I do not agree with that. I think if we take the initiative here, and show them we are thoroughly in earnest about the matter, and then ask for their support, it is very much better than leaving it to them to take the initiative.

23. Better than the two combining?—Certainly the two combining is the proper thing, but the initiative must come from us. We must show that we are in earnest in the matter and desire their assistance, and we can only do that by drawing up certain regulations and asking the Government to pass legislation carrying them out, and then ask the Imperial Government to support us in the matter. With that end in view I have drawn up a few suggestions which might be of use, and with your permission I will read them. They are as follows, but I should first like to refer to the aims of trusts. The competing power of trusts and monopolies does not depend on their economy, but on special and unfair fighting-powers which their great size gives them. Their aim is the destruction of competition—first, by attacking the independent works or producer; second, by controlling prices paid, and the amount to be marketed by the farmer, thus restricting production; third, by unfair market conditions and control of prices to the consumer without regard to supply and demand. This is obtained by special rebates to those who handle only their goods; local cutting of prices; selling goods below cost in rival territory, charging higher prices in other fields; cutting the price and underselling goods until they obtain control, but making excessive profits on their controlled goods. To tolerate a monopoly is to vest in a few persons the power to tax the rest of the community. Monopoly is what monopoly does, and the typical act that identifies this unlawful power is the crushing of rivals. The law must protect to secure equal treatment to all. This can be done by State regulation rather than by State ownership. By common law monopolies are contrary to the public interest, and must be definitely dealt with, as anything that restricts output of production and competition is not in the interests of the community as a whole. It has been recognized that no foreign company or firm, or agents acting for or financed by a foreign company or firm, shall own or control any of the primary products of the country. The above should apply to freezing-works and their subsidiary operations, as being linked up with the production of stock and the advancement of settlement and the prosperity of the country.

The recommendations I make are as follows: (1.) Combination to limit the killing or export of stock or to fix prices shall be illegal. (2.) All freezing-works, wherever situated, shall be free to individual farmers or their agents for killing, freezing, and handling of stock at current

rates for freezing, felling, and freight, and the same rate shall be charged to every one. (3.) Freezing-charges shall be subject to revision by the Government at one common rate for the district in which the works are situated. Any rebates or secret commissions shall be illegal. (4.) Rates of freight shall be at one common rate available for every one throughout the Dominion, without preference or secret rebates or concessions. (5.) Every freezing-works shall grade to a regular standard of quality and weight suitable to their districts. The whole output from each works shall carry the distinctive marks of the works. The grading and marks shall not be altered without the consent of the Government, but freezing-works can pool farmers' lots, with their consent, under a general number for economical handling and selling. (6.) Control of freights shall be in the hands of the Government, and regulated so that each district shall be free to make regular shipments—Wellington–Lyttelton weekly, main ports fortnightly, outports monthly—as required. (7.) Taxation of foreign firms shall be the same as is paid by British firms. (8.) Foreign firms, companies, or agents acting for foreign firms shall not escape taxation on the plea that no profits are made in the country of trading. The fact that they are trading shall be taken that they are making the same profits as others. (9.) It shall be illegal for foreign firms, companies, or agents of the same to deduct from the profits managerial expenses, capital, and other charges not incurred in the country. (10.) In the event of foreign firms or agents for the same not showing any profits, or less profits than the British firms in the same class of business, the foreign firms shall then pay on the percentage of their turnover such taxation as shall be equal but not less than is paid by British firms. (11.) No foreign firm shall enjoy the privileges of the protection afforded by the laws and administration of the country in which they desire to carry on trade unless by paying adequate taxes. (12.) All meat-exporters, including freezing companies, shall be licensed, and shall forward periodical returns showing to whom their sales of meat and other produce have been made, and at what prices. The names and addresses of all agents and branches or principals in Great Britain or elsewhere must be given, and such agents or others shall supply full particulars of sales. The onus of correctly supplying and proving such information as the Government may require shall rest on the meat-exporter, and the Government may refuse a license to export if they are not satisfied with the *bona fides* of the returns. (13.) The Government shall set up a permanent Committee to inquire from time to time into the general conditions and working of the meat-export industry in New Zealand, especially in connection with matters connected with what is known as the Meat Trust operations, and to make periodical reports to the House of Representatives. Such Committee should consist of three or more members of the House, three or more well-known gentlemen intimately connected with frozen-meat export, and Dr. Reakes or some other Government official.

In regard to the regulation dealing with rebates and commissions, you see what an enormous power it would put into the hands of any firm like Armour and Co. They will go to a certain freezing company and say, "Supposing we put through your works this coming season 50,000 lambs, we expect a rebate," and the company has either to give the rebate or see the sheep and lambs go to other works. It places a very great power in the hands of very large buyers. I believe it is a fact that several years before the war one Wellington freezing company did give a rebate on their freezing-charges to very large buyers, whom I have mentioned before. As I said, these regulations would only be a beginning, and afterwards they may have to be considerably modified, altered, or added to; but I think it is necessary to make a start, and I would suggest that something of this nature be recommended to the Government. I have also another small return here showing a comparison between the consolidated rates of the various freezing-works and cost of putting beef, mutton, and lamb f.o.b. of various freezing companies. [Return put in.] The extra cost for the inland works is accounted for by the cost of railing from the works to the port. They are not on the same basis, and this applies to beef, mutton, and lamb. The charges in all the works are different.

24. *Mr. Witty.*] In every case on the hooks or f.o.b.?—Those are the freezing companies' charges for killing, freezing, and putting f.o.b., but they do not include insurance.

25. *Mr. Forbes.*] You have not got the charges of the Canterbury companies?—No.

26. *Mr. Witty.*] Has your firm any agents at Home?—Yes, Gilbert, Anderson, and Co.

27. You mentioned the late firm of Bowron Bros.: do you know who is the manager of that firm?—Mr. Ollivier is the managing director of the Woolston Tanneries Company.

28. They have been complaining that they cannot get hides, with the exception of ox-hides, but not sufficient to keep their works going, and the Right Hon. Mr. Massey said he would see they were fully supplied?—Under the arrangements made by the Board of Trade to take over all the hides of New Zealand the New Zealand tanneries are supposed to be able to obtain supplies of requirements. It is the surplus that is exported.

29. Have you any idea of the amount of business done by Swift and Co.—they freeze through the various freezing-works?—Yes, as far as I know, through almost all the freezing-works, but the bulk of their business is done by the Christchurch Meat Company; in fact, I should think, four-fifths of it.

30. What makes you think that Sims, Cooper, and Co. are connected with Swift's?—I have no proof of that at all. It is just what everybody else thinks, but they cannot prove it.

31. Are there any other works besides the New Zealand Refrigerating Company on which they have any pull?—No, I do not think so. As far as I am aware they have not.

32. The old directorate of the New Zealand Refrigerating Company is still in existence, is it not?—I think Mr. Knight is still the chairman of directors, or was so until recently.

33. *Mr. Forbes.*] What is the impression among the freezing companies with regard to the New Zealand Refrigerating Company: is it the opinion that there are some other interests there than what appear on the surface?—Yes, that is the general opinion, I think.

34. What company do you represent?—I am a meat-exporter. I kill at nearly all the works in the North Island.

35. Those cases you mention and of which you gave the figures, are those exceptional cases?—No, I do not think so. They are practically borne out by all the returns put through. The manager of the Longburn Works told me he was losing 1s. to 2s. per head on all mutton put through, and the same thing applied to lamb.

36. The exporters buying beef at 50s. were losing money?—Yes.

37. Unless there was some other source?—Yes.

38. What would be that other source?—I do not know. I do not think they would do it from philanthrophic motives or for the good of the country.

39. They are keen enough to buy at those prices, are they?—Yes; they would take all that was offered to them. Their buyers would go round endeavouring to get all the best stuff offering. I think, as far as the Gear Company is concerned, probably they were giving that price for their local trade here in Wellington—I do not know that they were very keen to give that for export; and the same might apply in other cases. Where the price was paid it was for the local trade, but there is no doubt that certain firms did give that price for export.

40. Well, considering that the retailers have the opportunity of getting the meat from the freezing-works at the Government price, how has it paid the Gear Company to give a higher price than the Government price for their shops?—I do not think the New Zealand consumer had been educated up to liking frozen meat. They prefer to pay a higher price for fresh meat.

41. Not necessarily frozen meat—they may get that fresh-killed before it is frozen?—Well, the Government opened retail shops in Auckland, and I think also in Gisborne, but for all that the local butchers seem to be able to continue business and pay a higher price for meat.

42. You do not know how to account for that?—No.

43. In connection with the nominated meat at Home, what happens to the meat which is not nominated—the meat of all farmers would not be nominated?—Unless the farmers instruct the freezing companies whom to nominate, the freezing companies would nominate their own agents.

44. All the meat that goes from here is nominated?—Yes.

45. *Mr. Dickie.*] What happens to this lamb that the Government is not taking over—what happens to it when it reaches London—that is nominated, is it not?—It passes, first of all, into the hands of the agents who may be nominated. They sell to the wholesalers, retaining 2 per cent. commission, and the wholesalers distribute it amongst the retailers.

46. You would nominate to whom a line of meat was to go at Home?—Yes.

47. I thought the Board of Trade did that?—No, it is all done from here.

48. Do you think the Board of Trade gets anything out of that?—No, I do not.

49. Whom does the Board of Trade consist of?—Sir Thomas Robinson is the Chairman, then there is the High Commissioner (the Hon. Mr. Mackenzie), and Mr. Nelson.

50. They are all connected with the freezing industry in New Zealand except Mr. Mackenzie?—Yes.

51. It has been suggested that they made something out of it?—Personally I do not think so.

52. *Mr. Talbot.*] You think the Board of Trade get nothing out of it except sufficient to pay expenses?—I think probably they would have sufficient to pay the cost of storage and handling.

53. You think that Sims, Cooper, and Co. get their money from Chicago?—That is my own personal opinion.

54. Is there not a chance of their having got it from any big trust at Home—Vestey's, for instance?—Vestey's are now an American firm. They left England, and are established in America.

55. *Mr. T. A. H. Field.*] You mentioned two cases in which commission had been handed back: will you tell the Committee the names?—I will tell the Committee, but I want it to be considered confidential. [Names mentioned.]

56. *Mr. Anstey.*] I understand you are acting as a meat-exporter only, and not connected with a freezing company at all?—Yes, that is so.

57. You buy a good deal of meat direct from the farmers?—Yes, or act as their agents. In most cases we act as agents.

58. You give them the Government price?—Yes.

59. Do you ever buy sheep and cattle on the farm?—Yes.

60. And what do you base your values on?—On the Government price.

61. You gave us several instances of where Sims, Cooper, and Co. had made losses in purchasing small individual lines?—It was not Sims, Cooper, and Co. I was referring to: the farmers made the losses on those lines.

62. Do you ever make losses yourself in buying?—Yes.

63. The object in putting in those statements of losses was to show that people were paying more than a fair price?—Yes, more than the legitimate price.

64. Do you happen to know whether the people made more than the Government price to make up those losses?—No, they could not realize more.

65. A firm like Sims and Cooper, and yourself, buying on the farm could buy cheaper than the Government?—We might buy cheaper, but unfortunately we cannot do so now.

66. You were quoting those low prices for the purpose of showing there was some improper inference. I ask you whether it is not a fact that they do make up those losses by buying lines cheap?—If the farmer was foolish enough to sell at a lower price than he could get elsewhere.

67. Do you suggest that these firms are buying at a loss? If these firms are constantly buying at a loss, there must be some ulterior object?—Judging from my own personal observa-

tion and knowledge, I think all the meat in the North Island was bought at a loss or at a very small profit during last season—that is, of course, on the average. On certain lines there may have been a profit, and on other lines losses, but on the average there would be a loss.

68. Do you suggest that is any harm to the farmer?—Not at the present time.

69. The objection is to giving the farmer his additional value in the meantime?—Yes. But we must go further than that. If the result of that competition eliminates all except one or two firms, then the farmer cannot be benefited.

70. Do you suggest that this unprofitable business is done with some ulterior object—to crush out competition?—Yes.

71. In dealing with competition you said that certain firms are working with American money, such as Sims, Cooper, and Co. Do you know of any firm working with British capital with the same object in view?—Not to anything like the same extent. Nearly all the buying by other firms is done by letter of credit from England.

72. And you think there are no firms working with monopolistic ideas supplied with capital from England?—I do not think so; in fact, I am sure there are not.

73. The New Zealand Refrigerating Company was mentioned: are they working with their own capital or capital from outside New Zealand?—I think the whole of the shares are held in New Zealand. Any reputable firm can procure a credit in London. I think it is British capital.

74. Are you sure it is not American capital?—I do not know—it may be.

75. In making suggestions for regulating the trust operations, do you think any definite action should be taken for the purpose of shutting out American trust money?—I think it should. As far as I know at present there is no monopoly whatever from British capital.

76. If some of the firms pay too high a price for their meat, are you sure that the advantage which they presumably possess is not by their having better control in the handling of the by-products or offal?—Well, the freezing companies are in a position to make a profit out of the offal, which we do not possess.

77. Does that apply to a firm like Sims, Cooper, and Co.?—It is a matter of arrangement between them and the freezing companies with whom they do business.

78. You mentioned just now the late firm of Bowron Bros. as a firm over whom they had some control. The fact of their being able to work up hides, would not that give them an advantage?—No; as buyers of stock they must sell their hides to the Government at schedule prices, and as tanners they must pay the schedule prices for hides to the Government.

79. If they could make something out of the offal they could afford to give the farmer a somewhat better price?—But the hides are the only things that can be removed away from the freezing company—all other things are dealt with in the freezing-works; and, as explained above, they cannot make a larger profit than any one else out of the hides or wool.

80. Are you sure that Sims, Cooper, and Co. do not handle pelts, tallow, and wool?—It is quite possible they may handle the pelts and wool, but not the tallow; but they must sell the wool at schedule rates.

81. Then in that case would they not be able to make a legitimate profit that way, and it would be equally legitimate to hand it on to the farmers?—That is the object of my regulation. Any profits of that nature—*i.e.*, offal not usually controlled by exporters—should not be given to one firm or individual. If given by any freezing company to one they should be given to all exporters.

82. Would you suggest that Sims, Cooper, and Co., who handle the profit, are wrong—is there any objection to their giving that advantage, or part of it, on to the farmer?—I do not suggest they do give it except in the nature of a higher price obtained by secret rebates from freezing companies, which should be open to all.

83. Is there any really illegitimate price being paid to the farmers that they do not recoup themselves for directly? If they give a higher price to the farmers because they can better control the offal, then there is nothing of the trust methods in that?—No, that is so; but I maintain that if they obtain secret rebates it is not a legitimate means of paying a higher price, and they cannot better control the offal.

84. If that were discovered you would not object to that?—Well, I may say that the year before last the Board of Trade refunded a considerable amount to pay for storage to the freezing companies in New Zealand. I think the total amount was about £750,000. Well, it was stated at a meeting of the freezing companies that the Christchurch Meat Company—or, rather, the New Zealand Refrigerating Company—had handed back to Sims, Cooper, and Co. a large amount of storage. They are the only freezing company in New Zealand that did so, and Sims, Cooper, and Co. are the only firm who received a rebate on storage.

85. Can you tell us whether any firm such as Sims, Cooper, and Co. received rebates from any freezing company which were not available to the public generally—I allude to tallow, pelts, wool, or other offal—that they have had some advantage which has not been gained generally?—No, I have no proof of any; but I strongly suspect that they exist in the shape of secret rebates on storage, &c., and higher prices for tallow.

86. *Mr. W. H. Field.*] I assume you have given evidence as to your belief of the operations of the American Trust companies here?—Yes.

87. Did you give any direct evidence on that point?—No.

88. Do you think, as a matter of fact, we shall get any direct evidence?—I do not think we shall. I feel sure you will not. Of course, there is no question about Armour and Co. operating in New Zealand—that is not denied; but any connection between Swift and Co. and Sims, Cooper, and Co. is not proved.

89. And you think this Committee will be unable to get any absolute evidence on the subject?—I do not think so, except by inference.

90. I suppose, among the people dealing in meat in New Zealand, every one is of the same opinion that they are operating here?—I think so. There is no doubt about it in my own mind, and to an increasing extent.

91. Would there not be a distinct danger, if we succeeded in shutting out American companies, of their dealing through English capital, or ostensibly English capital?—No doubt they would try to do so.

92. Do you not think they could do so without being discovered?—Yes, I thing they might.

93. Then do you not think we should, if possible, attempt to shut out all monopolies, whether American or English?—Yes, I should say a monopoly of any kind, whether British, American, or New Zealand, should not be allowed.

94. We had it in evidence the other day from the managing director of the Meat Export Company that we could not deal with this matter satisfactorily unless we not only got assistance from our Government here and the British Government, but also from the Governments of other parts of the British Empire. Are you of the same opinion?—Yes; I should say that Australia should be asked to join with us, and also Argentine should be asked to join in. You may say that, roughly, the meat-supply is divided into three parts—Argentine, Australian, and New Zealand—so that if we could control the supply from New Zealand and Australia we would then control two-thirds of it.

95. In your business you have two branches—an agency branch and a purchasing branch?—Yes.

96. You offer to purchase stock?—If the farmers want us to buy outright we do so, and sell through our agents in London.

97. *The Chairman.*] You are a New Zealand firm?—Yes.

98. With headquarters in Palmerston North?—Yes.

99. *Mr. Witty.*] It is reported that Armour and Co. and Swift and Co. are taking a lot of the best buyers from other companies: is that so?—Yes, I have heard that, but we have not lost any of ours. I think Mr. Kingdon himself was the manager of the Gladstone Freezing-works in Australia. Mr. Carney has the power of attorney, and he was a wool-buyer.

100. I suppose you are aware that Armour and Co. bought out Joseph and Co., and have also taken some of the best men from some other works?—I do not know much of what is going on in the South Island. I have one or two papers here, which I will leave with the Committee. [Returns and statements handed in.] I would also like to place before the Committee a printed circular sent out by Messrs. Sims, Cooper, and Co. It reads as follows:—

"*Meat Trust Menace.*—In view of the many rumours and false statements which have been circulated connecting us with the above, we desire to publicly place on record the following facts: (1) That we are a purely New Zealand firm; (2) that neither directly nor indirectly have we any American capital in our business; (3) that neither directly nor indirectly do we receive any American financial support; (4) that no American company or interest has, directly or indirectly, the slightest control over our business. Should the false statements previously mentioned be repeated subsequent to the publication of these facts, we can only regard them as being made with the deliberate intention of injuring our business, and action will be taken by us accordingly.—Yours faithfully, SIMS, COOPER, AND CO. (N.Z.) LIMITED."

I desire now to read extracts from letters from Gilbert Anderson and Co., of London, written to my own firm. The first is dated 5th October, 1916, as follows:—

"We have had information that Armour's purpose establishing buyers in New Zealand. We believe, however, that this will be resented not only by the Imperial Government, but by the New Zealand Government, as it is felt from the experience of the past that foreigners should not be allowed to handle British commandeered meat, as they only use this for the purpose of enhancing the prices of their own market, and, being foreigners, are outside the control of the Imperial Government."

Further, "The position when we advised you on the 24th August was that New Zealand lambs were sold on Smithfield at 9½d. Owing to the American firms being able to obtain supplies of New Zealand meat they were able to raise the price of their own uncontrolled South American meat, so that the price of Argentine lambs was 11½d. and 10¼d. The position now is that, owing to larger supplies of New Zealand lambs, the Imperial Government are able to maintain their price on the basis of 9½d. Smithfield, while Argentine lambs have fallen to 9¼d. and 8½d.

"It cannot be too strongly impressed on the New Zealand sheepgrower that the operations of the American firms are detrimental to the interests of the grower. Their desire to handle New Zealand meat is only that they may obtain enhanced prices, which they could not obtain otherwise for their South American mutton, beef, and lamb, and, as they are foreign firms, their action and prices cannot be controlled by the Imperial Government. The only way to prevent this unfair competition is for the New Zealand grower to insist that his meat shall be only handled by British firms and sold direct to the British public without the intervention of the foreigner.

"We would earnestly recommend to the attention of the New Zealand freezing companies, and also to the sheep-farmer, the position of the meat trade in the United States. In spite of what the Americans say, the facts and statistics of America prove conclusively that the American farmer does not flourish under the present system of meat trusts and controls, as is shown clearly from the fact that such large tracts of country are continually going out of cultivation, and solely attributed to the low initial price which the Americans pay for their stock and the heavy and extravagant manner in which their business is run."

Then, in a letter dated 20th April, 1917, there is the following:—

"There have been large quantities of U.S. River Plate meat which have been selling at lower prices than indicated previously. There is every appearance that these sales are being forced, as it is understood that the Government will bring in pressure on the Americans to be

satisfied with less than the extreme prices they were getting, and which was equal to 4d. a pound higher than the New Zealand or River Plate lambs. America coming into the war has evidently facilitated these proposals, and evidently pressure is being brought to bear to get the Americans to stop penalizing this market. An interesting cable came through from New York, in which the American Trust offers to forego any excess profits, and to sell at minimum rates of profit, abandoning—according to their statement—twenty millions per annum, provided the American Government give them the distribution of the meat in the States. It would seem, therefore, from the trust's own contention that they must have made something like sixty millions since the war, and they are prepared to forego all but normal profit provided they are able to wipe out all the co-operative and farmers' companies in the States."

Then, referring to a statement that Sims, Cooper, and Co. are doing the bulk of their business through the New Zealand Refrigerating Company, this is an extract from a letter from Gilbert Anderson and Co., dated 18th May, 1916:—

"The New Zealand Refrigerating Company only handle a percentage of their output; Sims, Cooper, and Co. and other buyers are doing the larger part of their business under this company's brand."

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HENRY JOCLYN GILL examined. (No. 6.)

1. *The Chairman.*] You are managing director of the East Coast Freezing Company?—Yes, at Whakatane.

2. And the works are in the course of being erected?—Yes.

3. Is it a co-operative freezing company?—Purely a farmers' co-operative company.

4. And your share capital was raised locally?—Yes.

5. Have you had any financial assistance as well as share capital?—From the Bank of New Zealand.

6. The whole of your capital is local capital?—Yes.

7. Have you had any experience of the Meat Trust operations in New Zealand, or have you given the matter consideration?—Yes, buyers have been operating largely in the Bay of Plenty districts during the past season—particularly during this last season.

8. How do you think it will affect you as a co-operative company?—Well, it promises to greatly diminish the stock which we have confidently expected to get through our works.

9. *Mr. Anstey.*] You mean, take the stock away from your works?—We anticipate that. We have not started freezing yet, but in conversation with buyers in the case of Fletcher and Co. they led us to believe that their works at Westfield were only an incident in their meat operations. It was meat that was their object, and there was a possibility that they might freeze at Whakatane. In the case of Sims, Cooper, and Co., they said that their meat would go from the Bay of Plenty to Wanganui. They could afford to carry the meat that distance, and it would pay them to do so. Our works are in an isolated district. The nearest works on the other side would be Kaitarahai, roughly, a hundred and fifty miles distant, and Horotu, an equal distance on the other side, so we have a very big district to work upon if left to ourselves.

10. Have you thought out any scheme for combating the Meat Trust operations?—No, not as a company.

11. *Mr. W. H. Field.*] I suppose all the meat-dealers are of the same mind that the American companies are operating in New Zealand?—That is so.

12. And will be thankful for any means adopted for putting an end to it?—Yes, we realize it is a menace to the smaller freezing companies in New Zealand. If we are not to get a fair run in competition, their capital is such that we cannot stand up against such an organization as the American Meat Trust.

13. Did any of the buyers admit that they were operating for the American meat companies?—No.

14. Whom did they say they were working for?—For the New Zealand Refrigerating people. They took large quantities of stock out of our district, particularly at the end of the autumn, at prices which our farmers could not have received if they had sent them into the Southdown Freezing-works, and on which the farmers would receive the Government prices.

15. Could you give us an idea as to the proportion of stock bought by those buyers as against the *bona fide* local buyers?—Well, it is difficult to say what you call "*bona fide* buyers." Taking the firms of Sims, Cooper, and Co. and Fletcher and Co., I should say that three-fourths of the stuff from the Bay of Plenty district has gone to those two firms.

16. And those firms, in your opinion, are practically American firms?—We believe so.

17. I suppose in your district stock is increasing very largely?—Yes, principally beef. It is a beef-producing district.

18. *Mr. Talbot.*] It is simply a supposition that Sims, Cooper, and Co. and Fletcher and Co. are buying for the American Meat Trust?—I have no definite evidence.

19. Both firms send their stuff to Wanganui, to a New Zealand company there?—Fletcher and Co. would send theirs to Westfield.

20. You do not know that they are getting any secret rebates to induce them to send their stuff there?—No.

21. They would send their stuff past your works to Wanganui?—Yes; that remains, of course, to be proved, because we are not in operation yet. In conversation with their buyers we understand they will do so.

22. As time goes on you will have room for several other works, taking the radius?—Yes, in time other works will be erected, but we have hopes of keeping the district in the farmers' hands and of erecting branches ourselves.

23. You have not heard it suggested that Sims, Cooper, and Co. and Fletcher and Co. would build works of their own?—No; the nearest approach to that was that shortly after we commenced building operations Mr. Bevans came along with a suggestion from an American firm to buy us out. We had that proposal made to us from Mr. Bevans.

24. Whom does he represent?—I understand he was representing not Armour and Co., but several American meat firms. He had made a visit to the States, and our works had been started during his absence, and on his return he was greatly surprised that we had got on so far as we had, and a gentleman had come out evidently with the definite idea of making a start in our district. You can understand that in a district like ours, so remote from existing works, the farmers have been handicapped by depreciation and loss of stock in conveying them such a distance to the works. That was our main objective in putting up the works—to save the farmers that depreciation; and the district in the past has been looked upon as a "happy hunting-ground" for existing meat firms all over the North Island.

25. You feel that you have forestalled them?—Yes, we hope so, and would do so under legitimate competition.

26. How will the farmers view works being put up by others except themselves?—Well, nine-tenths of them are shareholders in our company; but at the same time you know what the farmers are—if they are offered a slightly increased remuneration per head they do not consider the shares in their own company very much. I take it the object of the Committee is to save the farmers against themselves.

27. What connection has Mr. Bevans with the Meat Trust?—I do not know, but undoubtedly he would be a most valuable witness. It was he who started the Whangarei works—Fletcher and Co.'s works—which were bought by Vestey and Co.

28. *Mr. Forbes.*] Your works are purely farmers' co-operative works?—Yes. We hope to open them in December.

29. Have you got promises of anything like payable support with regard to stock?—We have circularized our shareholders. All the returns are not yet in, but in conversation with the secretary last week he informed me that our space was fully applied for. Sufficient stock was forthcoming to fill the works.

30. Did you have any difficulty in raising the capital?—Very little. The farmers were most enthusiastic. I believe our share capital was practically a record in New Zealand so far as farmers' co-operative concerns go.

31. What money did you raise?—Something over £80,000 in share capital.

32. *Mr. Talbot.*] What is the capacity of the works?—A thousand sheep and two hundred head of cattle per day.

33. And the storage capacity?—From eighty thousand to a hundred thousand, and machinery capacity for another 50 per cent.

34. *Mr. Forbes.*] You are looking for some protection for your industry?—Exactly.

35. You think there is a real danger of your company being wiped out if the American companies are allowed a free hand?—A company of our financial stability would be one of the first to go. Under present existing conditions, not being firmly established, and meeting with fierce competition, I do not think we could stand it.

36. You think the Government should assist you on account of the interests of the farmers?—Undoubtedly.

37. *Mr. Witty.*] What facilities have you for getting the stock to the works and away—is it all road-work?—Yes. There is a railway within thirteen or fourteen miles at Matatahi.

38. Could you give us any idea of the best way in which to combat the Meat Trust?—No. My own idea, and the idea of most of our country people, is that it is a matter almost beyond the New Zealand Government: that it requires the assistance of the Imperial authorities to take the matter up, with regard to the disposal of the meat at the other end, if anything is to be gained. We consider that in the hands of the Meat Trust the New Zealand Government would be a mere toy.

39. Do you think the suggestions made by Mr. Eliott are of any value if they could be carried out?—I think so. I agree with Mr. Eliott that the initiative should come from the producing community.

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CHARLES JOHN REAKES further examined. (No. 7.)

1. *The Chairman.*] You have been called before the Committee again to supplement the evidence you gave on a previous occasion?—Yes. One thing I promised the Committee was a list of the meat-exporters as distinct from the freezing companies, and also the names of their agents in Great Britain. I have a list of the exporters, but I have not yet been able to get a list of their agents at Home. I now hand in the list I have, and also a supplementary list showing the men operating in the various districts. [*Vide* Exhibits 1 and 2.] Then I promised to obtain a list of the freezing companies which were buying companies—companies which bought fat stock on their own account and put it through on their own account, as distinct from those which operated solely on account of clients. There are a great many of them which do both, and it would be rather difficult to get an absolutely accurate list unless I wrote to each company and asked them to tell me what the exact nature of their operations are. Speaking on general lines, without presuming to be absolutely exact, the companies which are principally buying companies—that is, buyers of fat stock—are those I have ticked on the list. [*Vide* Exhibit 5.] Then, another statement I promised was the names of the shareholders of W. and R. Fletcher and Co. (Limited). There are two shareholders: one is Mr. Stanley George Chambers, public accountant,

of Auckland, who holds 950 shares; and Ralph Lionel Ziman, solicitor, Auckland, 50 shares. The shares are £1 each, and the capital of the company is £1,000. [*Vide* Exhibit 6.] I also produce a copy of the agreement of association of the firm of Fletcher and Co., and a copy of the agreement of association of Armour and Co., of Australasia (Limited). I also promised to get some information as to Sims, Cooper, and Co.'s operations in regard to buying store stock in the Dominion. I have not got the replies from all the officers of the Department to whom I wrote, but as soon as they come to hand I will place them before the Committee.

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FRIDAY, 17TH AUGUST, 1917.

ALEXANDER STRONACH PATERSON examined. (No. 8.)

1. *The Chairman.*] What is your position, Mr. Paterson?—I am a merchant and a member of the firm of A. S. Paterson and Co.

2. The Committee would be pleased if you would make a statement detailing your knowledge as to the operations of the American Meat Trust?—Yes.

3. Have you any connection with any freezing-works?—Only as a shareholder in a small degree—in an accidental way.

4. The Committee would like to hear your views in regard to what you know of the operations of the American Meat Trust?—I have not prepared any address, and I am not accustomed to appear before a Committee like this, but I will do my best. With respect to the American Beef Trust—which I think is the main object of the inquiry—I would like to say that it strikes me in this way: it is not a mere event we are inquiring into, it is not something that is going to happen in a day and can be dealt with as an event; but what I take it we are up against in connection with the Beef Trust is a new condition of things altogether. The best expression of it, perhaps, is that the process of a peaceful penetration has begun—a sort of intangible process without a discernible beginning or discernible steps, but a great power which in the end you are up against. The menace that is before us is that of an ever-increasing pressure towards a footing in our trade, conducted with the utmost of commercial ability and address, and with the ultimate object of having supreme power in the trade. The reason why one can assert that with confidence is owing to the history of the Beef Trust operations in other countries. That history is accessible to those who take an interest in it, and I do not take it that I am called upon to indicate it further at present. That refers to the whole methods of the Beef Trusts. They have been well canvassed and discussed, and they are now open to those who will give time to study them. They are described in two or three pamphlets which lately came into this country in considerable numbers. Probably these have been mentioned to you before. One is called "A Memorandum on the Imported-meat Trade of the United Kingdom," and the other is "Fighting the Meat Trust." There is a third pamphlet with a somewhat similar title, and they have all been sent into this country, apparently from Great Britain, for circulation. In their contents they agree with what is known by those who have studied the Meat Trusts with respect to the methods of the trusts. I should be pleased now to answer any questions that the Committee may desire to put to me.

5. Would you care to deal generally with the question of how to cope with the operations of the Meat Trust?—Yes. If one be correct in defining the methods of the Meat Trust as those of peaceful penetration, backed up by capital and ability, then there is no one effective remedy. It is not an event we are up against—it is a process; and we must meet it not by one act, but by a process also—a process of counter-moves, a process as permanent and continuous from day to day as their progress is. The only thing that one can liken it to is the progress of a glacier—continuous, but not perceptible from day to day and from hour to hour, but a cumulative force that is going on all the time and is only known in its results. Therefore I wish to emphasize the point that there is no short and easy method of dealing with this matter, but that it must be dealt with with the utmost business ability and the utmost financial strength that can be brought to bear. I will indicate a few of the methods that I think might be employed, and will endeavour to put them in their order, and to some extent to indicate their respective importance. In the first place, whatever there is that taxation can do in the way of taxing foreign companies and making certain that they are, as far as possible, made to contribute to the taxation of the country I should say ought to be done. Whether it be through buyers' or agents' profit, or their own profit, or if they so constitute their methods that they can secrete their profits, then some method ought to be devised of assessing their profits so that they will, as far as possible, be brought under our taxation system, and not allowed to escape in any way. I think also there are legislative methods that might be and ought to be employed against the Meat Trust. I do not wish to indicate them, because it has been freely done in the pamphlets to which I have already referred.

6. *Mr. Pearce.*] They do not mention any New Zealand branches in those pamphlets?—They mention the methods of legislative action. For instance: "In the event of foreign firms, or agents for the same, not showing any profits or less profits than the British firms in the same class of business, the foreign firms shall then pay on the percentage of their turnover such taxation shall be equal to but not less than is paid by British firms. No foreign firms shall enjoy the privileges of the protection afforded by the laws and administration of the country in which they desire to carry on trade unless by paying adequate taxes." That, I take it, is a matter of legislation such as I have indicated. I think also, in the second place, the Imperial Government should be brought into co-operation in this matter. Just at present they are the

largest purchasers of meat in the world. That may continue for a few years, and I think it would not be too much to ask that they should arrange their methods in such a way as not to bear heavily upon this country, or help the Beef Trust to trade in this country. The thing which leads me to say that is the statement which has been made, and which is quite familiar to the public, that the largest contractors to the British Government are not New Zealand, but the American Beef Trust—supplying a larger quantity from the Argentine than we supply from here. I do not suggest that the British Government should not take meat from wherever they can get it, but I do suggest that they should see that they do not make arrangements which result in less remuneration being given to the New-Zealander for his meat than is given to the contractors of other countries. The next method of dealing with the Meat Trust which I would venture to mention is some form of combination amongst the producers of this country to avoid trading directly or indirectly with the Beef Trust. The great difficulty that is met in connection with that is the fact that the producers are a very scattered body of individuals without unity of sentiment or action in connection with a matter like this, and it is well known that a large number of them take up this attitude: "Well, the Beef Trust has come in—what is the first result? They have raised prices. All right, all our old buyers in the trade are complaining that the Beef Trust are making them pay more. That suits me. If I can get it for a few years I will take my chance of what happens afterwards." It is a pitiable thing to say, but I believe that is the attitude of a very large number of producers; and I take it they want somehow or other to take up a different attitude—to come together in some sort of federation or combination to resist the encroachments of the Beef Trusts in this country by refusing to trade with them.

7. How would you distinguish them—how is the producer to know whether the Meat Trust is buying or not?—As far as he can go, he knows perfectly well that Armour and Co. are buyers, and that there are half a dozen other firms in New Zealand supposed to be more or less connected with the Beef Trusts. There can be no question about that. I do not say that he can know enough about their operations to be quite accurate, but generally the producers should help each other to oppose or eliminate the operations of the Beef Trust, and I think that is a reasonable proposition to put to the producer, and it is for him to find out the way.

8. Would you suggest they are not being helped by auctions—there is a lot of fat stock sold by auction?—It is impossible that any man can offhand answer the most difficult questions that may be put to him in an intanglement such as this at the present time. I would not profess or attempt to do so. It would be absurd for the ordinary man of business to attempt it, but without being able to answer all the difficult questions that may arise, one may express the conviction that if the farmers, instead of acting as they are doing now, were to make up their minds to see that their stock did not reach——

9. Practically boycott the firm?—Yes, one may put it that way; but certainly the producer has some option as to how he is going to dispose of his stuff, and if he is going to take the stand he ought to take he is going to make the methods of doing it from day to day a serious problem. He has to get in his mind that he must as an individual contribute to the destruction of this threat that hangs over the country, and not that he can go one way and expect that his neighbour is going the other way, and that he is going to get the biggest price he can get for his stuff whatever happens to the trade eventually. Equally important, to my mind, with a combination of producers in respect of the non-sale of their meat to the Beef Trust is the unification of the freezing companies into a united body, or federation, or alliance, for the same purpose. The freezing companies constitute such an important element in this trade that no progress can be made in a matter like this without their assistance. The strength of the American attack is largely in the fact that it is a unity, and acts as one power or one force. That kind of attack cannot be met by smaller powers or interests who are attacked acting each in his own way—some weakly and some strongly—nearly so well as if they are brought into a united force and weilded as a united force against the attack that is being made. Therefore I urge, as perhaps the most important feature in connection with any defence that is to be made, the federation of the freezing companies into a defensive alliance capable of acting together. I am aware that a thousand difficulties start up in connection with such a proposal, but I take it these difficulties have got to be solved or the attack must be left unmet. Just how they are to be solved is a difficult question, but I will take the opportunity of indicating my own views. They are as follow: They must be solved along the lines of business ability and business methods. The body of freezing companies contains many men who have graduated in this business from the very beginning—men who have mastered the problems of the business, and who are recognized as the heads of the meat-freezing business. I believe it is by the action of a selection from these men, and these men only, that effective action can be taken; that these men must be brought into the service of a united body—that they must be taken out of the service of the individual freezing company, which has hitherto limited them, and put in charge of the whole business. That is exactly on the methods of a large business combination known as a trust. The individual interests have got to be sunk in the common interest, and the business has got to be handled as a combination or a unity. To my mind there are no agents capable of doing that except the few men who have achieved the leading positions in the freezing business to-day, and the necessary qualifications do not exist elsewhere. I have already referred to and produced some pamphlets in connection with this matter, and I should like to refer to an anonymous paper which has been more or less in circulation amongst those interested in this matter. The origin of this paper I do not know, but I am prepared to endorse it as a memorandum worthy of attention. It is the production of some one who has an all-round knowledgable interest in this matter, and I offer it for what it is worth. The memorandum reads,—

"The competing-power of trusts and monopolies does not depend on their economy, but on special and unfair fighting-powers which their great size gives them. Their aim is the destruction of competition—First, by attacking the independent works or producer; second, by controlling prices paid, and the amount to be marketed by the farmer, thus restricting production; third, by unfair market conditions and control of prices to the consumer without regard to supply and demand. This is obtained by special rebates to those who handle only their goods; local cutting of prices; selling goods below cost in rivals' territory, charging higher prices in other fields; cutting the price and underselling goods until they obtain control, but making excessive profits on their controlled goods.

"To tolerate a monopoly is to vest in a few persons the power to tax the rest of the community. Monopoly is that monopoly does, and the typical act that identifies this unlawful power is the crushing of rivals. The law must protect to secure equal treatment to all. This can be done by State regulation rather than by State ownership. By common law monopolies are contrary to the public interest, and must be definitely dealt with, as anything that restricts output of production and competition is not in the interests of the community as a whole. It has been recognized that no foreign company or firm, or agents acting for or financed by a foreign company or firm, shall own or control any of the primary products of the country. The above shall apply to freezing-works and their subsidiary operations, as being linked up with the production of stock and the advancement of settlement and prosperity of the country.

"Combination to limit the killing or export of stock shall be illegal. All freezing-works wherever situated shall be free to individual farmers or their agents for killing, freezing, and handling of stock, at current rates for freezing, felling, and freight. Freezing-charges shall be subject to revision by the Government at one common rate for the district in which the works are situated. Any rebates or secret commissions shall be illegal. Rates of freight shall be at one common rate, available to every one throughout the Dominion without preference or secret rebates or concessions.

"Every freezing-works shall grade to a regular standard of quality and weight suitable to their districts. The whole output from each works shall carry the distinctive marks of the works. The grading and marks shall not be altered without the consent of the Government, but freezing-works can pool farmers' lots, with their consent, under a general number for economical handling and selling. Control of freights shall be in the hands of the Government, and regulated so that each district shall be free to make regular shipments—Wellington, Lyttelton, weekly; main ports, fortnightly; out-ports, monthly—as required.

"Taxation of foreign firms shall be the same as is paid by British firms. Foreign firms, companies, or agents acting for foreign firms shall not escape taxation on the plea that no profits are made in the country of trading. The fact that they are trading shall be taken that they are making the same profits as others. It shall be illegal for foreign firms, companies, or agents of the same to deduct from the profits managerial expenses, capital, and other charges not incurred in the country. In the event of foreign firms, or agents for the same, not showing any profits or less profits than the British firms in the same class of business, the foreign firms shall then pay on the percentage of their turnover such taxation as shall be equal to but not less than is paid by British firms. No foreign firms shall enjoy the privileges of the protection afforded by the laws and administration of the country in which they desire to carry on trade unless by paying adequate taxes."

A further deliverance to which I wish to draw the attention of the Committee is the address of the president of the Dunedin Chamber of Commerce, published in the Dunedin papers last Monday. I regard it as one of the most complete summaries which has been given on this question. The president of the Dunedin Chamber of Commerce is Mr. Fenwick.

10. *Mr. Reed.*] What position does Mr. Fenwick occupy—is he connected with any freezing companies?—No; it is an academic utterance so far as he is concerned. There are two further points I wish to mention: One is that this menace does not end with the beef trade or the mutton or lamb trade; the Beef Trust in America controls also the pork trade—hams and bacon—and they have also a very large hand in the dairy-produce trade. In New Zealand they are seeking a footing in the dairy-produce trade, as well as the meat trade. They also control in America the poultry trade—a very large trade—and also the egg trade; and it would be absurd to suppose that their programme in this country—if they get leave to carry it out—will be less than in other countries.

11. They are also handling the fruit trade in America, I believe?—Yes, that is alleged. It is perhaps worth mentioning that the very large concern of Vestey and Co., which has a footing in New Zealand already, has a controlling position in the poultry and egg export of other countries. China is a very large poultry- and egg-exporting country, and the freezing-houses there are owned by Vestey and Co. The ships that carry the refrigerated produce are run by Vestey and Co., and I am perhaps warranted in saying that no one seems to know whether Vestey and Co. is a really British firm or an American firm. We do know as a fact that when the war broke out they transferred their business from London to Chicago in order to escape war taxation, and that lends some suspicion to their being an American concern, and therefore they are to be viewed with some measure of suspicion as regards the New Zealand trade. I am sorry that in the inquiries I have made I have not been able to find out definitely what their nationality is, but when my inquiries have matured I expect full information. I consider it is certainly the business of all of us to try and locate them properly, seeing that their footing is already established in the trade in New Zealand.

12. If you get the information before the Committee has concluded its deliberations will you communicate it to us?—Yes, I shall be happy to do so. The only other remark I desire to make is to explain my relation to this trade. I was concerned as the manager of a company which

was interested largely in the first shipment of frozen meat made from New Zealand. That was in the ship "Dunedin," thirty-five years ago. Since then I have had a merchant's connection with the trade of a running description. I have been a shareholder in a moderate way in several freezing-houses; I have been a trader on a fairly large scale as a middleman in the frozen-meat trade, and I mention that for the purpose of showing that I think the time has come when the individuals and the freezing companies who have any public spirit will have to sink their individual, their monetary, and their business interests in this industry. The general trend of what I have said has rather favoured the elimination of the middleman altogether. I am a middleman, but I am prepared to go out of this trade, or to go into a combination consistent with the policy I have indicated, in order that the trade may be handled as a whole, for handled as a whole it must be, and I think the country has a fair right of appeal to all the individual interests in this matter, in order that the industry may act as a unity in struggling for its life. Those, sir, are the few points I desire to put before the Committee.

13. *Mr. Pearce.*] You say that in this country at the present time you are satisfied there is peaceful penetration as regards the Meat Trust: can you give us any specific case in addition to that of Armour and Co.?—I have already indicated that Vestey and Co. must be held in suspicion as to whether they are not also a hostile American power operating in this trade.

14. But they are Englishmen themselves, are they not?—That I cannot tell. I have an opinion—and my opinion is shared by others—that they have not behaved as Britishers in this matter. I suppose the whole question in regard to Sims, Cooper, and Co. has been ventilated. As a business man I have a shrinking from accepting rumours, reports, and conjectures as to whether this or that firm is connected with the Meat Trust. I know nothing but rumours, reports, and conjectures in connection with that firm, and I would rather escape discussing the subject. I have no absolute knowledge, but the reports and suspicions are so well known that I take it it is not necessary for me to repeat them.

15. You suggest that all the freezing companies should combine; but, of course, you recognize the difficulty there would be in the case of some companies in a sound financial position and others in a weak financial position?—Yes.

16. Do you not think it would be almost impossible for the stronger companies to agree to combining with the weak companies unless the Government took control of the position?—I am not able to judge as to what Government pressure might be able to do, but the freezing companies have got to come to that combination. I think the matter has to be reviewed as a national menace—a national menace which has to be met by the combination of the freezing companies into one interest. I am not going to say how it is to be done, but I have indicated the men who can do it if they are placed in an independent position.

17. Of course you recognize, I presume, that the financial position and responsibility of the directors to the shareholders would almost prevent a thoroughly financial company combining in a general way with a non-financial company?—That is a detail, and its solutions depends upon the necessity there is for it. If the necessity be so great, as I have indicated, the solution will have to be found. It will not be found in any cheap and ready method, but in the capable handling by first-rank business men such as I have indicated, who have graduated in the business and know it from A to Z—men who are commercially and otherwise competent to bring about a combination or an alliance of the freezing companies, which is necessary to meet the present position. I would not profess to say how it is to be done, further than I say that the business men can do it, and there is an absolute necessity that it should be done.

18. Do you recognize that there might be a risk to the producer if the whole of the freezing interests were combined—the same danger as we have from the Meat Trust?—No, I should think not. That altogether depends upon the conditions. The producer and the freezing companies are already to a very large extent tied up together in their interests. It may be said that, roughly speaking, half the freezing-works are dealing with the farmers on a co-operative basis, and in the others the farmers have at present the facilities of the companies placed at their disposal on a fair hire.

19. But what I mean is that if they were placed in one combination they could make the price what they desired all over New Zealand?—They would have, of course, in this matter to be legislatively controlled.

20. Do you think it could be done by the freezing companies themselves combining without legislative interference, or is it necessary to have legislation?—I think that when the scheme comes to be worked out those who work it out will find there are certain respects in which they must have the position legislatively defined, and they would bring forward what is necessary, but I think that legislation must follow on or accompany the handling of the problem by business men, and cannot precede it.

21. Then your suggestion is that the freezing companies should combine, and then ask the Government for any legislation they require?—I do not look at it in that way. I think the first step in this matter must necessarily be that the freezing companies should be brought together as a unity; but before that can take place there must be sufficient pressure from the Government of the country—whether in the form of legislation or not I do not know—there must be sufficient pressure put upon them to form this association or federation, and they must be provided with the necessary power to put their men in charge of the problem—not of the individual freezing company, but of the problem of the meat trade.

22. *Mr. Reed.*] You said there should be an alliance of the freezing-works in defence, and you also said you agreed with the suggestion in the memorandum which you produced, which reads in this way: "It has been recognized that no foreign company or firm, or agents acting for or financed by a foreign company or firm, shall own or control any of the primary products of the country. The above shall apply to freezing-works." Do I understand from that that it

is your opinion the freezing-works should be locally owned, or that no foreign capital should be allowed to be used in the erection of freezing-works?—I have presented that memorandum, the statements in which I am prepared in a general way to endorse. It is a competent survey of the whole question, the details of which I do not wish in any way to be committed to. I think the statements contained in that memorandum are perfectly reasonable.

23. Would you say that was a step in the process of gradually squeezing the trust, by compelling all freezing-works to be locally owned?—Yes, I should say it is a necessary step in that process, but I would not advocate it as an isolated step.

24. But you said you had to meet process by process?—Yes, I would include that in what I said.

25. And would you suggest that that step should be taken by legislation?—It would have to be—I do not see how it could be done otherwise.

26. Where are the headquarters of your firm?—In Dunedin in the past, but Wellington has been made the head office this year. I live in Dunedin.

27. In regard to the firm of Sims, Cooper, and Co., do you know what position they were in ten or fifteen years ago?—I know it just as everybody else may know it, but I have no special knowledge of it.

28. *Mr. Anstey.*] You suggested that the individual farmers should themselves operate against the trust. You said the farmers were rather selfish in looking after their own interests, and quite oblivious of the future. Could you mention any way in which the farmer could help himself? You are aware that a farmer has to go into the yards and buy his stock in competition with others, and he must sell his fat stock to the highest buyer. Can you suggest anything that the individual farmer could do without assistance from the Government?—I am sorry if I have been understood as indicating that the farmers are any more selfish than any other persons. Every one connected with trade thinks of his own interests, but I said that I thought the time had come when one has to put personal interests on one side and take a broad view and cultivate a larger mind in regard to this matter. With respect to making a specific suggestion as to how the farmer can cultivate the larger mind, and how he can take a more unselfish course, obviously it is not for me to say, and I would not attempt to do so; but I would emphasize the fact that if the farmer is going to say, "I am going to take advantage of this new competition and get out of it what I can in the meantime; I am going to thank the Americans for coming here and putting up the prices—that is good enough for me," then I think he is taking a course which, so far as his action is concerned, will ruin the business.

29. Can you suggest anything he can do himself?—No; that is his problem.

30. You said the producers should combine against the Meat Trust: can you suggest any way in which the farmers can combine against it?—They have combined and set up farmers' unions and freezing companies, and if they are sufficiently earnest they can find some way of combining into a federation for the purpose of resisting the Meat Trust. Even acting through the Farmers' Union and freezing companies they can take a hand in this matter.

31. But not particularly as individuals?—Certainly as individuals: it is individual action which must make the combination.

32. There is a paragraph in the memorandum which you have produced which says that the trusts and large operators do not make a profit out of any economy in handling; but is that your experience as a merchant? Do you think the small trader could serve the public as cheaply as some one operating in a large way?—No, as a general rule I should say not.

33. The memorandum states, "The competing-power of trusts and monopolies does not depend on their economy, but on special and unfair fighting-powers"?—I think it means "*only* on their economy." It depends more on their unfair fighting-power.

34. You think there is some advantage in operating in a fairly large way?—Yes, undoubtedly.

35. You suggest there is no harm in combination provided it is under proper control?—Yes.

36. The memorandum states that there is a great deal of advantage gained by the giving of concessions: would you suggest that concessions of all kinds are improper?—In the individual sphere it is quite true that all large interests must look to being better treated than smaller interests, but when you are acting together and making a combination you have to devise conditions which will be fair to the small operator and fair to the large operator.

37. Still, there must be some concession to the large operator?—In the individual sphere, yes; but it may be that in one sense it will have to be sunk.

38. Supposing concessions are necessary, is it not quite possible that a portion of those concessions can be handed on to the producer or consumer, or both?—Yes, I should say so.

39. Supposing a man went to a butcher's shop to buy half a sheep, would it not be possible for that butcher to sell that half-sheep for less in proportion than to the person who wanted half a pound of chops?—Yes.

40. Then the concession would reach the consumer in that case?—Yes, in that case and in most cases.

41. Is it not quite possible and justifiable that a concession could be given in certain cases—for instance, if Sims, Cooper, and Co. buy largely and more cheaply, is it not a fact that they could pay the farmer more?—Yes; but if it is helping the Meat Trust it is the worst thing that can happen to this country. I am sorry to say that I am not prepared to indicate the position that the State ought to take in this matter. I have not sufficiently considered it.

42. It may be said that you are of the opinion that concessions under proper control are not illegitimate?—Certainly not; but I do say that if they be the means of assisting the Beef Trust in this country they are the worst things that could happen.

43. Is there anything much worse than the American Beef Trust or a British Beef Trust?—I do not think there is any British Beef Trust with which the American Beef Trust could for a moment be compared. Any one who reads these pamphlets I have produced, and notes the allegations made, evidently in a responsible way, will see what the American Beef Trust has done in its own country.

44. Is there any combination of merchants in other lines?—There are, certainly, and there certainly will be.

45. You suggest we should tackle the Beef Trust?—Yes. I think it has operated to our disadvantage already, inasmuch as it has obtained a footing, and wherever it has put its foot it has exterminated competition.

46. It has not done that in New Zealand yet?—In my opinion it has taken the first step towards it.

47. *Dr. Newman.*] You are aware that the meat trade of this country at the present time is in the hands of the Government?—Yes.

48. And that is working satisfactorily during the war?—Quite.

49. Do you see any objection to that going on after the war?—I do not.

50. Supposing it goes on, would it not be easy for the Government to arrange freights so that every company is able to get shipping freights at a cheap rate?—I do not think the Government could be more efficient in finding cheap freight under ordinary conditions than the associated freezing companies would be.

51. What I mean is this: if I sent a truck-load of cattle a hundred miles I pay the same freight as the biggest company in New Zealand?—Yes, there is one tariff.

52. Could not the Government arrange one tariff for shipping?—I think there is one tariff for the meat trade.

53. That is during the war. I mean after the war?—Before the war there was one tariff.

54. You know it is possible, if the Government does not interfere, for the shipping companies trading here to give special concessions to the Meat Trust and cut us out?—Yes.

55. The Government can control the meat, and by arrangement can control the freight?—Yes.

56. After that if the Government still retains the selling-power, by that means they can see that the Beef Trust does not get the business into their clutches?—The combination, whether the freezing companies or the Government, will have to control the freight.

57. You were talking of the meat trusts in America gaining control of the poultry and egg export: are they not interested in the grain trade as well?—I am not aware of that. I have never seen anything to lead me to believe that is so.

58. Are you aware that they largely control the gigantic salmon-fishery trade?—No.

59. Are they not operating in cheese and butter in New Zealand?—In butter they are, but not in cheese.

60. Is it your opinion that unless a combination takes place here the American Meat Trust will absolutely dominate the trade in New Zealand?—Yes, that is what I think they have started out to do, and will continue if they are not prevented.

61. *Mr. Talbot.*] You suggested that the farmers should themselves take a hand in the matter by refusing to sell to firms who are supposed to be connected with the Meat Trust?—Yes.

62. That would mean boycotting certain firms who are operating?—Yes, I suppose so. It is not exactly a boycott in the offensive sense of the word. I do not think that word is quite applicable. The boycott, as I understand it, is an attack, and this is a method of defence that I am suggesting.

63. But a number of large firms would have to be excluded from business. You have admitted that a firm like Sims, Cooper, and Co. might belong to the Meat Trust, but we have no absolute truth of it, and they have challenged it. We could not exclude that firm?—No, there is very considerable difficulty in doing that. As this question matures it may become quite a possible thing for the Government of this country to require all traders in meat to purge themselves of all foreign connections or alliance, and I take it that would very soon settle the question. You cannot reach a solution of this matter in one act by saying that the farmer will do his part in not selling to the Beef Trust. One obviously is speaking of the open or undisguised element of the Beef Trust, which is accessible to every one. If there be a disguised element in New Zealand it will be one of the problems that the combined action or federation of British interests will have to deal with; but I cannot say how it is going to deal with Sims, Cooper, and Co., if it should turn out that Sims, Cooper, and Co. are secretly supported by the American Meat Trust.

64. You speak of "peaceful penetration." It is difficult to find out where that peaceful penetration begins and where it ends. Do you not think the State will have to take the matter in hand at both ends?—I take it that the State will have a considerable hand in dealing with this question. Without belittling what the State can do, I have tried to point out that a large commercial proposition must be handled by commercial men, and large commercial frozen-meat propositions must be handled by the men who have graduated in the meat trade and know it from A to Z. Subject to that qualification, I would not suggest any limit on State interference and regulation.

65. *Mr. T. A. H. Field.*] Do you think State regulation would be sufficient without State ownership?—Yes, I think commercial management under State regulation would be better than State management, and that the State ought to be able to protect this industry reorganized on commercial basis and carried out on commercial lines.

66. *Mr. W. H. Field.*] I take it you are of opinion that we can do nothing without combination between the Imperial Government and our own Government?—Yes, at the beginning the co-operation of the Imperial Government ought to be secured, so that none of its methods

will counter in any way the New Zealand reorganization of this trade on a British basis, and that they will do nothing of that nature in their dealings with the Beef Trust, because they must have dealings with the Beef Trust in supplies from other countries.

67. Then you see no difficulty in regard to the British Government protecting our interests and at the same time dealing with foreign meat?—No, I do not. Whatever difficulties there are would have to be solved, because they have to have foreign meat.

68. You spoke about a combination of farmers: I think most of us are rather sceptical at arriving at such a combination?—It is hard to say how far the meat companies might be able to solve the position apart from the farmers, but the farmer is the ultimate factor on which the frozen-meat trade is built. You have to go back to him, and unless he can be got into line in any process of reorganization of this trade there will be friction and dissatisfaction.

69. You are satisfied with the scheme we have at present?—Yes.

70. Do you not think that scheme might be used to build upon after the war?—Obviously. I think the method of starting this scheme would have to be in the shape of a pool, just as there has been in connection with the wheat in Australia. What I have been trying to argue for is the agency that is going to do it—namely, commercial management.

71. Do you not think it would be necessary also to secure the wholesale co-operation of Australia in this matter?—I do not know, but I rather think at first sight not. It is very hard to get two countries into line.

72. You think an attempt should be made to secure their co-operation?—I think the better plan would be for this small and well-consolidated territory to lead the way.

73. There is no other part of the British Empire besides Australia that we need trouble about?—Not at the present time.

74. We had it in evidence from the managing director of the Meat Company that it was necessary to secure the absolute combination of every portion of the British Empire which was producing meat in order to succeed?—I do not see any reason to say so, but I would not contradict him.

75. You say that the operations of the firms associated with the American Meat Trust are growing year by year?—There is no instance more clear than the steady rapid growth such as the suspected trade.

76. We are told that we would find it very difficult indeed to get any direct evidence as to the operations of these trusts. Do you think we would be right in considering that the trusts are operating, and that we should bring about remedial measures?—Whatever may have been the answer to that question before Armour and Co. came into the business, I think there can be no doubt that the trust is here. It is a fact, and not assumption.

77. You strongly urge that no time should be lost?—Yes.

78. Dealing with the question of the suggested board of business men, do you suggest that the Board of Trade, the members of which have a high business-capacity in commercial matters, would be sufficient?—No, I do not. I would not set up a Board with full powers in a case like this. I would appoint one or two men, and I would give them advisers, but not controllers.

79. Have you any knowledge of rebates being given on freezing-charges by freezing companies to people supposed to be connected with the Meat Trust?—No, I have not. I know there is suspicion current, but I do not know the grounds for it.

80. Have you any views as to whether we should control the shipping in any way, or leave it in its present position?—I think the shipping should be left in its present position. There are no two single institutions existing that have contributed so much to the development and success of the frozen-meat trade as the two shipping companies which have served this colony—namely, the Shaw, Savill, and Albion Company and the New Zealand Shipping Company. Seeing that they have well and efficiently served this country for more than a generation, and this meat trade for thirty-five years, by their brains and work and liberal investment of capital, and anticipated the requirements of the trade from year to year, I think it would be impossible to find anybody who would do better for us. Of course, if anybody comes along and offers to do better, the country dare not refuse their services; but to set out to do for ourselves what has been so efficiently done for us in the way of hire in the past I think would be a wrong policy.

81. *Mr. Reed.*] Is the management to-day as sympathetic as it was?—I do not think one can speak much about to-day.

82. But I mean, when normal times come again?—I think there was never a time when a freezing company in New Zealand was struggling to its feet and feeling about for a little capital that it did not get it from the shipping companies; and there never was a time when the shipping accommodation was more adequate to the wants of this colony than when war broke out.

83. *Mr. W. H. Field.*] And you are of opinion that the recent high increase in freights has not been exorbitant under the circumstances?—I have no information about that. War conditions are so unparalled and so incomparable with anything else that I am unable to say whether the freights have been moderate or not.

84. I take it you would be in favour of dealing with British trusts in the same way as American trusts if they were formed to deal with meat and produce?—Yes, generally. If any British body was up against us as the American people are, and threatening us the same as they are, then I would advocate the same measures of defence.

85. We have had rather a difference of opinion among the various witnesses as to whether, if we brought a scheme into operation for protecting our meat trade with the co-operation of the Old Country, whether we should extend the scheme of control to the wholesaler or go to the consumer?—I think the president of the Dunedin Chamber of Commerce expresses to a nicety my views on that question—that we must do as the Beef Trust do. They follow the meat from the ranch

where it is grown right to the consumer who buys the stuff, and they care for it at every point. So long as we are fighting them we cannot afford to use a less effective weapon than complete care from the beginning to the end, as they do. Now they take all the profit that can be taken out of the business from the ranch to the retail shop. We abandon it half-way and throw it into the open scramble, with the result that we are not as strong as they are from that point. I think to fight them effectually we would have to make ourselves as strong as they are at every point. A good deal could be done to check their operations without protecting the meat to the final point—*i.e.*, the consumer—but we must get there in the end if we are to fully combat the trust.

86. *Mr. Scott.*] As an exporter, have you had any experience of the operations of the Meat Trust being adverse to your interests?—I think not; but then my interests as a New Zealand merchant terminate when the meat leaves New Zealand: I do not follow it.

87. *Mr. Pearce.*] You consider that the Shaw, Savill, and Albion Company and the New Zealand Shipping Company have done the best possible for New Zealand?—Yes.

88. Is it not a fact that we had to establish a Freight Reduction Committee to keep them from raising the freights on wool?—I do not think that is inconsistent with saying that the provision for the freight wants of the colony have been ample.

89. But possibly they are charging an unfair freight. Do you not know that the first operation of the American Meat Trust was to secure control of the shipping between England and America?—I am not aware that they secured control of the shipping.

90. Does not one of the pamphlets you have there make that statement?—I do not think they do. What I think it meant is that they secured the cold-freight space in the British steamers. Any shipping company in installing the cold-freight space has a large preliminary expenditure, and it therefore wants a contract. The concern which was most ready to give that contract was the Beef Trust.

91. Do you not fear the same thing in connection with the shipping here?—I do not see how it is to be feared if you secure the meat from being sold to the trust before it leaves here. If it is a danger at all when we come to close quarters with a rearrangement of the trade it should be specially provided against.

92. As far as the Shaw-Savill Company is concerned, they are not in America at present?—I do not think that is so at all. I speak subject to correction, but the principal owner of the Shaw-Savill Company is a shipowner named Ellerman.

93. Has not the New Zealand Shipping Company been amalgamated with another company?—Yes, with the P. and O. Company.

94. Is not that largely owned by the Morgan line?—I do not think there is any connection between the P. and O. Company and the Morgan line. I think the P. and O. Company is too big to be under the control of any other concern.

95. *The Chairman.*] I understood you to say that if steps are taken to control the purchase of meat in New Zealand and prevent the Meat Trust operating, then there would be no point in the Meat Trust trying to control the meat in any way?—Yes.

96. Your object is to prevent them being shippers in New Zealand?—Yes.

97. That or any other trust?—Yes.

98. *Mr. Reed.*] At the present time freighters pick up cargoes all along the coast of New Zealand lying outside the freezing companies?—Yes.

99. Have you any reason to fear that may be discontinued by the shipping companies either through any combination of themselves demanding the centralization of all freights, or brought about by the Meat Trust operating in New Zealand by their concentrating and bringing the live-stock into certain centres and working into the hands of the shippers?—I think we ought to judge the future action of the shipping companies by their past action. There has not been a freezing-house built in New Zealand which has not found the shipping companies ready to go to their door for the freight for the last thirty-five years, and it is reasonable to assume that they will do the same thing in future. Besides, they are in the trade to remain if they are reasonably treated. Trade is a mutual thing, and there are always other shipping companies to turn round to in the world if we should be held up with oppressive conditions in any way.

100. You have not heard the suggestion?—No.

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JAMES CHRISTOPHER COOPER examined. (No. 9.)

1. *The Chairman.*] What are you?—Managing director of the Wellington Farmers' Meat Company, situate at Masterton, and general manager of the Taranaki Farmers' Meat Company, New Plymouth.

2. The Committee will be pleased to hear anything you have to say in regard to the operations of the Meat Trust?—Well, I hardly know exactly how you want me to deal with the matter. The two companies which I control are entirely owned by farmers, and I think there are about a thousand shareholders in each company. The storage-capacity of one of the works is close on 300,000, and the other works 70,000. We are a buying concern in each case. We do not at present freeze for speculators or American firms, and have not frozen save on owner's account for the last three years. Of course we have given our settlers the privilege of freezing on their own account, and when the Government commandeered the meat we gave every man the right of selling to the Government direct if he wished, and we even offered to pay for the meat. I think half a dozen availed themselves of that offer, but they have not repeated it. When I say we do not freeze on owner's account, we have done so formerly. We did so to a large extent for Sims, Cooper, and Co. up to about three years ago, and we also made a contract with them that

they were to take over one-half of our purchases up to any price we chose to pay for them. They were prepared to take them and pay us our freezing and other charges. They were so satisfied with that arrangement that they wanted to increase the quantity and take over two-thirds or three-fourths, but we would not agree. I may say that at that time Sims, Cooper, and Co. represented themselves to us as being an English firm—not an American firm. We asked them who were their financial bankers, and they said the London Produce Company were. I sent Home for the share-list of the London Produce Company to find out their strength, but I found it was really only an agency company. I hand in a copy of the share-list I received. They were doing an enormous business, I take it, in 1913. According to Mr. Cooper's statement they were doing about £2,000,000 worth of business in New Zealand and Australia, and I hand in the share-list of the company which they say were backing them. It is follows:—

LONDON PRODUCE COMPANY (LIMITED).

Capital: £50,000 in £1 shares. Registered 17th December, 1910.

First Director, A. E. Cooper.

17th December, 1910: H. de H. Whatton (gent.), 10,000 shares; Wm. Whittingham (wool-merchant), 10,000 shares.
28th May, 1912: Directors, A. E. Cooper and A. Sims.
3rd June, 1912: Directors, the above and A. Dalley, Manager.
8th October, 1913: Shares allotted—Mrs. Annie M. Sims (6 H.V.), 10,000 ordinary; Mrs. Margaret Cooper (6 H.V.), 10,000 ordinary; 10s. paid, 10s. uncalled.

The Mr. Whittingham is a big wool-merchant in Bradford.

3. Is he a partner in the London Produce Company?—Apparently he is, to the extent of 10,000 shares. We made further inquiries, and found that the firm were actually trading with American capital, and we cut off business relations with them immediately. We have traded with other American firms here—F. J. Walker, acting on behalf of Cudahy and Co.—and we have had offers from Armour and Co.—not their present general manager in New Zealand, but from Birt and Co., of Sydney, as agents for Armour and Co. Armour and Co. are now established in New Zealand, with their head office in Christchurch. This was prior to the outbreak of the war, and prior to the establishment of the company here we had quite a number of offers for meat, but never sold to them. We have done business with Walker and Co. on behalf of Cudahy and Co., but I think that is the total of our business relations with Americans or with companies supposed to be Americans. I may say, further, that this time last year I was in the Old Country, and it was my business to investigate the meat business there as much as I could. I was very much impressed with the tremendous hold that the American companies have upon the market there, not only in Smithfield, Glasgow, and Liverpool, but right through the west of England, and very much so in the west of England, Bristol and Cardiff. I found also that as competitors they were placed in a very much more advantageous position than we were, inasmuch as only a portion of their output was sold direct to the British Government, and under the terms of their contract they apparently had the right to ship the balance of their output to the Old Country, which was sold by them on the market, whereas our meat was regulated. I am referring to their South American meat. Our own meat, irrespective of whom it was bought for, was controlled as far as the wholesale salesman, but not controlled after that. The price fixed at Home was 10d. and 10¼d. per pound, but the retailer could charge whatever he liked, but there was no control in any way as far as the American meat was concerned. In the west of England I know the American houses were offering to sell New Zealand meat as follows: "Yes, you can have one carcase of New Zealand lamb at 10¼d., provided you buy two Argentine lambs at 1s. 0½d." There was quite a quantity of meat sold that way. Of course, seeing that the whole of our own meat was controlled, the Americans had the opportunity of placing us in a very unfair position, in addition to which I found the Americans were to some extent evading the contract with the British Government by sending some of the meat to New York and shipping it across the Atlantic. I saw evidence of that being done myself. The same thing with regard to South America was talked of in Bristol and in Liverpool. The object was to evade the contract. That was Argentine meat sent to New York. Apparently their contract was for a certain amount of given space in ships from Argentine to England, but the space between Argentine to New York was not controlled, and the space from New York to England was not controlled. The contract with the British Government was 5½d. for beef, and they were getting 10d. for it in London by shipping it to New York and reshipping again from New York to Britain, by which means they got the enhanced price. With regard to the operations of these people in New Zealand and in Australia, I think they are pretty generally known, and as far as I can see at present the small trader in New Zealand who has been in the trade now for twenty or thirty years past, is being very rapidly eliminated, if not entirely so. The trade is becoming confined to the hands of a few, such as Sims, Cooper, and Co., the Christchurch Meat Company, and two or three other big operators. In our district the small trader has gone out entirely, and the business is confined, apart from our own company and the Gear Company and the Meat Export Company, to Sims, Cooper, and Co.; and the same thing appears to be rapidly taking place right throughout New Zealand. We have so far refused to do any business for them, but, to use the words of Mr. Kingdon the last time I saw him, "I am waiting for the time to come when you will have to tell us that you require our services." I think, gentlemen, that is all I can tell you with regard to the matter.

4. *Mr. Pearce.*] Could you not give us some information in regard to the methods of buying in your district—I understand they have been buying heavily there?—Yes, I can tell you that. While they had meat from our works we were to some extent able to control their buying operations, because we were always able to say to them, "If you make the pace too hot we will not freeze the stuff for you." To get over this difficulty on their part they made us a proposal on these lines: I got a wire from Mr. Sims asking me to meet him in Wellington, and he put the

proposal to me himself in this way: "We are prepared to advance you money to double your works—all you require—on whatever terms you like. Having done that, then we want the right of putting through 250,000 sheep a year at least. We will pay you the charges, but we will come in then as a partner in your business." Before confirming this he saw Mr. Cooper in Australia, and Mr. Cooper came over and put these proposals in effect to my board, telling us at the same time that if we did not agree with them they would make other arrangements, but they would have control of a works in the North Island. We did not agree with the proposal, and a short time afterwards the Wanganui works were built. Last year, which was the first year in which Sims, Cooper, and Co. had absolutely a free works to put their stuff through, they did make the pace. They began, first of all, by buying up all the store stock they could get. Their works were ready for operation about January. Up to the end of December we had made a profit, but after that we began to lose money, and I think I handled our business as carefully and in as conservative a manner as possible; but we were losing about 5s. per head for January, February, March, and April; we could not get up to it at all. I met the competition by knocking off one board of butchers out of two, reducing the killing from just under twenty thousand a week to about eleven thousand a week. Of course, by doing that I was in this position, that we cut our losses in half, and I was also able to refuse stuff where I found it outrageously high. We set out to lose not more than £20,000, and we lost it. We would not lose more. That was the result of a single year's operations; and when I say £20,000, I am satisfied that our losses were less than anybody else's. Of course, mind you, we lose in addition to that the whole of our earnings in the factory as well.

5. And the loss of connection?—I do not think so. We have lost, but if the pace was kept up, which fortunately it could not be because the storage is not available, then we would have lost our connection. It only meant another year or two and we would have had to capitulate under the stress of such competition as that.

6. *Mr. Reed.*] Which works are you referring to?—I am referring to the Masterton works—not Taranaki. In Taranaki we had no reserves to lose—it was our first year. I simply called the directors together and said, "Here is the highest price I can afford to pay for the stuff; we are making no money out of it, but we are giving the settler everything"; and a certain percentage of the settlers were sufficiently loyal to keep the thing running. Our balance-sheet shows a loss of £333 in Taranaki, and in that we do not allow for depreciation. The year's trading has shown a small trading loss, and at that the settlers supplying the stock were doing so at £2 or £3 per head less on cattle than other people were prepared to pay. It was due to the loyalty of the settlers in Taranaki that the works were able to carry on at all. In Masterton we did not ask that, because we were in a position to face a certain amount of loss.

7. And in the Wairarapa the competitors were taking the stock right through to Wanganui?—Yes, and paying considerably more for the stock than we were paying, and our business showed a loss.

8. *Mr. Scott.*] Have you formed any opinion as to what remedial measures could be taken?—Well, a temporary remedial measure is easily got at—that is, by a Proclamation compelling everybody to sell their stock on the hooks to the various works, the Government, of course, being the buyer, the companies merely acting as agent for taking delivery of the stock on behalf of the Government. That would, of course, very easily eliminate not only the competitors you do not want, but the competitors who have been here and been active men in the trade for many years past. It would eliminate the lot. That would get over the difficulty while the war is on, and the only cure for it after the war is over. First of all, an attempt might be made by Government regulation. If that is not practicable, then there is only one thing, and that is Government control. These American meat companies, I may say, in the Old Country have been escaping taxation almost entirely up to now by forming small companies, such as the London Produce Company, and having the meat charged up at a price which cannot make a profit. They have shown no profit at Home, and have paid no income-tax. The British Government were proposing to get over that by assuming an income of 5 per cent. in the way of profit and taxing them accordingly, but up to that they had paid nothing. It was manifectly unfair to the British competitors. If something of the kind were done in New Zealand it would probably help.

9. *Mr. W. H. Field.*] Do you think they are growing in the advantage they have obtained in England?—Yes. It is only a question of time when they will have the lot. So impressed was I with the position at Home that to do our little bit in the matter I immediately cabled our board asking them to send a member of our staff to take charge of our business, and his instructions are that all nominations he received have to go to British firms, and British firms only.

10. Even then it is difficult to say what are British firms?—We have to leave it to him to use his discrimination, but you can tell pretty well. His instructions are to get as near the retail connection as possible.

11. I suppose you hold the opinion that it would be absolutely necessary in order to deal effectually with the menace to get the Imperial Government's co-operation?—I do not see how you can deal effectually with the menace without their co-operation. Unless the Imperial Government takes the matter up at Home you have only the one end of the business.

12. Did you judge from what you saw and heard in England that it would be very difficult for the Imperial Government to step in and assist us as we should like?—Yes, it is a difficult matter, because not only have the American firms got control of the American trade, but as far as I can see they have even got charge of the British trade. The biggest owners of the Irish stock I saw in Glasgow were Morris and Co., so that they have largely got control of the trade at Home as well.

13. It would be impossible to exclude the foreign meat from the British market?—You could not do that, because at the present time the Dominions of the Empire are not producing sufficient to enable us to do that. A return I have here shows that four American firms alone are sending in 313,000 tons out of a total importation into the United Kingdom of 534,000 tons. That

is in 1916, and includes all classes of meat. Australia shipped 104,000 tons, and New Zealand 158,000 tons. The total output of Australasia was 285,000 tons, as against four American houses who sent 313,000 tons, so that it is easy to see that, at the present time at any rate, the Dominions are not able to supply Great Britain with all the meat she requires, and that year we know there was a shortage of importations into Great Britain. Of course a lot could be done by developing the various portions of the Empire, because it is serious from an Empire point of view. When another war comes along these big firms are going to take care that the whole of the insulated tonnage is not going to be protected by the British flag; and, apart from that, one has to realize the fact that these huge American concerns are drawing profits from various portions of the Empire, largely from the colonies, which are going to further swell the huge financial resources of those in America instead of coming back here, therefore a large proportion of the value of the produce of this country will be going to America.

14. Have you thought out what steps the Imperial Government could take to protect us? It is quite plain they have to admit foreign meat. Could they deal with our meat satisfactorily, and at the same time protect us from foreign competition?—Yes, it could be done. At the present time the Board of Trade have got the names of every immediate purchaser of New Zealand meat. All they have to do is to say, "Eliminate So-and-so." When I say "purchaser" I am referring to wholesale purchasers. Our manager has to send in a return of every man he sells meat to.

15. *Mr. Reed.*] If it were sent to the London Produce Company, could they say to whose hands it went after that?—Yes.

16. *Mr. W. H. Field.*] Considering the hold the Americans have got and the growing hold, would it not be possible to retaliate by putting down the price of meat and so shut us out of the market?—No, I do not see how they could very well. Of course, they may be able to do more in the future than ever they have done up to now, because Great Britain is the only market they have got for their surplus. They are out to make profits. They will only sell at a loss when it comes to squeezing somebody out, and will only buy at a loss when it comes to getting control. Their past operations have proved that so conclusively. Look at the case of the Argentine: 70 per cent. of the Argentine meat is owned by four American houses, 21 per cent. by two British firms, and 9 per cent. by one remaining firm.

17. The others are allowed to act on sufferance?—Yes. If they attempted to do otherwise they would have to go right out. They have the power. The result is, taking the selling-value of the Argentine meat, and their contract with the British Government as against ours, which is better than ours, and taking into account the fact that America is buying a portion of their output, they have a big advantage over all their rivals, and are making enormous profits.

18. Taking all those points into consideration, are you satisfied that we can deal with this matter effectually if the Imperial Government will co-operate with us?—Yes; as a matter of fact, we have got to—we are right up against it. To save ourselves we have got to do it, and it has got to be done quickly or we shall be too late.

19. Do you think it would be necessary also to rope in for the purpose of co-operation other portions of the Empire, particularly Australia?—It will be better if it can be done, but meantime we are so much a larger factor in the meat trade than Australia that it is more an important matter to us. I know the Queensland Government have been justly making efforts to cope with it, because it is a serious matter. I have been through the American works there, and I know their operations.

20. You would right away endeavour to secure the co-operation of Australia?—Yes; in fact, it is an Imperial matter really, and a matter which should be tackled in a particular spirit, because it is the Empire's food-supplies which are being attacked and controlled.

21. The last witness told us he thought it would be necessary in order to have a scheme which would be effectual to secure the co-operation of the farmers themselves by combination either voluntary or by force. Do you think you could get the co-operation of the farmers?—Yes, if the matter was fairly put to them. I have been round my district in the different centres, and discussed with them the whole position, and they fully realized the danger. That is the trouble: unless the farmer is first of all acquainted with the facts he may resent what will be a serious drop in values to him.

22. Have these pamphlets you have produced been circulated amongst the farmers?—We have distributed quite a number of them—about two hundred.

23. Did you find your farmer shareholders went back on you when these other people were competing?—Yes, a certain number went back. But you must recollect this position: if you and I are farming in the same district and a rival concern comes along to you and offers you 5s., or 7s., or 8s. per head—the sum paid last year—for your fat stock more than they are actually worth you take it; and I, on the other hand, say, "No, I am going to sell to my local company at its value and no more: I am going to put the stuff on the hooks at the Government value." The result is that you have got anything from 5s. to 8s. per head more for your stuff than I have got, and you are therefore able to go into the market and dominate the position more than I am.

24. But the farmers who are prepared to act squarely are forced to do the other thing?—Yes, compelled to do so.

25. Have you any opinion in regard to controlling the shipping?—No, I have not. I have heard a lot and seen a lot in the papers about shipping. When in the Old Country I had a chat with the general manager of the Shaw, Savill, and Albion Company, and he put the position fairly well to me. Apart from the submarine losses, the demands of the Army and Navy are enormous at Home, and some of our insulated steamers are acting as colliers for the Navy. With the growth of the Army at various fronts the number of ships required for that purpose is steadily increasing, and submarining is going on all the time, with the result that there is a steady diminution in the number of ships to carry the commerce we have.

26. That is not what I meant: whether we could leave the shipping companies to deal with the stuff without control?—I am afraid we will have to control them, for this reason: while in the Old Country I saw a return which had been asked for by a member of Parliament, which

showed that the great bulk of the shares held in the various lines trading to New Zealand were held by foreign shareholders; and it seems to me that, that being the case, the future trade of New Zealand is going to be placed in a very dangerous position unless some steps are taken to at least control one large line.

27. *Mr. T. A. H. Field.*] Do you think the position is so acute and critical that this American Meat Trust will increase their holding to any considerable extent supposing nothing were done by the Legislature for, say, twelve months?—No, I think for the coming year we are fairly safe, because the available space in the works of New Zealand is so limited that they have not got the field for operation. They cannot be as dangerous as they were last year. Mr. Kingdon told me himself that his company wanted 750,000 carcases of mutton and lamb from New Zealand, and they meant to have it.

28. And the Meat Trust people actually talk in plain terms that they intended to get control of the business?—Yes. The probability is that when Mr. Kingdon was talking to me he was talking to one whom he thought was simply a freezing-company manager who, like a good many in New Zealand, simply want to earn their salary as easily as they possibly can, and who have no wider interest or any sentiment about the matter, because he certainly talked very freely to me as to what the intentions were, how they were conducting the business, and how they were getting control.

29. *Mr. Anstey.*] You said your firm lost £20,000 last year?—Yes.

30. And presumably your rivals also lost in paying the prices they did?—Yes.

31. And that your own farmers got more than the value of the stuff?—Yes.

32. Would it have been a hardship if they got less?—I do not know about a hardship, but they are going to get less.

33. You mentioned about Sims, Cooper, and Co. not paying taxation?—I was referring to the large American firms at Home.

34. You said that the best way would be to sell the meat on the hooks here: would that be convenient to the small farmer?—It is in our case. We have taken as many as five. Our man takes charge of them. It would be an inconvenience to us, but if the farmer asks us to kill his stuff at per pound we never refuse any man.

35. By selling on the hooks you would not buy on the hoof—everything would be bought by the pound?—Yes.

36. Do you know of Sims, Cooper, and Co. getting any advantage in regard to the resale of meat not released—they would not get any advantage in connection with our beef?—No, and yet they are buying beef as much as any one else.

37. Can you explain that?—No, only in order to get a connection.

38. They get an advantage over the lamb?—Yes.

39. Do you think they get any advantage in regard to offal?—No. I do not know what arrangements Sims, Cooper, and Co. have got with reference to the various freezing companies, but when working with us they got no advantage over offal, hides, skins, or anything else.

40. Have they not got any advantage in the sale of offal?—No. I do not know what they are doing with other people. If they have not other arrangements it is not their fault.

41. Do they get the tallow handed back to them for sale?—No. I am, of course, speaking for our own works.

42. *Mr. Reed.*] In the Argentine do they have auction sales of fat stock?—All I am going by with regard to the sales and values ruling in the Argentine are extracts which I get occasionally from the *Argentine Times*, in which the prices of all produce are quoted. You will see them occasionally published in the *Pastoralists Review*. The July number was the last I got, but I also get monthly from our London office particulars of prices and shipments from the Argentine, but just how the stuff is sold or how the market values are assessed I could not say.

43. *The Chairman.*] We were told there was a rebate on those prices?—That I could not say.

44. *Mr. Pearce.*] The giving of high prices in order to make the opposing freezing companies suffer a loss is quite the method of the American Meat Trust?—From the past experience of the Argentine it is so.

45. In connection with Sims, Cooper, and Co., you said you found out they were trading with American capital: can you give us any substantial evidence of that?—No. I can give you the history of the concern as I got it from Gilbert Anderson and Co., confirmed verbally when I was at Home. I also knew they traded through Gilbert Anderson and Co., who gave them a letter of credit to operate in New Zealand for £10,000. Mr. Sims himself terminated the arrangements with Anderson and Co. He went across to America and came back with a Morgan credit, as Mr. Anderson said.

46. You are perfectly satisfied that they are trading with American capital?—Yes; I cannot find any other source but that: I have inquired far enough. I was able to trace their business up to a certain point—up till the trading with Gilbert Anderson and Co.

47. We must know for certain whether a firm is trading with American capital, and you are satisfied they are trading with American capital?—Yes.

48. *Mr. Scott.*] But you could not prove that?—No; but I think they could be made to prove that they are.

49. *Mr. Pearce.*] Did Mr. Anderson tell you the amount they came back with?—No. It must have been a very large amount. Of course, the American system would enable them to carry on with a smaller credit than the other systems. If we get bills for sixty days, and we desire to get the goods we have to pay cash, but in America it is not so. Approved firms can lift the goods and meet the bill at the end of thirty or sixty days after selling the goods.

50. And Sims, Cooper, and Co. left Gilbert Anderson and Co. when they got this other credit?—Yes. The business was quite satisfactory up to that point. Immediately after that the company blossomed out into the huge buying concern it is to-day.

51. You also made a statement about Birt and Co.—that they approached you openly as agents for Armour and Co. to buy meat?—Yes; on the 24th April, 1914, Armour and Co. wrote me the following letter:—

"Sydney, 24th April, 1914.

"Wellington Farmers' Meat Company (Limited), Waingawa Works, Masterton, N.Z.

"DEAR SIR,—

"Referring to the undersigned's recent interview with Mr. Cooper, in New Zealand, with regard to the purchase of your output next season, our Australian agents, Birt and Co., 7 Macquarrie Place, Sydney, will be pleased to open negotiations in this connection when the time comes, and if you will communicate with Mr. Owen Cox, c/o Birt and Co., as above, the matter will be dealt with as expeditiously as possible.

"Yours faithfully,

"ISAAC M. HODGKINSON,

"ARMOUR AND CO. (LIMITED),

"London."

The letter which followed that was as follows:—

"Sydney, 30th April, 1914.

"The Manager, Wellington Farmers' Meat Company (Limited), Waingawa Works, Masterton.

"DEAR SIR,—

"Mr. Hodgkinson—a director of Messrs. Armour and Co. (Limited), London—has been in communication with you regarding the purchase of the output of your works next season, and has informed you that we—as Australasian agents for Messrs. Armour and Co. (Limited), London—will be glad to negotiate with your company for your next season's output of meat. We, of course, recognize that it is yet early to talk definite business, but as the season approaches you will, no doubt, communicate with us, and we shall be pleased to go into the matter with you.

In the event of your having any parcels of meat available this season at any time, we shall be glad to have an offer of same f.o.b. or cost and freight.

"Yours truly,

"BIRT AND CO. (LIMITED)."

52. You say the Argentine is getting a better price for their meat than New Zealand for beef from the Home Government?—Yes.

53. Why is that?—I do not know. I take it they had not the same sentimental reasons for assisting the Old Country as we had, and they viewed the matter simply as a business concern, and made the best contract they could.

54. Is not that giving the producers of a foreign country an advantage over the producers of the Empire?—Yes. Where the stuff is on board the difference in cost of carriage is only so-many weeks extra.

55. Can you tell us the prices offered for beef?—5½d., when we were getting 4⅞d. Mutton I did not inquire into.

56. *Mr. Anstey.*] You say that the American banking system of giving credit is apparently much more favourable than the British system?—Yes. I also desire to hand into the Committee a booklet issued by Armour and Co., in which they state that they control works in New Zealand.

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TUESDAY, 21ST AUGUST, 1917.

DONALD GEORGE SINCLAIR examined. (No. 10.)

1. *The Chairman.*] What are you?—A fat-stock buyer for Armour and Co. in North Canterbury.

2. *Mr. Witty.*] How long have you been with Armour and Co.?—Nearly twelve months.

3. Have you been buying for them during that twelve months?—Yes.

4. What company were you with before you joined them?—Thomas Borthwick and Sons.

5. Have Armour and Co. any works for freezing their own stock?—No, they have no works.

6. Where do they freeze?—At all the works in Canterbury.

7. Then they are operating in a good many places in New Zealand?—Practically all over New Zealand.

8. Can you tell me if they or any other company are giving a higher price for stock than has been given by other companies—that is, by New Zealand companies?—We have not.

9. Are you aware of any companies doing so?—Well, I think other companies were, because I could not buy against them.

10. What companies?—The New Zealand Refrigerating Company and Borthwick and Co. That is, last season.

11. Can you tell us for whom the Refrigerating Company are shipping, or whether they have sold any large portion of their shares to outsiders?—I could not say. It all goes to the Government now.

12. But I am speaking of shares?—I do not know anything about that.

13. You do not know if the personnel of the company has changed or not?—No.

14. Has your company agents in the Old Country?—I think the head of the firm is in London—that is, as far as I know.

15. If you buy lambs, for instance, they go to your company in London, although the Government buy them?—Oh, yes.

16. And all your meat is tagged?—Yes.

17. And what is not taken by the Imperial Government goes to your agents in London?—Yes, as far as I know.

18. It is not divided up with other meat amongst other agents, is it?—No.

19. Do you think your company is making much headway here?—Well, they have not this last season.

20. They have not started works of their own yet?—No.

21. It is an American company, is it not?—Yes.

22. And with American capital?—Yes, as far as I know.

23. Do you know of the amount of American money in the company?—No, I do not.

24. There is supposed to be another American company—namely, Sims, Cooper, and Co.: are you aware whether they are an American company?—I could not say. It is rumoured so.

25. Are they making much headway?—Oh, yes.

26. Have they been buying stock at higher prices?—They have not this season in Canterbury.

27. Do you think there is any danger of our New Zealand companies being controlled by American companies?—I do not think so.

28. Your people are not losing ground, and Sims, Cooper, and Co. are making headway?—Yes. Of course, our firm has only started here.

29. You expect to do better?—Yes.

30. What company do you think has the biggest controlling influence of stock at this end—the largest buyers?—Borthwick and Co. and the New Zealand Refrigerating Company.

31. Do you think there is any likelihood of there being a shortage of stock in New Zealand if you go on slaughtering as you are doing at the present time?—Yes, I do.

32. What becomes of your company's offal?—The different companies take the offal.

33. Could you tell me of any men who could give the Committee any information with regard to the working of the trusts in New Zealand?—No, I could not.

34. You are pretty certain about your stuff going direct Home to your own shops?—Well, I do not know that they have shops.

35. Well, to your own agents?—Yes, I am pretty certain of that.

36. Is your company a very big one here?—Not so far.

37. Can you give us any idea of what they paid when they bought out Joseph and Co.?—No, I could not.

38. Mr. Joseph, jun., is working for your company, is he not?—Yes; but I know nothing at all about the inside working of my company.

39. You are simply buying the stock?—Yes, in the country.

40. And your company is buying all over New Zealand?—Yes, pretty well.

41. *Mr. Scott.*] It is rumoured that your company is picking up all the smartest buyers: is that so?—I do not know. Buyers are very hard to get—I know that.

42. How are you paid, by a straight-out salary or on salary and commission?—A straight-out salary.

43. Have you an appointment by the week or month, or for a term?—I get paid monthly, but I am engaged for a term of two years.

44. *Mr. Pearce.*] Have you any actual knowledge at all as regards the business workings of your company?—No, I have not.

45. Can you tell us what your instructions were as regards buying stock in competition with other companies?—We have a limit per pound, and we get the limits once a week, which are varied. We have to buy at that limit, or as near as possible to it, or under it if we can get it.

46. Can you tell us the variation in those limits during the last season: take beef, for instance—what has it varied from?—45s. to 47s. 6d. It has not varied more than that.

47. While the Government price has been the same all the time: why this variation?—The difference in the price of hides.

48. Could you tell us why you left Borthwick and Co.'s and joined Armour and Co.?—I got a better salary.

49. You say your company has not made any headway: did not your company last year buy out Joseph and Co.?—Yes.

50. Is not that making headway—you must be doing much more business than previously?—I have not bought one-third of the stuff I used to buy for Borthwick and Co.

51. You mean you as an individual buyer; but that does not refer to your company?—That refers to the last season, which is the first season they have bought here.

52. Then your statement is not correct that they have not made any headway. If this is the first season they have operated, then they must have made headway?—They bought Joseph and Co. out at the start of the season, but they have made no headway since.

53. I should say your purchases this year would be much larger than ever before, seeing your company had bought that firm out?—I would not say that.

54. *Mr. Reed.*] What district do you operate in?—North Canterbury.

55. Have you a certain area in which you buy, yourself, or are you the head buyer for the whole of the South Island?—I can go all over Canterbury if I wish to, but I stick mostly to North Canterbury.

56. And have you bought all over Canterbury?—Down as far as Ashburton.

57. When you buy do you leave instructions with the drovers as to where they should deliver the stock?—Yes.

58. Where did you deliver during this year?—To the nearest freezing-works to where we buy.

59. What freezing-works do you refer to?—The New Zealand Refrigerating Company, the Canterbury Frozen Meat Company at Fairfield, Belfast, and Kaiapoi.

60. Have you had any refusals from any companies to freeze for you?—Yes.

61. *Mr. Forbes.*] You know why this Committee is sitting?—Yes.

62. It is to inquire into the operations of the Meat Trust?—Yes.

63. In your experience in connection with the methods of buying sheep and fat stock is there any difference between Armour and Co. and Borthwick and Co.?—Not a bit.

64. Are your limits higher than Borthwick and Co.'s?—No, not so high this season.

65. In your opinion there is no difference between Armour and Co. and other buyers in the methods of meat-buying?—No.

66. Can you tell us what your company put through in the way of stock all over New Zealand?—I could not give the figures.

67. Could you give the figures for Canterbury, approximately?—I should say, 120,000.

68. Could you tell us what Joseph and Co. put through the year before?—I could not say.

69. Did Joseph and Co. operate all over New Zealand, or only round Canterbury?—They operated in the North Island—at Hastings.

70. *The Chairman.*] Do you wish to add anything, Mr. Sinclair, which you think may be of use to the Committee?—No, Mr. Chairman.

71. *Mr. Pearce.*] Could you tell us the different limits you had in the case of lambs during the season: you only gave the instances in regard to beef?—Yes; we started at, I think, about 6½d., and finished at 9½d.—that is, over all.

WILLIAM DOUGLAS LYSNAR examined. (No. 11.)

1. *The Chairman.*] What positions do you hold?—I am chairman of the Poverty Bay Farmers' Meat-freezing Company. I am an exporter of dairy-produce; I own a butter and cheese factory, the surplus from which I export; I am a sheep-farmer, and an exporter of wool and meat.

2. Do you desire to make a statement before the Committee?—I have prepared a statement, and shall be glad to read it to the Committee. It is as follows:—

For some years past I have been an exporter of meat, wool, and dairy-produce. I am chairman of directors of one of the freezing companies in Gisborne, and am the sole proprietor of a butter and cheese factory there, the surplus products of which are exported. I have been closely watching the operations and dangers of the meat and shipping trusts since 1910. In that year I went home to England, and, at the suggestion of a certain section of the Farmers' Union in this Dominion, I investigated these matters very fully. I visited San Francisco, Chicago, and New York, when I made careful investigations as to the doings and operations of the trust. I followed up these investigations in England, where I wrote a special report dealing with our shipping and meat matters. This report was confirmed by a New Zealand committee who investigated matters in England, and very wide publicity was given to it; and, although there were some very severe strictures in the report, I may add that the correctness of my facts upon which I based these strictures were never in any way questioned through the public Press by any person associated with the shipping or meat trade. In 1912 I again visited England, and went further into these trust and shipping matters, and upon my return I addressed public meetings of farmers throughout the chief centres of New Zealand, urging them to combine to take steps enabling them to fight the trusts. The result of my observations convince me that our pastoral industry in this Dominion is at the present time being encircled by a very dangerous combination, and I feel I cannot too strongly impress upon this Committee the real danger facing it at this juncture, for unless the producers and legislators of this Dominion combine, disastrous results will, in my opinion, unquestionably ensue—results that will affect every walk of life, for, as New Zealand is not a manufacturing country but depends mainly on its agricultural resources, if that industry becomes imperilled it must naturally follow that everything else will be proportionately affected. Therefore I suggest that it is not only a fight that should be grappled with from a producer's standpoint, but also from a Dominion and Imperial standpoint; and in this respect I fear that from a commercial outlook these trust dangers are as grave a menace as that of Germany. The trusts are seeking to dominate the world and the meat industry of this Dominion by sheer weight of capital, while the Germans are endeavouring to accomplish the same by brute force; and every day the operations of these trusts are allowed to continue, the huge accumulation of capital against which we will have to fight is increasing and making the ultimate result more difficult to achieve, consequently the sooner the danger is realized and grappled with the better. I refer to the Imperial standpoint of this fight for the reason that these trust monopolies work by a process of squeezing down the price paid to the producer and increasing the price of the product to the consumer, with the result that, in consequence of the growing high cost of living, this has a tendency to accentuate the serious labour difficulties from time to time arising; and it is poor consolation for a New-Zealander to realize that he is getting, after paying the f.o.b. charges, less than 5d. per pound for his best wether mutton when, according to a Press cable that was received on the 21st May, the best beef and mutton is being retailed in England at 2s. per pound. This shows that there is huge profiteering going on somewhere, and it is easy to learn that it is not the producer nor the Imperial authorities who are making this profit, but it is going to the huge trust organizations; and there is little wonder that three or four of the meat trusts disclosed by their published balance-sheets that during the last three years while the war has been in operation they have made larger profits than the New Zealand Government has spent on the war from its inception; and when it is realized that a large portion of these huge profits are being extracted from the meagre assistance the men in the firing-line are able to allow their wives and children who are left at home, I suggest that it is the first duty of those of us who are not in the firing-line to immediately take concerted action to absolutely prohibit this wicked profiteering from succeeding. Earlier in the period of the war a direct attack was made through the medium of the Press in England alleging that New Zealand producers were exploiting the home consumers. Steps were rightly taken up at the time by the High Commissioner in England to repudiate this; and I feel that at such a critical juncture as the present no better services can be rendered to our Empire than by assisting it to combat the objectionable operations of the trust or profiteering firms, and to see that the produce is expeditiously and as cheaply as possible supplied to the consumer.

In dealing with the trusts it must be remembered that the shipping and meat trusts act together, and while the managements are not identically the same, except in certain cases that might be pointed out, it is well known that the two operate together, and somehow or another the meat-trust representatives will always get their produce carried when others will fail.

Regarding the result and danger of the trust, the most practical illustration we can have of this is to observe the results of the trust workings in other countries. It is reported and generally recognized that the Meat Trust obtained its stranglehold of the pastoral industry in the United States of America in about the year 1900. Up to that time statistics show that the United States

was not only able to supply its own requirements for meat, but it was also a very large exporter, and the farmers engaged in pastoral pursuits were doing well. Official data shows that since the trust obtained its stranglehold the live-stock of the United States has been gradually dwindling, and it was not very long before it had to cease exporting and really became an importer of meat. In June of 1910, which is the height of the American summer period, I made inquiries of the price of meat at a leading butcher's shop in New York, and was informed that they were unable to quote any mutton, as it could not be obtained, but they could supply a special quote for some legs of mutton that were not fit for baking—only for boiling. This indicated these legs were from an extremely poor quality of sheep—what we in this Dominion would class as "potters." It is officially recorded in the stock census between 1906 and 1911 there was a drop of two million cattle and six million sheep in the United States, and, according to the Department of Agriculture's statistics, they show that from 1907 to 1917 there was a fall of over ten million in the number of cattle other than milch-cows, and of nearly five million in the number of sheep for that period in ten years, showing a decrease of 20 per cent. in cattle and 10 per cent. in sheep. According to a book entitled "Industrial Geography," published in Pennsylvania in 1914, the United States owned 16 head of cattle per square mile and 14 sheep, while the United Kingdom possess 99 head of cattle and 294 sheep to the square mile. In New Zealand the corresponding figures are 22·48 cattle and 239·31 sheep. This shortage of stock in the United States is clearly due to the paralysing tactics of the operations of the trust of the pastoral industries. In this book it shows how farmers have been driven out of business there, where it states that "hundreds of thousands of acres of American pastoral land has gone out of use during the past fifteen years, showing that the domination of the meat trade by the trust is rapidly causing the pastoralist to abandon that calling for other occupations." The same work states that "Many farms have been abandoned in New England and New York, while many more throughout the North Atlantic slope would sell for less than before there was a single mile of railroad in America."

These, I suggest, are object-lessons that we should seriously consider unless we desire the same conditions to apply to our at-present-prosperous New Zealand. It is idle to suggest that the main cause of the decrease of stock in the United States is anything less than the operations of the trust. In 1910 I had an opportunity of discussing the effect of these trusts with Mr. Thomas Edison, the great American inventor. He then strongly impressed me with the dangers of the trusts and their detrimental effect on the pastoral industries. He illustrated to me in this way: he said, "I am to-day paying 35 cents (that is, 1s. 7d.) per pound for my meat. I frankly admit I am paying for, and expect to obtain, the best cuts—cheaper meat can be obtained, but the farmer is only being paid from 3d. to 4½d. for this, which in many cases proves not to be a payable price to him." This naturally creates a feeling of dissatisfaction, and has a very far-reaching and detrimental effect on the country as a whole, making the pastoralist look for other channels of occupation in preference to producing stock. Mr. Edison pointed out that the trusts fought largely with the railway and transport facilities, and in this respect he asked me to convey to New Zealand's then Premier, Sir Joseph Ward, a word of warning against the dangers of the trusts extending their operations to New Zealand; and in order to avoid these dangers Mr. Edison considered it was as necessary for New Zealand to own ships to carry its produce from these seaports to the markets of the world as it was to own the railway-trucks which conveyed the produce from the interior to the seaport. I conveyed Mr. Edison's message in this connection to Sir Joseph Ward. Seven years after the Meat Trust obtained its stranglehold on the United States it turned its attention to the control of the Argentine trade, for in 1907 we find Swift and Co. purchase the La Plat Cold-storage Works for £350,000, and a little later Armour and Co. purchase the La Blanca works for £340,000, with the result that to-day the American-owned portion of the Argentine trade is about 70 per cent. of the total, as against 21 per cent. British and 9 per cent. controlled by Native pastoralists. While the trusts were establishing their hold of this trade they, for the time being, paid farmers an extra price, but now they have got their hold they are squeezing the farmers down, with the result that the trust controlling the main portion of the trade is acting very detrimentally upon the Argentine farmers. The trusts having secured so strong a hold over the Argentine trade are now turning their attention to Australia and New Zealand. According to Press reports of the profits of some of these meat concerns, Swift and Co. made a profit of £1,859,000 for the year ending September, 1914, and £2,817,000 for 1915, and in 1916 they declared a cash dividend of £5,000,000, and are issuing new stock for that amount at par, thus raising their capital to £20,000,000. Armour and Co. in 1916 also increased their capital to £20,000,000 by means of stock dividends equivalent to 400 per cent. In a recent issue of the *Live-stock World*, Chicago, U.S.A., it states that the latest official figures of four of the largest meat companies are as follows:—

| | Capital. £ | Bonds. £ |
|---|---|---|
| Armour and Co. ... ... ... ... | 20,000,000 | 6,000,000 |
| Swift and Co. ... ... ... ... | 20,000,000 | 4,900,000 |
| Morris and Co. ... ... ... ... | 6,000,000 | 2,260,000 |
| Wilson and Co. ... ... ... ... | 5,900,000 | 1,640,000 |
| Total ... .. ... ... | £51,900,000 | £14,800,000 |

a combined capital of £66,900,000 sterling. To accumulate this huge capital these companies have never deviated from their policy of untiring effort for the extinction of free competition affecting this, either by overpowering concerted action in the food-markets, or by the acquisition at high prices of opposing undertaking which tempt the unwary to really surrender his birthright.

I think I have said enough to point out the dangers of the trust, and will now endeavour to deal with another phase in reference to the *desire* of the trust. It is important for us to appreciate and understand the real desire of the trust in endeavouring to control our trade, and in this respect during my visits in England in 1910 and 1912 I then clearly learned that the real trouble the trusts were experiencing in the expansion of their trade was the necessity of

their controlling a larger quantity of mutton and lamb. I had an opportunity of discussing this phase with some of the trust managers at Home, and one, who had over three hundred shops under his control, frankly acknowledged to me that is was impossible for him to extend his business any more because of the shortage of mutton and lamb, and that they were desirous of doing an extended business with New Zealand in this respect. I am aware it has been officially suggested that the key to the position is the supply of beef which it was claimed the American meat trusts control. This, according to my investigations and observations, is neither justified nor correct. If we look at the total quantity according to the official figures for last year there was a total of 8,390,561 carcases of mutton and lamb imported into England from all sources. Of this quantity, we find that 64 per cent. of it came from New Zealand—viz., 5,407,222; and it is to be noted this quantity would have been still much larger if it were not for the fact that the meat was held up in the freezing-works in New Zealand for want of shipping. The Argentine only exported a total of 2,311,451, being less than half New Zealand's quota. Of the total beef imported into England from all countries last year, there were 3,346,188 quarters of beef, as against a total of 15,797,728 quarters consumed there from all sources. Thus it can be noted that the bulk of beef consumed by England is home-grown, or practically she produces four-fifths of her total beef consumed. Consequently it will be seen that even if the trusts controlled the whole of the three million quarters of beef imported (which they do not) it would not be a serious factor as against a total of fifteen millions consumed, when it must be borne in mind that the Meat Trust had little or no control over the English-grown meat. I would here draw the attention of the Committee to some figures quoted on page 18 of the report of the Royal Commission set up by the Commonwealth of Australia on the meat-export trade, and dated 14th November, 1914, where it gives an analysis of supplies to the Smithfield market for the year 1913, extracted from the Annual Report of the London Central Markets, which showed that the supplies were: United Kingdom, 21·4 per cent.; Australasia, 60·3 per cent.; North America, 0·02 per cent.; South America, 13·2 per cent.; Continent, &c., 5·1 per cent. Thus you will see that the South American supply, which is mainly Argentine, only represents 13·2 per cent. of the total Smithfield meat trade, including frozen and fresh-killed, while Australia and New Zealand represent 60·3 per cent. of that trade. You will readily see that the 13·2 per cent. would be a very small item for these huge trust organizations if they controlled the whole of it, but they only control about 70 per cent., and their object is to get control of Australasia's proportion—60·3 per cent. Of that 60·3 per cent. it must be borne in mind the greater portion represents New Zealand produce.

There is another bogey which is put forward by the trust operators—viz., that New Zealand's portion of the total trade is so insignificant in comparison with their total turnover that it would be foolish to try and fight them. I would suggest that this aspect should not deter either the Committee or the Government in the slightest degree, for there is in fact no real danger on this head so long as we realize that we can baffle the trust so far as New Zealand trade is concerned if we prevent the trust controlling our produce, and after all this should be our sole aim. We are not concerned with what the trust gets in the United States or Argentine—we are only concerned in what they do with our New Zealand produce, and how the trusts may operate on the English market to the detriment of the marketing of our New Zealand produce; and it is only the interference of the trust in our New Zealand trade, and their ramifications on the English markets, that affect us, and the position can be weighed up very simply. Last year, according to the London Board of Trade's official figures which are published, the total imports of meat into England from all countries was valued at £36,484,143, and the same figures show that the value of imports of meat from New Zealand totalled £11,238,092, thus showing that our imports of meat into England are not so insignificant as the trusts would suggest when they state that their turnover is equivalent to £250,000,000 and our trade is only worth about £7,000,000. The £250,000,000 has, I suggest, no bearing on the question whatever. It is extremely doubtful if there is any justification at all for their claim to handle this huge value of meat, for when you remember that the total imports into England was only valued at £36,000,000 there are very grave doubts as to whether the turnover will be any way near that figure. I may here draw the attention of the Committee to the fact that the Board of Trade values New Zealand's last year supplies of meat at £11,238,092, while, averaging the total payments of the New Zealand Government for meat up to the 30th June last, the figures show that the proportion paid to the farmers for last year's meat would represent £7,684,884; out of this the farmer pays all f.o.b. charges excepting any excess storage, which represents about ½d. per pound, and would bring the net amount received by the farmers to less than £7,000,000. Assuming that he received £7,000,000, it would show that the New Zealand farmer is being paid £4,238,092 less than the Board of Trade considers this meat is worth when it lands in England, or 60 per cent. more than the farmer has received for it. Of course, the only outstanding charge would be the freight and actual landing-charges at London to be taken into account; and while I recognize that this phase has no direct bearing upon the questions under consideration, yet it has been suggested that the farmers are receiving extra-high prices for their meat, and it is only fair to say that this is not justified if the figures are closely scrutinized and compared with the prices realized by farmers who exported meat on their own account prior to the war, and it will be found that the farmers are not to-day receiving ½d. per pound more for their meat than they could have got by shipping on their own account prior to the war. A farmers' committee, set up in Gisborne, went very carefully into this phase and obtained data which clearly showed this. At the same time it must be borne in mind that the war has forced up the cost of production very heavily to the farmer, and the extra ½d. per pound he is receiving for his meat would not cover this.

*Trust Methods:* Dealing with the methods adopted by the trust in New Zealand, I have little doubt but that you will have had a considerable amount of evidence on this head. I will shortly say that they adopt a system of controlling the means of transport, the retail market, and the purchasing ahead of store stock in large quantities for future deliveries, and then selling back

to farmers for fattening purposes on condition that they sell back to the trust representatives when the stock is fattened; and also by the process of nomination which has been adopted since the imperial authorities purchased our meat-supplies. The arrangement by which the owner may, when it is shipped, nominate who is to receive the surplus meat at the other end for sale is, in my opinion, playing right into the hands of the trust, and it is very desirable that immediate steps should be taken to stop this. When the contract was entered into it was in all good faith and with the idea that the farmer would benefit, but as a matter of fact very few farmers indeed value this right of nomination. The bulk hardly know they have the right to nominate, and it is mainly used by the big buyers and trust representatives, because it gives them control of the freed meat at the other end. The dangerous aspect of this is apparent when it is known that trust representatives have paid more for the live-stock to the farmer than they can possibly get on the schedule prices when it is sold to the authorities. You will recognize it would pay these firms who retail the meat in England to give extra per head for stock here, knowing they will get a certain proportion of it freed at the other end, when they would be able to buy the meat from about 8d. to 10½d. per pound, and then sell it, according to cable advice, as high as 2s. per pound; and also seeing that the terms of the Imperial purchase provide that the farmer is to be paid when the meat is put on board the ocean ship, and owing to the great shortage of shipping some of the meat has to remain six months and longer before payment can be obtained. A farmer, being aware of this uncertainty, is tempted to take the cash price offered to him. It is only right that representation should be made to the Imperial authorities asking for consent to vary the contract, so that meat is paid for upon the hooks immediately it is killed. The Government pay for wool directly it is delivered, and 90 per cent. of the dairy-produce, therefore why not for meat? more particularly as they have now taken over the responsibility of ownership of the meat immediately it goes into store. The f.o.b. charges can be readily ascertained and deducted in every instance on the purchase-price paid to the farmer.

This nomination phase also acts very detrimentally in another direction, which should be observed when making any representation to the Imperial authorities. It is known and recognized that the trusts are endeavouring, with their multiple-shop system in England, to dominate and control as much of the retail business as possible there. In some parts of England to-day you can put your hand on the map and know that in those localities the whole of the retail shops are owned and controlled by the trust multiple-shop owners; and anything that tends to squeeze out the independent retailer and centralizes the trade into the trust is beneficial to the trust and detrimental to us here and the consumers at home, for directly the trusts control a dominating influence on the retail trade of England we would be absolutely at their mercy to accept whatever price they choose to offer. Our only alternative would be to open shops of our own, and immediately we did this they would have their shops alongside of us and run us out of trade, which is the method they adopted in the United States of America, for there it is known that when stock is brought to the big markets in Chicago and other centres, if the farmer does not accept the first offer made by the trust for his stock they will get no better offer, but will ultimately be compelled to sell at a reduced price to the trust. In like manner the trust uses the same methods to increase the cost of the retail article to the consumer. In the early part of the war it was officially notified through the cables that about two thousand retailers' shops in and around London had been forced to close because they could not obtain supplies, and there is no doubt this position is very largely accentuated by the trust representatives nobbling the meat through this system of nomination at this end, and the smaller retailers have had to scramble for any small balance that was not already secured by the big meat-importers. It is important to bear in mind that by Regulation No. 6, issued for the sale of frozen meat on account of His Majesty's Government in England, a selling agent is permitted to purchase meat on his own account for subsequent resale, either wholesale or through his own retail shops, and he may sell to himself at the market price, but in that case he shall not receive any commission on such sales. Now, clause 7 of these regulations is rather significant when it says, "The selling agent shall disclose confidentially to Sir Thomas Robinson the names of the buyers in other companies, in which a hundred or more carcases of lamb or mutton or twenty-five quarters of beef are sold to one buyer. In the case of sale of smaller quantities selling agents shall, if required, place their books at the disposal of the Board of Trade in order that buyer's name may be ascertained." It is worthy of note here to observe that the large buyers must report to Sir Thomas Robinson; the smaller ones to the Board of Trade. Sir Thomas Robinson, as probably the Committee is aware, is one of a committee of three, with Sir Montague Nelson, who is head of the C. C. and D. Company, London, and Sir Thomas Mackenzie, who are supposed to act as a committee at Home in connection with the sale of our surplus meats there. Sir Thomas Robinson, I might point out, is also largely interested in shipping, and is one of six of the registered shareholders of the Federal Steam Navigation Company (Limited). It seems to me all very unsatisfactory, and that the door is opened to facilitate everything for the big operators, while at the same time difficulties are created which act detrimentally upon the small retailer, whom it is so necessary to retain, both in the interests of our trade and the consumer at Home. These circumstances all emphasize the imperative necessity of having either an individual or a committee at Home who is in no way associated with either the shipping or meat trade to control the marketing of our surplus meat, and to see that it is sold at cost price plus all proper charges, through the smaller retailers who are not associated with the trusts, which we and the consumers at Home have every cause to fear. There is an opportunity now of seriously weakening these multiple-shop owners to the benefit of our producers and the consumers at Home if our New Zealand and the Imperial Government are stirred up to take the right course of action.

Now, this brings me to the important question of the *disadvantages we are labouring under in connection with our shipping facilities*. On both occasions when I visited England I made

very close investigations on this phase of the question, and was greatly assisted by the representatives of corporations of some of the large Port Authorities outside of London. There is unquestionably a combine between the shipping companies for controlling freight arrangements, both as to exports and imports. In making these shipments they work on a basis of an overflow system rather than on a system to cater for the full requirements of any trade, whether it be imports or exports. Their method of working, so far as I could learn in England, was shortly this: They had a central committee set up in London which controlled the whole of the shipping, and this committee would give directions as to what company's boats should go on to the loading-berth for exports from England, we will say, to New Zealand, with the result that they really pooled outward freights. They may instruct No. 1 company to put certain boats on to the loading; No. 2 company was to put no boats on; and for the time being some of our New Zealand boats would be thus diverted to other trades. Although No. 2 company's boats were being diverted from the New Zealand trade, they would participate in the freights earned by the No. 1 company, and these boats that were loaded up in this way really provided the quantity of tonnage New Zealand obtained for its exports; and, as I understand the position, they in this way ran an overflow business to the great financial gain of the shipping companies, and consequently avoided having to run their boats only partly loaded, which at times would be necessary if there was free and open competition amongst the companies and any attempt to run to schedule time. For a number of years before the war this process was in vogue, and consequently ships were being run on an overflow basis, except perhaps for a few months during the slack portion of the New Zealand export period, when all the wool and the freezing-works were ordinarily cleared. I am quite sure it would be safe to say that for several years before the war there was not a freezing-works from one end of New Zealand to the other that was not blocked up some time or another because of the ships not keeping them sufficiently cleared, necessitating a stoppage of killing operations. The butter-factories have also experienced a serious congestion of dairy-produce. When I was in England in 1910, and again in 1912, on each occasion it was most difficult to get space for outward cargo from England. It had to be bespoken well ahead, and as a rule it was shut out of several steamers before its turn arrived.

There is another phase the Committee should understand, and that is the secret concessions which the shipping companies make to exporters who send all their shipments through this London Central Shipping Committee. Thus the companies will say to a Manchester or Glasgow merchant, "Providing you ship all exports which you send to New Zealand through our boats loading in the Port of London for a stated period [which might be six or twelve months] we will grant you a substantial concession on all freight charges." In this way a monopoly is made on all the exporting business from England, and this acts very detrimentally on the New Zealand buyers, although it is not generally known by them. For instance, they will ask for a quotation from a manufacturer, we will say, in Liverpool. If they are making their inquiry from a large manufacturing firm which is obtaining the benefits of these concessions they will quote the price plus shipping-charges from London to New Zealand and railage from Liverpool to London. The New-Zealander will then have tacked on to his price, without knowing it, railage from Liverpool to London. The merchant in turn penalizes the New Zealand buyer with these heavy railage charges in order to protect his own concessions. The only way to avoid this is for the New-Zealander to purchase the article outright and arrange his own shipping, which is, of course, not convenient, but the law should be made to guard against this phase in England.

Dealing with the question of freight charges, undoubtedly an unreasonable amount is being charged for this, and in case the Committee have not had any details on this hand, I produce particulars of the freight charges on our principal items of export prior to the war and the freights now in operation, which show, as regards wool, this would cost 19s. 3d., storage free and no limit, for a bale of 352 lb. before the war, as against the present rate of £3 13s., storage limited to two weeks, and in addition freights have to be paid at port of shipment, making an additional 1 per cent. cost to the shipper. The shipping company also saves insurance on freights, as previously the freights were paid at the other end, and consequently the responsibility rested with the shipping company to insure their freights. This means fully 2 per cent. extra expense to the shipper, as the freights must be added to the f.o.b. value.

Now, according to the public Press reports, which if incorrect would have been contradicted by the shipping authorities, it is reported that the Federal Shire Line, the Shaw, Savill, and Albion Company, and the late New Zealand Shipping Company were all under the control of the American Shipping Ring, and also that the P. and O. line, which recently purchased the New Zealand Shipping Company and the Union Steamship Company, are also under the control of this American Shipping Ring. This ring works in conjunction with the American Meat Trust, and in some instances it is known that the shipping and meat management heads are the same. In this respect I refer to Mr. Spreckles, of San Francisco, who is the head of the Spreckles line of ships and also of the Meat Trust representatives in San Francisco, and for the information of the Committee I might relate what I was told by a reliable business man who carried on a wholesale business between New Zealand, Australia, and America. He informed me that some years ago, when the Spreckles line of steamers was trading between San Francisco and New Zealand (these were, I understand, subsidized by the American and New Zealand Governments), he, knowing the high price at which meat was selling in San Francisco, and the low cost it could be purchased at here, filled up one of Spreckles's subsidized boats with New Zealand meat and sent it to San Francisco. When it arrived he received a message that Mr. Spreckles wished to see him. He called, and Mr. Spreckles asked him if he was the gentleman who had brought the meat from New Zealand. He said he was. Mr. Spreckles then said he wished to give him a caution not to do it again, for if he did he (Spreckles) would see that the Meat Trust would not further supply any butchers that he might sell his meat to, and as he would not have enough to keep them

going all the year round it would simply mean that the butchers would have to put up their shutters. Mr. Spreckles suggested that this gentleman should make up an account of what the meat cost him, add something for his trouble, and he (Spreckles) would give him a cheque for it. This gentleman replied that he had already arranged for a second shipment: what was he to do with that? Mr. Spreckles replied, "I will give you a cheque for that also, but no more." This the gentleman agreed to, and he got his two cheques from Mr. Spreckles for the two shipments of meat, and dropped the meat trade with New Zealand. Apparently Mr. Spreckles regarded his meat business as the main one and the shipping as a secondary item, otherwise he should have been pleased to have got a freight for the meat from New Zealand to San Francisco. There is no doubt that Mr. Spreckles is associated with the meat trade. In various streets in San Francisco several meat-shops bear the name of "Spreckles."

I would here point out that the "Delphic," "Sussex," and "Nairnshire," within three months of the outbreak of war, were diverted from our New Zealand trade to New York and Boston, carrying a considerable quantity of meat, pelts, hides, wool, &c.—this at the very time when we urgently required shipping for our produce for England.

There are several phases in New Zealand in regard to shipping which act detrimentally to producers. I refer to the system of granting rebates and concessions to the different mercantile institutions throughout the Dominion; and it is well known that in quite a number of cases the farmer leaves all his shipping arrangements entirely in the hands of his merchant. The merchant acts as shipping agent, and is granted concessions from the shipping people in connection with the farmers' freight, as well as being paid by the farmer. In this way the merchant is paid both by the shipping company and the farmer, which is a position not conducive to better shipping facilities being obtained for the export business. In addition to the objectionable features of the rebates and primage allowances, there are the diadvantages of the *long freight contracts* which the shipping companies insist on the large exporters of meat and dairy-produce signing. The first time these contracts were introduced they were made for three years, the second for five, and those that were current at the outbreak of the war for a period of seven years. Experience has proved again and again these contracts have not assisted the New Zealand exporter, for, as I have already said, there is hardly a freezing-works in the whole of New Zealand that has not, at different periods during the currency of these contracts, had to close their works because the shipping people have not kept them sufficiently cleared; and the same thing applies to the dairy-produce of the Dominion, where there has been very considerable congestion at times, notwithstanding these contracts having been signed regarding the shipment of dairy-produce. I know of instances where the shipping companies have absolutely refused to lift any produce from certain works unless these long freight contracts were first signed; and as all the shipping companies were really in league in this matter, the representative of the works had no alternative but to sign. Some few years back an important conference was held at Christchurch by freezing companies and mercantile representatives from various parts of the Dominion, when a committee was set up to go into the question of these freight contracts among other things. The chairman of this committee was Sir James Wilson, and in the report of this committee it was stated that these long freight contracts were of no benefit to the producers, but were only beneficial to the shipping lines by, in fact, keeping out competition, and the report distinctly stated that the committee did not consider that the interests of the farmers had been properly considered in these contracts, as the effect was so one-sided. In these contracts the shipping companies do not undertake to lift the produce at any stated time, but the exporter is bound to hold and ship his produce for these shipping lines at a stated rate of freight, unless the shipper can obtain a lower quotation for his freight from another line, which must be already established and running in the business. Thus it shuts out a quotation from a prospective outside line not already established in the New Zealand business; and, seeing that the existing shipping lines are all working in unison so far as freight charges are concerned, it makes it impossible to get a lower quotation from one company in competition with the other, and it also makes it impossible to introduce another line on a lower quotation, as the terms of the contract provide that if the shipper can get a lower quotation he must first offer his freight to the old shipping company at the reduced rate, with whom it is to be optional whether they carry it or not. Thus if a freezing-works obtain a lower quotation of freight from a new shipping line which has already entered the New Zealand trade the freezing company could not definitely divert its freight to the new line; and this is a very awkward and dangerous provision, and practically makes it impossible for a new line to come into the business. These freight contracts should be totally prohibited, as they undoubtedly create a monopoly, and shipping should be placed in the same way as other common carrying businesses. It is known the shipping companies of New Zealand claim that they are not "common carriers," and can and do refuse or accept at their pleasure anybody's cargo or any one as a passenger on their boats. This is a condition which the law should not tolerate. The matter was investigated by a special Committee of the House in 1914, when, according to Press reports, the Committee reported favourably to the Commercial Trust Act, 1910, being made applicable to stop monopolies in connection with the shipping; and from memory I think—but I would not be sure without referring to the report—they also recommended the shipping companies to be declared "common carriers"; but up to the present nothing has been done to carry out the directions of the parliamentary Committee in this connection. I have heard mercantile men say that these long freight contracts are justified so as to ensure our cargo being lifted as required. This, I suggest, is a fallacious argument, as such contracts are not necessary nor justified. Experience has proved this. No such contracts are necessary in other countries: why, I ask, should they be in New Zealand? The only reason they are required here is to create a monopoly for the shipping companies, and legislative provision is necessary to do away with them.

Dealing with our New Zealand shortage of shipping to-day, I think there is every reason for saying that our main shortage is not due to submarining and the exigencies of the war, but to loose control which has allowed a considerable quantity of our New Zealand shipping to be diverted into other trades and channels—and not for Imperial purposes, but apparently for profiteering for the gain of the trust operators. During the early part of the war our Prime Minister made a public statement to the effect that the Imperial authorities had accepted an offer of the shipowners to set up a committee to control the American shipping in conjunction with the Board of Trade in London, and as an offshoot of the London Overseas Committee a Shipowners Committee was appointed to control the freight arrangements in New Zealand, acting under the control of the London Shipowners Committee. In addition to eight representatives of the shipowners on the committee Mr. R. Triggs was appointed to represent the New Zealand Government. If the official data which has been published is considered in conjunction with the workings of our shipping arrangements it will be seen that there is justification for saying that, while there is no real shortage of shipping in consequence of the submarining and exigencies of the war, up to a few months ago since unrestricted submarining has taken effect all the circumstances go to show that the shortage is caused through the loose control of our shipping by the Shipowners Committee, who have allowed a considerable quantity of our shipping to be diverted to Argentine and American trade. It must be borne in mind that our shipping has been short during the whole period of the war, and is not a matter arising during the last few months since unrestricted submarining was adopted. I produce to the Committee copy of a letter I have written to the Hon. Prime Minister in this matter, dated 28th July, 1917, attached to which is a copy of a portion of the London Board of Trade's Committee report dealing with meat, and dated 22nd September, 1916. This report shows to-day that the meat-carrying capacity of the River Plat insulated steamers was 450,000 tons, and that Australasia's insulated tonnage of to-day can carry 520,000 tons. Now, as a matter of fact, last year Australia exported 57,340 and New Zealand 158,123 tons, making a total of 209,466 tons of meat exported from Australasia to the United Kingdom for last year, thus showing that Australasia did not use half her tonnage; and it is interesting to note here the excuse that the Board of Trade's report offers for this. They say, in paragraph 16, "Their [meaning the Australasian] 520,000 tons, however, is largely required for butter, cheese, rabbits, and fruit," so that they only carried 273,000 tons of meat in 1913, and 283,000 tons in 1915, showing a slight gain. The Board of Trade Committee, which controls the freight in conjunction with the Shipowners Committee, do not say we have not used the space because it is required for war purposes, but because we require it for "butter, cheese, rabbits, and fruit." Now, as a matter of fact, only a small portion of butter and cheese has been allowed to go forward, rabbits and fruit, so far as I am aware, being practically prohibited. I would also point out Argentine only exported 240,297 tons of meat to England last year, so apparently they had a lot of surplus tonnage not used. While the conditions referred to show very loose and unsatisfactory control of our shipping in England, there is also justification for complaint of the unfair manner in which the New Zealand Shipowners Committee has handled shipping at this end. I produce particulars of five shipments of meat, showing there was a total of 114,448 carcases of wether mutton shipped by these boats, and 178,899 carcases of ewes and lambs, at the time when the freezing-works I represent were refused the right to put either ewes or lambs on to any of the loadings except in the event of not having sufficient wether mutton or beef, or to avoid closing the freezing-works in consequence of the congestion of ewes and lambs. In January we did ship some lambs because we had not sufficient wethers and beef, and exception was immediately taken to this by the Shipowners Committee, as you will see from their letter, copy of which I am producing, dated 11th January, 1917, and also my company's reply, dated 17th January, which explains the position.

In addition the allotment of space for tallow and pelts has been unfairly treated. Some works have been allowed to get large quantities away, while others have only got a proportionately small quantity, and others again have not been allowed to ship any. Tokomaru works in the Gisborne district, it is stated, has not shipped any tallow whatever for last season. It should be borne in mind by the Committee that wether mutton and beef were being specially asked for by the Imperial authorities for military purposes, and it was stated they did not require the ewes and lambs—these were required for the civil population; and it has been officially stated they have used no lambs whatever since the beginning of the war for military purposes. On behalf of the freezing company I represent I had occasion to complain to the chairman of the Shipowners Committee of the treatment we were getting in Gisborne. As I received no satisfaction I placed the whole matter before the Minister in Charge of the Shipping, the Hon. W. D. S. MacDonald, and the Hon. Mr. Myers, who was temporarily in charge while Mr. MacDonald was in Australia, and up to the present no satisfactory explanation has been supplied to us. We have had forwarded to us copy of an interview which took place between the Minister, Mr. MacDonald, and the Shipowners Committee, and also their written explanation in the matter, copies of which I produce. This data supplies no satisfactory explanation, except perhaps that it does emphasize that the control has been unsatisfactory both at this end and at London. You will notice that the explanation that a number of the ships have been diverted from our trade is most unsatisfactory and vague; and the statement at the foot of the New Zealand Shipping Company's report, that a few of the company's steamers have made intermediate trips between New York and England, and New York and France, to fill in time while waiting for the loading-berth, certainly shows unsatisfactory control; and, after referring to one of the Federal Shire Line boats, the "Somerset," which is one of our largest-capacity steamers trading to New Zealand, they dismiss the doings of this ship by simply saying that "It has been trading to New Zealand, but understand now diverted to transatlantic service." They do not say for what purpose or under what instructions, and I suggest these, and many of the others which could be referred to, show both laxity of control and want of knowledge of the doings of these ships.

So far as the freezing company I represent is concerned, the statement which is contained in a letter bearing date 3rd May, 1917, from the chairman of the New Zealand Overseas Committee, in reference to the Imperial Government's desire that special preference should be given to beef and wether mutton, is correct, but the variation of the instructions in this respect, as shown in the subsequent letter of the chairman of the New Zealand Shipowners Committee, dated 13th June, 1917 (produced), does not comply with the statements in the letter of 3rd May, nor do they comply with the position so far as my company was instructed in the matter; and for your Committee's information I produce copies of the letters my company received varying the first instructions issued in November requiring that priority of shipment was to be given to meat in the following order: (1) Beef and wether mutton, (2) pork, (3) ewe mutton and lamb.

Now, dealing with the *remedies for all these matters*, I say that I do not think this Committee can do better than adopt the recommendations that have been finally approved of by the Dominion Conference of the New Zealand Farmers' Union at a recent conference held in Wellington. These resolutions were first formulated at a public meeting of farmers, and then subsequently considered by the executives of the New Zealand Farmers' Union in various parts of the Dominion, and then finally submitted to the Dominion Conference of the union, when a special committee was set up to go into the facts and circumstances of the matter, and they altered and modified the original resolutions to a certain extent, and then recommended them to the conference for their approval. The conference, with only one dissenting voice, approved of them. I produce a copy of the resolutions as approved, so far as they affect the matters under inquiry by this Committee, and the reforms that are advisable in these matters, and I think the principles for the Committee to work on should be that the only hope of combating the dangers of these trusts is for those interested in private enterprise to co-operate and work with the Government, who must assist the position mainly on the lines of State regulation and not State ownership.

In addition to these recommendations it is worthy of the Committee's most favourable consideration whether, in view of the very serious aspect of all these matters, both from a Dominion and Imperial standpoint, it would not be advisable for the Government to apportion all the shipping-space according to the produce awaiting shipment from each district. Also the question of the Government licensing buyers and exporters of meat in this Dominion other than *bona fide* farmers: This would give control to the Government to stop licenses being issued to any person who was known to be dealing with the trust, and consequently to the detriment of the Dominion as a whole.

Regarding the suggestion to do away with the Shipowners Committee, I am aware that it has been stated that it is necessary to have experts to handle this matter. Here again I suggest for favourable consideration to the Committee that this is not necessary. The only matter on which an expert is required is to acquaint the Committee with what a ship could carry. This could be done by the owners of the ship in the ordinary way. If the Committee would look at the monthly tabulated returns which are prepared for the information of the Government and those interested in the trade it will be seen that the class and quantity of the different produce awaiting shipment is set out, the number of boats available for the month, and the quantity of each of these classes of produce these boats will take. Therefore it is a simple matter for any person without expert knowledge to apportion this shipping space to the various districts according to the quantity of produce awaiting shipment. There is justification for being uneasy and mistrustful as to the fairness or otherwise of the handling of our shipping and the apportionment of the space. In view of this it is certainly advantageous that the position should be put beyond question, and into independent hands for control at both this and the English end, without interference by the shipowners or the Board of Trade. My investigations go to show that the Board of Trade in London has no sympathy with the New-Zealanders or the Home consumers, but their sympathy extends more to the big financial institutions and the trusts. It is also worthy of very serious consideration whether, under all the circumstances, it would not be better to have a special Minister to deal with all these Imperial purchases and shipping matters. At a recent meeting held at Gisborne by the Farmers' Union, when there were over twenty branches of the Poverty Bay Farmers' Union represented, the following resolution was carried unanimously upon this head: "That this meeting of farmers is of opinion that, in view of the necessarily very heavy taxation that will be imposed on all classes of this Dominion, and realizing that the ability to meet this heavy taxation must very largely depend on the ability of the taxpayers to sell and obtain shipping facilities for their various commodities, this meeting would suggest for the favourable consideration of the Government the advisability of the New Zealand Government appointing a special Cabinet Minister, who will be able to devote, if not the whole of his time, then the greater portion of it, in controlling the whole of the operations connected with purchasing and shipping of all the primary products produced by or required by this Dominion; and that this Cabinet Minister should be assisted by an independent and capable business man in New Zealand, as well as a special officer to act in England directly under this Minister's control, there to watch and regulate our interests at that end; and, in view of the very many other duties devolving upon our High Commissioner, that this special officer should be independent of the High Commissioner and any of his departments." At present, as you are aware, this matter is immediately under the control of the Prime Minister, and it is suggested that, in view of his very many heavy duties which he has necessarily to perform, it would be better for him to have the detailed control of this very important matter in the hands of a Minister subordinate to him. The suggestion is not made out of any disrespect to the Premier, but, recognizing the seriousness of the position, it is advisable that a Minister should have charge of the matter who could personally watch and control these very difficult and complicated questions, which require continuous attention.

I also produce a statement showing the number of ewes and lambs shipped in five steamers, and I will just run over the particulars to give the Committee an idea. The statement is as follows:— No. 1 boat: 21,047 carcases mutton (wethers), 4,905 carcases mutton (ewes), 41,385 carcases lamb, 2,311 quarters beef: f.o.b. value, excluding storage, being £76,196. No. 2 boat: 13,750 carcases mutton (wethers), 10,993 carcases mutton (ewes), 19,915 carcases lamb, 4,251 quarters beef, 1,000 carcases pork: f.o.b. value, excluding storage, being £64,394. No. 3 boat: 20,796 carcases mutton (wethers), 4,678 carcases mutton (ewes), 43,033 carcases lamb, 3,945 quarters beef, 6 packages beef: f.o.b. value, excluding storage, being £82,063. No. 4 boat: 33,462 carcases mutton (wethers), 24,404 carcases mutton (ewes), 28,995 carcases lamb, 13,902 quarters beef, 532 packages beef, 998 carcases pork: f.o.b. value, excluding storage, being £149,396. No. 5 boat: 25,383 carcases mutton (wethers), 17,111 carcases mutton (ewes), 19,870 carcases lamb, 16,711 quarters beef, 713 packages beef: f.o.b. value, excluding storage, being £123,963. [*Vide* Appendix B.]

At the time these boats left there were 628,538 carcases of wether mutton and 557,640 quarters of beef in store awaiting shipment in New Zealand, and also, as far as can be ascertained, not one of the works which made these shipments of ewes and lambs was so full that they required to make their shipments in order to prevent them stopping in accordance with the directions of the Imperial authorities. All these are regular boats trading to New Zealand, and are not any of the boats the New Zealand Shipowners Committee state were temporary boats and had to be loaded at one port. Those were five regular boats that went Home carrying more prohibited meat from New Zealand than Army and Navy meat. You are only entitled to ship ewes and lambs if your works were so full that you could not carry on, and the records show that none of those works which shipped were so situated. Therefore I say it was actually prohibited meat, and we were prohibited at the time from sending.

3. *Mr. Pearce.*] Do you suggest that those unauthorized shipments are going to the Meat Trust?—Yes, I do suggest that.

4. Have you any proof of that?—No, the only proof I have is that I could take one district where we find that 29,000 lambs went out, and 19,000 went out from one of the works supposed to be owned by the Meat Trust.

5. What works were those?—The Hawke's Bay works—Borthwick and Co.'s works. I cannot state it as definite, but so far as rumour has it they were bought by Armour and Co.

6. *Mr. Witty.*] That is, actually slaughtered for Armour and Co. at Borthwick and Co.'s works?—Yes. I went to Nelson Bros., and they told me they had shipped no lambs up to that period, nor had the Hawke's Bay Farmers, another works in that district. That 29,000 clearly came from the Hawke's Bay works. We know that the North British works, another works in Hawke's Bay, and were supposed to have shipped 10,000, are practically ship-owned, and you cannot tell where the shipowner starts and where the meatowner starts—they are so mixed up.

7. Whom do you blame for that?—I blame the influence of the supreme authorities for allowing the interested parties to control it.

8. The influence of the trust on whom?—On the Shipowners Committee.

9. When was that?—The five shipments were in April of this year. One lot went on the 23rd April, another on the 5th April, another lot on the 7th, a further lot on the 7th, and another lot on the 21st. The names of the ships were the "Corinthic," "Waiwera," "Arawa," "Devon," and "Leitrim." [*Vide* Appendix B.]

10. *Mr. W. H. Field.*] And they went from the various ports of New Zealand?—So far as we know. I cannot give that data. That is a question I asked the Minister of Agriculture. I said to him, "I suggest to you this: you find out what freezing-works shipped this quantity of meat, who was the owner of the meat when shipped, and who was nominated at the other end." I said, "In my opinion if you trace that out you will find that the bulk of that meat will be finding its way to the trust."

11. *Mr. Pearce.*] The Agricultural Department, or Dr. Reakes, ought to be able to give you that information?—I have not got it.

12. *Mr. Talbot.*] All the lamb in those shipments would be nominated?—Yes, and all the ewes. I have here a printed statement from the Agricultural Department—H.-38, 1917—which shows Wellington as exporting 402,350 lambs in 1016–17, while we were prohibited from shipping one. Gisborne is shown as shipping 10,673, but I have reason for saying—although I have not checked it—that that includes some of our previous year's shipment, shipped in November of the previous year. Auckland is shown as 13,617; Tokomaru Bay, nil; Whangarei, nil; Napier, 41,697; Lyttelton, 289,000.

13. *Mr. Pearce.*] You say there were 400,000 lambs shipped from Wellington. There are only two freezing companies here, and the evidence we have is that they will not deal with the Meat Trust. How can you say this meat is nominated to the Meat Trust?—You must remember that Longburn is in Wellington, also Taihape, and other works down the line.

14. *Mr. Talbot.*] Wellington is the last port of call, and that would account for it?—They do say that is so, but that would not account for that huge quantity. You must bear in mind that in that table it shows mutton, and included in that mutton is a large amount of ewes, which are prohibited. It would be very interesting if the Committee could get the data in reference to those ewes.

15. *Mr. Witty.*] Can you tell us whether wethers have been kept back and lambs and ewes sent forward?—Yes, I can say that definitely, because the official figures show what I have stated, that at that time, of the five shipments referred to they were holding back 628,538 carcases of wether mutton and 557,640 quarters of beef.

16. Is that for the whole of New Zealand?—Yes; and if you ask for the figures showing what meat was in the freezing-stores at the time and what was the capacity of those stores, you

will find there was a big margin and that they were not running full. Therefore they had broken the Imperial instructions by shipping ewes and lambs from the freezing-works, which was permissible for the purpose of saving them closing the works down. They have no right to ship any lambs or ewes except for that purpose.

17. *Mr. Anderson.*] The Tokomaru works are quite independent of any trust?—Yes, quite independent.

18. I take it from your statement that you wish the Committee to believe that Tokomaru was left out because there was really no trust meat there?—No, I would not say that. I believe there is some trust meat there, but it is so small that the trust would prefer to get away a larger quantity from other ports without being detected. I now wish to put in a copy of the proceedings of an interview between the Hon. Mr. MacDonald, Minister of Agriculture, and the Shipowners Committee dealing with this question. It is as follows:—

NOTES OF INTERVIEW BETWEEN THE HON. W. D. S. MACDONALD AND MEMBERS OF THE NEW ZEALAND OVERSEAS SHIPOWNERS COMMITTEE—MESSRS. J. FINDLAY (CHAIRMAN), G. B. BULLOCK (NEW ZEALAND SHIPPING COMPANY), PEARCE (SHAW-SAVILL COMPANY), W. WALLIS (FEDERAL SHIRE COMPANY), J. SANDTMANN, J. R. ROOPER, AND R. TRIGGS.

*Hon. Minister:* Mr. Triggs will have told you gentlemen what I wanted to see you about. There has been a good deal of correspondence lately in connection with shipments of lamb. Certain freezing companies in Hawke's Bay and Gisborne complain that they are not getting fair allotment, and that their lamb and ewe mutton has been left behind; whereas Wellington and other centres are getting away huge shipments of lamb—and it looks very like it according to the figures we have. Wellington has been doing remarkably well. The shipments of lamb from January to April from the following works were—Gisborne, 15,000; Hawke's Bay, 51,000; and this includes the whole of the works in the Poverty Bay and Hawke's Bay districts. Coming to Wellington the figures are—Wellington Meat Export Company, 72,000 carcases; Gear Meat Company, Petone, 151,900 carcases; Wellington Farmers, 45,404 carcases; Longburn, 27,000 carcases; Feilding, 21,000 carcases; Patea, 21,000 carcases; Wanganui, 7,000 carcases; Taranaki, 1,980 carcases; Borthwick's (Waitara), 10,065 carcases; Hawke's Bay Farmers, 4,272 carcases; Borthwick's (Pakipaki), 9,790 carcases; Nelson Bros. (Tomoana), 16,030 carcases; Nelson Bros. (Gisborne), 4,733 carcases; Poverty Bay Sheep-farmers, 4,745 carcases; Gisborne Freezing Meat Company, 886 carcases; Auckland Farmers, 7,922 carcases; Tokomaru Bay Sheep-farmers, nil; Westfield works, 473 carcases.

*Mr. Findlay:* Had they beef and wether mutton in store which they might have shipped?

*Hon. Minister:* The position is this: The companies I have mentioned say that if the instructions from the Imperial Government are that wether mutton and ox beef should be shipped, they have nothing to say against that; but the companies that have complained say that when they have loyally abided by those instructions it is not right that other companies should be permitted to ship huge quantities of lamb, while there is a large quantity of ox beef and wether mutton in store not being shipped. That is the difficulty.

*Mr. Findlay:* That certain other companies have been favoured?

*Hon. Minister:* Well, it looks like it. In the month of February it is admitted that the companies were permitted to ship lamb and ewe mutton. These are extracts from cable I have received from the Imperial Government: "On the 5th February, 1916, the freezing companies were asked to give effect to the Board of Trade's request that preference in shipment should be given to quarters ox beef and wether mutton over lamb and other classes of frozen meat." Second telegram: "The New Zealand Shipowners Overseas Committee notified on the 16th November, 1916, that instructions had been received from the London Tonnage Committee that priority of shipment should be given to meat in the following order: Beef and wether mutton (1), pork (2), ewe mutton and lamb (3). These instructions remained in force until 16th February, 1917, when the following telegram was received from the London Tonnage Committee: 'Referring my 73 lamb may now be shipped in normal quantities.' On 21st February a further telegram was received reading, 'After providing for beef and mutton and cheese you may accept lamb in any quantities offering.' Foregoing instructions are amended by cablegram of 26th March, 1917, 'Government state important should ship as much Army meat as possible, give special preference to beef, then wether mutton and cheese, while not excluding ewe mutton and lamb entirely."

*Mr. Sandtmann:* In February instructions were that normal quantities of lamb might be shipped.

*Hon. Minister:* Yes, *might* be shipped. There appears to have been large quantities of beef and wether mutton in store during all these periods: that is the point. The Gisborne people, as you see, have had very little lamb shipped. They have practically all their lamb and ewe mutton still in store. I do not know who is responsible, but I know the matter is now being taken up, and an answer has got to be given to satisfy the companies that have complained.

*Mr. Findlay:* Some companies have respected the instructions and others have disregarded them.

*Hon. Minister:* Wellington evidently has taken full advantage of the position. We can understand that in the South lamb is largely predominating, and a fair amount of shipping-space for lamb from there would be justifiable.

*Mr. Findlay:* Might it not be a good thing to ask those freezing companies for an explanation?

*Hon. Minister:* They have got their explanation—they have got their lamb away.

*Mr. Findlay:* You are concerned, sir, with what has happened in the past: you probably want to take some steps to see that instructions are carried out in the future.

*Hon. Minister:* Of course. There has evidently got to be some very different system to this in the future.

*Mr. Findlay:* In so far as this Committee is concerned, we receive instructions from the Imperial Government. We have always passed them on direct to the freezing companies or else through the medium of the Supplies Department. We have allotted space in accordance with instructions. We have always done it with an eye to beef and wether mutton being in store, and I really do not think any more can be done by us. The ship's officials or even the ships' agents would hardly judge what is ewe mutton, what is large lamb or small sheep; and certainly shipping companies could not accept the responsibility of declining meat when it gets down to the boat. They have not the expert knowledge; besides, responsibility of that sort if cast on the shipping companies would mean delay with the ships. Stuff would be sent down, declined, and sent back.

*Hon. Minister:* Yes. My position is unsatisfactory: I do not appear to get the necessary information until after the shipments are made. The Committee allot space but do not appear to have any concern as to what goes on board. They have received instructions from the Imperial Government that preference is to be given to wether mutton and ox beef, and they pass these instructions on to the freezing companies. I do not know whose duty it is, but it appears as if it will have to be somebody's duty in the future to see that companies do not ship anything but ox beef and wether mutton when such instructions are given, providing they have meat of that description in store. It has been agreed by the Imperial Government, the War Office, and the Board of Trade that where freezing-works are congested and it is necessary to remove a certain quantity of lamb and ewe mutton, that may be done. But what I want to know from the Tonnage Committee is this: Does their duty absolutely end when they have a communication from the War Office and the Board of Trade that preference is to be given to wether mutton and ox beef and they have passed those instructions on to the freezing-works?

*Mr. Findlay:* We passed on all instructions we had received, and asked them to give effect to them; but we have not acted as policemen on board the steamers—we have not the machinery, sir.

*Hon. Minister:* As the meat comes down in trucks and other ways, that would be impossible.

*Mr. Findlay:* I think you will see, sir, that we have no control over the meat in the works. It is not our work.

*Hon. Minister:* The position appears to be that somebody will have to put on an inspector to control the operations.

*Mr. Pearce :* I think you have struck the nail on the head. I think the Board of Agriculture has got the necessary machinery.

*Hon. Minister :* We cannot take our officers away from their inspecting work for which they have been employed. However, it is no use discussing the matter further with the Tonnage Committee if that Committee has carried out all its duties. There is a widespread feeling that certain trusts and other people are pushing their wares, and getting them on board in preference to others who are justly entitled to the space.

*Mr. Findlay :* It is not exactly widespread, is it, sir ?

*Hon. Minister :* I could produce correspondence from Auckland and different places complaining that they are not getting a fair run in connection with the shipment of lamb.

*Mr. Sandtmann :* What trusts are referred to ?

*Hon. Minister :* I do not refer to any, but dealers operating on behalf of large exporting companies are generally classed as purchasing on behalf of the trust. It is a peculiar position. The Government is asked to endeavour to eliminate the trusts, and it has been offered a price for all classes of New Zealand meat—beef, mutton, and lamb—on behalf of the Imperial Government, but, notwithstanding that farmers sell meat to the trusts, they are asking the Government to eliminate.

*Mr. Pearce :* And the trusts sell to the Government.

*Mr. Bullock :* The Government could stop that at any time.

*Hon. Minister :* It was thought that it might help the small farmers and companies if they were not restricted in their dealings. The position appears to be that you have no power to take any further action than to pass on the instructions, and you have no inspector to see that your instructions are given effect to.

*Mr. Wallis :* We have no control over the meat.

*Hon. Minister:* Now, here is a point where I think you have control to a certain extent. You receive certain instructions from the Imperial Government stating that you must give preference to and provide space for ox beef and wether mutton, and when you receive an application for space from a freezing company and you agree to allot space for so-many carcases of wether mutton and so-many quarters of ox beef, after allotting such space you could refuse to ship any other class of frozen meat.

*Mr. Findlay :* The freezing companies are relied upon to respect the instructions.

*Hon. Minister :* All I want you to understand is this: you have passed on these instructions to the different freezing companies—whether they have carried out the request of the Imperial Government or not you are not prepared to say. In future all you can do is to notify those people of the wishes of the Imperial Government—you have no means of enforcing your instructions.

*Mr. Bullock :* We cannot do anything further than that, sir. We had to rely on the freezing companies carrying out these instructions, but whether they have adhered to them or not we cannot say.

*Hon. Minister :* As a matter of fact, the whole of the meat belongs to the owners and the mortgagors or banks until it goes f.o.b., and then it becomes the property of the Imperial Government.

*Mr. Findlay :* We have often had to ask for explanations from freezing companies when shipments of lamb were made.

*Hon. Minister :* I do not think we can get any further. The point is this: Can the Tonnage Committee give any reasons why larger quantities of lamb have been shipped from Wellington than from any other ports ? I understand there have been special occasions when boats came here direct and made this the only port of call. That is a question I would like to get some definite information about—steamers that have called here specially. For instance, if you had a boat calling here and it was the only port of call, no matter how much lamb was awaiting shipment from Gisborne you could not send the boat to Gisborne. If you could kindly prepare a statement showing the number of ships that have made this the only port of call, that would probably help to relieve the minds of the exporters who think they have been unfairly treated.

*Mr. Findlay :* We will go into that more closely, but speaking from memory I think the "Thelma" and "Ceramic" were the only two.

*Mr. Pearce.*—There were several steamers that had to be limited. Though not restricted to one port they had to be limited.

*Hon. Minister :* Just dealing with the "Ceramic": She took from here 9,091 carcases lamb, and at the same time there were 54,924 carcases mutton in store and 5,922 quarters beef.

*Mr. Findlay :* Wether mutton ?

*Hon. Minister :* Yes; 26th March.

*Mr. Findlay :* That was the actual date of the shipment, but the allotment would be made fully three weeks before, when the instructions that a normal quantity of lamb might be shipped were in force.

*Mr. Triggs :* The allotments would not be made very much earlier, because we only knew a short time beforehand that she was coming.

*Mr. Findlay :* I think she sailed about the same day as we received the revised instructions from London.

*Mr. Triggs :* What time did she arrive here ?—on 26th March. Then February instructions would apply. These instructions remain in force: "Lamb may now be shipped in normal quantities." I think you had better hand these figures to the gentlemen, sir. There is one point about Wellington we must not overlook. We often have to get large quantities of meat on very short notice. Take the "Rimutaka," for instance. She was not to lift any meat at Wellington at all. She loaded at different places, with the result that when she came to Wellington she had space for 14,000 carcases. There are many other ships in the same way.

*Hon. Minister :* Those are just the little points. I do not know. I would be glad if shipping companies would go into the whole matter and prepare a statement showing the whole position so far as they are concerned, as a reasonable answer has got to be given to those companies who have had their ewe mutton and lamb held back. Everybody knows the geographical position of a place counts for a great deal. I do not want to make any excuses, but to give the real facts. I would be glad if information could be given concerning each company's shipments, and show very shortly and precisely that on certain dates instructions were forwarded to the freezing companies. Then I can speak pretty freely to the freezing companies if they have not kept faith with the Tonnage Committee and the requests of the Imperial Government. If they have not done so, then we will have to find means of compelling them to do what is required. So far as I am concerned, all I wish to do is to give fair and impartial treatment to all the freezing companies in the country. However, the offenders appear to be the freezing companies; but if not, then it may be as you say, due to boats coming here and having to be loaded at short notice, and taking the most convenient method of filling up the space. In regard to boats that have called at Gisborne, Tokomaru Bay, and Hawke's Bay, those ports appear to have carried out the instructions of the Imperial Government in connection with the shipment of ox beef, wether mutton, &c., and they state that other people are getting an advantage over them, and that it is time the whole affair was looked into. However, the past cannot be undone, but I would like the Tonnage Committee to make any suggestions they think would help to give effect to the wishes of the Imperial Government and a fair deal to all freezing companies.

*Mr. Bullock.*—It is very hard to follow this thing right from the beginning We make allotments and probably steamers to go to Gisborne and Napier under different instructions that will be enforced when they come to Wellington, and the works in Wellington are holding large quantities of beef to meet the requirements of camps and that sort of thing. We have made allotments to Waingawa, and when we asked for the meat they have said they cannot fill their engagements because the beef was required for the camps. That also applies to wether mutton. The same thing applies to the Gear Company in Wellington.

*Hon. Minister :* That means, of course, if you have made certain allotments for any special freezing-works and they have not got ox beef and wether mutton, you cannot cancel their allotment and give it to other freezing companies.

*Mr. Bullock :* That, I think, applies to Wellington, which is the final port; and you cannot send the boats away not filled.

*Hon. Minister :* No, there is nothing else left but to fill up.

*Mr. Bullock :* For instance, ships coming over from Australia to load frozen meat—it would not be reasonable to send them cruising around Gisborne.

*Hon. Minister :* That is the sort of thing I asked you about, but Mr. Findlay said the "Ceramic" and "Thelma" were the only two.

*Mr. Findlay :* There were others with limited ports.

*Mr. Sandtmann :* You have only to look at wool, sir. Look at the accumulations at Gisborne and Napier because we have not been able to send steamers. We have to get the ships turned round as quickly as we possibly can. We try to deal with it as well as we possibly can, but we cannot do impossibilities.

*Hon. Minister :* We recognize the shortage of ships. Some companies have suggested they would find means of sending the meat on to Wellington sooner than lose the shipment, but I do not think it could really be done. I do not know whether you could do any good with these figures. Would you care to look through them ?

*Mr. Triggs :* I will send a copy to them.

*Hon. Minister :* I would be very pleased if you could give me some explanation. I will be going to Gisborne very shortly, and the whole of the trade will be on to me—butchers' troubles and all sorts of troubles. If there have been any mistakes made I would sooner admit it.

*Mr. Findlay :* We are quite ready to do that. We might have had steamers that called at Napier and Gisborne for beef only, but by the time such steamers came back and took lamb here the instructions have been altered. Some of them were in the South Island. We were afterwards authorized to take lamb from the South Island, overriding the instructions to take beef.

*Hon. Minister :* And in addition every private company is cabling for special concessions. This is the position. I want information in connection with the whole of the meat so that I can submit it to the various companies, and if there have been anomalies created, and if some freezing-works have not kept faith and carried out what the Tonnage Committee expected them to do, then we will have to take other means of adjusting the matter, and put it on a better footing for the coming season. I would like to get from the companies, not necessarily the names of the boats, but the number of boats that have been requisitioned for transport purposes, and the number of boats requisitioned by the Imperial Government. An endeavour has been made to create the impression that ships have been handed over for trade in other countries that were not necessary, and that we should have kept them in these waters.

*Mr. Bullock :* Ever since March, 1915, the Imperial Government have had the whole of the insulated space under their control. You cannot get away from the fact that up to this season New Zealand has been exceptionally well treated. Now that the pinch comes there are a few people making all this fuss and bother.

*Hon. Minister :* I only hope that it is not going to be any worse. But we are told, of course, that we have allowed all this tonnage to slip through our fingers and it has gone to Argentine and America at the behest of the trust.

*A Speaker :* Refer them to the Imperial authorities—it is nothing whatever to do with us.

*Hon. Minister :* The Imperial authorities are accused of being the trust. I shall be glad if you will let me have the information we have spoken about.

*Mr. Wallace :* There is no means of ascertaining what boats have been requisitioned by the Imperial Government.

*Mr. Findlay :* Mr. MacDonald means, what steamers have been diverted to other trades ?

*Mr. Pearce :* That is misleading. They might take two or three steamers which are not regular traders to New Zealand, and this gives this man the excuse for putting his finger on them. They might only come here intermittently and not belong to New Zealand.

*Mr Findlay :* I think it will be shown that not a great number have been diverted, and what would probably be useful would be to have the number of Australian steamers that have been sent over here, and it is quite likely that the balance will be in New Zealand's favour.

*Mr. Bullock :* Up to this year, sir, you will be quite safe in saying that the loading in New Zealand during the war has been more than before the war, whilst the export has been larger.

*Mr. Sandtmann :* At any rate it has been quite up to normal.

*Mr. Bullock :* We cleared off all the stuff at the end of last year. When are you going to Gisborne, sir ? Would you like one of us to go up with you ?

*Hon. Minister :* If I can get any reasonable information I think we will get along all right.

*Mr. Bullock :* We will get all the information we can for you, sir.

*Hon. Minister :* Just some information to show that there has been some reasonable interest taken in the shipments of the company.

*Mr. Sandtmann :* If you want a comparison of what was the position before and during the war, we ought to include the number of ships lost during the war.

*Hon. Minister*. Oh, yes, that is important.

I now desire to read a letter following on that interview, from Mr. J. Findlay, Chairman of the Shipowners Committee, to the Minister in Charge of the Imperial Government Supplies, which is as follows :—

SIR,— New Zealand Overseas Shipowners Committee, Wellington, 13th June, 1917.

I have to acknowledge the receipt of your letter of the 9th instant, to which you attached a transcript of the notes of the conference which took place between yourself and the members of the Overseas Committee on the 7th instant.

The Committee gathers from the transcript of the notes and from the conversation which took place between yourself and the Committee that the information which you desire to obtain may be put under three headings : (*a*) A statement showing the number of steamers which have been diverted from the New Zealand trade or have been lost ; (*b*) a statement showing steamers diverted from Australia to New Zealand for temporary service ; (*c*) any information which the Committee can afford with regard to the shipment of ewe mutton and lamb at certain ports during the current season.

With respect to (*a*) and (*b*) : The Committee attaches for your information statements marked (*d*) and (*e*), which will convey the information desired by the Hon. Minister.

With regard to (*c*) : The Committee first desires to bring under the notice of the Hon. Minister the accompanying copies of directions which have been issued from time to time to the different freezing companies throughout New Zealand in so far as the shipment of meat for the present season is concerned :—

16th November, 1916 : Acting upon advice received from the London Tonnage Committee through the Overseas Shipowners Committee, the Department of Imperial Government Supplies notified freezing companies that priority of shipment was to be given to meat in the following order : (1) Beef and wether mutton ; (2) pork ; (3) ewe mutton and lamb.

16th February, 1917 : Freezing companies were informed at this date, as the outcome of advice from the London Tonnage Committee, that lamb could then be shipped in normal quantities.

21st February, 1917 : The instructions previously received on the 16th November and the 16th February were varied on receipt of advice from London, which was allowed, that after providing for beef, mutton, and Government cheese, lamb might be shipped in any quantity offering.

26th March, 1917 : Notification received from the London Tonnage Committee that it was important as much Army meat as possible should be shipped ; special preference should be given to beef, and then wether mutton and cheese, while not excluding ewe mutton and lamb entirely.

24th April, 1917 : Advice was received from the military authorities that while preference of shipment was to be given to beef and wether mutton, the balance of space which could not be filled with meat of that class could be used for shipment of ewe mutton and lamb, so as to avoid the closing of works in districts where lambs have to be dealt with and beef is unobtainable at that period of the year.

The Committee desires to acquaint the Hon. Minister that upon receipt of instructions from the authorities in Great Britain the several freezing companies throughout the Dominion were advised of the wishes of the Imperial Government.

The Committee now finds that, particularly in Wellington, the instructions which were issued to freezing companies have not been correctly interpreted, and that considerable quantities of ewe mutton and lamb have been shipped when beef and wether mutton was apparently in store and available.

The Committee has hitherto relied upon the freezing companies respecting and giving effect to its modifications issued from time to time as to the class of meat to be shipped, but from an examination of the details of shipment it appears this has not always been done. The Hon. Minister will gather that the instructions received from the Imperial Government and conveyed to freezing companies between the 16th November and the 17th April are somewhat confusing, and were open to misinterpretation, especially owing to the modifications at short intervals of the instructions. The Committee will do, as far as it can, what is possible to make provision for the shipment of ewe mutton and lamb in cases where companies have respected the instructions received and consequently been at a disadvantage in comparison with companies who have not correctly interpreted them. This Committee has already advised the London Tonnage Committee of its intention to do so.

This Committee desires to point out to the Hon. Minister that it understands the Imperial Government has been regularly advised by cable of details of shipments and the different classes of meat in store, and is unaware that any exception has been taken to the quantities of the different class of meat placed on board by freezing companies.

The Committee will also, in respect to further allotments, pointedly convey to the shippers that the instructions which are issued with regard to the character of meat to be shipped must be faithfully observed, and hopes by this means to secure a fulfilment of such instructions.

As a further step it has been arranged between the Overseas Committee and the Department of Imperial Government Supplies that the Government shall furnish this Committee with particulars of the meat actually put on board from day to day.

If these steps do not secure the fulfilment of the directions of the Imperial Government, then more drastic action will require to be taken.

I have, &c.,

JAMES FINDLAY, Chairman,
New Zealand Overseas Shipowners Committee.

The Hon. the Minister in Charge, Department of Imperial Government Supplies, Wellington.

19. *Mr. Forbes.*] There was another letter you mentioned?—Yes. The letter to the Hon. Mr. Massey was on the 28th July, 1917, and is as follows:—

DEAR SIR,— Midland Hotel, Wellington, 28th July, 1917.

*Re* Shipping and Meat Difficulties.—In pursuance of my promise to you yesterday at the interview between the committee representing the Dominion Conference of the New Zealand Farmers' Union and yourself, Sir Joseph Ward, and the Hon. Mr. MacDonald, I now beg to hand you a copy of that portion of the report dealing with meat and shipping made by the committee appointed by the London Board of Trade, and dated the 22nd September, 1916. In paragraph 16 you will notice that the report states that to-day the River Plate insulated steamers "can carry 450,000 tons, and Australasian insulated steamers have to-day a carrying-capacity of 520,000 tons in a year."

I also enclose you a copy of the cable I drew your attention to yesterday from Paris, dated 4th instant, issued by the Under-Secretary to the French Navy, in which you will see that notwithstanding the loss of 460,000 tons of shipping through submarining, France has, with building, capturing, and purchasing, to-day an increased tonnage by 120,000 tons, apart from the 140,000 tons being built and 63,000 tons now being purchased in different parts of the world.

From the above it will be seen that Argentine insulated steamers had a carrying-capacity of 450,000 tons, and if you will look at the Official Board of Trade returns on page 7, as published in Messrs. Weddell and Co.'s report, you will see that in 1916 Argentine imported into England only 240,297 tons of meat. Thus you will see that, according to these figures, Argentine used little more than half her tonnage in the carriage of meat to England; and the same official figures of the Board of Trade show that for last year Australia exported 51,343 tons of meat and New Zealand 158,123 tons, making a total of 209,466 tons of meat exported from Australasia into the United Kingdom for last year; thus showing that Australasia did not use half her tonnage. It is interesting to note that the Board of Trade's report accounts for the tonnage not being fully utilized by stating that "Their Australasian tonnage, however, is largely required for butter, cheese, rabbits, and fruit." Seeing that we have so much of our butter and cheese held up, and that rabbits and fruit are practically prohibited from being shipped, this excuse as to why we are not using our full capacity of tonnage for meat purposes, I suggest, is in no way justified. You will notice the report in no way suggests any shortage of shipping through losses by submarines.

I desire to draw your attention, as again emphasizing the general statement that there is practically as much tonnage available now as there was before the war, to the further fact that on page 9 of Weddell and Co.'s report, where, dealing with the question of British refrigerated steamers, they say, "and the actual tonnage available now is much more than it was a year ago." This report, you will notice, is dated 1st February, 1917; and in justification of this statement they attach particulars of all the 283 British steamers that appear on Lloyd's register of insulated cargo steamers as upon the 31st December, 1916. Thus you will see that there is official data for saying that in connection with the refrigerating shipping for France, Australasia, Argentine, and Britain there is really as much tonnage available as there was before the war.

Regarding the question raised by the deputation that some of our New Zealand tonnage is being utilized in the Argentine and American trade, which you questioned, I would draw your attention to the following facts: A few months after the commencement of the war I, with others, waited upon you and pointed out that within three months of the start of the war three steamers, which had been regularly trading between New Zealand and England, had been loaded with frozen meat, wool, &c., and sailed direct from New Zealand to New York, and that a fourth steamer was then loading. Again on the 11th September, 1915, Mr. H. Hamilton Irvine, secretary for the Poverty Bay Farmers' Committee, wrote to you, as Premier, and Sir Joseph Ward, as Minister of Finance, as follows: "On behalf of the committee appointed by the public meeting of farmers of Poverty Bay held to-day, I beg to hand you a copy of the resolutions passed at that meeting. . . . Further, with regard to the shipping, I am directed to respectfully request that the Government take steps to have a copy of the resolution regarding shipping (passed at the aforesaid public meeting) cabled to the controlling authority in London who is responsible for approving the setting up of the Shipowners Committee. In view of the serious shortage of freight, my committee is anxious that some better control of the shipping should be established, so that there will be no grounds for feeling that our New Zealand shipping facilities are being diverted to a foreign country where the Imperial authorities have not commandeered the meat. I should be glad, therefore, if you could let me know at an early date whether you can accede to this latter request, as the committee consider it advisable that the authorities should be acquainted with the facts, and would prefer that the information go through the New Zealand Government."

The resolutions forwarded were as follows: "That the present control of commandeered shipping is not proving satisfactory for, *inter alia*, the following reasons: (*a.*) That there is no representation of New Zealand farmers' interests upon the Shipowners Committee that has been set up both in England and New Zealand with the consent of the authorities to control the commandeered insulated space of British steamers. (*b.*) In consequence of a number of New Zealand boats being diverted to the Argentine (which is an alien country, and where the Imperial authorities have not commandeered the meat) the difficulty of shipping the New Zealand commandeered meat has been greatly increased. (*c.*) . . . (*d.*) At the present time, in consequence of the serious shortage of shipping, there is a very large quantity of commandeered meat in the various freezing-stores of this Dominion, while the freezing operations for next year will commence next month. Therefore, if there is not some better control of the shipping the Imperial authorities will lose their hold upon a very large quantity of New Zealand meat, as it will be impossible for the freezing-

works to provide for the whole of it, resulting in fat stock going back into store condition and preventing their being shipped. This meeting would urge the authorities to arrange for some better control of the shipping facilities."

From the copy of the Board of Trade report which I am enclosing you will notice the following significant statement in paragraph 15: "During the early part of the war, for sufficient reasons one British-owned line was allowed to continue running between the River Plate and New York." In addition you have the fact, as shown by the official figures published by Weddell and Co., that for 1915 and 1916 the United States became exporters of beef, mutton, and lamb to England, which she had not done for many years previously. I would here quote to you a paragraph from the *British Citizens and Empire Worker* published in England on the 10th February, 1917, in which the following statement is made: "And, again, the Food Prices Commission concealed the fact that a large part of the Argentine output for 1915 was carried in British-owned boats from Buenos Aires to New York, held in cold store there, and afterwards re-exported to England. Indeed, from beginning to end the whole position is a revelation of the humiliating subjugation of the British people and Government to the beef kings of America."

I quote also a few extracts from the report of the New Zealand Overseas Shipowners Committee, dated the 13th June, 1917, to the Hon. W. D. S. MacDonald, which he produced on the occasion of our interview, and which purported to detail the listing of the employment of the ships owned by the companies trading to New Zealand.

Referring to the New Zealand Shipping Company's vessels I note the following—"Otaki": Employed regularly in the New Zealand trade. Loaded in Australia, October, 1916, not being required to load in New Zealand. Sunk by enemy, March, 1917. (NOTE.—A few of company's steamers have made intermediate trips between New York and England, and New York and France, to fill in time while awaiting their turn on the loading-berth.

Referring to the Shaw, Savill, and Albion Company, the report proceeds—"Delphic": Has been regularly employed in New Zealand trade, but since March, 1917, has by Imperial orders been trading with America. "Pakeha": Has been regularly employed in New Zealand trade, but for four months in 1915 was by Imperial orders diverted to America. "Zealandic": Has been regularly employed in New Zealand trade, but for four months in 1915 was by Imperial orders diverted to America. "Waimana": Conveyed New Zealand troops Home in autumn of 1914, afterwards made a voyage from New Zealand, and was then by Imperial orders utilized for about fifteen months in trading with America and elsewhere. Afterwards made a voyage in New Zealand trade, and is since February, 1917, by Imperial orders, trading with America.

The report then deals with the Federal and Shire lines—"Somerset": Been trading to New Zealand but understand now diverted to transatlantic service.

All F. and S. steamers are interchangeable, Australian New Zealand trade, no special steamers being apportioned either service. General practice has been to load steamer in country where completed discharge, and all the above except Australian transports have loaded in New Zealand from time to time since the commencement of the war.

And with the Commonwealth and Dominion Line—T.s.s. "Port Pirie," t.s.s. "Port Elliott," t.s.s. "Port Hardy," t.s.s. "Port Chalmers," t.s.s. "Port Lyttelton," t.s.s. "Port Campbell," t.s.s. "Port Hacking," t.s.s. "Port Stephens": All requisitioned by Imperial Government since March, 1915, and running regularly to Australia and New Zealand until recently, when owing to the food situation in Great Britain about half of them have been diverted to the United States and River Plate trades under Imperial Government orders.

The suspicion that occurs to my mind regarding these so-called "Imperial Government orders" is that they are in fact merely the decisions of the Shipowners Committee in London, and dictated more for the benefit of the trust than of the requirements of the Imperial Government.

These facts show that the complaint of the Gisborne farmers in September, 1915, was fully justified, and that there are still grounds to believe our ships are being diverted more for trust than for Imperial purposes.

Dealing with the statement made at our interview by Mr. Triggs, a representative on the New Zealand Overseas Shipowners Committee, denying that Wellington had received any advantage over other ports in the shipment of ewes and lambs, and that his Committee did not recognize any responsibility in regard to the character of the meat which was put on board, I will, for your information, repeat here the actual wording of a letter of complaint made by Mr. James Findlay, chairman of the New Zealand Shipowners Committee, to a North Island freezing company, and dated 12th January, 1917: "S.s. 'Port Chalmers': I understand that in this steamer you shipped as part of your allotment about 2,200 lambs. As you are aware, Imperial Government instructions call for priority of shipment being given to beef and mutton. I am unable to trace that your company pointed out that you would be unable to fill your allotment without the shipment of lambs, and shall be glad to hear from you in the matter." I may say that the explanation of the reason for shipping this small quantity of lambs was that there was not sufficient beef and wether mutton in store to fill the allotted space, as the Imperial instructions were that beef and wether mutton were to have priority over ewes and lambs in shipment, except where necessary in order to prevent the closing of freezing-works.

According to the official data which the Hon. Mr. MacDonald produced at the interview yesterday, it was shown that one of the Wellington meat companies exported 72,000 carcases of lamb and another 151,900 carcases of lamb, and a third 45,404, making a total of 269,304. In addition it is known they exported large quantities of ewe mutton, while other freezing-works in different parts of the Dominion were being barred from shipping any ewes and lambs.

From these facts I suggest that one can fairly and with some truth say that the New Zealand Shipowners Committee have not been fairly controlling and apportioning the shipping-space, particularly as regards ewes and lambs, and the same might be said regarding other produce; and I also submit, with every respect, that if the Board of Trade's report referred to above is correct as regards shipping, then it does not seem that there is any justification for the people of New Zealand being informed that our protracted shortage of shipping is due to submarining, especially when it is remembered that unrestricted submarining has only been in operation for a comparatively short period, while our shortage of ships extends over the full period of the war. But if, to your knowledge, the report in this respect is not correct or justified, I suggest that you not only owe it as a duty to this Dominion but to the British Empire to immediately point out the incorrectness of this report to the Imperial authorities; and, seeing that the report has been placed before the House of Commons, and presumably approved of, it is only right and proper that this correction should either go through the House of Commons or its attention be drawn to the matter.

As these matters are of the very greatest importance I think it advisable to have them placed on record and brought specifically to your notice, as I personally feel that the great stumbling-block in connection with true reform in shipping and meat matters is the very great difficulty in obtaining true facts for our leaders in authority to act upon; and I would here like to state that I very much appreciate the difficulties that I am aware you will have experienced in obtaining reliable data in such matters as these, and please do not think I am complaining of your own action or Sir Joseph Ward's in the matter, but I desire to emphasize my complaint regarding the actions of others in supplying incorrect information to the official heads, both here and in England, who, naturally occupying busy lives, must largely rely upon information received from subordinate official sources.

As I regard this as a very serious public matter, I propose at an early date to hand this letter to the Press for publication, and should you desire to criticize or in any way reply to it, I will be glad to receive your reply before so doing. I am forwarding a copy of this letter to Sir Joseph Ward with a copy of the Board of Trade report, as he, like yourself, has not seen the report.

I beg to remain, &c.,

The Right Hon. W. F. Massey, Prime Minister, Wellington. W. DOUGLAS LYSNAR.

[Extract from *Poverty Bay Herald*, 12th July, 1917.]

FRANCE'S SHIPPING: INCREASING THE TONNAGE.

Paris, 4th July.

The Under-Secretary to the Navy states that France had 2,500,000 tons of mercantile shipping before the war; 560,000 tons have been lost, of which 460,000 were submarined. France has built 120,000 tons during the war, has captured 150,000 tons, and purchased 413,000 tons. Therefore she has increased her tonnage by 120,000 tons, apart from the 140,000 being built and the 63,000 tons now being purchased in different parts of the world. Britain is supplying iron plates for the new constructions.

There was no reply to that letter from the Hon. Mr. Massey.

20. When was that letter written?—On the 28th of last month.

21. And you have received no reply at all?—No.

22. *Mr. Scott.*] What Board of Trade is referred to in that letter?—The London Board of Trade, which controls the shipping in conjunction with the Shipowners Committee. The report of the Board of Trade has been submitted to the House of Commons at Home, and is an official report, and I should like to place it before the Committee. It is as follows:—

## DEPARTMENTAL COMMITTEE ON PRICES.

COMMITTEE APPOINTED BY THE BOARD OF TRADE TO INVESTIGATE THE PRINCIPAL CAUSES WHICH HAVE LED TO THE INCREASE OF PRICES OF COMMODITIES SINCE THE BEGINNING OF THE WAR.

*Interim Report on Meat, &c.*

*Members of Committee*: The Right Honourable John MacKinnon Robertson, M.P., Chairman; Mr. William Crawford Anderson, M.P.; Professor W. J. Ashley; Mr. John P. Boland, M.P.; Mr. Thomas Brodrick; Sir Gilbert Henry Claughton, Bart.; Mr. John Robert Clynes, M.P.; Mr. Rowland Edmund Prothero, M.V.O., M.P.; Mrs. Pember Reeves; Mr. Thomas Shaw; Sir William Capel Slaughter; and Mr. D. Drummond Fraser.

### 11. MEAT-PRICES.

#### (3.) *Transportation and Freight Charges.*

15. The great difficulty as to imported-meat supply throughout the war has been the shortage of shipping. The outbreak of war had the effect of suddenly and greatly raising prices; and the rise once established it could not be wholly removed by any care of administration, in view of the urgency of the demand. In May, June, and July, 1914, the wholesale price of Argentine chilled beef averaged nearly 44s. per hundredweight, and in September, 1914, it averaged 60s. 3d. After that date there was a fall in the price, and though there was another period of high prices in the summer of 1915, at the beginning of 1916 the average was less than 11s. above that for September, 1914. The arrest in the summer of 1914 was effected by the intervention of the Government to moderate the rise of Plate freights for meat. Systematic shipping arrangements were afterwards made, and the insulated space on all British ships trading to South America and Australia was requisitioned, so that freights were regulated in a manner which prevented any serious addition to meat-prices on that score. During the early part of the war, for sufficient reasons, one British-owned line was allowed to continue running between the River Plate and New York, but the amount of meat carried by it to the United States was relatively small, and latterly that line too has been restricted for meat to British service.

16. The result is that though rates on meat for the civilian population have risen by 30 to 60 per cent. above pre-war figures, freights, being thus regulated, do not constitute a main item in the increased cost of imported meat, the average amount, including the increase during the war, being not more than 1d. per pound. The high wholesale prices of foreign meat, therefore, subsist by reason of the reduced amount available for civilian use, the high general demand, and the limitation of means of transport. The last-named factor includes the handling of cargoes in port and by rail; and the frequent congestions in the docks, which so seriously limited the working-power of ships, played an important part in the restriction of supplies. But tonnage, too, has been inadequate. Before the war the insulated steamers in the River Plate trade could carry 560,000 tons of meat in a year; to-day they can carry only 450,000 tons. Australasian insulated steamers before the war could also carry about 560,000 tons of meat in a year; to-day their meat capacity is 520,000 tons. Their tonnage, however, is largely required for butter, cheese, rabbits, and fruit, so that they carried only 273,000 tons of meat in 1913 and 283,000 tons in 1915, showing a slight gain. On the other hand, several meat-carrying steamers have been wrecked or sunk by the enemy; and though there have been added to the Australasian fleet interned steamers capable of carrying about 12,000 tons per annum, and to the Plate fleet vessels formerly trading to neutral countries with an annual capacity of 80,000 tons, the meat-carrying power of all combined is no greater than that available before the war, while the demand of the Allies as above indicated is considerably greater. Only by an increase of insulated tonnage, seconded by rapid handling in the ports, can the imported-meat supply for civilian consumption be effectually increased. Given such an increase, we are of opinion that larger quantities could be imported from the Australasian Dominions and probably from other quarters.

#### (4.) *Profits and Costs of Distribution.*

17. It may be taken as certain that considerably increased profits have been made during the war by cattle-breeders in the United Kingdom and in the foreign countries, especially South America, chiefly drawn upon for the meat-supply of the Allies. This is the first main item in the increase of prices; and as regards the cattle-breeders of the United Kingdom it is partly offset by the increased cost of labour and of feeding-stuffs. An increased amount of capital being thus involved in the handling of the product at each stage, it may be assumed that additional profits have been reaped at some of them.

18. So much has been said of the large profits of meat trusts and other meat-dealers that the Committee have been at special pains to investigate in that direction. The importation of meat from the River Plate (including Bahia Blanca) is in the hands of seven firms. Two of these, the British and Argentine Meat Company (Limited) and the Smithfield and Argentine Meat Company (Limited), are British; one, the Compania Sansenina de Carnes Congeladas, is a native (Argentine) company; and the other four—viz., Archer and Co. (Limited), Armour and Co. (Limited), the Swift Beef Company (Limited), and the Morris Beef Company (Limited)—though registered in this country and claimed to be independent companies, are commonly believed to be owned or controlled by the large American meat-packers—viz., Wilson and Co. (Incorporated), (formerly Sulzberger and Sons Company), Armour and Co., Swift and Co., and Morris and Co. Sociedad Anonima "La Blanco," Compania Argentina de Carnes Congeladas, another Argentine which imports separately, is owned by Armour and Co. and Morris and Co.

19. Three of the freezing-works in the Argentine are owned by two British companies. The Sensena Company owns two works in the Argentine, and one, through a subsidiary company, in Uruguay. Four other works in the Argentine and one in Uruguay are owned by companies which, though separately registered in the Argentine and Uruguay, are believed to be controlled by the American firms. Another works has recently been opened by a third British company (the Union Cold Storage Company (Limited), but from it no meat has yet been imported. Of the total amount of beef exported from the Plate, about two-thirds is stated to be produced by the American firms, and only about one-third by the two British and one native companies. The American companies also produce about one-half of the export of mutton. There is in addition a trade in mutton from Patagonia where there are five freezing-works. Two of these are under the control of Swift and Co.; the others export through the agency of British firms.

20. The Committee find that at the outbreak of war the largest profits were made by the meat-importing companies who held the available stocks. Owing to shortage of shipping, cattle-prices in the Argentine did not rise greatly for some months, but thereafter they rose considerably. The prices latterly paid to the meat companies are certainly remunerative. For example, one of two British companies has paid 12½ per cent. dividend for 1915, besides putting £100,000 to reserve. In 1914 that company had paid no dividend, and in 1913 neither of the two concerns, which at the end of the year amalgamated to form that company, paid any trading dividend, though one distributed a bonus from reserve. It would appear, in fact, that for some time before the war, as a result of rivalry between the English and American meat companies, the British public was getting its imported meat at lower prices than it would otherwise have paid. There seems no reason, further, to doubt the statement that although the company in question did well in the year 1915, it was for some months actually losing on all the meat it supplied. In its retail business it appears to have made little or no profit. The other British company showed a total profit of over £142,000 in 1915, as com-

pared with less than £26,000 in 1914 and a loss in 1913. Details of the dividends of the "British-American" meat firms which are private companies, are not available to the Committee, but it was admitted by the representative of one of these companies that profits had been made in 1914–15, after two years of loss in 1912 and 1913. On the whole, however, no such sums appear to have been made in the meat-importing trade as are recorded in some of the leading "war industries."

21. Nor does it appear from the evidence that meat-prices have been inflated by means of the use of cold storage. Chilled meat has to be sold fairly promptly, and frozen meat brings a lower price. The broad fact remains that in the home-meat trade profits made go mainly to the breeders, the graziers in the case of Ireland and the jobbers, and in the case of meat imported from North and South America to the breeders and the meat-importing companies. But the substantial cause of increased profits is rather the shortage of supply than any process of combination; and but for the Government control of colonial meat prices might be higher. Reduction of prices at foreign and home sources of supply is obviously difficult under existing circumstances.

22. Where price-control is practicable—that is, in the case of the Australasian meat put on the market by the Government—it appears to be efficiently applied. The firms who formerly received the Australasian supplies, some twenty-five in number, act as selling agents for the Board of Trade, receiving a commission of 1 per cent. for sales ex ship and 2 per cent. for other sales. They are held bound to sell the meat in the usual manner, generally to distributers, but also the large retailers who in the past bought direct from the importing houses, so that as far as possible it shall pass through the usual channels and in the usual quantities. In no case are the wholesale distributers allowed to add more than ½d. per pound to the price at which they buy from the selling agents. When supply runs short the distribution is *pro rata*. Price-lists are published weekly by the Incorporated Society of Meat-importers, and the distributers are held bound to sell only to *bona fide* retailers in the old proportions, all speculations being forbidden. Selling agents who were formerly in the habit of supplying meat to their own wholesale or retail branches may do so in proportionate quantities, but in that case they get no commission, and the price they pay is fixed by assessors appointed by the Board of Trade.

23. No price is laid down for retailers; but the wholesale selling policy probably secures a general check on inflation, the instructions to the agents being that they should aim at steady and moderate prices. At times of special shortage stocks are husbanded in order to prevent a period of extreme scarcity; but prices are on the whole well restrained. In June and July, 1915, for instance, the Board of Trade price for best Canterbury lamb ran about 8½d. per pound, but at the end of December it fell again to 7d., and the 8½d. rate was not again reached till the end of March, 1916. The rise to 9½d. in June was a result of shortage. Many dealers express the opinion that but for the control exercised by the Board of Trade prices would have been higher. Complaints have been made to the effect that small butchers who bought for cash could not get supplies of Australasian meat, but this has now been remedied. There does not appear to be any arbitrary procedure in the distribution of supplies, and the inequalities are to be set down to the fluctuations in the amounts handled from week to week by particular selling agents as in the past.

J. M. ROBERTSON, Chairman. J. R. CLYNES.
W. C. ANDERSON. D. DRUMMOND FRASER.
W. J. ASHLEY. ROWLAND E. PROTHERO.
JOHN P. BOLAND. M. S. REEVES.
THOS. BRODRICK. T. SHAW.
G. H. CLAUGHTON. W. CAPEL SLAUGHTER.

E. C. RAMSBOTTOM, Secretary.—22nd September, 1916.

In dealing with that report which I have read, there is an admission in paragraph 15 by the Board that before the war one British line was allowed to run between New York and the Argentine. We know there is only one British line, and that is the Australian line of British boats—our New Zealand-Australian steamers. Then, in regard to paragraph 18 of the report, I wish to refer to the letter to the Premier, in which there is an extract from a Home paper, which deals rather trenchantly with this matter. It states, "And again the Food Prices Commission concealed the fact that a large part of the Argentine output for 1915 was carried in British-owned boats from Buenos Aires to New York, held in cold store there, and afterwards re-exported to England. Indeed, from beginning to end the whole position is a revelation of the humiliating subjugation of the British people and Government to the beef kings of America." Then, in paragraph 16 of the Board of Trade report, it says, "The result is that though rates on meat for the civilian population have risen by 30 to 60 per cent. above pre-war figures, freights, being thus regulated, do not constitute a main item in the increased cost of imported meat, the average amount, including the increase during the war, being not more than 1d. per pound." I undertake to say there are two inaccurate statements there. The statement that the rates have only increased by 30 to 60 per cent. must be misleading, and also the statement that the freights, including the increase during the war, is not more than 1d. per pound. We had a statement from the Hon. Mr. Massey some twelve months ago that it was costing the authorities 2½d. per pound to land it at Home. In paragraph 22 it is stated, "Selling agents who were formerly in the habit of supplying meat to their own wholesale or retail branches may do so in proportionate quantities, but in that case they get no commission, and the price they pay is fixed by assessors appointed by the Board of Trade."

23. *Mr. Witty.*] That is for wholesale agents?—Yes. Take Armour and Co.: they would nominate their representatives to receive their meat, and they would get it at the other end and buy it themselves. The statement that the price they pay is fixed by assessors appointed by the Board of Trade is incorrect, as they pay the market price of the day as provided for in clause 6 of the General Regulations for the Sale of Frozen Meat on account of His Majesty's Government. Now, that clause 6 is as follows: "If a selling agent, in addition to selling on commission, has been in the habit of buying meat on his own account for subsequent resale, either wholesale or through his own retail shops, he may sell to himself at the market price quantities proportional to those which he has been in the habit of buying, but he shall not receive any commission on such sales." It is still there at the market price, which is altogether different, because the price is supposed to be fixed by assessors appointed by the Board of Trade. That means he can sell to his own retail trade.

24. There is no restriction of that?—No. Then, clause 23 of the Board of Trade report says, "No price is laid down for retailers, but the wholesale selling policy probably secures a general check on inflation, the instructions to the agents being that they should aim at steady and moderate prices." That means a steady and moderate price to themselves at which they are to buy, but not what they are to sell to the unfortunate consumer for—a very different thing.

25. *Mr. Pearce.*] That is a matter entirely for the Home Government—they have made those regulations?—No; I would respectfully suggest to this Committee that it is for us to draw the attention of the Imperial authorities to this matter.

26. We have done so for the last twelve months?—Well, that is the statement of the Board of Trade of London, who are the delivering authorities; and should not the attention of the House of Commons be drawn to the fact that the statements in the report are not correct? This is reflecting on us and on our trade.

27. It is entirely a matter for the Home Government: we have sold the meat and got the money when it is f.o.b., and they do not acknowledge us at all?—Well, I suggest that if we find that is acting detrimentally to us we should point it out. It is putting out of the business all the small retail shops and allowing the big shops to control the position. I now desire to place before the Committee a printed copy of General Regulations for the Sale of Frozen meat on account of His Majesty's Government. They are as follows:—

GENERAL REGULATIONS FOR THE SALE OF FROZEN MEAT ON ACCOUNT OF HIS MAJESTY'S GOVERNMENT.

1. On the arrival of cargoes of frozen meat from Australia and New Zealand, any meat not required for the Forces is to be disposed of through the ordinary channels, at the market rate of the day, of sale for consumption by the civilian population.

2. The firms to whom the disposal of the meat is to be entrusted on behalf of the Board of Trade are to be those firms who in the past have been in the habit of handling the various consignments from the different freezing-works. As a rule these firms will be ascertained from the information which the Australasian Governments have been asked to procure from the freezing-works proprietors and to forward with the bills of lading.

3. The remuneration of the selling agents shall be a commission of 1 per cent. in sales ex ship, and of 2 per cent. on the other sales: this commission shall cover *del credere*.

4. The selling agent may sell either ex ship or ex store, with a warranty within thirty days after the importing vessel has completed discharge that the meat is sound as per "A1" clause in ordinary insurance policies. The meat shall be sold on freezing-works grade certificate without recourse against the sellers.

5. The selling agents shall sell the meat in the same manner in which it has customarily been sold, so that it shall, as far as possible, pass through the ordinary channels and in usual quantities.

6. If a selling agent, in addition to selling on commission, has been in the habit of buying meat on his own account for subsequent resale, either wholesale or through his own retail shops, he may sell to himself at the market price quantities proportional to those which he has been in the habit of buying, but he shall not receive any commission on such sales.

7. The selling agents shall disclose confidentially to Sir Thomas Robinson the names of the buyers in every case in which one hundred or more carcases of lamb or mutton or twenty-five quarters of beef are sold to one buyer. In the case of sales of small quantities the selling agents shall, if required, place their books at the disposal of the Board of Trade in order that the buyers' names may be ascertained.

8. Buyers to whom meat is sold by the selling agents of the Board of Trade shall purchase subject to the express condition that they shall resell only to *bona fide* retailers. The buyers shall, if required, place their books at the disposal of the Board of Trade in order that their adherence to this regulation may be tested.

9. The Incorporated Society of Meat-importers will publish regularly in their periodical lists particulars of the prices at which meat is from time to time sold on behalf of the Board of Trade.

10. If it is shown to the Board of Trade that any selling agent has contravened the foregoing regulations, or has given undue preference to any buyer either under Regulations 5 and 6 or otherwise, or has made himself a party to any *pro forma* sales for the purpose of avoiding the foregoing regulations, he may, without prejudice to any other action which the Board may decide to take, be struck off the list of selling agents. If any buyer is proved to have contravened the foregoing regulations or has made himself a party to any *pro forma* sales for the purpose of avoiding them, he may, if the Board of Trade so directs, be refused supplies in future.

11. The selling agents shall forward to the Board of Trade account sales immediately after the sale of the meat, and shall remit to the Board the proceeds of sales as and when due.

Now, it is very significant that clause 7 of the regulations allows for the big meat-buyers to submit their sales to Sir Thomas Robinson.

28. You say that Sir Thomas Robinson is one of the largest registered shareholders in the shipping ring: what evidence have you got of that?—I have here a certified extract from the company's registration office in London of the annual return of the Federal Steam Navigation Company (Limited) made up to the 30th June, 1914, showing six shareholders as the owners of that company, and Sir Thomas Robinson is the first one on the list. It does not state how many shares are held. The shareholders are as follows: Robinson, Sir Thomas Bilbe; Hughes, Allan; New Zealand Shipping Company (Limited); Laing, Warrington; Haycroft, George Tolman; New Zealand Shipping Company (Limited). I also desire to produce a copy of the list of shareholders of Birt and Co., extracted from the company's register in Sydney. The list is as follows:—

LIST OF MEMBERS OF BIRT AND CO. (LIMITED), ON THE 9TH SEPTEMBER, 1915, AS PER LIST FILED IN COMPANIES OFFICE ON THE 9TH SEPTEMBER, 1915.

| | Number of Shares. | Amount Paid or deemed to be Paid. £ |
|---|---|---|
| John Rogerson Anderson, Leadenhall Street, London, shipowner | 2,875 | 2,875 |
| Edmund Charles Beckett, Bridge Street, Sydney, merchant | 100 | 100 |
| Birt, Potter, and Hughes (Limited), 2 Fenchurch Avenue, London, merchants | 21,011 | 21,011 |
| Edward Owen Cox, 4 Bridge Street, Sydney | 600 | 600 |
| Oliver Bruce Trinder, 4 Fenchurch Avenue, London, shipowner | 959 | 959 |
| William Henry Trinder, 27 Leadenhall Street, London, shipowner | 959 | 959 |
| Arnold Anderson, 27 Leadenhall Street, London, shipowner | 959 | 959 |
| Walter John Gwyn, Billiter Street, London, shipowner | 2,875 | 2,875 |
| Robert Smith, 2 O'Connell Street, Sydney, solicitor | 2 | 2 |
| Federal Steam Navigation Company (Limited), 2 Fenchurch Avenue, London, shipowners | 2,600 | 2,600 |
| Carolina Francesia Bethell, Surrey, England | 2,877 | 2,877 |
| Roy Wilson Potter, 4 Bridge Street, Sydney, merchant | 100 | 100 |
| John Reginald Barter, 4 Bridge Street, Sydney, merchant | 100 | 100 |
| George Hurst, 4 Bridge Street, Sydney, accountant | 100 | 100 |
| Charles John Cowan, 138 Leadenhall Street, London, merchant, and John Wilson Potter, 2 Fenchurch Avenue, London (jointly) | 1,000 | 1,000 |

Messrs. Frederick Beckett Birt, John Wilson Potter, and Allan Hughes disposed of 1,000 shares jointly held by them during the preceding year. The transfer was registered on the 13th May, 1915.

I quote that to show that the Federal Steam Navigation Company, of which Sir Thomas Robinson is a shareholder, is also a shareholder in this concern of Birt and Co., and that Birt, Potter, and Hughes, of London, hold the bulk of the shares of Birt and Co.

29. *Mr. Pearce.*] How are Birt and Co. connected with the Meat Trust?—Birt and Co. are the Australian agents for Armour and Co. The New Zealand agents for Birt and Co. are J. G. Ward and Co., of Invercargill. They carry on the Ocean Beach works. This is seen by Birt and Co.'s advertisement in the *Pastoralists' Review*. [*Vide* Exhibit 22.]

30. The evidence we had the other day was that Armour and Co. have no works, practically?—I understand Birt and Co. have leased the Ocean Beach works, and Armour and Co. are supposed to have secured rights over Borthwick and Co.'s works.

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WEDNESDAY, 22ND AUGUST, 1917.

WILLIAM DOUGLAS LYSNAR further examined. (No. 11A.)

1. *The Chairman.*] You have already made your statement to the Committee, and the members of the Committee now propose to ask you certain questions in order to clear up various matters?—Yes.

2. *Mr. Pearce.*] In this statement of yours, Mr. Lysnar, you said the price quoted for meat at Home was 2s. per pound?—Yes.

3. What do you mean by that—that the carcases have been selling at that?—No; 2s. per pound for the prime quality. That is the cable that came out in May last. In fact, I have a copy of the cable here. It is a Press cable, which I think you can take as fairly authentic.

4. Then, in your statement you make a number of remarks in regard to the profits of the Meat Trust: have you any copies of the balance-sheets to prove that?—No, nothing but data from official sources. I quoted the *Chicago Stock Journal*.

5. A newspaper report—that is the only evidence you have?—Yes, that is the only evidence I have, but coming from the official journals of the United States.

6. You then give a lot of figures in your statement in connection with the quantities of meat, showing that our meat in Smithfield has depreciated some 78 per cent. in amount?—Yes.

7. Trying to show that we can probably control the market: is not that misleading the Committee?—I do not suggest we can control the market—it is only showing our strength on that market; and I can produce the official report by Mr. Justice Street in which those figures I have quoted are contained.

8. I am only suggesting to you that the Smithfield Market does not represent the whole of the meat trade of England?—No, but it represents all the surplus-meat trade of the world, which I suggest is important to the Committee.

9. The point I want to clear up is that it does not represent the actual supply. The Australian supply represents only about 16 per cent. of the meat that is consumed in England, 70 per cent. is British-grown, and the balance is American and Australian?—Yes, of the total consumed, but when you come to the total imported that is an important point.

10. But this is not imported: you have 21 per cent. in the United Kingdom, the balance is imported, leaving only 30 per cent.?—The position is this: the great bulk of the meat produced in England has its vent for consumption as it is killed. The surplus goes on to the Smithfield Market—it is the surplus that is required. What meat is killed in Liverpool is used there, and the balance goes to Smithfield. What is not sold in any part of England for immediate consumption is sent to Smithfield and there sold.

11. I only desire to draw attention to the fact that the figures you have quoted might be misleading?—Of course you have to bear in mind that our proportion of the mutton and lamb imported was 64 per cent. of the total imported from the world during last year.

12. You quoted a lot of figures in your statement about the arrangements in regard to the releasing of our meat at Home, suggesting, I thought, that the Meat Trust had something to do with that: is it not a fact that the arrangement arrived at between the New Zealand Government and the Home Government, so far as the price is concerned of the released meat, ensures that it is entirely in the hands of the Home Government?—That is so; but there is something underlying—there is more in this matter than meets the eye. The arrangement you speak of was made between the Board of Trade and the New Zealand Government. The Board of Trade is the reflex of the big meat and mercantile firms in England, more so than of the consumers in England, and that is where we get the trouble.

13. That is your opinion—you have no proof of that?—In both my visits to the Old Country—and I think you can get no better proof, and no Committee should ask for better proof, than the report I have produced in regard to the Board of Trade, which shows that they are deliberately colouring up their statements in order to mislead the position.

14. If you were told that we had evidence that only 1½ per cent. of our meat was handed over to the Meat Trust, would you believe that?—No, I would not. When at Home I discussed the position with Sir Thomas Mackenzie, and I said to him, "My experience here in London has prompted me to give you this advice: to believe nothing you are told about meat or shipping in England unless you verify it." I made that statement in the presence of one of his own officers and one representative of the Port of London Authority. I told Sir Thomas Mackenzie that he could not live in London long without questioning them; and that very day three statements were made to Sir Thomas Mackenzie, two of which were absolutely misleading and incorrect, which I corrected. I proved to Sir Thomas Mackenzie's satisfaction that they were wrong. I considered the matter so important and so serious that I reduced the circumstances to writing next day, and hold his acknowledgment of this.

15. But this was five years ago, was it not?—Yes, in 1912; and the position has not altered since then in that respect. I can give you a lot of facts showing how incorrect the leading men of London have been in regard to their statements, statements which they have had to withdraw. I met a Committee on the Smithfield Market much larger than the Committee in this room, and I made the Chairman of that Committee withdraw three statements in three-quarters of an hour.

16. In your statement you say, "Sir Thomas Robinson, I might point out, is also largely interested in shipping, and is one of six of the registered shareholders of the Federal Steam Navigation Company (Limited)": do you know that Sir Thomas Robinson was the Agent-General for Queensland?—Yes.

17. It has been stated that he is now agent for the meat sent from Queensland—and, of course, Swift and Co. largely control the beef from Queensland—and it has been stated that he is now agent for them in London: can you give us any evidence in connection with that?—I can give you evidence to this effect: that, as I understand it, all the meat for Armour and Co. is shipped under the name of Sir Thomas Robinson.

18. But Swift and Co. own works in Queensland?—Yes.

19. Can you give the Committee any actual evidence as to whether Sir Thomas Robinson is acting for the Meat Trust in England?—For Armour and Co., yes.

20. But Swift and Co. control the meat there?—They are so intermixed that you cannot really tell where one begins and the other ends. I should like to quote from a letter from a firm of solicitors, one of whom is a director in the firm of Birt and Co. in Australia, which reads as follows:—

On referring to the "Stock Exchange Official Intelligence," an English publication (1915), it appears that G. T. Haycroft, H. G. Bedell, and C. J. Cowan were directors of Birt, Potter, and Hughes (Limited). From the same publication it appears that Sir Thomas Robinson and G. T. Haycroft were directors of the New Zealand Shipping Company (Limited). You will no doubt know whether this company is interested in the Federal line of ships. Our further inquiries go to show that in all probability Birt and Co. (Limited) would be Armour's agent by virtue of correspondence and not necessarily by power of attorney. We hear that E. O. Cox is the chairman of the Imperial Government Meat Export Shipping Committee here.

You will understand we are unaware of the reasons for your inquiries.

Having regard to previous cable and reports, when we found that Robinson did not appear as a director of Birt, Potter, and Hughes (Limited) in any publications, we asked our friend to whom we referred to make sure that Robinson was a director of the last-named company, and to-day we are informed that he is not quite sure about the directorship and that he is making further inquiries, but he says everything has to go through Robinson's hands. We therefore cabled you to-day as follows: "Further report not conclusive that Robinson director of Birt, Hughes, Potter, but informant says everything goes through Robinson's hands. Advise you cable London."

21. It is shipped from Australia, and goes through Sir Thomas Robinson's hands in England?—Yes. I understand that they ship it, and the person who receives it at the other end is Sir Thomas Robinson.

22. Have you any direct evidence of your statement that Sir Thomas Robinson controls Birt and Co.'s meat which is sent Home from the Australasian Colonies?—No, I have not, except that Birt and Co. is partly owned by the Federal line, of which Sir Thomas Robinson is one of the shareholders.

23. You have no other evidence except that he is a shareholder in that company?—Except that he acts in connection with the management of it. He controls Mr. Owen Cox, who is the representative in Australia for Birt and Co., and Birt and Co. is mainly owned by Birt, Potter, and Hughes, of London, who are large meat-dealers.

24. In your statement you say, "The Federal Shire line, the Shaw, Savill, and Albion Company, and the late New Zealand Shipping Company were all under the control of the American Shipping Ring": have you got any proof that you can give to the Committee for making that statement?—Well, that has been stated in the public Press, and they have never contradicted it.

25. We cannot take newspaper reports: have you any direct evidence?—I may say for the information of the Committee that I gave evidence on this question before a Committee which dealt with the question of shipping, and when I was before the Committee I asked that the shipping people should be represented there. Mr. Wallis, the head of the Federal Shire line, asked me how far I was bringing his company into the matter. I told him I was going to say that his company was under the control of the American Shipping Ring, and he replied, "Then I am afraid I cannot contradict you." That was a private conversation. The representatives of all the companies except the P. and O. were present when I gave the evidence, and not one of them contradicted the statement.

26. But they were not in the room at the same time as you were?—Yes, they were. I asked that they should be in the room at the same time. I will take my oath on that, and they cross-examined me.

27. I want to know if you have got any other evidence?—It is general and public report both in England and here.

28. Only report?—I can carry it a little further. When I was in England I was negotiating with the head of one of the shipping lines for certain concessions, and he said to me, "When will you be back in London?" I said I would be back at a certain time. He said, "I will have to see the other shipping people about this," and I gathered from what he then said he had to consult the trust. I said, "They have nothing to do with the West of England—you are right on your own." He said, "I cannot say that—that is not the position: I can do nothing without consulting them," and he mentioned to me the name of a person who was at the head of the American shipping.

29. You have said that all these people were under the American Shipping Ring: they may only consult them?—They have the dominating power.

30. You have no direct evidence to give us except report?—No, you cannot get anything better than that, when the three representatives of the shipping companies do not deny it.

31. We have had evidence that they are not controlled in any way by the same companies?—Whoever has given that evidence does not know the full facts.

32. In your statement you refer to a man selling two shipments of meat to Spreckles and Co. of San Francisco?—Yes.

33. You also refer to him being a reliable business man: could you give us the name?—Yes, I could if I had my notes here, but they are at home. He was a man who was running the fruit business.

34. When did it occur?—It was in 1910 when he told me, and I told some of the members of the San Francisco Chamber of Commerce about it.

35. Could you give us the name? because, according to your statement, this is one of the most specific instances of where the Meat Trust has operated. If we could prove it we might get the man to give us direct evidence?—I will supply the name to the Committee.

36. I would like, if possible, for that man to give evidence before the Committee?—He lives in California. I spoke to him last in California over the wire when he was twelve hundred miles off. I do not think the getting of his name would help you more than that. I venture to say you can easily find out if you turn up the shipping records prior to the year 1910.

37. *Mr. Witty.*] Can you give us the year?—It was prior to 1910.

38. *Mr. Pearce.*] In your statement you suggest that the Committee which sat in 1914 reported in favour of making all shipping companies common carriers?—I was not quite sure of that. They reported in connection with the question of bringing the shipping under the Commercial Trusts Act.

39. I would like you to tell the Committee what advantages there would be likely to accrue if we made them common carriers by Act of Parliament, and put the meat business under the Secret Rebates and Commissions Act?—Yes, there are two things to do.

40. What advantage would be gained by making the companies common carriers?—There would be a great advantage: they could not create a monopoly, and would have to take cargo in the order it is offered or space is applied for. Take the case of a steamer loading here next month: Supposing I have a thousand boxes of cheese which I desire to go by that boat; I write to the company and say I want space for a thousand boxes of cheese; I am entitled to priority, but if the cargo offering is fairly large then the applicants who came in later are swamped out, but they must take in their order.

41. Do you think the New Zealand Government could have control of the shipping in that respect?—I think so. There is a great deal of dissatisfaction in regard to the way the loading is done.

42. That is so, and we want to find out how to stop it?—The Imperial Dominions Commission recommends that something of that sort should be done. They recommend that a Board be set up with power to see that the freight is reasonable, properly allotted, and reasonable charges are made.

43. Then you recommend that the meat business should be included in the Secret Rebates and Commissions Act?—That is very necessary, because that is a method which the trusts largely work on, and they use the mercantile interests. I consider that we cannot look to the mercantile firms in New Zealand to help us in this fight while they are getting secret commissions from these shipping people. I will undertake to say that some firms here are receiving over £100,000 a year from these trade allowances.

44. Could you name the firms?—I should say a firm like Dalgety and Co. or the Loan and Mercantile Agency Company would receive close on that amount in the way of allowances. Take the case of wool before the war: a merchant got 1s. 10d. per bale rebate, or a primage of 1s. 10d. per bale, but to-day the rebate is 6s. 11d. per bale if primage was paid on the actual freight, but instead an over-all charge is made which comes to more. I should like to qualify that in this way: the primage is now done away with, and from memory the merchant is now getting $\frac{7}{8}$d. per pound for all his charges, including primage. To-day he has a consolidated charge, but if things became normal to-morrow the shipping people would pay the same rate as before; then the primage would represent 6s. 11d. per bale. They have everything to gain, and you could not expect a merchant to quarrel with a system which is giving him since the war 6s. 11d. per bale.

45. You would suggest legislation?—Yes. It is unfair to the merchant.

46. *Mr. W. H. Field.*] It is not called primage now?—No, they give an over-all charge.

47. *Dr. Newman.*] You said that the P. and O. and other steamers coming here were under the control of the Meat Trust?—No, the American Shipping Ring.

48. Would you be surprised to learn that in London about November last the object of the shipping combination was to be strong enough to fight the American Shipping Ring and have no connection with the Shipping Ring or Meat Trust?—I should question that. I should regard that as a statement made to try and mislead, because the New Zealand Shipping Company, and the Shaw, Savill, and Albion Company, and the Federal Shire line are clearly under the American Shipping Ring. There is no question about that.

49. Well, my information is first-hand and is diametrically opposed to that?—Yes, I am not surprised at that.

50. *Mr. Talbot.*] You said that the farmers are getting only ½d. per pound for meat above the pre-war rates?—Yes, approximately.

51. Is that the Government price?—Yes, less f.o.b. charges.

52. Some firms are giving more than the Government price, are they not?—Yes, principally where they are buying on the hoof.

53. Do you know what firms those are who are paying more?—I have heard of Sims, Cooper, and Co. giving more. They are the principal ones I have heard of. I may tell you that I am perhaps not your best witness in this matter, because they are operating more actively and giving higher prices outside of Gisborne, and I suggest that is the reason why they have not bothered about our freights. I know Sims, Cooper, and Co. have given the highest price in Gisborne.

54. Do you know what Armour and Co. are paying?—I know they have been buying in Gisborne, but they do not go so high as Sims, Cooper, and Co. In the Commonwealth Commission report on the meat-export trade it states, "The fact that, as Mr. Sims says, a great proportion of the output of his firm has gone to Swift and Co." Mr. Sims acknowledged that the greater proportion of their meat was going to Swift and Co. Of course, we know that Sims, Cooper, and Co. is indirectly the London Produce Company, and it is really the London Produce Company and not Sims, Cooper, and Co. who sell to these Meat Trust firms, and the London Produce Company is composed of four, Mrs. Sims and Mrs. Cooper being two of the four shareholders.

55. You think the trust is trying to operate here in order to get equal control over the mutton and lamb as they have over beef in other parts of the world?—Yes, I am sure they are operating, and they have a covetous eye on our mutton and lamb going on to the Home market.

56. You think they are obtaining control of the market, and that the reason for our not getting ships is owing to the trust?—Yes, that is so, by diverting them into other channels to suit their trade. Besides, if you analysed the returns for two months back, you would see there has been more meat travelling between New Zealand and England which is prohibited meat than Army and Navy meat. I make that statement, and I think the Committee should decide to inquire into that and see whether that is correct.

57. You mean ewes and lamb?—Yes, required for the civil population; and I will undertake to say that if you trace that meat at Home you will find that the bulk of it is going to the trust representatives.

58. *The Chairman.*] But does not the Government control what is shipped?—No, it is left to the Shipowners Committee, and when it gets Home it is left to Sir Thomas Robinson to check any large sales.

59. At Home?—Yes. The regulations state, "The selling agents shall disclose confidentially to Sir Thomas Robinson the names of the buyers in every case in which one hundred or more carcases of lamb or mutton or twenty-five quarters of beef are sold to one buyer." The position is that when the meat gets Home the only person who can do anything with it or has control of it is Sir Thomas Robinson, except in the case of small sales the transactions of which are open to the London Board of Trade to investigate. Now, I have given you evidence to show that Birt and Co. act as agents for Armour and Co.

60. Do you suggest that Sir Thomas Robinson at Home controls the shipping of the lamb and ewe mutton as against the Government's representative here who sends the meat Home which is wanted for the Army?—Not Sir Thomas Robinson directly.

61. Who does that?—The New Zealand Shipowners Committee, who are aware that Sir Thomas Robinson and the other heads of the Federal Shire line and other companies at Home have got absolute control over them, and if they did not obey in a reasonable way the trust would very soon make itself felt at the other end, and probably to their detriment.

62. Do you suggest that the Government here cannot send Home meat for the Army ahead of the trust?—I suggest that they do not.

63. *Mr. Talbot.*] Have you any evidence that if they do not get this beef they may procure it elsewhere?—If you read the statement which I have produced in the report of the interview between the Minister and the Overseas Committee you will see that the position is fully explained.

64. *The Chairman.*] We can get from the Government what is shipped [*vide* Appendix B]?—We have asked for that from the Government. The Committee should get it from the Government. Mr. Triggs made certain statements in the Prime Minister's office which were not justified and not correct.

65. *Mr. Talbot.*] Your statement amounts to this: that the Shipping Ring and the trust between them are fighting the Government and sending Home meat that is not wanted?—Yes, that is so, and the freezing companies in the North have been forbidden to ship. I produce to the Committee some letters bearing upon that which confirm what I say. The correspondence is as follows:—

DEAR SIR,— Bethune's Buildings, 20 Brandon Street, Wellington, 12th January, 1917.

S.s. "Port Chalmers": I understand that in this steamer you shipped as part of your allotment about 2,200 lambs. As you are aware, Imperial Government instructions call for priority of shipment being given to beef and mutton. I am unable to trace that your company pointed out that you would be unable to fill your allotment without the shipment of lambs, and shall be glad to hear from you in the matter. Yours faithfully,

NEW ZEALAND OVERSEAS SHIPOWNERS COMMITTEE,
JAMES FINDLAY, Chairman.

The Secretary, Poverty Bay Farmers' Meat Company (Limited), Gisborne.

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DEAR SIR,— 17th January, 1917.

I have to acknowledge receipt of your letter of the 12th instant re shipment per s.s. "Port Chalmers." I am quite aware that the Imperial Government authorities require preference to be given to beef and wether mutton over lamb and ewe mutton when making a shipment on their behalf. I have not received any instructions to let you know when this company cannot fill its allotment without shipping lambs. The returns submitted weekly to the Controller, Imperial Government Supply Department, would of course show the exact quantities of beef, mutton, and lamb in store, and I assumed that such information would be passed on to you when allocating space. However, if you would like to be advised in such cases I would be only too glad to do so.

Yours faithfully,
J. F., Secretary, Poverty Bay Farmers' Meat Company (Limited).

The Chairman, New Zealand Overseas Shipowners' Committee, Wellington.

DEAR SIR,— 20 Brandon Street, Wellington, 23rd January, 1917.

I have to acknowledge receipt of your letter of 17th instant. In reply I have to inform you that the allotment to you per s.s. "Port Chalmers" for 5,000 freight carcases was made on a return which reached us from the Department of Imperial Government Supplies prior to the allotment of s.s. "Port Chalmers," which set out that you would have in store on 15th December the equivalent of 5,000 freight carcases in quarters of beef and wether mutton.

Yours faithfully,
NEW ZEALAND OVERSEAS SHIPOWNERS COMMITTEE,
JAMES FINDLAY, Chairman.

The Secretary, Poverty Bay Farmers' Meat Company (Limited), Gisborne.

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Office of the Department of Imperial Government Supplies, Norwich Chambers,

DEAR SIR,— Customhouse Quay, Wellington, N.Z., 20th February, 1917.

I am advised by the New Zealand Overseas Shipowners Committee that the Imperial Government has granted permission for the shipment of lamb in normal quantities, and that accordingly the previous instructions requiring the prior shipment of beef quarters and wether mutton will be qualified to this extent.

Yours faithfully,
F. H. TAYLOR, Assistant Controller.

The Secretary, Poverty Bay Farmers' Meat Company (Limited), Gisborne.

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Office of the Department of Imperial Government Supplies, Norwich Chambers,

DEAR SIR,— Customhouse Quay, Wellington, N.Z., 22nd February, 1917.

With further reference to my recent circular advising you that the shipment of lamb in normal quantities may now be resumed, I am in receipt of further advice from the New Zealand Overseas Shipowners Committee to the effect that preference should be given to beef and mutton, but that the balance of any allotment made by that Committee may then be filled with lamb. I should be pleased if you would give this instruction your careful attention.

Yours faithfully,
F. H. T., Assistant Controller.

The Secretary, Poverty Bay Farmers' Meat Company (Limited), Gisborne.

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Office of the Department of Imperial Government Supplies, Norwich Chambers,

DEAR SIR,— Customhouse Quay, Wellington, N.Z., 30th March, 1917.

I have to advise that the following cablegram has been received by the New Zealand Overseas Shipowners Committee from the Australasian Refrigerated Tonnage Committee, London: "Government state important you ship as much Army meat as possible. Give special preference beef, then wether mutton, while not excluding ewe mutton and lamb entirely." I shall be glad if you will arrange your shipments accordingly.

These fresh instructions will necessitate an alteration in the form to be attached to your weekly and monthly meat returns, and I shall feel obliged if you will make use of the accompanying supply in future instead of those now in your possession.

Yours faithfully,
R. TRIGGS, Controller.

The Secretary, Poverty Bay Sheep-farmers' Freezing Company, Gisborne.

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DEAR SIR,— 20 Brandon Street, Wellington, 24th April, 1917.

I have to inform you that, the latest instructions from the Imperial authorities are that, while preference of shipment must be given to beef and wether mutton, the balance of any allotment which cannot be so filled can be used for shipment of ewe mutton and lamb. This course has been decided upon by the Imperial authorities to avoid the closing of freezing-works in districts where lambs have to be dealt with, and beef is unobtainable at this season of the year.

Yours faithfully,
NEW ZEALAND OVERSEAS SHIPOWNERS COMMITTEE,
JAMES FINDLAY, Chairman.

The Secretary, Poverty Bay Farmers' Meat Company (Limited), Gisborne.

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DEAR SIR,— 20 Brandon Street, Wellington, 26th April, 1917.

Frozen Meat Shipments: Referring to this Committee's letter of 24th instant, please understand that, in accordance with Imperial Government instructions, frozen meat must be shipped in the following priority: (1) Beef; (2) wether mutton; (3) ewe mutton and lamb.

Yours faithfully,
NEW ZEALAND OVERSEAS SHIPOWNERS COMMITTEE,
JAMES FINDLAY, Chairman.

The Secretary, Poverty Bay Farmers' Meat Company (Limited), Gisborne.

I could also produce statements to prove that the Shipowners Committee and Mr. Triggs have made incorrect statements.

66. *Mr. Talbot.*] You said that your firm had been forbidden to make certain shipments of meat?—Yes.

67. Who forbade you?—The chairman of the New Zealand Shipowners Committee, Mr. James Findlay.

68. And at the same time other firms were allowed to ship their meat?—Yes, according to the records.

69. You insinuate that they were allowed to ship their meat owing to the influence of the trust in some way or other over this Committee?—I believe it is the trust that is doing it, and the same applies to tallow and pelts.

70. They must have some pull or hold over certain freezing companies in order to do that?—That is so. It is owing to the looseness of the New Zealand Committee's control.

71. *The Chairman.*] The letter from Mr. Findlay reads as follows:—"S.s. 'Port Chalmers': I understand that in this steamer you shipped as part of your allotment about 2,200 lambs. As you are aware, Imperial Government instructions call for priority of shipment being given to beef and mutton. I am unable to trace that your company pointed out that you would be unable to fill your allotment without the shipment of lambs, and shall be glad to hear from you in the matter." Then the reply to the Shipowners Committee was: "I have to acknowledge receipt of your letter of 12th instant *re* shipment per s.s. 'Port Chalmers.' I am quite aware

that the Imperial Government authorities require preference to be given to beef and wether mutton over lamb and ewe mutton when making a shipment on their behalf. I have not received any instructions to let you know when this company cannot fill its allotment without shipping lambs." Do you say that notwithstanding that letter of refusal to take your lambs they were taking lambs for the benefit of the trust?—For the benefit of the big buyers, including the trust.

72. You say that is so?—Yes.

73. That was on the 11th January, 1917?—I have no definite evidence of that.

74. You say they refused to take your lambs on the ground that they were taking beef and mutton—that they were giving priority to beef and mutton?—Yes, that is so.

75. Do you say that at that time they were giving priority to other shippers of lamb in the interests of the trust?—I cannot say at that time: it was a month or two later when I discovered that they were allowing other people to ship ewe mutton and lamb.

76. *Mr. Forbes.*] What ship was this in?—I have mentioned five ships.

77. But what particular ship are you referring to in this case?—The "Port Chalmers." Mr. Triggs has stated that the Shipowners Committee did not interest themselves in what was put on board the ships, but I say that letter shows that they did.

78. You say they interested themselves in the interests of beef and wether mutton as against ewe mutton and lamb?—Yes.

79. That is quite a proper thing?—Yes, quite a proper thing, and if that system were carried out in the case of all freezing-works in the Dominion we would not trouble about it at all; but the question is that others have not been treated in the same way as we have.

80. *Mr. Talbot.*] And do you suggest that the others you refer to are getting more of the trust meat?—Yes. It is mainly the big buyers who are working with the trust who are getting the meat away.

81. *Mr. W. H. Field.*] Do you consider that in the United States, owing to the operations of the Meat Trust, the position of the producer and consumer is largely that of hopeless slavery?—That is the result of it; they are both groaning under the disadvantages.

82. And the United States Government, although they desire to do it, cannot see their way to prevent it?—The matter has gone too far. The pastoralist is crushed and has had to get out of the business, while in many instances the trust has got his property.

83. And the same in the Argentine?—Yes.

84. And what about Australia?—They have not got a great hold there yet—they are just going to Australia the same as in New Zealand.

85. Do you not think we ought to try and combine with the Australian and Imperial Governments in order to handle the situation?—I think it would be a very good thing. Of course, you have to bear in mind that Australian interests are very much smaller than New Zealand's.

86. It would not be necessary to get the co-operation of any other part of the Empire?—No, except perhaps Cape Town.

87. Are you satisfied that the scheme you have put before the Committee would effectually affect the position?—I would not say "effectually," but what I suggest are remedial measures. When you get further on you may have to do other things. The measures I suggest are the most simple in the meantime, but they will help the position. Some of the suggestions may act harshly, but they are necessary.

88. You would suggest that the men who are in charge of our meat market be above all suspicion of dishonesty?—Yes.

89. I understand you to say that you have no confidence in the British Board of Trade?—None whatever.

90. Can you say who they are?—The report I have handed in gives the names of some. The Press of England attacked them, and claimed that they were impartial to the interests of the Empire.

91. Do you suggest that they are under the influence or in the pay of the trust?—I do not say "in the pay," but I say their sympathies are more with them than they are with us and the consumers.

92. Then there is the other Committee that has control of our meat at Home, composed of Sir Thomas Robinson, Sir Montague Nelson, and Sir Thomas Mackenzie—have you no faith in them?—In the High Commissioner I have faith, but I think it is a mistake for him to be on that Committee. I think he has tied his hands in a way which is very detrimental to this Dominion. He has not been able to be a free lance and criticize that Committee. Sir Montague Nelson is also interested in buying and selling meat.

93. Do you think there are satisfactory men whose services could be secured to protect our interests?—Yes, no doubt; but you must get men not associated with shipping or with meat. If you have men connected with either you will get trouble at once.

94. Do you suggest that we should co-operate with the Imperial Government for the purpose of controlling our meat right from the farmer or the freezing-works here to the consumer, or retailer, or wholesaler at Home?—I should say to the retailer at Home.

95. It is absolutely necessary, you think, to go past the wholesaler?—Yes, absolutely, and no half-measures.

96. Do you think our products are insufficiently advertised at Home?—They are not advertised at all. The identity of our butter and meat absolutely disappears.

97. Are other parts of the Empire advertising their products?—Yes. You can see the Canadian cheese advertised in the shops at Home, but not the New Zealand, except in a few cases more recently. The bulk of our meat is sold at Home as fresh English meat.

98. I understand that South Australia is advertising her products extensively?—Yes.

99. In regard to the system of nominating meat, does your scheme deal with that difficulty?—Yes, it absolutely does away with it.

100. That is, you think, one of the first necessities?—Yes. I suppose there are some farmers on this Committee, and I will undertake to say that not one of them values that system of nomination. The big farmer, who is perhaps associated with things at the other end, might value it, but with the bulk of them it is no good—it is only a means to assist the Meat Trust and the big operators to nobble the surplus meat at the other end.

101. You do not think the people of this country should own the ships—you think we can control them without owning them?—Yes, I am rather against the Government going in for State ownership, but I believe in State control in every direction. I would suggest State control to apportion the space in ships. I would also suggest that the State should grade the meat going through the works. That is a matter that would be better under the control of the Government than in the hands of the individual freezing companies.

102. You think that the Freights Reduction Committee would not be a sufficient check on that?—No. I think we should aim at the Government and the farmers getting about eighteen or twenty boats to endeavour to relieve the congestion, and be a dominating factor in settling freight rates. We could then discuss the question of what the freights should be. If the farmers combined together to get a line of ships and were subsidized by the Government, and the Government were to have a voice in the settlement of those freights, it would be a good thing for every one in every walk of life. Not only the farmers but the merchants of this Dominion would have to join in the production of a fund to purchase ships to carry our products to the Old Country and bring our imports to the Dominion.

103. Do you think there is any hope of the farmers in this country combining to fight the Meat Trusts?—No; the farmer, in my opinion, is the most miserably constituted individual in existence. I am speaking from experience. One may help the farmer legitimately to the extent of £500 or £5,000 a year, but ask that same farmer to put up £5 or £10 in proportion and you will not get it. He will be full of excuses—let the other fellow do it. You can only do it by some form of legislation. The farmer is too lethargic, and the Government and Parliament must take the matter up and protect him as they would protect an infant. He cannot protect himself, and therefore, I say, you gentlemen kindly help.

104. *Mr. Witty.*] With regard to the debarred meat that is sent Home, where does it go to—in the open market?—No, it does not go into the open market. If you are nominated to receive it you do what you like with it. You may buy it, but you get no commission, and in that case you pay the market price, whatever that may be, and then sell it for whatever you like. That is for retail purposes. If you want to sell it to anybody else you are restricted—you have to sell it to the established firms, with certain restrictions; but the restrictions disappear when the retailer gets it.

105. Do you mean to say that the meat is tagged here and it goes direct to the agents who are nominated?—That is so, and then they have the right to sell it to themselves or to somebody else already established in the trade.

106. We had it stated in evidence the other day that the nominated meat is pooled, and whilst they get the number of carcases they do not always get what they have nominated?—They do not get the individual brand. For instance, if you send forward a thousand lambs, they would not get a thousand lambs of Mr. Witty's brand, but the first thousand lambs which came along, and there may be half a dozen brands. In that way the brands only are pooled.

107. You say that some companies are paying a higher price than the legitimate price and then nominating those lambs, and yet other companies, according to your statement, may be getting the lambs which other people may have given a higher price for?—They do not mind whose lambs they are so long as they get them. First-grade lambs are the same wherever you get them from.

108. Then you consider that the Board of Control at Home is a farce?—Absolutely. I have not yet given you the details which will prove that the Committee at Home is a farce.

109. I think you said that Sims, Cooper, and Co. were very large buyers of meat here?—Yes, I think they are the largest in the Dominion.

110. I have figures here which go to show that they only received £360,000 worth of meat which they shipped Home, whilst other companies were getting a far larger amount from the Government out of a total of £6,000,000 or £7,000,000?—Well, of course, those are tricks of the trade. There are more experts than you or I, and they have a clever way of covering up their track of business. You would want to go into the ramifications of every company to find out the true position. I have already mentioned one company to you. They may ship that meat under the name of Sims, Cooper, and Co., but you would require to find out what they put through the London Produce Company, which is owned by Mrs. Sims, Mrs. Cooper, and two others.

111. According to the information I have received they have only obtained that quantity of meat, and yet they are practically the largest buyers in New Zealand?—The only man who can check that is Sir Thomas Robinson, and I have no faith in him. I said at the time that he was the wrong man for the position. He had interests in other directions.

112. Have you any faith in Sir Thomas Mackenzie?—I have a lot of respect for him, but he is not in the position to go against the tide. I and others had a man at Home who was watching these matters, for which he was paid £1,500 a year. When Sir Thomas Mackenzie took office he asked me to allow this man to remain, but I said "No, it is for you to attend to that business now; we have paid £1,500 a year for some time, but we will do it no longer." He then said to me, "You cannot expect me to fight the matter in my official position unless the farmers combine and help me."

113. Is Sir Thomas Mackenzie interested in any of the meat companies?—That I cannot answer.

114. You think the small amount of meat received by Sims, Cooper, and Co. is fictitious?—Yes, I think they have got a quantity of meat through other channels. Sims, Cooper, and Co. do not want the meat at Home—they are not retailers. The Australian report says that the bulk of the meat they purchased went to Swift and Co.

115. Do you think it would be very difficult to find out what they do ship?—No; you could find out from the records of the various freezing-works in the Dominion.

116. And then subsequently find out to whom it was nominated?—Yes. You want to get a return from every freezing company showing who were the owners of the meat when shipped, who were nominated to receive it at the other end, and you can then form your own opinion. I will venture to say that you will find from the various freezing-works different persons have been nominated to receive Sims, Cooper, and Co.'s meat.

117. *Mr. Forbes.*] You have been connected with the agitation in connection with the meat trade for some years?—Yes.

118. And I suppose you have aroused a good deal of opposition in connection with your crusade?—Yes, and I have been attacked very bitterly; but I can say this, that no man in the shipping trade or the meat trade has attacked me in public. I have challenged them to do so, but they dare not. I supplied every leading firm in London with a copy of the report I made before it was published or before anything was done here. I asked them for a criticism of the report, and in only one instance was exception taken to it; but at the request of that firm the letters between us were not published, and they have been withheld up to this moment. I may tell you that I have discussed the matter with pretty well all the leading men in the meat trade at Home, men such as Sir Montague Nelson, Weddell and Co., Fletcher and Co., Borthwick and Co., and other leading men.

119. You say in your report that we want to get ready now to handle this question, but some of the measures you have suggested are merely temporary—you suggest that we may require to do something later on in a different way?—Yes.

120. You have not gone into a comprehensive scheme of remedying the whole trouble?—Yes, I think I have; but in any scheme like this you cannot altogether see the future in every detail.

121. The position you take up is this: that the meat will have to be controlled from the producer to the consumer?—That is so.

122. You believe it is better done by State regulation?—Eliminate all middlemen.

123. You are favourable to State ownership?—No, but State control.

124. Not a continuation of the present system of buying meat on the hooks?—No.

125. You do not think that is workable?—While the war is on it is, because the Imperial authorities want portion of the meat for the troops.

126. How are you going to keep out the trust if you are not prepared to get some one to take over the ownership of the meat?—First of all eliminate their influence and control in the shipping which carries our produce. That is the first stepping-stone, and then control your produce.

127. To what extent?—Direct to the retailer.

128. Supposing you fix up the shipping, and the Meat Trust comes here and is prepared to give a higher price for our meat than what we can get from the ordinary firm, how would you deal with that position?—Deal with it by legislation—by providing that nobody is allowed to sell to those firms who are not licensed to buy. That would be for the Government to do in order to protect the country.

129. Can you not see a great deal of difficulty in regard to passing legislation to say that the farmer shall not accept a higher price from certain firms?—There is a difficulty, of course, but it is a question of the lesser of two great evils. It is possible for the trust to dominate our commercial interests in this matter, which would be worse.

130. That is all right; but the other question, of the State taking over the meat-control and handling it, as compared with passing legislation preventing the farmer from accepting higher prices, which do you think would be the easier to manage?—I should think the easier to manage would be for the State to take it up.

131. On the lines on which they are taking it up at the present time?—Yes; but the trust influence at the other end may become dangerous again.

132. You said the American meat people have said that it is absolutely necessary to get the lamb and mutton if they are going to expand their business any further than what it is?—Yes, that is so; they could not open another shop or take more customers because their supplies have already gone.

133. The position is that the trust is absolutely under the necessity of getting our lamb?—Yes, to enable them to expand further in England.

134. Is not that what we are aiming at, to get the highest possible price for our produce?—No, not if it is going to kill our main industry afterwards.

135. I do not mean temporarily, but the highest price over a period of years—a permanent high price?—Naturally that is our goal, but in fighting for that goal we must not allow our industry to be crippled. I think you might take a lesson from the action of the Fruitgrowers' Association in Australia. They say, "We will not accept the highest price; we will say what we think is a fair price, and let it go at that"; and if you offered them £5 a ton more they would not take it, because they consider it is in the interests of their industry not to accept the high prices which may be offered, but to keep up a steady regular business.

136. Could not a position like that be taken up by only one agency handling the whole of the meat?—In the steps I have suggested so far that phase is not covered. That was a phase that I thought would be better left alone. I would suggest trying the scheme I have put forward. If it works right let it go on; but, if not, then it would be better for the Government to take the thing over.

137. It does not appear to you as possible in any other way to deal with the trust and the question of their coming here as ordinary operating agents and genuinely offering a higher price to the farmer?—I would treat a trust in the same way as I would treat a German—they are the same. The Government forbids us dealing with the Germans to-day, and after the war there will be various restrictions. It is necessary to put some curbing restriction on the trust just in the same way as a curbing restriction is put on our country in regard to dealing with an alien enemy.

138. I have not the same objection against the American as you have against the German. Supposing you eliminate the American trust you may build up a British trust: is there any difference then?—Not so long as it is controlled by the right people—not for the purpose of money-making, but for the benefit of the producers.

139. But would you find a British trust animated by any different desires?—No, they are equally bad.

140. As far as we are concerned in New Zealand, if we handle the position here, then the question of fixing it up at the other end would arise?—Yes, that is so, and what I suggest is that we should sell through an independent committee which is not associated with the meat or shipping rings. We would have to choose the small retailers throughout England to dispose of the meat. There are any number of firms at Home with fifteen hundred shops, and that is not in our interests. We want to sell through the small retailer, and not the multiple-shop owner.

141. Do you not think it would be better for us to distribute our produce proportionately amongst them all?—Do you mean the big trusts too.

142. Yes, the big trusts too?—No, I do not. We know their aims and objects and the result of their work in other countries, and we are frightened of them. We do not want to do any business with them.

143. You would not sell to the trust shops at Home?—No.

144. Would you sell to Borthwick and Co.?—So far as is known they are the trust.

145. Would it not be possible for them to have a British firm acting for them if they found any scheme was disadvantageous to them?—Yes. The trouble is to find a firm which is not in some way or another mixed up with the trust or under their control.

146. In regard to the method of nomination, you say that the farmers do not use their nominations?—The average farmer does not.

147. Then the nomination falls into the hands of the freezing companies?—Yes, that is so.

148. And the freezing companies nominate the meat?—Yes.

149. And the freezing companies get the profit?—There is no profit from it.

150. There is the profit which goes to the private firms?—My experience has been that our company has made no profit out of it. Of course, we have to nominate through people whom we consider are independent of the trust.

151. You have not attempted to make any profit from the nominations?—No.

152. Do you think the Government should control the freezing-space for the coming season on account of the risk of the trust mopping up all the space?—That is a very doubtful question. Of course, in the past there has been very good justification for that, because a lot of the old freezing-works allowed their space to be booked up for a long period ahead by the large buyers and Meat Trust people, but during recent years new companies have come into existence, and that has been done away with. If that had continued I might advocate that at this juncture we should wait and see.

153. Until it is too late?—I do not know. I am sure the trust has no dominating control in our district.

154. You anticipate that the freezing-space for the coming season will be taxed to its utmost?—Yes.

155. Do you not think that under the circumstances there should be some control in order to see that the *bona fide* farmer is able to get his meat into the factory?—If it is the experience of others that they are losing that right I would say Yes; but, if that is done, then legislation should provide for preference to be given to the shareholder of any particular works.

156. Do you not think it would be a wise thing for Cabinet to set up some Board in order to provide that the space is not monopolized by some policy?—Yes, personally I would have no objection to that. There is a great fear against Government interference, but I think if the Government had a controlling voice it would be a good thing.

157. A sort of Government regulation?—Yes.

158. *The Chairman.*] That is, to get over the trouble you complained of with reference to the ship "Port Chalmers"?—Yes, it would absolutely get over that difficulty.

159. *Mr. Scott.*] There has been a good deal said about trusts: how would you define a trust?—I would define a trust as a body of men who have proved themselves to be a menace to the pastoral industry in any part of the world.

160. That is, the existing trusts?—Yes.

161. Supposing a number of retailers in a town in England combined in order to send a buyer out here to purchase meat for them, and then send it direct Home to them, would you call that a trust?—Not necessarily.

162. Not at the start?—In order to define a trust it would be necessary to have some regulation as to what firms are to be declared "black." There would be no objection to what you have stated. I would suggest that it would be a very good thing for the Government to say that all buyers and exporters who are not *bona fide* farmers are to have licenses. You spoke of the big retailers at Home—they get licenses; but take a firm like Armour and Co., there would have to be legislation to prevent their getting a license. Why should you be afraid to refuse Armour and Co. the right to get meat when you know that their operations have been detrimental to the pastoral industry in other countries?

163. You were at Home in 1910 and 1913, were you not?—In 1912. I arrived back here in 1913.

164. On that occasion did you go Home on your own account or in the interests of your own business?—No. On the first occasion I went Home as the Mayor of Gisborne to float a loan and buy material for some big works. At that time the question of the trust was being discussed in the Dominion, and the Farmers' Union passed a resolution asking me to investigate it, and it was in consequence of that request that I went into the subject. I went through America purposely in order to inquire into the trust.

165. And since that time you have followed it up?—Yes, as far as I could; but my health has not been too good, and I have had to retire from public life.

166. During those visits were you acting as an agent?—Not in any way. I paid my expenses out of my own pocket. I got the people I represented to establish the Bristol Producers' Association, which was to handle the produce outside of London, independent from the trusts and that sort of thing.

167. Is that association in existence now?—Yes.

168. And is the meat going Home to that association?—They are getting portion of the released meat.

169. Has it been successful?—Yes, and it has paid a dividend ever since it has started.

170. Would it be possible to establish other combinations such as that?—That is what is required, and it was with that object that the association was formed, in order to get firms to attend to the purchase, hand the produce to the retailer, and eliminate the middleman. I have never received a sixpence from the Bristol Association or any other association in connection with these matters.

171. There has been a good deal said in regard to the personnel of what is called the Distributing Committee. I understand that Sir Montague Nelson is connected with the meat business?—Very largely. He is the head of the Colonial Consignment and Distributing Company, large dealers in meat.

172. I have not heard it from you that Sir Thomas Robinson is connected with the meat business?—He is connected with shipping and other things. He is also connected with Birt and Co., so that in a way he is interested in meat.

173. But not directly interested as an individual in the retail business?—No, not to my knowledge.

174. It has been rumoured that he has a direct interest or is the owner of retail shops in London?—That is very possible, just as Birt, Potter, and Hughes would be. In the pamphlet issued by the New Zealand Producers' Association it states, "Birt, Potter, and Hughes (associated with and control Knowles and Perfect): Shipowners; buy and sell all sorts of meat; has stall on market; sell on commission or otherwise."

175. Do you know that Sir Thomas Mackenzie has taken an active interest in the work of the Distributing Board?—Not more than I have been able to judge by the cables. I repeat that I think it would be in the interests of the Dominion if Sir Thomas Mackenzie was not on that Committee.

176. How often does the Committee sit?—I have no knowledge.

177. You do not know if Sir Thomas Mackenzie can afford the time to sit on that Committee?—No. I assume it would require a deal of attention and time, which he possibly may not have available.

178. *Mr. Anstey.*] Is it or is it not almost as important that prohibited meat should be shipped to feed the civilian population as well as the Army meat?—That is a question I would not venture to give an opinion upon. I would take the Imperial instruction that they consider that the Army meat is of the first importance.

179. But do they not require the meat for the civil population almost as badly as they do for the Army?—No, because there is a great proportion of the meat which is home-grown, which the Imperial authorities could not get control over very quickly, available for the civil population.

180. You differ entirely with the proposal to ship this prohibited meat?—I do.

181. You said you had been refused space for the purpose of supplying Army meat?—No, not Army meat—civil-population meat.

182. Is it not probable that the reason why they refused you the right to ship lamb was because instructions had been issued to ship a large share of Army meat?—That is so, but they did not apparently extend their refusal to others.

183. You had not previously shipped a large quantity?—No, we had not, for we only started in December killing properly. I have prepared a statement showing the ships that have been used in our trade and the number of trips they have made. I have obtained information from the *Trade Review*, and if those publications are correct and reliable then they show that there is extremely less control over those ships than one would imagine. I think this statement will show the necessity for changing the Shipowners Committee. Some of the ships made only one

trip, others none at all, and yet they are supposed to have been wholly engaged in the New Zealand trade. The statement is as follows:—

[NOTE.—This and the following five lists were supplied by the New Zealand Shipowners Committee to the Minister, as per letter, 13th January, 1917; the italic interlineations are W. D. Lysnar's, and the dates set opposite the number of trips represent the approximate dates of each sailing of the boats from New Zealand since July, 1914, to August, 1917, both months inclusive. These sailings have been made up from the *New Zealand Trade Review*, and if these published returns are reliable then the trips and dates may be taken as substantially correct.]

FLEET OF NEW ZEALAND SHIPPING COMPANY (LIMITED).

"Hororata": Built specially for New Zealand trade. Launched 1914; loaded out to Australia first voyage, and commandeered by the Commonwealth Government as a transport, and has continued in that capacity throughout the war.

"Hurunui": Employed regularly in the New Zealand trade. Made one round voyage to Australia; loaded there, and left October, 1914.
*Three trips—12th October, 1915; December, 1916; August, 1917.*

"Kaipara": Sunk by enemy, August, 1914.

"Kaikoura": Employed regularly in the New Zealand trade.
*Five trips—3rd October, 1914; 4th March, 1915; 20th November, 1915; 17th October, 1916; 6th January, 1917.*

"Opawa": Employed regularly in the New Zealand trade. Made one round voyage to Australia, and left there for England, December, 1914.
*Three trips—22nd August, 1915; 30th April, 1916; 2nd January, 1917.*

"Orari": Employed regularly in the New Zealand trade.
*Five trips—24th July, 1915; 16th December, 1915; 26th July, 1916; August, 1917; 20th March, 1917.*

"Otaki": Employed regularly in the New Zealand trade. Loaded in Australia, 1916, not being required to load in New Zealand; sunk by enemy, March, 1917.
*Five trips—11th August, 1914; 28th July, 1915; 19th September, 1915; 6th May, 1916; November, 1916.*

"Paparoa": Employed regularly in the New Zealand trade. Made one round voyage to Australia, and left there for England, December, 1914.
*Three trips—4th July, 1916; 27th August, 1916; 5th May, 1917.*

"Remuera": Employed regularly in the New Zealand trade.
*Six trips—25th September, 1914; 11th February, 1915; 15th July, 1915; 7th January, 1916; 1st December, 1916; 2nd January, 1917.*

"Rimutaka": Employed regularly in the New Zealand trade. Made one round voyage to Australia, and left there for England, October, 1914.
*Six trips—4th July, 1914; 14th August, 1915; April, 1916; 8th March, 1917; 14th May, 1917.*

"Rotorua": Employed regularly in the New Zealand trade. Sunk by enemy, March, 1917.
*Five trips—2nd July, 1914; 8th April, 1915; 9th September, 1915; 24th August, 1916; 2nd July, 1917.*

"Ruahine": Employed regularly in the New Zealand trade.
*Five trips—12th March, 1915; 14th August, 1915; 1st February, 1916; 4th January, 1917; 25th July, 1917.*

"Ruapehu": Employed regularly in the New Zealand trade.
*Five trips—4th June, 1915; 18th December, 1915; 1st August, 1916; 14th March, 1917; August, 1917.*

"Tongariro": Employed regularly in the New Zealand trade. Wrecked on New Zealand coast, September, 1916.
*Four trips—22nd December, 1914; 24th July, 1915; 23rd March, 1916; 16th September, 1916.*

"Turakina": Employed regularly in the New Zealand trade.
*Seven trips—30th July, 1914; 29th May, 1915; 24th July, 1915; 17th December, 1915; 15th May, 1916; 3rd November, 1916; 26th April, 1917.*

"Whakatane": Employed regularly in the New Zealand trade.
*Four trips—26th January, 1915; 3rd August, 1915; 3rd August, 1916; 11th January, 1917.*

"Waimate": Employed regularly in the New Zealand trade.
*Three trips—11th February, 1915; 28th June, 1916; 21st April, 1917.*

NOTE.—A few of the company's steamers have made intermediate trips between New York and England, and New York and France, to fill in time while awaiting their turn on the loading-berth.

SHAW, SAVILL, AND ALBION COMPANY (LIMITED): SHOWING HOW STEAMERS HAVE BEEN EMPLOYED SINCE THE COMMENCEMENT OF THE WAR.

"Arawa": Conveyed New Zealand troops home in autumn of 1914; since when has been regularly employed in New Zealand trade.
*Five trips—11th May, 1915; 27th August, 1915; 20th April, 1916; 1st October, 1916; 7th April, 1917.*

"Athenic": Conveyed New Zealand troops home in autumn of 1914; since when has been regularly employed in New Zealand trade.
*Five trips—6th August, 1915; 13th January, 1916; 7th July, 1916; 30th December, 1916; 16th July, 1917.*

"Corinthic": Has been regularly employed in New Zealand trade.
*Six trips—10th October, 1914; 26th July, 1915; 10th August, 1915; 27th January, 1916; 9th September, 1916; 5th April, 1917.*

"Ionic": Has been regularly employed in New Zealand trade.
*Seven trips—16th July, 1914; 4th December, 1914; 24th April, 1915; 17th September, 1915; via Australia, 2nd May, 1916; October, 1916; 11th May, 1917.*

"Tainui": Has been regularly employed in New Zealand trade.
*Six trips—6th November, 1914; 26th August, 1915; 22nd February, 1916; 5th August, 1916; 19th January, 1917; 2nd August, 1917.*

"Delphic": Has been regularly employed in New Zealand trade, but since March, 1917, has by Imperial orders been trading with America.
*Five trips—21st August, 1914; 12th February, 1915; 5th August, 1915; 8th March, 1916; October, 1916.*

"Karamea": Has been regularly employed in New Zealand trade.
*Five trips—8th April, 1915; 18th September, 1915; via Australia, 28th November, 1915; 1st July, 1916; 23rd March, 1917.*

"Kia Ora": Has been regularly employed in New Zealand trade.
*Five trips—8th January, 1915; 7th July, 1915; 15th January, 1916; 13th July, 1916; 27th January, 1917.*

"Kumara": In accordance with arrangements made before the war, when it was evident there was no cargo for her in New Zealand, this steamer loaded from Australia in October, 1914, but has since been regularly employed in the New Zealand trade.
*Five trips—15th April, 1915; 16th October, 1915; 9th April, 1916; 13th October, 1916; 22nd January, 1917.*

"Mamari": Regularly employed in New Zealand trade, but since March, 1917, has by Imperial orders been trading with America.
*Six trips—13th August, 1914; 5th January, 1915; 10th June, 1915; 22nd December, 1915; 10th July, 1916; 14th January, 1917.*

"Matatua": In accordance with arrangements made before the war, when it was evident there was no cargo for her in New Zealand, she made one voyage home from Australia in September, 1914, since when has been employed in New Zealand trade, but is at present out of commission undergoing repairs.
*One trip—7th October, 1915.*

"Pakeha": Has been regularly employed in New Zealand trade, but for four months in 1915 was by Imperial orders diverted to America.
*Five trips—6th November, 1914; 18th May, 1915; 12th February, 1916; 24th September, 1916; 26th April, 1917.*

"Rangatira": Was requisitioned by Commonwealth Government in autumn, 1914, for conveyance of troops for one homeward voyage, since when was regularly employed in New Zealand trade until lost at Cape Town, 31st March, 1916.
*One trip—3rd December, 1915.*

"Waiwera": Has been regularly employed in New Zealand trade.
*Five trips—14th July, 1914; 21st January, 1915; 22nd July, 1915; 2nd September, 1916; 5th April, 1917.*

"Zealandic": Has been regularly employed in New Zealand trade, but for four months in 1915 was by Imperial orders diverted to America.
*Four trips—27th November, 1914; 22nd May, 1915; 5th October, 1916; 18th May, 1917.*

"Raranga": Has been regularly employed in New Zealand trade since built in latter end of 1916.
*One trip—29th March, 1917.*

"Waimana": Conveyed New Zealand troops home in autumn of 1914; afterwards made a voyage from New Zealand, and was then by Imperial orders utilized for about fifteen months in trading with America and elsewhere. Afterwards made a voyage in New Zealand trade, and is since February, 1917, by Imperial orders trading with America.
*Two trips—21st July, 1915; November, 1916.*

"Tokomaru": Torpedoed, 31st January, 1915, at Havre, on voyage from New Zealand.

NOTE.—All the insulated space on the foregoing steamers was requisitioned by the Imperial Government in March, 1915; and in March, 1917, the steamers themselves were requisitioned.

CUNARD (COMMONWEALTH AND DOMINION) LINE.—INSULATED STEAMERS: SHOWING HOW THEY HAVE BEEN EMPLOYED SINCE THE BEGINNING OF THE WAR.

"Port Melbourne" and "Port Sydney": Requisitioned by Australian Government from commencement of war.

"Port Napier": Australian troopship, but also available for meat loading in New Zealand.
*Was "Hawke's Bay." One trip—9th October, 1915, via Australia.*

"Port Nicholson": Australian troopship until sunk by submarine on 20th January, 1917.
*Was "Makarini." Four trips—14th July, 1914; 16th February, 1915; 26th August, 1915; 20th March, 1916.*

"Port Adelaide": Sunk by submarine on 5th February, 1917, while outward bound to New Zealand.
*Was "Indrapura." Three trips—15th January, 1915; 2nd August, 1915; 7th March, 1916.*

"Port Victor": Auxiliary to the Grand Fleet from commencement of war until February, 1915, since when available for meat loading in New Zealand.
*Was "Muritai." Three trips—6th May, 1915; 22nd July, 1916; and 25th February, 1917.*

"Marere": Imperial Government transport until sunk in Mediterranean in 1916.
*Nil.*

"Port Alma": Made two trips to River Plate at end of 1914–15, since when running regularly to New Zealand.
*Was "Indralema." Two trips—16th June, 1916; 9th July, 1917.*

"Port Pirie" ..
*Was "Star of India." One trip—6th January, 1916.*

"Port Elliott" ..
*Was "Indrabarah." Three trips—25th December, 1914; 20th August, 1916; 8th March, 1917.*

"Port Hardy" ..

"Port Chalmers" ..
*Was "Whakarua." Three trips—11th September, 1915; 23rd June, 1916; 14th January, 1917.*

"Port Lyttelton" ..
*Was "Niwaru." Three trips—12th February, 1915; 14th May, 1916; 8th September, 1915.*

"Port Chalmers" ..
*Was "Star of Scotland." One trip—3rd December, 1915.*

"Port Hacking" ..
*Was "Muniro." One trip—25th February, 1916.*

"Port Stephens" ..
*Was "Star of Australia." Four trips—10th October, 1914; 11th April, 1915; 8th November, 1915; 26th July, 1916.*

All requisitioned by Imperial Government since March, 1915, and running regularly to Australia and New Zealand until recently, when, owing to the food situation in Great Britain, about half of them have been diverted to the United States and River Plate trades under Imperial Government orders.

"Port Albany": *One trip—3rd October, 1915.*

"Port Kemble": *One trip—17th January, 1917.*

FEDERAL AND SHIRE LINES.—STATEMENT SHOWING EMPLOYMENT OF STEAMERS SINCE THE BEGINNING OF THE WAR.

"Argyllshire," "Wiltshire," "Shropshire," "Ayrshire," and "Suffolk": Requisitioned by Australian Government as transports from the commencement of the war.

"Devon": Been trading to New Zealand, but now under charter Imperial Government as transport.
*Three trips—4th March, 1916; 26th September, 1916; 6th April, 1917.*

"Middlesex": Sunk by submarine whilst outward bound to New Zealand, May, 1917.
*Two trips—7th July, 1916; 28th January, 1917.*

"Westmeath": On fire last voyage, now being repaired in United Kingdom.
*One trip—18th January, 1916.*

"Northumberland":
*One trip—23rd March, 1917.*

"Cumberland":
*Two trips—30th April, 1916; November, 1916.*

"Essex":
*No trips.*

"Dorset":
*Two trips—12th October, 1915; 13th May, 1916.*

"Somerset": Been trading to New Zealand, but understand now diverted to transatlantic service.
*Four trips—23rd January, 1915; 14th August, 1915; 11th April, 1916; November, 1916.*

"Sussex": Struck mine and beached; understand being repaired in United Kingdom.
*One trip—August, 1914.*
"Durham":
*One trip—9th September, 1916.*
"Roscommon":
*One trip—8th September, 1916.*
"Leitrim":
*One trip—25th April, 1917.*
"Limerick":
*One trip—18th January, 1916.*

All Federal and Shire steamers are interchangeable Australian New Zealand trade; no special steamers being apportioned either service. General practice has been to load steamer in country where completes discharge, and all the above, except Australian transports, have loaded in New Zealand from time to time since the commencement of the war.

STEAMERS WHICH HAVE BEEN DIVERTED FROM AUSTRALIA TO NEW ZEALAND FOR ONE VOYAGE EACH SINCE THE BEGINNING OF THE WAR.

| 1915. | | 1916. | | 1917. | |
|---|---|---|---|---|---|
| "La Blanca" | .. August. | "Afric" .. | .. May. | "Port Kembla" | .. January. |
| "Cufic" .. | .. September. | "Borda" .. | .. „ | "Palma" .. | .. March. |
| "Carpentaria" | .. „ | "Carpentaria" | .. „ | "Port Alma" | .. February. |
| "Clan Mactavish" | .. „ | "Leitrim" .. | .. August. | "Middlesex" .. | .. March. |
| "Dorset" .. | .. October. | "Roscommon" | .. September. | "Ceramic" .. | .. „ |
| "Port Albany" | .. „ | "Dorset" .. | .. May. | "Leitrim" .. | .. April. |

To remedy the difficulties in regard to the ships as shown by that statement I have handed to the Committee, I would make the following suggestions, which were fully considered and approved of by the Farmers' Union Conference. They are as follows:—

1. That this conference strongly protests against the apportionment of shipping-space for ewe and lamb mutton, particularly to Wellington exporters, and demands that the Government should see to it that it should be apportioned equitably according to the amount of produce awaiting shipment from each shipping-port. We consider that this can only be satisfactorily carried out by the appointment of an individual or a committee answerable only to the New Zealand Government, and who is not associated with either the meat or shipping industry.
2. It is advisable that the shipping should be controlled in the United Kingdom by a shipping controller answerable only to the Imperial Government, who should be kept supplied by the New Zealand Government with data regarding the produce in store in New Zealand to enable him to estimate what shipping is required at this end.
3. All the shipping companies trading to New Zealand and plying for freight and passenger traffic should be declared by statute law to be common carriers.
4. That the Commercial Trusts Act of 1910 and its amendments should be made applicable to shipping. This Act prohibits the giving of secret commissions or creating any monopoly.
5. That immediate steps should be taken by the Government of New Zealand, either alone or in conjunction with the farmers and mercantile firms of the Dominion, to acquire sufficient ships to relieve the serious shortage of shipping for both intercolonial and Home trade, and at the same time to be a controlling factor in settling the freight rates to be charged; and, if necessary, to compulsorily acquire some of the New Zealand trading-ships that have been or are being sold to outside companies.
6. Strong representations should be made to the Imperial authorities to provide a legislative enactment that will forbid the granting of secret commissions and rebates on freight and the creation of shipping monopolies in England; in other words, to adopt our Commercial Trusts Act as it stands to-day, with shipping included.
7. That the Government of New Zealand should at once communicate and endeavour to arrange for the Imperial Government's consent to discontinue the system of nomination at this end provided for in connection with the sale of meat to the Imperial authorities, as it is mainly beneficial to such firms as work in conjunction with the meat trusts.
8. That a committee or an individual answerable only to the Imperial Government, and in no way associated with any firm or company engaged in the buying and selling of meat, should be appointed to control the handling of the surplus meat in England: and, further, that this committee or individual should arrange that any meat not required for Army or Navy purposes is sold in the United Kingdom through channels which are known not to be associated with the Meat Trust, for sale to consumers at the actual cost, plus all proper charges and reasonable allowances.
9. That the Government of New Zealand should take immediate steps to communicate direct to Mr. Lloyd George, Prime Minister of the United Kingdom, the above suggestions so far as they affect the Imperial authorities, asking for his and his Government's assistance in having effect given to the resolutions of this conference, as this conference feels that very grave injustices are being done, to the detriment of the English consumers and of the Empire and its Allies in the present great national struggle.
10. That as the producers have supplied their meat at less than the market value, and as the present arrangement is playing into the hands of the trust operators through the prompt payments which they are making, and as some of our ships have been, necessarily or otherwise, diverted from the New Zealand trade, this conference urges that it would be a fair arrangement and in the public interest that payment should be made on the hooks by the Government.

In addition, I would also make the freezing companies in New Zealand subject to the Commercial Trusts Act, in order to stop secret commissions or concessions being granted to the trust or large buyers, as is done by quite a number of the works throughout New Zealand. In fact, the trust buyers practically demanded that a concession be granted them. The law should provide that no freezing-works should give a concession to any one of its clients unless it is granted to them all. Also, as I have previously suggested, all buyers and exporters of meat other than *bona fide* farmers should receive a license from the Government permitting them to buy and export meat, reserving an absolute and untrammelled power to refuse to grant a license to any person where it is ascertained or known that he is acting directly or indirectly for any of the firms who may be classified as the Meat Trust. Careful power should be exercised to have these licenses reviewed or cancelled at any time should evidence be forthcoming during their currency that they are operating for or dealing with the trust. It is a question to be considered whether the Government should not provide some legislative provision for the gazetting of the names of firms who are prohibited from time to time dealing with our New Zealand produce, and necessarily the license would have to be issued with the distinct condition that the holder was barred from doing business with any firms that are prohibited from time to time.

For the information of the Committee, I attach a copy of a prior letter signed by Mr. James Findlay, as chairman of the New Zealand Overseas Shipowners Committee, dated 3rd May, 1917, and addressed to the Hon. Minister, W. D. S. MacDonald, Minister in Charge, which I referred

to in my first day's evidence, from which you will notice, from the second paragraph in the letter, dealing with the Imperial instructions regarding the shipment of meat, which I maintain is correct and accurately stated, particularly so as regards the instructions to the freezing company of which I am chairman. The Committee will notice that this paragraph is entirely different to the position as stated in Mr. Findlay's subsequent letter of 13th June as quoted above; and I distinctly say that, so far as my company is concerned, from February to March inclusive we were anxious to ship ewes and lambs, but were prohibited. On one occasion we received a letter from Mr. Triggs, as Controller, authorizing us to ship a small quantity of lamb and ewe mutton, but shortly afterwards, and before any ship had come to Gisborne by which we could make any shipment after the receipt of Mr. Triggs's letter, a letter was received from Mr. Findlay cancelling the permission granted by Mr. Triggs's Department. Consequently the Committee will have two letters addressed to the Minister in Charge showing two different positions regarding Imperial instructions for the shipment of meat, and I asked the Committee to accept as correct the statement in Mr. Findlay's letter of 3rd May, and not of his letter of 13th June. The letter I refer to reads as follows:—

DEAR SIR,— 3rd May, 1917.

Referring to the question of shipment of ewe mutton and lamb by the Poverty Bay Farmers' Meat Company, which was brought before this Committee to-day by Mr. Triggs, the matter has been fully considered, but my Committee regrets its inability to provide space at Gisborne for ewe mutton and lamb.

The Imperial Government desires that a special preference should be given to beef, firstly, and then wether mutton, and instructions received by this Committee from the Imperial authorities in April authorize it to allot space for ewe mutton and lamb where necessary in order to prevent the closing of freezing-works.

The Poverty Bay Farmers' Meat Company has more than sufficient beef and wether mutton in store to fill the allotment already made of it. The freezing-works mentioned are not threatened with a cessation of killing operations, and this Committee regrets it has no option in the case of the Poverty Bay Farmers' Meat Company but to carry out the Imperial Government's wishes that special preference must be given to beef and wether mutton.

With regard to the statement that Wellington freezing companies particularly have shipped a considerable quantity of lamb, this, it may be said, was justified by special circumstances.

I have, &c.,
NEW ZEALAND OVERSEAS SHIPOWNERS COMMITTEE,
JAMES FINDLAY, Chairman.

The Hon. W. D. S. MacDonald, Minister in Charge,
Department of Imperial Government Supplies, Wellington.

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WILLIAM WOOD examined. (No. 12.)

1. *The Chairman.*] What is your position?—I am a merchant in Christchurch, and head of the firm of William Wood and Co. (Limited).

2. You know the object of setting up this Committee is to inquire into the dealings of the American Meat Trust, and it has been suggested that you might be able to give the Committee some information?—Well, it is a matter that we are all very much interested in. I have been in the meat trade since its inception, and I have done a very considerable business in it one way and another. Whether there is a meat trust or not is for you gentlemen to say when you have heard all the evidence. There are very large operators in the meat trade—in fact, gigantic operators. The principal ones are Armour and Co., Swift and Co., Morris and Co., and others, who are called the "Big Four"; but whether they are in any way combined to act as a trust is a matter for you gentlemen to find out. I have no evidence to give on the matter myself, and neither can I throw any light upon the matter. There are enormous dealers in meat, and those four firms are said to have a capital to the extent of £140,000,000 sterling; but I have not seen any balance-sheet or anything else to show that one firm holds any stock in the other. So far as doing business in New Zealand is concerned, those huge firms can do business with their enormous capital without infringing any of our laws whatever, and there is nothing in New Zealand to prevent them holding a controlling interest in any of our freezing companies. If that were so, in my opinion, it would be a disaster. It would not be very difficult to prevent them holding those shares, but that would not prevent them buying, neither would it be the wish of this community to stop them from buying; they must buy in the cheapest market they can and sell in the dearest, and as far as I can see they are not infringing any of the laws of the business. When I heard this Committee was to be set up I have spoken to many of the local buyers of meat, and I have not been able to find out there is any unfair way in which the Americans buy. Of course, you know that Armour and Co. have come right out in the open. Mr. Kingdon, who represents the company in Australasia, told me himself that he had come straight out into the open, and it was one of the conditions under which he joined the association that their dealings were to be straight out from the shoulder—there was to be no smoke-cloud or anything to hide it. I do not know anything about what the arrangements are of Swift and Co. It is generally supposed that some firms in Christchurch represent them. I tried to sell them some meat, but other people were able to sell better on account of their larger supplies. I think there is possibly some way in which you gentlemen will be able to control and look after the interests of the community. No doubt it could be done in many ways, but so far as the laws of business are concerned, and the laws of our limited-liability companies, there is nothing to prevent those large companies obtaining positions here, and to a certain extent controlling the business if they wanted to. Their large capital would enable them to buy the whole of the meat in New Zealand, which they could do if they gave a farthing per pound more than any one else. They are very large operators, but as to whether their operations are to our detriment or not

I cannot say. They not only deal in meat, but they are very large operators in pelts. The American market is the best market for pelts, and if we cut off that market, although it may be perfectly legal to do so, we would be cutting our own throats. They must surely be permitted to buy these goods. They have affected me in many ways, and just now it does not pay me to operate in meat. Since the war commenced I have ceased to operate in meat. I really do not see any way in which I can throw any light upon the subject. If I have had any experience which may be useful to the Committee I should be only too glad to answer any questions that may be put to me, but I have no ill feeling against the trust, and I cannot say that they are doing anything which is unbusinesslike.

3. You see no dangers ahead?—I see danger ahead. I can see that they might control works, and the only danger in that would be that the people who now control and own those works would probably lose their business, and then the danger would be that the Americans would be able to arrange their own price for the meat.

4. That would be very serious for the Dominion?—It might be; but at the same time the Jews are supposed to control the glass trade of the world. The American people practically control the tobacco trade of the world, and very soon they will control the automobile trade of the world and many other trades like that; and I do not see why they should not control the meat trade of the world, especially if a huge corporation comes out to do so. It is only a matter of money.

5. *Mr. Witty.*] You said just now that if we did not sell to the Americans these companies here would be practically cutting their own throats?—The incidence of sheep; pelts certainly.

6. And meat?—Well, I think if we do not sell to the Americans somebody else would control the trade in England.

7. Do you not think that if they got a monopoly they would cut our throats?—I should think it is very unlikely that they would obtain that monopoly.

8. Could you tell us the value of Armour and Co.'s shares?—No, I do not know. I have not seen their balance-sheet, but I have an old balance-sheet of Swift and Co.'s in my office.

9. Could you tell the Committee what Armour and Co. paid Joseph and Co.'s estate for their business?—Yes, if you wish to know. It is rather a private matter, but if it is any advantage to the Committee to know I can tell them. The late Mr. Joseph used to do all his business with us, and we were practically Joseph's bankers, and when he died the trustees came to us and said, "Here is an offer—shall we accept it?" We said, "Most certainly." They paid £5,000 for the goodwill of Joseph and Co.'s business. The goodwill merely consisted of a staff of six or eight buyers all over New Zealand.

10. As far as we can ascertain, they have only got £20,000 in shares?—Yes, according to their registered company.

11. Would that be sufficient to enable them to carry on the business that they are carrying on?—Yes, I think it would, in a way. There is no doubt that, although they have £20,000 in capital, they must have very large credits to draw against. They would probably have a credit established at their banker's of over £100,000. It would be what is called a recurring credit: as soon as one is finished another one commences. It is all a matter of exchange.

12. Could you tell us if they are purchasing more stock than Joseph and Co. did?—Yes, they are.

13. Could you tell the Committee the quantity of stock that Sims, Cooper, and Co. are putting through their various works in New Zealand?—No, I have no figures to show that.

14. Armour and Co. have their direct agents at Home, have they not?—Armour and Co., I understand, are controlled from Chicago. Whether they deal with Armour and Co. of London I do not know, but I fancy that is a separate firm—one firm working within another firm.

15. Seeing that they are controlled from Chicago, would you not think that £20,000 would be too small an amount to run that business with?—I should think, with credits, it would be ample, but you ought to be able to find out if they have those large credits.

16. *Mr. Anderson.*] Do I understand from your statement that you feel any anxiety about the trust doing any harm to the producers of this country?—Well, we hear so much about it that one is liable to think they might do, but when one boils it all down you cannot say that there is a large corporation. It is a number of large firms competing with one another. There is no doubt that Swift and Co. and Armour and Co. compete with one another just as keenly as Borthwick and Co. or the Christchurch Meat Company.

17. You are quite certain of that in your own mind from what you have seen of their operations?—Yes, I can say that without any doubt.

18. You said that Armour and Co. and Swift and Co. were represented here in New Zealand, but Swift and Co. are not out in the open as Armour and Co. are trading under their own name?—It is generally supposed by the people connected with the business that some firms have taken care of Swift and Co.'s interests.

19. But you have no direct evidence that Swift and Co. are operating here?—No.

20. You said that you have sold some meat yourself to Swift and Co.?—Yes.

21. Did you sell to them direct?—Yes, there was a representative of theirs over here before they built their huge works in Brisbane, and I sold him some meat in those days.

22. You say you do not think we would suffer any great loss by the operations of the trust; but how is it that in America prices of stock have gone down in comparison with the retail price, and flocks have also gone down? That is supposed to be due to the influence of the trust: have you any knowledge of that?—No.

23. Might not the same thing happen here?—I should think that from the amount of competition here it would not be likely to happen.

24. But has not that competition resulted in some of the companies buying stuff above its value?—I do not think Armour and Co. are doing that any more than the other companies. I was talking to Mr. MacBeath, of the Canterbury Meat Company, and he mentioned a little incident which will show what I mean. Mr. Kingdon said to him, "What do you know about So-and-so as a buyer?" and he said, "I have sacked him; he is buying meat at too high a price." As far as I personally can see, the price of meat is too dear, and that is brought about more by the Government fixing the price. If people are buying too dear it is owing to the present abnormal condition of things.

25. Do you not think the trust has come in to buy up all the meat they can in order to eventually get it cheaper?—I do not think so.

26. Do you know that the nominated meat is going through the hands of the trust at Home?—No, I have no knowledge of that. I should presume that the largest controllers of meat would be those firms nominated by the Government.

27. *Dr. Newman.*] You are doubtless aware that the Chicago meat companies have dominated the control of the Argentine meat trade?—I understand they have some freezing-works and have control.

28. Do you think it would be of advantage to New Zealand if they had the dominant control here?—No, I do not.

29. Considering the enormous capital resources of the Chicago companies, is it not possible for them to get absolute control of the meat trade in New Zealand by wiping out all the small companies?—I should certainly think it would be possible, but not probable.

30. And if they did that, do you think that would be an injury to New Zealand?—I certainly think it would be a great disadvantage, and it is something which would have to be fought against, if it were possible to do so.

31. *Mr. T. A. H. Field.*] I understood you to say that some different companies are said to be taking care of Swift and Co.'s interests?—That is merely the talk of the street.

32. Will you tell us the names of the companies?—It is generally supposed that the Christchurch Meat Company is taking care of Swift and Co.'s interests.

33. And any others?—Not that I know of. It is only the talk in the street.

34. You mentioned Mr. Kingdon: has he ever said to you that Armour and Co. intended to get full control of the meat trade in New Zealand?—No, I have never heard of such a thing. It would be a most difficult thing to do. There are such a lot of buyers, and all those buyers have their clients.

35. *Mr. Reed.*] What was the amount of pelts exported to the United States last year?—I do not know, but it would be a very large figure.

36. How would it compare with the export of hides to Australia?—If any of our hides go to Australia it must be just for special work.

37. Are you surprised to know that £300,000 worth goes to Australia in the year?—Yes, I am surprised. I was not thinking of hides, but of pelts.

38. You can quite realize that if the trust got hold of a local freezing-works they could, with their capital, easily squeeze other firms out and get control of the trade?—As long as there is bricks and mortar and machinery to be got any one can put up freezing-works.

39. Do you think any one could compete against them if they bought freezing-works?—They have a very large capital, and it depends how much they are prepared to waste on it; but it must be remembered that we have some very large companies in New Zealand, such as the Christchurch Meat Company and Borthwick and Co.

40. *The Chairman.*] You mean, how much they would be prepared to invest?—Yes, how far they are prepared to go.

41. *Mr. Reed.*] Do you know how much they lost in fighting against the British freezing-works in the Argentine?—No.

42. Do you know that they killed the English freezing-works there?—Yes.

43. Have we any companies in New Zealand as strong as those British works operating in the Argentine?—No.

44. Are not a number of smaller freezing-works more vulnerable than one large freezing-works?—I should think a large freezing-works would be more likely to come to terms than a number of smaller ones.

45. You think a large freezing-works would be more likely to be hit than a number of smaller ones?—Yes, I think so. I think there is a very large goodwill in the different buyers. There is no doubt that if these large American buyers wished to buy all the meat in New Zealand they could do it, and by doing that they might close up all the other freezing-works. If they bought up all the meat in this province they would close up the Gear Company or the Meat Export Company.

46. Then you do agree that if they got control of the freezing-works they could squeeze out the smaller freezing-works?—Well, I do not think it is a matter of getting control of the freezing-works so much as getting control of the meat.

47. The meat cannot go out of New Zealand unless it is frozen?—No.

48. If other companies will not freeze for the American companies they must have freezing-works of their own?—Yes.

49. So that it must come to the same position?—Yes, very much.

50. Do you admit now that if they got control of the freezing-works they would be able to squeeze New Zealand?—I certainly say that if they wished, with their judgment and their money, they could certainly buy up all the meat and all the freezing-works.

51. And you think they would treat New Zealand differently to the Argentine and their own States?—I should think so.

52. *Mr. Anstey.*] Do you think a firm such as Armour and Co. and other American firms have any advantage over the British or locally owned firms in regard to taxation?—Where, in New Zealand?

53. Yes?—No, I do not think so. I do not think Armour and Co. have any works in New Zealand.

54. But it is a question of taxing their income?—No, I do not know that.

55. *Mr. Pearce.*] You say you were the controller of Joseph and Co.'s meat before they sold the business to Armour and Co.?—I said I was a sort of banker for them.

56. Did you ship the meat?—We consigned it and sold it.

57. Are you acting in any way for Armour and Co. now?—No, not in any way whatever.

58. Did Mr. Kingdon make arrangements with you to buy Joseph and Co.'s business?—No; he made them with Mr. Foster, who was Mr. Joseph's son-in-law.

59. Could you give us any information in regard to Armour and Co.: what is Mr. Carney in the business?—I think Mr. Kingdon is general manager, and Mr. Carney is really the man who holds the shares on behalf of Armour and Co.

60. You said that Armour and Co. did not own works in New Zealand?—I question it, but I am not aware whether they have or not.

61. There is a pamphlet issued by them, in which they say they have works in New Zealand?—I do not know where they would be, except perhaps in the North.

62. Have you any knowledge as to whether the shipping companies here are combined?—No, I have no knowledge on that subject.

63. You seem to be of the opinion that, although you say these companies are trading here, they are not a menace to New Zealand in any way at present; but do you not know that in North America and South America they have got control by forcing up prices and then reducing the prices to the producer: do you not think the same danger exists here?—Of course there is a possibility of that. I suppose if they really wanted to get control and insisted on having control of our mutton they would make a fight for it, and if they did I suppose they would probably win.

64. If they paid a shilling a head more for our sheep, in a year or two they would probably kill the small companies?—Yes, certainly; but I wish to emphasize that I do not know of their doing so.

65. *Dr. Newman.*] You told the Committee that Swift and Co. were operating through the Christchurch Meat Company?—No; I said that the talk round the town is that the Christchurch Meat Company is taking care of Swift and Co.'s business. I take it that the whole desire of the meat companies is to have a large quantity of meat to sell in the Old Country to make it worth their while, and they probably find it cheaper to do it in that way than to come out in the open and buy it.

66. *Mr. Pearce.*] When you say that Swift and Co. are operating, I presume you mean Sims, Cooper, and Co.?—I say they are not operating openly. Mr. Sims has told others that they are out on their own and buying on their own account. They have a company at Home called the London Produce Company, and they deal through that company.

67. We have had evidence from Australia that they sold largely through Swift and Co.?—Yes, I think they do.

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Sir GEORGE CLIFFORD, Bart., examined. (No. 13.)

1. *The Chairman.*] In what position do you appear before this Committee?—I am chairman of the Canterbury Frozen Meat Company.

2. You are aware of the subject with which this Committee is dealing—namely, the operations of the Meat Trust—and we should like to know if you have any statement to make?—Perhaps I had better state the position as to the nature of my company. The main function of this Committee, I understand, is to investigate the question of the trusts in relation to the meat trade.

3. Yes, that is so?—Well, the company I represent has no information to give on that subject. We are not buyers nor exporters of meat; we absolutely confine our business to converting live-stock into frozen carcases, and therefore we have not been brought in contact with any meat trust. We are entirely an exporters' company. The company was founded by Mr. John Grigg, and the object was to keep an open door for the farmer, in order that he might not be exploited by the meat-exporters or the formation of any ring. We have adhered to that system right throughout. We freeze for anybody, whether a meat-exporter or not, but we are chiefly concerned to see that the farmer, in spite of all combinations, may have an open door for the purpose of freezing his produce before it is sent to Great Britain or elsewhere. We are not concerned with what happens to the meat after it leaves our works. That is the general principle on which the company was formed, and that principle has been scrupulously acted upon right throughout. We have not frozen any meat for export by ourselves, except one or two small experimental shipments for the purpose of increasing our knowledge of the business, and those shipments would not exceed a thousand sheep in the whole history of the company. Therefore I cannot see what information I can give you, but I can say this: that we have never been approached by any American concern with a view to entering into intimate relations with them.

4. *Mr. Witty.*] Not for purchases?—Not for purchases or for the export of meat. If anybody sends in meat to our works we freeze it for them if we have the space, but we have no dealing whatever with that meat after it leaves our works. I think that explains the position of my company quite distinctly, and it possibly explains the reason why we have not been approached by any combination of exporters to assist them in any designs they may have had, even if any such designs exist up to the present day.

5. *The Chairman.*] Have you any statement to make in reference to the trust?—I have no reason to suspect that there is any combination in New Zealand which can be called a trust. It depends, of course, upon what is the definition of a trust. If by a "trust" you mean a combination to depress prices in New Zealand in order that a profit may be made out of the inflated prices elsewhere, then I have seen nothing to indicate that any such combination as that exists here in New Zealand. It is possible that such a thing may exist without one having that knowledge, but, as I have said, we are perhaps the last company in New Zealand which would be approached in that way. However, I have no information of my own knowledge to give to the Committee, and I have no suspicion that anything of that sort exists, because, so far as I am able to see, the competition between the American buyers has been keen and hostile. With that preliminary statement I am now prepared to answer any questions that the members of the Committee may put to me.

6. *Mr. Pearce.*] You say that your company was started to prevent rings being formed: do you restrict yourselves entirely to freezing for farmers?—No; we freeze for anybody who will send in stock.

7. Might you not under those conditions be freezing for the ring or trust?—Certainly it is possible, but is not done consciously.

8. Is it not a fact that your company has been freezing for Armour and Co.?—We have been freezing for Armour and Co. just the same as we do for anybody else. We do not know they are in any trust, and they have not been asking us for any special conditions.

9. Do you not give any rebates?—Yes, the same rebate as is given to anybody else who does a certain amount of business.

10. If they freeze 100,000 sheep they get a certain rate, and if above that number they get a higher rate?—No, we have no graduated scale.

11. What is the rebate?—I would sooner not say, because I think that is not a fair question to ask.

12. I suppose you freeze for larger quantities on a lesser scale than you do for small quantities?—We give a discount, but not specially to any one firm.

13. Have you been approached by any firm with the object of buying your works?—No, not in any way.

14. You said just now that you were not aware of any combination to depress prices: are you aware of any combination which exists for the purpose of increasing prices?—No, I am not aware of any combination at all.

15. You stated to the Committee that you thought the American companies were keenly competing with one another?—So far as I can see. One firm is already out in the open, and we assume others are buying in the ordinary market. I do not know whom they are buying through, but I have seen nothing to indicate to me that there is any combination between the firms.

16. Are you not aware as chairman of the Canterbury Frozen Meat Company that in other countries the operations of the Meat Trust have been in the direction of increasing the prices in order to kill the other companies, and not to depress the prices?—I should rather not express an opinion in regard to other companies, because I have no knowledge. We have attended to our own business in New Zealand, and have not worried about what is going on elsewhere.

17. *Mr. Anstey.*] You say you freeze for any one who comes along: what happens in connection with the offal—is that handed back to the person who supplies the sheep?—Well, it varies. The skin belongs to the owner, also the fat; but the fat is bought by the company. The rest of the offal—the unmarketable portion—is converted into manure and sold to farmers, and that is the perquisite of the company.

18. In regard to the rebate which you say is given by your company to shippers, do you justify that on the lines that you are making a saving yourself?—Yes. There is a saving in the handling of large lines.

19. Does the rebate you give more than compensate for that?—The great object is to keep the average overhead expenses down, and that can only be achieved by getting in large lines.

20. Would that enable you to give the farmer a greater price?—Yes, it would make some slight difference, but the amount would hardly be calculable.

21. *Mr. Reed.*] What is the capital of your company?—I did not come prepared with statistics, but I should think about £140,000.

22. Where was that capital subscribed?—In Canterbury.

23. It is all New Zealand capital?—The company has been in existence for a great many years, and some of the capital may belong elsewhere, but the bulk of the capital belongs to Canterbury farmers or their heirs.

24. Can you say that it is all local capital except transfers made to people leaving New Zealand?—Yes, that is so; but I think there is one Australian shareholder who has lately been selling his shares.

25. You say it is a farmers' company?—It was started for the protection of the farmer.

26. Are you still freezing for Armour and Co.?—Well it is hardly fair to say we are freezing for Armour and Co., because that implies a connection with them that does not exist. We freeze their stock the same as anybody else's.

27. How many works have you?—Three—Belfast, Fairfield, and Pareora.

28. Are all the works handling Armour and Co.'s stuff?—I do not think so. I think we have had some stuff at two of them, but very little, if any, at the third.

29. Do you know whether Armour and Co. freeze at the Christchurch Meat Company's works?—Yes, they do. I think they operate all over New Zealand.

30. Did your company freeze for Joseph and Co. before the business was sold to Armour and Co.?—Yes.

31. *Dr. Newman.*] Do you freeze for Sims, Cooper, and Co.?—Yes.

32. Is it a fact that the large freezing agents are taking steps to combine and squeeze out the small farmer from the works?—We take care that nothing of that sort happens with us.

33. *Mr. Talbot.*] You said your company was started to protect the farmer—protect him against what?—Against any combination which would prevent his having a free market. Our object has been to keep what I have called the open door for the farmer, in order that he may send in his produce to be frozen by us and consign it to anybody in London whom he may select.

34. So that if the Meat Trust got a hold that open door would still be there in the case of your company?—It is our intention to carry on our present policy and keep that door open at all hazards.

35. Does it not appear to you that the rebate system might lead to such a firm as Armour and Co. getting hold even of your company?—I do not think so, because if any inconvenience resulted therefrom we should take very good care that the system stopped.

36. It is not a secret rebate, but a concession which is given to any client who operates largely?—Yes, it is known throughout the trade.

37. You are not concerned with the shipping part of the business?—That is not in our province.

38. Have you any knowledge of any freezing-works getting more ewe and lamb away than they ought to be doing in spite of the fact that the Home Government have asked for wethers and beef?—No, I have no knowledge of that. The only case in which I have heard of such a thing happening was where the beef and wether mutton was exhausted in a certain works, and it became necessary to give that particular works some latitude in order to enable them to satisfy their clients. If they had any beef that beef had to be shipped before any lamb was shipped; but sometimes for the benefit of the district and in order to keep the trade going it has been necessary to give some relief of that sort.

39. In other words, when your works have lambs and not much mutton and beef, you are allowed to send them away?—Yes, I have heard of cases of that sort.

40. You have not heard of cases where some works have not been allowed to send prohibited meat away while others have?—No, I have not heard of any accusations of unfairness in that connection.

41. *Mr. Anderson.*] You said that your company gives a rebate to certain clients: do you give a special rebate to Armour and Co.?—No.

42. You have not been approached by Armour and Co. or Sims, Cooper, and Co. for a special rebate?—No.

43. *Mr. W. H. Field.*] What companies do you call the American companies?—Armour and Co. and Swift and Co. There may be others, but that is what I mean by the American companies.

44. You do not regard Sims, Cooper, and Co. as belonging to the American Meat Trust?—I do not know anything about their affairs—I have not inquired into their concern.

45. You have frozen for Armour and Co. and Sims, Cooper, and Co.?—Yes, but we have not frozen for Swift and Co. I do not think we have ever had any produce sent to us in the name of Swift and Co.

46. What is the minimum per sheep or bullock on which you allow this discount?—I could not tell you.

47. But it is only one discount—it is not a graduated scale?—No.

48. You have agents in London, but not agents for the sale of meat?—Not agents for the sale of meat, no.

49. You do not undertake any agency in respect of the sale of meat?—No, when clients ask our company to send produce Home we do so for them—we consign it to some firm of meat salesmen.

50. *Mr. Witty.*] But having done that you are finished with it?—Yes. If a farmer wants us to do that we send to either our ordinary agent or one of the ordinary brokers, and charge commission.

51. You freeze for farmers or any one in rotation according to the time they put the stuff in?—That is so.

52. You make no difference whether it is a large or small client?—Yes, we do; we differentiate in favour of the small man always.

53. You allow the farmer also, if he chooses, to take away his wool or his fat?—That is so; he can take the whole skin away and deal with it himself, but not the fat, because we buy that off him.

54. Could you give the Committee a rough idea of the quantity of sheep that Sims, Cooper, and Co. put through your works in, say, twelve months?—No, but I could get the information for you. One does not carry those figures in one's head.

55. *Mr. Forbes.*] Have you given any thought to the matter of the American Meat Trust getting possession of the trade in New Zealand?—I cannot say I have studied the matter very much.

56. You have followed the working of the frozen-meat trade very closely, have you not?—Yes.

57. You know there are fears that the American Meat Trust will get command of this market to the detriment of the producer: have you given any thought to that question?—I do not think it is possible. I think it will be the producer's own fault if it does.

58. Have you anything to say to the Committee which may assist them in coming to a conclusion as to how to prevent the Meat Trust working in New Zealand? Do you think it is a menace?—I am not prepared to say it is a menace to the producer at the present moment, because I do not think under the conditions of our freezing arrangements and the conditions of the London market that the American Meat Trust, if it exists at all, can have any detrimental effect. I do not think it can be said to be a menace under the present conditions in New Zealand.

59. Would you say that we would be quite justified in allowing things to go on as they are at the present time?—I think the Government would do well to watch things, but at the present moment I do not see what action they could take. If the American firms were setting up freezing-works here to the detriment of the farmers' freezing-works, for instance, and tempting the farmers by high prices with the ultimate intention of securing the meat at a lower price, then it would be time for the government to interfere, but I see no prospect of that. I do not see any evidence that there is a meat trust operating.

60. I suppose you know that Armour and Co. are part of the great American Meat Trust?—I have heard that stated, and I suppose it is true.

61. You think the matter has not arrived at that stage when it calls for any action?—Yes, that is my opinion.

62. You say that as far as you know the allocation of space has been satisfactory; but you know there was a great deal of dissatisfaction expressed by the farmers when the meat was first commandeered by the Government owing to their being unable to get space in Canterbury. Take, for instance, the starting of the Kaiapoi works—you know that arose out of the dissatisfaction?—No, I do not think that was the reason at all.

63. Do you think it is necessary in the interests of the producers that there should, in connection with the coming season, be some control of the freezing-space in order to see that the farmer does get a fair deal as far as space is concerned?—I cannot speak in regard to any other works but our own, and I think the farmers are safe in our hands. I know what care we take to conserve his interests, and I know that the same care will be taken in the future as in the past.

64. You know there are a good many freezing-works around Canterbury?—Yes.

65. Do you not think the farmers are being overprovided-for?—He is well provided for. At the present moment he is not overprovided-for, but when the war ceases we may find there is too much storage space. My own company is going to provide extra storage.

66. Has anything ever been mooted about a combination of freezing companies for the purpose of making better freight arrangements?—No one has approached us on the subject.

67. Do you think a federation of freezing companies would place them in a stronger position?—I think it would form a very strong trust.

68. Do you not think it better to have one trust to fight another?—No; I think you are better out of all the trusts.

69. *Mr. Reed.*] Do I understand you to say that as long as the freezing companies are locally owned we are safe against the trusts?—I do not say that; but as long as they are owned on the principle of the freezing companies with which I am acquainted, then I think you are safe against the trusts.

70. I took it to be your opinion that as long as the works in New Zealand were locally owned it was a big safeguard against the trust?—Yes, that is so.

71. Then would you recommend that the Government should bring in legislation to prevent outside capital going into the local freezing-works?—That requires a good deal of consideration. If you do anything of that sort it would apply to British capital as well as to the American trust, and it would interfere with certain vested interests of British companies, or perhaps American companies, who have erected works.

72. Supposing that were done for the protection of the country?—Speaking offhand, I think it would be a good thing.

73. Did you make last year your average profits, or less?—We made good profits, but we have not been able to realize the profits on account of the block in the shipping.

74. *Mr. Forbes.*] You are connected with shipping companies as well as with a freezing company?—I am a director of the New Zealand Shipping Company.

75. *Mr. Pearce.*] We have had it stated here in evidence that the shipping companies have now amalgamated, and that the American combine are the owners of the amalgamation. Can you give us any information on that point?—So far as I know I can give that an emphatic denial.

76. Take, for instance, the P. and O. line and the New Zealand Shipping Company's steamers?—I can only speak of my own personal knowledge, and I have not heard it suggested by the board or any one connected with the company that that is the case.

77. But they are now amalgamated with the P. and O. Company?—Yes.

78. Are you in a position to state that no American interests are in that combine?—To the best of my knowledge there are no American interests in that combine.

79. You say that the steamers are solely owned in England?—Yes, to my knowledge, solely.

80. *Dr. Newman.*] Is it not a fact that the object of the merger of the shipping companies in England was to keep the trade British?—I understand that was the object—to keep the trade in British hands.

81. So that when peace comes these large companies will be able to fight other outside large companies, which the small British company could not do?—Yes. The German-Lloyd Company

before the war was a great menace to British trade, and the amalgamation was brought about to fight that company after the war.

DEAR SIR,— Christchurch, N.Z., 23rd August, 1917.

I have the honour to forward you the figures which I was requested yesterday to furnish. The subjoined firms have frozen at our works the following stock during the past season: Armour and Co., 88,890 sheep and lambs, 1,035 cattle; Sims, Cooper, and Co., 93,823 sheep and lambs, 381 cattle.

Yours faithfully,

The Chairman, Meat Trade Committee, Wellington. GEORGE CLIFFORD.

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FRIDAY, 24TH AUGUST, 1917.

WILLIAM MURRAY examined. (No. 14.)

1. *The Chairman.*] What is your position?—I am a director and general manager of the New Zealand Refrigerating Company.

2. This Committee, as you are aware, has been set up for the purpose of investigating the operations of the Meat Trust, and the Committee will be obliged if you could make a general statement on the subject?—I would like first to make a short statement which was prepared for Mr. Knight, the chairman of directors of the company. He intended to give evidence last Wednesday, but unfortunately there was not time to hear his evidence, and he could not remain in Wellington any longer. The statement is as follows:—

"The New Zealand Refrigerating Company (Limited), the largest freezing company in the Dominion, is the result of the amalgamation of various local companies which have from time to time merged in order that the trade might be handled to better advantage. The original New Zealand Refrigerating Company was the pioneer company in the Dominion, and was incorporated in 1881, starting the first works at Burnside and Oamaru. The South Canterbury Refrigerating Company was founded in 1883, and was started at Smithfield. The Christchurch Meat Company was founded in 1889, and started at Islington. The Wairau Company was founded in 1896, and started at Picton. The South Canterbury Company joined forces with the Christchurch Meat Company about 1893, and the Wairau Company also came in some few years later. About twelve years ago the New Zealand Refrigerating Company also merged with the Christchurch Meat Company. All the shareholders of these various concerns remained shareholders as the various fusions took place. About twelve months ago the Christchurch Meat Company abandoned its name in favour of the old name, viz., 'The New Zealand Refrigerating Company (Limited).'

"The shares in the company are held almost entirely within the Dominion, although a few shareholders previously interested or in some way connected with the New Zealand interests or families are now resident in London. The total number of individual shareholders is to-day 1,033, and of this number more than one-half are actual farmers or sheepowners. Important alterations in the capital of the company are now in progress, in order to provide for additional storage to meet the critical position with which the Dominion is faced for next season's export trade. The circular to shareholders explains fully what is proposed. The debenture issue of the company is held by 297 individual holders, practically all resident in the Dominion.

"There has been no reliance in any way on English capital since the debentures to the shipping companies were paid off about 1910. At no time in the history of the company has any American capital been employed. The finances of the company are entirely self-contained, subject to trading facilities, which have been obtained as required from the Bank of New Zealand.

"The works under the company's ownership and control are as follows: Burnside, near Dunedin; Pukeuri, near Oamaru; Smithfield, near Timaru; Islington, near Christchurch; Picton, in Marlborough; Imlay, at Wanganui. The quantity of stock handled varies according to seasons, but about one and a half millions of sheep and lambs may be taken as a fairly representative average figure. The total number of cattle put through our factories during this last year was approximately 27,000. [*Vide* Exhibit 18.] In addition a large rabbit-freezing business has been carried on for many years at Burnside, although lack of space and shipping facilities has necessitated great restriction amounting almost to complete stoppage.

"The company, whilst large buyers, have always been open for freezing on account of clients, no matter whether these clients might be rival competitors or individual growers. Copy of circular issued in the North Island on the occasion of the opening of the works at Wanganui explains fully and clearly the methods of business current at each of the company's factories. The company has at all times adopted the most progressive policy in its power, and has consistently devoted its resources to the development of its various factories and plant, so as to adequately serve the requirements of the various districts served by its works, and has at all times

provided every facility for the treatment of stock on account of growers and owners on any lines desired. Until recently the company's buying operations were accountable for about one-third of the stock passing through its factories: the natural result, however, of fixed values created by the Government commandeering scheme has been to increase somewhat the proportion of the company's buying, as naturally there has not been the room for speculative purchase which previously existed. This last year, therefore, the share of the output provided by the company's own buying operations has risen to 43 per cent., leaving 57 per cent. of the turnover on account of clients.

"In regard to the distribution of our meat and other products, we have our own London office, controlled by our London manager, who is, of course, subject in turn to a broad control from the general management, Christchurch. Prior to the war much of the company's meat was sold c.i.f. by cable through our London office, and some on consignment and through various other channels. Since the initiation of the Government commandeering scheme no meat has, of course, been available for sale by our London office on the company's account, although their services have been utilized to dispose of such meat as has been available for civilian use, but these services have been purely in the capacity of agents acting for and on behalf of the Imperial Government. I would like to emphasize this, as many wild charges have been made, which have resulted in much misconception, and it has further been freely stated that buyers like ourselves here were reaping huge profits out of the resale of meat in London. It will be found also that the proportion of the company's own meat handled by other than what we believe to be British interests was before the war, and still is, quite trifling."

3. You have said you are managing director of the Refrigerating Company?—I am general manager and a director of the company.

4. As such in New Zealand you have a thorough knowledge of the whole of the London transactions?—Absolutely.

5. You can supply us with any details of your London dealings?—Up to a point, yes.

6. Your company buys largely at the present time?—Yes, we have always done so. Since the war, owing to fixed prices not leaving such a margin for speculation, we have found that the onus of supplying stock to our factories has been thrown more on to our own shoulders.

7. Do you freeze in New Zealand for firms connected with the American Meat Trust—for instance, Armour and Co.?—During last season we have frozen for Armour and Co.

8. Largely?—I can give you the figures if you wish. [*Vide* Exhibit 17.] Messrs. Armour and Co. froze with us at our Islington factory a total of 18,222 head of stock, which amounts to 3·28 per cent. of the factory's total stock frozen for the season. They froze at our Smithfield factory 6,066 head of stock, which amounts to 2½ per cent. of the total stock dealt with there. At Pukeuri, which is our North Otago factory, they froze 23,150 head of stock, the proportion there amounting to 8·46 per cent.; at Burnside, 31,193 head of stock, amounting to 17·04 per cent.; at Picton, 8,342 head of stock, being 13·04 per cent. The total quantity of stock frozen by Armour and Co. at all our works last season amounted to 86,973 head, being a little over 5½ per cent. of all the factories' output. I may say that they do not by any means freeze solely with us. That is the quantity of stock we happened to get from them.

9. Do you freeze for any other company or firm to the same extent?—Yes, much larger.

10. Which is the largest?—The largest firm that freezes with us is Sims, Cooper, and Co.

11. What is the total?—They froze 491,293 head of stock, or a percentage of 31 per cent. of the whole of our output.

12. Which is the next firm in order?—There are several very close. The next in order is really Armour and Co.

13. Then who is the next in order?—W. B. Clarkson and Co.—a total amount of 75,477 head of stock, or a percentage of nearly 5 per cent.

14. With reference to the released meat in London which your firm send Home, can you tell us anything about your own company's method of nomination?—All the meat sent forward from New Zealand bought by the company is nominated by us here, to be sold should it be released, by our own London office. We nominate our own London office in the first place (the London office in turn working under the control of the Committee or Board of Trade), who sell that meat on a certain proportion, which I have been informed is to approximate as closely as they can to something like the proportion of business before the commandeer started, so that the various firms might handle the meat to as near as possible a corresponding relation to what they handled it prior to the war.

15. Those are the firms you previously did business with?—Yes.

16. Practically keep up your original business in the same proportion?—Yes.

17. Can you give the Committee the names of any large firms to whom your company sells at Home?—I anticipated that the Committee would probably desire information on that point. I may say that these transactions on commission by our London office on behalf of the Imperial Government do not pass through the company's own accounts at all. It has been deemed advisable, by arrangement with the Imperial authorities, that these transactions should appear in a special trust account. We have simply sold on commission, and the items appear in this trust account and never go into the company's ordinary accounts at all, the only items appearing being the commission. In response to a request for information I received a long cable only last week which gives the total quantity of meat released by the Imperial Government which originally was the property of the company at this end. I am not in a position to give the Committee any information as to what has happened to the meat that passes eventually to others. Our London office has advised that since the commencement of the commandeer scheme right up to the present date they have had released for sale on account of the Imperial Government a total of 928,000

carcases. Of course, the figure is large because, most of the factories being in the South Island, a great proportion of our output is lamb, and most of what is not lamb is ewe mutton. That was our own meat, and that is far more than one year's output. The cable I received from our London office shows the quantity of meat supplied to the various firms, and it is as follows:—

"DISTRIBUTION OF MEAT BY NEW ZEALAND REFRIGERATING COMPANY (LIMITED) ON LONDON MARKET, ON BEHALF OF IMPERIAL GOVERNMENT, FROM COMMENCEMENT OF COMMANDEERING SCHEME TO PRESENT DATE (20TH AUGUST, 1917).

"*Sales to American Firms.*—Swift and Co., 47,000; Morris, beef, 7,000: total American sales, 54,000.

"*Sales to British Firms.*—Eastman's, 67,000; Griffens Meat Company, 63,000; Borthwick's, 62,000; Parsons, 49,000; Woodley, 48,000; Colonial Consignment, 46,000; Brewster and Frost, 40,000; Blofield and Lissenden, 32,000; London Central Meat, 32,000; Hartridge and Bates, 28,000; Fletcher, 21,000; Grimditch, 19,000; Brigenshaw and Burton, 17,000, Argenta Meat, 16,000; Fitter, 15,000; Frost, 14,000; Wilson, 13,000; British N.Z. Meat, 10,000; Cooper, 12,000; Tocher, 9,000; Archer, 9,000; Keevil, 9,000; Matthews, 8,000; Lowther and Blankley, 8,000; Taylor, 8,000; Barter, 8,000; Sansinena, 8,000; Medleycott, 8,000; Fisher, 7,000; Mears, 7,000; Hayes, Paine, and Knolydwn, 7,000; Ward, 6,000; Jenkins, 6,000; Clifford, 6,000; Cats and Grimditch, 6,000; Edward Morris and Co., 5,000; Cook and Elmer, 5,000; Roberts, 5,000; British and Argentine, 5,000; others under 5,000, 105,000; stock on hand, 25,000: total British sales, 874,000.

"Percentage of American sales to grand total of 928,000 = 5·81."

The total meat was supplied to over forty firms, all of whom, I believe, are British, and in none of whom does my company hold any interest, direct or indirect. The total sold to British firms, including a small portion of 25,000 carcases on hand, amounted to 874,000 carcases. The total sold to what are American firms was 54,000 for the whole period, being a percentage of a little over 5½ per cent.

18. That represents the proportion of your business with those firms before the commandeer?—I will give you a few of the figures. In 1908 the total sales were 559,000 ex ship, store, and consignment. There were no sales to American houses in that year. In 1909 there were 690,000 carcases handled, 4,416 going to American houses, being a percentage of 0·63. In 1910–11 the total meat sold was 488,795, the proportion going to American houses being 13,644, or a percentage of 2·79. In 1911–12 496,155 carcases were handled, 699 going to American houses, or a percentage of 0·18. In 1912–13 there were 494,512 carcases sold, 24,884 going to American houses, or a percentage of 5·77. In 1913–14 there were 507,000 carcases sold, 7,590 going to American houses, a percentage of 1·5. I understand the year 1912–13 was the year practically assumed to be a normal unbroken year. [*Vide* Exhibit 10.]

19. With reference to the other meat sold to the large firms, do you know anything about the method of nomination in London?—Yes; in fact, their nominations passed through us in Christchurch.

20. To whom are the nominations?—Speaking from memory, the company nominates to our own London office. Sims, Cooper, and Co., I think, nominated all their meat to the London Produce Company. W. B. Clarkson and Co. nominate the whole of their meat to W. Weddel and Co. Armour and Co. have varied their nominations. They have also nominated their own firm, but that was withdrawn, and another firm was nominated; but I believe latterly the nomination was to their own firm.

21. What other firms have they nominated to?—The names were not familiar to me in the business. This is the first year that Armour and Co. have ever nominated.

22. Are you in the habit of giving rebates to the larger firms?—All large exporters ever since I have been connected with the trade have been in the habit of receiving rebates, those rebates being accompanied by certain obligations on the part of the exporters either as to the quantities to be supplied or a proportion of the total business handled by them in certain districts which would have to pass through our hands. There would be some obligation of that sort, which would ensure a large block of business to us as freezers. No rebate has been given without some *quid pro quo* in the shape of a guarantee for stock. No rebate is given to a man who just puts in the stock as he thinks fit.

23. That system has been in operation for a considerable time, has it not?—I suppose for twenty years or more.

24. Has the quantum of the rebate been increased of late?—Since the commandeering scheme it has become obvious that the greatest purchasing-power naturally lay with the proprietors of works. Assuming what I believe to be the case, that it has been quite impossible for any operator at this end to get any undue advantage out of the meat that has gone to London, it is obvious that with a fixed price the operator without works is at a great disadvantage as compared with a buying company or an operator who owns works. There is a fixed value for meat, and latterly for wool. Therefore, assuming the farmer had some good idea as to the value of his stock business upon those figures, there has been no speculative margin. The buyer can only dispose of his meat at the fixed value, and the same with wool. Consequently the buying companies have had a distinct advantage and many operators have been disinclined to operate: they have said that the game was not worth the candle. Consequently the onus of buying has automatically been thrown more upon the buying companies. Whilst the quantity of stock has increased, we as a buying company have not increased our buyers, and the operators have appealed for and have been allowed an increased rebate.

25. What has been the percentage of increase—a quarter, or half, or double?—I should think that in many cases the rebate granted to-day is twice as great as prior to the commandeering scheme.

26. To how many firms do you give rebates?—Assuming they carry out their obligations, I think six firms.

27. *Dr. Newman.*] Do you freeze for Swift and Co.?—No.

28. Or for Morris and Co.?—No.

29. Do you know whether Swift and Co. are buying in New Zealand?—I believe not.

30. How do you account for the fact that lamb and mutton released in London at 10½d. per pound is sold at 1s. 10d. or even higher—who makes the 1s. per pound?—If a profit of that large margin is made, then it is made by the retailers. It is not made by us. Personally I am of opinion that there was a weakness in the Imperial scheme.

31. Outside of Armour and Co., is there any one of the American meat firms buying in New Zealand?—I do not think so.

32. Not Morris and Co., Swift and Co., or Cudahy and Co.?—I do not think so. I believe Armour and Co. alone. I do not say that meat has not been sold to other firms.

33. You do not think they are buying through agents here?—No, I do not think so. I have no knowledge of their buying either at the works or on the hoof. I do not think they are.

34. You think it is confined to Armour and Co.?—Yes.

35. Do you think Armour and Co. will get an ever-increasing hold on the trade?—I hope not; but one does not know what to expect—there are possibilities.

36. Do you think a condition of affairs might arise in connection with the farms in New Zealand such as happened in the River Plate, where the American companies got practically control of the meat trade?—I do not think so. I do not think the conditions are in any way parallel.

37. Do you think there is a possibility?—I think it is highly improbable.

38. But it might happen?—Anything might happen, of course. I have given you my opinion, and I think it is highly improbable. The conditions here are so entirely adverse to such a condition of affairs that I cannot think of their succeeding.

39. Supposing the American meat firms made an attempt to control this market, they could get control of all the farms in New Zealand with their enormous capital?—Yes, if they were given absolutely unlimited freedom to do so.

40. No freezing company in New Zealand could stand out against them?—Not if they made a deliberate attack on New Zealand.

41. It is in their power to do so?—Yes, unless some check was put upon them. If those things can be achieved by means of capital, then certainly they have the capital to do it. Against that the conditions here are very much against their attempting to do such a thing.

42. But you admit that they could do it if they tried?—I should think so.

43. *Mr. Reed.*] Then you think we have nothing to fear from the Meat Trust?—I would not put it quite so strongly as that.

44. Would you suggest any remedy for the purpose of checking them, or do you think we are quite safe?—Well, I think one step which would have a deterrent effect would be to make it impossible or illegal for an American firm to own a freezing-works in New Zealand, or to acquire any interest in any factory or company. On the other hand, that might be a very difficult thing to arrive at in actual practice.

45. Have you any other suggestion to make?—Another most important step would be to see that the carrying is entirely free from any such influence. Then a further step—and I take it we would be powerless in regard to this—would be to try and arrange with the Imperial authorities in London to deal with the produce there. On the other hand, is there not another aspect of the case? Supposing an attempt were made to bar the selling of any meat except through certain defined channels, would there not be a danger of our automatically cutting New Zealand off from what might possibly be a strong market?

46. In England?—No, say in America. For a great many years certain products from here have been dependent almost entirely on America for a market. For a great many years America has been welcomed in New Zealand by the wool-growers on account of its purchases.

47. But that is not meat?—No, but it is only a short time ago that the Prime Minister was congratulating New Zealand upon the almost certain early advent of America as one of the competitors for New Zealand meat-supplies. In fact, the whole of New Zealand was shaking hands with itself two or three years ago when it was considered that in all probability America would be a second market.

48. But it has not matured yet?—It would have matured but for the war.

49. It can only be worked through the trust?—I should say it would be pretty hard to do satisfactory business in America under present conditions except by working through one of the large firms. I am not prepared to say there is a trust—I am not sure.

50. Is there not a trust?—It depends on what you mean by a trust.

51. Well, the control of the meat-supply of the United States in the hands of a combination?—Anything I have seen leads me to believe that there is very keen rivalry between certain large firms who are commonly supposed to be members of the trust, but I may be wrong. Any one of those firms is a very strong concern, which it would be very difficult to get behind.

52. You were speaking of rebates, and you said you always wanted a *quid pro quo* for any rebates you gave to clients?—That is so.

53. I suppose your rebates are not all the same: it depends upon the benefits that the company necessarily would receive as to the amount of rebate?—That is so—it depends upon the quantity in the main.

54. The greater the quantity the greater the rebate?—Up to a point.

55. It is on that principle?—Yes.

56. The greater the business that a client does the more powerful position that client gets into with regard to his competitors?—Yes. The only thing is that if you take it in relation to the value of the business put through it is not such a tremendous lever as all that.

57. You told us you pay an increased rebate to-day as against the rebate paid before the commandeering of the meat by the Government, and that was with a view to giving the purchasers of meat—the dealers—a chance of carrying on their trade, otherwise the farmer could freeze on his own account and the dealers would have no business?—I do not think that is quite how I put it. The greater rebate to-day was owing to the continued pressure being brought to bear upon us by the dealers that we were on too good a wicket.

58. Did you not say that the dealer who had the freezing company behind him was in a very much better position than the dealer who had no such facilities, and in order to allow him to continue his business you gave him those rebates?—What I meant to make clear was that the conditions which had arisen owing to the commandeering scheme, with its fixed values, were such that the owners of freezing-works were in a very much stronger position to pay than those who had no freezing-works. That is to say, there is no speculative element now entering into the business, and of course the companies have their operating margin for carrying on the work. Therefore the buying company is relatively in a much stronger position as compared with the outside operator. Before the war the operator might have had a better outlet than the freezing company, but to-day that advantage does not exist.

59. At any rate, it is a fact that there is a greater rebate, and necessarily the worse position the small buyer must be in?—Yes.

60. *The Chairman.*] You say that to-day the advantage of output does not exist?—The outlet in disposal does not exist to-day.

61. Might it not exist by reason of these buyers having some direct interest in the retail trade at the other end of the world, where all the profits are made?—It might.

62. It could without difficulty?—If they were interested, yes. If those large profits have been made.

63. They have been made?—Then assuming the profit is out of all reason, in spite of that Eastman and Co. have had to close up many of their shops, and I understand the shrinkage of output is responsible for that.

64. *Mr. Reed.*] Are Sims, Cooper, and Co. shareholders or debenture-holders in your company?—I do not think they are shareholders, and I think they are not debenture-holders.

65. As far as you know they have no financial interest?—They have no financial interest. They may have a few hundred debentures, but it is nothing relative to the finances of the company. At no time have we ever received any financial backing from Sims, Cooper, and Co.

66. Or from their principals?—They are the principals, I believe. I wish to emphasize the statement I made at first, that there has been no reliance in any way on English capital since the debentures to the shipping companies were paid off about 1910. At no time in the history of the company has any American capital been employed. The finances of the company are entirely self-contained, subject to trading facilities, which have been obtained as required from the Bank of New Zealand.

67. It is said that Sims, Cooper, and Co. do not call themselves an American company?—Yes.

68. Did you require to raise any capital for the Imlay works?—We raised £150,000 worth of debentures.

69. What did the Imlay works cost?—I do not think that is a fair question.

70. Surely there can be no objection to answer that—it has been said they cost £250,000?—The Imlay works could not be replaced to-day for £250,000. As a matter of fact, I could not tell you absolutely what they cost. They did not cost us less than a quarter of a million.

71. Where did the balance of the money come from?—Internal resources.

72. But in loose cash?—No, we never have loose cash.

73. Have you paid for the works?—I believe so.

74. We have found £150,000, and you say £250,000 would not cover the cost. Where does the balance of the money come from?—Our internal resources.

75. Can you enlarge upon that?—I do not think it requires enlarging.

76. But the cash had to be found?—Yes.

77. Did the internal resources find the cash?—The internal resources plus our financial arrangements.

78. What were the financial arrangements?—I must decline to answer that question.

79. I think it is very much to the point?—If you will pardon me, it is not at all relevant to the point in any way.

80. Have you been to America?—Yes.

81. And Chicago?—Yes.

82. At the expense of your company?—Yes, certainly. I have gone to England, and have gone to the United States specially.

83. Did the machinery of the Imlay works come from America?—No.

84. Did any of it come from America?—May I make a statement?

85. We want an answer first?—Some of the machinery came from America. Now I wish to say that we ordered the whole of the machinery that it was humanly possible to get from England. Unfortunately, owing to the difficulty of delivery and the difficult conditions in which the English manufacturers were placed, as time went on it became quite evident that the dates of delivery were going to be entirely upset. The time went on, and we did not then have one machine shipped.

86. You got the machinery from America because you were unable to get it from the Old Country?—We triplicated our order for machinery, because we could not get the English machinery.

87. When you were in America you had a full inventory of your company's assets cabled to you, did you not?—No, I did not. I had certain particulars cabled to me for my own information and for discussion, but not with any American people.

88. In regard to the assets of your company?—No, I do not think so.

89. Did you not get a cable while in America regarding the assets of your company?—No, I got a cable regarding the results of the previous year's operations.

90. You got no inventory cabled to you?—Certainly not.

91. What was the date of the year you were in Chicago?—I went to London via America, and passed through Chicago in 1914.

92. What month were you there—will you supply the dates you were in Chicago?—I cannot remember.

93. Will you give us the month?—I arrived in England on the 27th July, a week before war broke out, and I was in the States some time in the month of June.

94. *The Chairman.*] You were in Chicago in June?—Yes, and many other places too.

95. *Mr. Reed.*] Sims, Cooper, and Co. selected the site of the Imlay works, did they not?—No, certainly not.

96. Do you know if Sims, Cooper, and Co.'s buyers have been saying the Imlay works belong to them?—I am not aware of it, and, if so, it is entirely false.

97. Do you know one of their buyers named Webb?—Yes.

98. Do you know he went through the Taihape district and said the Imlay works belonged to Sims, Cooper, and Co.?—If so he made an absolutely false statement.

99. Sims, Cooper, and Co. engaged your butchers in Australia?—No.

100. Is it correct that they paid the passages of your butchers from Australia?—Quite incorrect. We were short of butchers, and we cabled across to their people in Australia to see whether they could obtain any extra butchers for us. We asked them to make any necessary arrangements in regard to the payment of the fares across. A certain number of men came across, and I believe in certain cases the fares were paid, but they were refunded to Sims, Cooper, and Co.

101. You said just now that they did not pay them?—There is a distinct difference.

102. I do not mean to say they made you a present of the fares. They engaged the butchers, sent them across, and paid the fares, which you paid back, no doubt?—Why should they not?

103. Probably they had a very good reason to. Have you any agreement for the sale of the output of your produce?—We have many agreements. We have certain arrangements in connection with the sale of portions of our produce, all of which are inoperative at the present time.

104. Have you any agreement with an American firm?—We have no agreement with any American firm of any description whatever.

105. What were you doing in Chicago?—On the business of my company.

106. What was the business?—I was on my way to England, and I thought it desirable to investigate the possibilities of what could be done in regard to the American demand for direct trade with America, which we believed at that time was imminent, and in which we did not wish to be left behind in the event of the demand springing up. That demand was on the point of springing up. Certain small initial shipments were arranged for. I believe certain shipments did leave, but there was no meat of ours ever sold on our account in America—the war came along and upset the whole development.

107. Whom did you see in Chicago?—Several people.

108. Who were they?—I saw Swift's and many others—various firms who are connected with the business; and I only discussed with them the possibilities of opening up the trade.

109. And about the new works at Imlay?—No, sir. I do not think that is quite a fair line of cross-examination.

110. *The Chairman.*] Will you give it a negative answer?—My answer was No.

111. *Mr. Reed.*] I am sorry you cannot give me the cost of the Imlay works and how your financial arrangements were made up?—

112. *Mr. Anstey.*] You told the Committee that Sims, Cooper, and Co. froze 31 per cent. of your total output?—They did so last year.

113. That would include Army meat as well as released meat?—That includes the meat as it goes into the works.

114. Can you tell the Committee what amount of meat is frozen on account of clients?—The proportion prior to the war of the company's buying was one-third, and two-thirds for others; and since the war, owing to the non-opportunities for speculation our proportion has risen to 43 per cent.

115. You told us that you had released to you some 928,000 carcases of meat in London: what proportion does the released meat bear to the Army meat that you shipped?—Pretty large: I could not give you the exact figures. Most of our southern works depend almost entirely for their output upon lamb and ewe mutton, and those are the two classes of meat which have been released. I gathered from the cabled information I had from London that none of this season's meat has been released yet—that is to say, none of the arrivals in London from this present season have been released. As the company's total runs to between 500,000 and 600,000, and we have had 900,000 odd carcases released to us, I should say the greater portion of the lamb and ewe mutton has been released.

116. Could you not give the proportion of that to your total output—because it is asserted that it is out of the released meat that the undue profits are made?—I could not give you that information here.

117. Have you the figures of the total?—For this present season only. A few years prior to the war the quantity of the company's own meat ran from 490,000 up to—the biggest year—about 690,000. I am told from London that none of this year's meat has been released. The commandeer started in March, 1915, and we have had 900,000 carcases released, so that I think the great bulk of our meat has been released except beef.

118. And you say that in proportion your company had about two-thirds of the total released?—Yes, I think, quite.

119. Would that represent about the same proportion of meat released to the shippers whom you freeze for?—I do not think I could say that.

120. If that was correct, Sims, Cooper, and Co., who froze 491,000 carcases, would have two-thirds of that released at the other end?—It might be so—I have no knowledge.

121. It is important, because it is out of the released meat that the undue profits are being made?—I do not know. We have handled that meat on trust account for the Imperial Government, and have sold the meat to over forty British firms, and on none of that meat has it been humanly possible for us to obtain one fraction of profit.

122. But assuming a firm had retail shops, it is possible, to make undue profits out of the released meat?—It is possible. As far as I know of Sims, Cooper, and Co.'s business they are not in a position to do that. Of course I cannot vouch for that.

123. But in the case of Swift and Co. and Armour and Co., who have retail shops, it would be possible for them to make undue profits out of the released meat?—If the profits have been made which have been mentioned.

124. You said you had given rebates, which have been increased perhaps 100 per cent. It would appear that you are giving rebates to buyers who are actively in opposition to you in the open market to buy?—We have always done so. We have never wished to buy the whole of the output passing through our factories. At times that is a very speculative and risky business, and we have never sought to feed our works entirely by the company's buying. We have always wished to be buyers, but the works have always been open, and are to-day open, to any farmer or any one else who chooses to put stock in.

125. Does that arise from unwillingness to find the money to keep the works going?—No.

126. If you had no rival buyers you would have to buy all the meat?—Yes, or it would have to come to us for freezing on account of individual owners.

127. Do you know if these private shippers have any advantage as regards the offal or other means of disposing of the meat which would allow them an advantage as against the small farmer himself?—I would think so, yes. I think they would have an advantage in the skins.

128. In what way—I understood the Government took all the skins?—That is so, but it is practically impossible for any factory to keep the skins of every shipper separate. It would result in the most extraordinary accumulation of little broken lots, so that in the main any operator who was in a position to deal with large lines of skins is rather in a better position than the man with a hundred and fifty or two hundred.

129. Is there any advantage in respect of tallow?—No.

130. In regard to the rebate you give to buyers, is that sufficient to enable them to give more than others—would it be sufficient to enable them to give the farmer 3½d. more than he would realize in the works?—It might, but there would not be much for the buyer.

131. It has been said that the buyer is giving more than the legitimate worth?—I have heard that stated.

132. Are the advantages which they possess sufficient to account for that?—Yes, but there would not be much in it.

133. If these people are getting rebates there is nothing illegal in handing them to the farmer; but it is said they are giving an illegitimate price to the farmers because they must have some advantage somewhere?—Yes, I have heard that stated.

134. Mr. Reed asked you in regard to Sims, Cooper, and Co. acting for your company in Australia: have you any agents in Australia?—No, we do little business in Australia.

135. In regard to their engaging butchers for you, it would be just a matter of a firm doing the business for your firm?—Yes, simply that the firm would be severely handicapped if we could not handle their frozen meat, and they secured the butchers for us on account of our difficulty in getting them.

136. They had the opportunity of engaging these men?—They were a friendly firm operating largely through our factory, and we communicated with them in order to get hold of certain butchers. We communicated with the secretary of the Butchers' Federation in Wellington and also with Australia. Sims, Cooper, and Co. were in turn indirectly interested, because they are large freezers in our works, and any dislocation of our works was not to their interests.

137. There is no suggestion that they were financially interested?—Nothing at all, and any payment they made was refunded to them.

138. *Mr. T. A. H. Field.*] I think you called at Chicago when you were on your way to England?—Yes.

139. What time did you arrive in England?—About the 26th or 27th July.

140. Your company's business is very largely that of buying stock?—Yes, and freezing it for others. Before the war we froze about one-third of the total for ourselves and two-thirds for clients, but since the war 43 per cent. for the company and 57 per cent. for clients.

141. Your company in buying stock has not felt any evil effects from the American companies' competition?—We have felt the competition certainly, but we have not succumbed to it. We have found another strong buyer in the field, that is all.

142. Where have you felt the competition, in the North Island or the South Island?—Mainly in the South Island.

143. *The Chairman.*] And that is where the lamb and ewe trade is?—Yes.

144. *Mr. T. A. H. Field.*] You are on very good terms with all outside firms operating in New Zealand?—What do you call the "outside firms"?

145. English and American?—Fairly. We are not on particularly good terms. We have seen very little of the representatives of Armour and Co.

146. You have nothing to complain of in the way of unfair competition?—No, the competition up to the present time has been on the whole not very different to the competition of the ordinary New Zealand operator.

147. You have never seen anything that would lead you to believe that the New Zealand freezing companies or the New Zealand producers have anything to fear from the American trusts in New Zealand?—Not from anything that has taken place up to the present time.

148. There is nothing that has taken place to lead you to think there is any menace at all?—Not up to the present. We may fear that the future may present some such aspect, but there has, as far as I can see, been nothing up to the present time to lead us to believe that they intend to adopt a squeezing policy.

149. You do not think it possible for the American Meat Trust to get any hold in New Zealand or Australia like that they got in the Argentine or America?—Not so long as the enormous number of freezing companies scattered throughout New Zealand are held in the New Zealand companies' hands.

150. *Mr. W. H. Field.*] With the amount of capital the American companies have behind them, is there not a fear that they may try to buy up the freezing companies in New Zealand?—They may attempt to.

151. You know that is what was done in the Argentine?—I believe they did so in the Argentine.

152. Have you any knowledge of what was done in Australia?—I understand they built large works in Queensland.

153. They have not bought out any freezing-works there?—Not that I know of.

154. You know that in Australia an attempt has been made to buy them, and the Queensland Legislature has brought down a Bill for the purpose of preventing it?—I understand so.

155. Therefore in Australia they are regarded as a menace to future prosperity?—By a section. I have heard other opinions expressed by pastoralists. I have not been in Queensland, and am therefore not able to say anything of value to the Committee.

156. Have their operations here been on the increase during the last few years?—This last year is the first year that any American firm has operated in stock as far as we know. Their transactions in London, so far as we know, have been up and down, according to the figures—that is, with regard to the purchasing of our meat in London.

157. Having regard to what happened in the Argentine, where they have practically collared the whole trade, do you not think the time has now arrived in New Zealand for us to be up and doing and limit their operations here?—I think so, if it can be done. If some means could be brought in by which it would be impossible for Americans to gain control at this end or at the other end it is an extremely desirable object certainly.

158. Have you ever considered the question of how that could be done?—A great many times.

159. Do you think it would be done by co-operation between the Imperial Government and New Zealand Government?—Probably it could, but I think there would be a big price paid.

160. What do you mean by "a big price paid"?—Supposing, for instance, the present state of affairs were perpetuated under which the Dominion Government, on behalf of the Imperial Government, purchases the whole of the meat, that seems to me to be introducing a very curious principle. It is all right in war-time and has got to be done, but in peace-time would not that be tantamount to practically a compulsory acquisition by the State of a man's labour on his own property, and might it not possibly debar New Zealand producers from receiving the full value of his products in the world's markets? It is inextricably mixed up with inter-Imperial relations and also with international politics. It opens a very wide question.

161. *The Chairman.*] But the New Zealand producer might be better off than if the trust were operating?—Than if the trust got control and started to squeeze.

162. *Mr. W. H. Field.*] We have to consider the producer and consumer, and no scheme would be of value unless it arranged for a fair price to both?—Yes; and would not the carrying-out of such a scheme involve the control of transport?

163. I was going to ask you that question—whether it would be necessary to control the transport?—If such a far-reaching scheme as you indicate were brought into operation it would be a very weak link in the chain if the transport were left out of it.

164. At any rate, it is quite plain to you that with the enormous capital the American companies possess, if they desired they could squeeze you all out of existence?—They could, yes. They have the power to do it, but whether it would be worth their while to do it and reasonably easy I have grave doubts. I do not think the conditions in New Zealand are in any way parallel to the Argentine. I think the geographical conditions in New Zealand are entirely against such an operation on behalf of any capitalistic organizations. The control of the railways by the Dominion Government is also another very important factor in making such an operation difficult. This country does not lend itself except to a limited extent to any control of the factories or works. The South Island, with the long sea-border and different harbours and narrow range between the sea and the hills has produced a chain of freezing-works starting from the Bluff and running up to north of Christchurch. It would be exceedingly difficult for any concern to endeavour to bring stock from all parts of the South Island to one central point except at very great expense, and as long as the railways are in the hands of the Government they would have sufficient control to prevent the control you have mentioned. The Argentine, on the other hand, was in quite a different position, with its vast territory, and the stock having to go down to the great ports produced huge central factories, and therefore, given the necessary capital and pressure, it was possible to control the large area by controlling those central points. Here in New Zealand they would have to control forty or fifty points. I think the New Zealand producer is in such a position that he could get other works run up.

165. But if the American people wanted to get control they would not be deterred by those considerations you mention?—They might. Of course, I cannot say.

166. Your company even brings your meat very long distances in the vicinity of other freezing-works?—Yes.

167. Do you not think that by the establishment of central works in this country the American Meat Trust could, by giving higher prices for a year or two, secure the whole trade?—Permanently, do you mean?

168. Yes, by squeezing the others out and making it impossible for them to live?—Of course they might make things very awkward, but the remedy would rather lie in the producers' hands. If they chose not to accept those high prices they could maintain the position.

169. But you know you could never get the producers to do that—they will sell to the highest bidder?—Yes, to a certain extent.

170. You say that neither in the form of shares nor in any other form is there any American capital in your company?—Yes, nor has there ever been any English capital or foreign capital in the company, save the shipping debentures before referred to. It has not been asked for, nor dreamt of, nor offered. There is no more purely New-Zealand-owned concern in the Dominion to-day than my company. We have no agreements or arrangements of any description with American firms whatever. We have frozen between 80,000 and 90,000 head of stock for Armour and Co. In doing that we have only done what every freezing company in New Zealand has done. Farmers and auctioneers have sold freely to Armour and Co., and we have always taken up the attitude that our works are open to any one, and it has not been our policy to inquire who the owners were or how they conducted their business. We have at all our works the most absolute free trade.

171. Can you tell the Committee whether Sims, Cooper, and Co. are either wholly or partially an American organization?—I cannot answer or be responsible for what Sims, Cooper, and Co. are. I can only tell you this: that I do not believe they are in any way an American organization. I go further, and say that I have been repeatedly assured by the partners that they are in no way an American concern, nor are they indebted nor have they been in any way financed by any American concern, and are as independent as you and I are.

172. *Mr. Pearce.*] Have you any proof of that except their statement?—The partners told me themselves.

173. Have they proved it?—I have not been in a position to demand proof, but it is their statement, and I accept the statement as correct.

174. *Mr. W. H. Field.*] You know nothing as to their financial position to prompt you to believe that they must have looked outside of New Zealand for capital?—No. I do not believe they have looked outside New Zealand for capital, but as to that I cannot say.

175. *Mr. Scott.*] We have had some evidence here that there has been preference given to some works with regard to the class of meat taken away: have you had experience of anything like that in your works?—No, we have not experienced any preference in regard to the class of meat. We have at times conducted a somewhat lively correspondence with the Committee responsible for the allocation. Most of the stock we have had has been the class of meat that is not of the first importance for Army requirements, and we have had correspondence with the Committee last season, and we have held that they entirely misconstrued the wishes of the Imperial authorities as to what should not be sent.

176. You would not admit that any of your works got undue preference in that respect?—We have held most strongly that it has been the other way about.

177. We have had evidence which went to show that some of this meat which was not commandeered had got preference in some cases. So far as you know no preference has been given?—No. We have had certain individual allocations by certain steamers which have not met with our approval, and we have taken the matter up with the shipping people, but I would not say that any wilful wrong has been done.

178. Have you much meat in your stores at the present time?—We are very nearly full to the chimney at all points.

179. Of course, you would not have much meat that is required for the troops?—Not a great deal—some in the North Island, but not in the South. As a matter of fact, we regard our position as far as congestion is concerned as very serious.

180. Taking last year's operations, with the large amount of meat in hand, do you think they will prove financially successful?—I am hoping to struggle through, but I have not got the figures out.

181. In your opinion is it correct that a large number of freezing companies have not made money, but made losses?—I do not know that there have been any serious losses made, but certainly things have been cut very fine in certain districts.

182. What in your opinion is the reason for the big rise in the price of stock recently—unduly high prices being given for fat stock?—As far as certain districts in the North Island is concerned, I do not think there is any doubt but that it is the direct result of the multiplication of freezing-works in the North Island, plus our advent in the North Island, and the not-unnatural result that there has been a bit of a fight for stock. We are very old identities in the South Island. We have been looked upon as new iniquities in the North Island, and we have had to pay for our footing. I think that would have taken place war or no war, or commandeer or no commandeer.

183. You were extending the operations of your business?—Yes. We had no other option but to extend business.

184. And you think it is largely owing to your extending business in the North that there has been keen competition for fat stock?—Yes. I would not say it has been the sole factor, but it has been a very important factor.

185. *Mr. Anderson.*] Do you think the advent of Armour and Co. and other alleged American companies has increased this rivalry in prices?—I do not think so in the South Island, and, as a matter of fact, we have not come in touch with Armour and Co.'s competition in the North Island. I know the position in the South Island quite definitely, and Armour and Co. have come in and operated on much the same lines as the ordinary New Zealand firm would, and, although some of the buyers would say they have been hard to stop, in other instances they have evidently thought the game not worth the candle, and have adopted quite a different policy.

186. *The Chairman.*] With regard to rebates, do the firms put before you the arrangements which the other companies give them as a basis?—No, I do not think I have ever had that done. I have had all sorts of veiled statements or insinuations as to what other companies would do, which one has to value at what they are worth; but I have never known nor would I approve of a firm planking down "This has been done by another firm; what are you going to do?" That has never been done.

187. Veiled suggestions?—Yes, suggestions more or less veiled, and comparatively thin.

188. And accepted by you as fairly correct?—Well, in the light of practical demonstrations outside we have had to value them sometimes as correct and sometimes the other way.

189. In discussing the financial arrangements in regard to Sims, Cooper, and Co., whom were you talking with?—With Mr. Sims.

190. What led you to discuss the delicate question of Sims, Cooper, and Co.'s finances with Mr. Sims?—Because there was a very strong agitation, more or less veiled, to endeavour to prevent farmers doing business with either ourselves or with them in the North Island.

191. On account of what?—On account of the suggestion that they and we were financed or part and parcel of the American organization.

192. I may take it that you put that position before Mr. Sims?—Yes, quite definitely.

193. For information for your own benefit?—Yes.

194. And you got from Mr. Sims an emphatic denial that they were financed in any way through America?—Absolutely. Further than that, the firm of Sims, Cooper, and Co. deemed it advisable to advertise to that effect.

195. As a business man you are aware that, operating to the extent that Sims, Cooper, and Co. are operating, from some source or other they must have had very large financial support?—That is so.

196. And in your opinion they obtained that support in New Zealand?—I think so.

197. Through the banks?—I think so.

198. You do not think they have had American credits at all?—I do not think so. I can say more than that—I have been told specifically "No" by Mr. Sims.

199. It has been suggested that lambs and ewe mutton have been shipped when there was wether mutton awaiting shipment: have you had any experience of that in your works?—I cannot say whether this instruction existed right at the commencement of the commandeer scheme, but at a certain point we received instructions in regard to the allocation of space from our various factories: it was to be absolutely—first, beef; second, wether mutton; and third, ewe mutton, lamb. In the event of our having none of the first two we were at liberty to fill the space with the other. That instruction we have in all cases adhered to, save within the last fortnight or ten days, when a technical breach was committed through a misunderstanding at one of the factories in regard to a small parcel of two or three thousand.

200. Ewe mutton and lamb has not been shipped whilst you have had beef or wethers in your works?—No, that is so.

201. You say that of your own knowledge?—Absolutely. As general manager one of the points in the business that I have had to keep very closely under my own supervision and care has been this all-important question of allocations of space that we were receiving from the Committee, because with the scarcity of shipping that has been the most vital thing in our business.

202. When ewe mutton and lamb has been shipped you do not think it has borne any undue proportion or that large buyers have had any undue preference?—No, certainly not; I do not believe they have.

203. You will not say positively?—I can say absolutely they have not so far as my company is concerned. There is a position at our factories which, I think, answers that more clearly than I can answer it. At the commencement of the commandeer scheme, in order to utilize the space at our factories to the very utmost, I told the Government and the operators who were operating through our factories that I was going to pool the whole of the meat in the works, so that there would be no necessity for holding different owners' meat in different stacks, and thus causing a certain percentage of loss in efficiency. We have pooled the whole of the meat that comes into our factories, and when a shipment is made we do not attempt in any way to actually ship out the proportion to which each owner is entitled: we simply ship out whatever meat lies handiest. We have assumed in our accounts that whatever has gone out has gone out in proper proportion, and we work an intermediate account between our clients and the Imperial Government, which is their *pro rata* proportion of the shipments quite irrespective of whether all their meat has gone out or not.

204. *Mr. Pearce.*] You suggest that you do not give any different treatment to Sims, Cooper, and Co. in your works at Wanganui than to any one else?—We give a rebate to any big shipper.

205. And do you get a guarantee or agreement from that firm in regard to your works?—In regard to financing the works, do you mean?

206. No, in regard to keeping them full?—No, I did not mean to imply that at all.

207. Is it not a fact that when you built those works you had a guarantee from them that they would to a large extent fill the works?—Not that they would fill the works, but we had a guarantee that they would support us with the freezing.

208. Is it not a fact that you freeze at Wanganui for Sims, Cooper, and Co. stock which comes from the Waikato?—We freeze the stock wherever it comes from.

209. Does not that show they are prepared to pay an enormously increased cost in railage as compared with the ordinary buyers within forty or fifty miles?—It would seem to be so on the face of it; but still it must be borne in mind that the stock has got to go out of the North Island to the port, and it is quite an open question as to whether the proper method of procedure is to freeze stock at inland works and then ship to a far-distant port, or bring the live-stock in the first place to be treated at one point.

210. Is not Masterton much nearer Wellington than Wanganui?—There is not such an overwhelming difference.

211. It would mean 6d. or 1s. per head?—That state of affairs has been in existence before our advent in the North Island.

212. You know the conditions as regards the prices for your works—you have your own buyers for the Wanganui works?—Yes.

213. In that district there are two sets of buyers?—Yes.

214. Can you tell us whether there is any agreement between the two as regards prices: do they compete with one another?—To some extent they do, but, as is the case at all our southern factories, where stock is coming to our factories our standing instruction is to all buyers that there is no use in paying 21s. for £1 worth if the stock is not going past us.

215. I am referring to the two companies—the buyers of your own company and the buyers of Sims, Cooper, and Co.: do they buy together or compete?—To a certain extent they compete.

216. Have you any knowledge in what way Sims, Cooper, and Co.'s stock is shipped?—No, we have no control. We have a knowledge as to whom they nominate in London.

217. *Mr. T. A. H. Field.*] Did you not say that the reason why you took such an optimistic view of the unlikelihood of the American Meat Trust ever getting New Zealand under its thumb was because the New Zealand freezing-works are all locally owned?—And because they are so numerous.

218. Do you know that some of the freezing-works are American-owned?—I do not know. I have heard statements in connection with one or two works.

219. What works?—I have heard that the Westfield works are controlled by Vestey and Co., and I have also heard it stated that Vestey and Co. are American interests.

220. And what other works?—It is only rumour I have heard, and I cannot attach any value to it.

221. Do you know that Armour and Co. or some American companies have issued pamphlets, in which they say they have works in New Zealand?—No, that is not known to me.

222. *Mr. Reed.*] You said you thought Vestey and Co. were connected in some way with American capital: can you tell the Committee in what way?—No, I have not got sufficient knowledge on the subject, but I think they shifted their centre of operations to America.

223. Do you know anything about the Union Cold Storage Company?—They are connected with them.

224. Are they American?—I could not say. I do not know where the capital is held.

225. Do you know where Vestey and Co. themselves are situated and have their offices?—I understand in New York, but I am not clear on the matter.

WEDNESDAY, 29TH AUGUST, 1917.

MELDRUM ALFRED ELLIOT further examined. (No. 15.)

1. *The Chairman.*] The Committee understand that you desire to add to your previous evidence?—Yes. I desire to place before the Committee a copy of a letter from Mr. Gilbert Anderson, London, published in the *Manawatu Daily Times* of 28th August, 1917, which deals with the question of the American trust and the British farmer. It reads,—

EXPLOITATION.—WHO ARE THE CULPRITS?—AMERICAN TRUST AND BRITISH FARMER.

This letter, received by a Palmerston business firm, is an eye-opener that he who runs may read:—

The following are the Smithfield market-prices for the months of June, 1917, June, 1916, June, 1915, and June 1914:—

| | June, 1917. | June, 1916. | June, 1915. | June, 1914. |
|---|---|---|---|---|
| | d. d. | d d. | d. d. | d. d. |
| Home-grown— | | | | |
| Beef, sides .. .. .. | 14½–16½ | 10½–12¼ | 9¼–11 | 6 – 7½ |
| Mutton, wethers .. .. | 15 –18 | 10½–13½ | 8½–11 | 7 – 8½ |
| Mutton, ewes .. .. | 11 –14 | 9½–10 | 6¾– 8 | 6½– 7½ |
| Lamb .. .. .. .. | 16 –19 | 12 –13½ | 10 –11 | 9 –10 |
| Frozen— | | | | |
| New Zealand wethers .. .. .. | | 8⅜ | 7 – 7¼ | 3⅞– 4⅝ |
| Australian wethers .. .. .. | | 8¼ | 6 11/16 | 3¾– 3⅞ |
| South American wethers .. .. | 10 | 10 –10¼ | 7 | 3¾ |
| Lamb, New Zealand .. .. | 10 | 9½ | 8⅜ | 6 – 6¼ |
| Lamb, Australian .. .. | 10 | 9½ | 8 | 5⅜– 5¾ |
| Lamb, South American .. .. | 11 | 11 –11½ | 7⅞ | 5¼– 5⅞ |
| Chilled— | | | | |
| Beef, fores .. .. .. | 11 | 8½ | 7⅜ | 3⅛ |
| Beef, hinds .. .. .. | 14¼ | 9 7/16 | 8⅞ | 5 |

From the above it will be seen that the price of home-grown British meat has advanced in price over 100 per cent., and that the prices of South American chilled beef have increased threefold. No attempt has been made by the Government to control or regulate these prices.

All the Australian and New Zealand beef and wether mutton is taken to supply the Army. The British Government have entered into contracts with the South American freezing-companies to supply all the frozen beef to the armies of Britain, France, and Italy, along with a certain proportion of mutton. This makes it perfectly clear that but for the supplies of frozen beef and mutton from Australia, New Zealand, and America, the Army and Navy could not have been kept in the field, and the British farmer has contributed nothing in this respect.

All the supplies of frozen meat in Australia and New Zealand have been commandeered by the respective Governments and sold to the Imperial authorities. Only a small percentage of this meat is available to the public—namely, lamb, and probably 10 per cent. of the mutton which are ewes.

In normal times Great Britain supplies 60 per cent. of the meat, but at the present time 68 per cent.; Australia 6 per cent., New Zealand nearly 9 per cent., and South America 16 per cent., as compared with the total British production. 365,648 tons of frozen meat was shipped direct to Continental ports. Australian and New Zealand mutton and lamb available for the public is only 67,490 tons, or 3¼ per cent. of the total.

It is further to be noted that the price at which the New Zealand and Australian meat has been taken over by the Government is only comparatively a slight advance on pre-war prices, and the Army is being supplied by meat at a comparatively low price.

Contrary to the statements in the paper by Lord Inchcape and Mr. Frank H. Houlder, the shipping companies have been allowed to advance their freight charges by 50 to 75 per cent. Owing to labour difficulties and advance in wages, port refrigerated storage has adavanced from 25 to 40 per cent. Over 75 per cent. of the meat mentioned in Lord Inchcape and Mr. Houlder's letter goes to supply the Army.

Farmers and distributors of the home-grown meat in Great Britain have taken full advantage of the absence of frozen meat-supplies and have raised their prices, as stated, to over 100 per cent. Chilled beef and meat in the hands of foreign firms has remained uncontrolled, and has followed the price of home-grown.

British firms handling frozen meat have had their supplies seriously reduced, while they have been compelled to sell the reduced quantities at prices fixed by the Government at a pre-war rate of commission, while the quantity under their control is considerably less than 75 per cent. of pre-war conditions. It is therefore perfectly clear that there is no profiteering and no control of the market by the British firms.

The present position shows the advantages that have accrued to the public in the past from the control of the frozen-meat trade in the hands of the British public, and that the withdrawal of these supplies to feed the Army left supplies of home-grown and foreign meat uncontrolled with a consequent extravagant rise in price.

The remedy—judging from past experience—is the placing on the market at the earliest possible date the largest quantity of frozen meat that can be spared after a full consideration of the Army requirements, and the placing of maximum prices on home-grown and foreign meat.

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ROBERT BUCHANAN BENNETT examined. (No. 16.)

1. *The Chairman.*] What position do you hold?—I represent Messrs. Henry S. Fitters and Sons, London, meat-salesmen.

2. You know that the object in setting up this Committee is to inquire into the operations of the Meat Trust here and at Home?—Yes.

3. Would you desire to make any general statement in the first instance?—I do not know that I can make any general statement, except that we all know the Meat Trust is at work, but if you wish me to say I know anything as to their particular operations I have no knowledge on the subject. We have no documentary evidence to support what we hear. You can only go by observations of some years and to a large extent upon hearsay. In my own particular business I represent a firm of meat-salesmen on the Smithfield Market, and we have not been buying any meat—we have gone on the consignment business. The trust has come along in the guise of a buyer or speculator and has bought on the spot, and as such interferes with my particular business. I know that this has been done, because when I have gone to clients they have told me that So-and-so came along and bought them out. When the English Government commandeered the meat there was a scheme whereby the growers could put their meat into a freezing company and they could nominate the Board of Trade to deal with the surplus. There has been no surplus of beef or mutton. That was all right so long as the meat was sent Home, but the nomination was a farce. I cannot prove these things, but I know my business has gone down considerably.

4. Do you know anything about Sims, Cooper, and Co.'s business?—I know that Sims, Cooper, and Co. do not represent the Meat Trust.

5. How do you come to that conclusion?—You have the evidence of Mr. Sims himself before the Commission in Australia. He stated distinctly that he did not buy for Swift and Co., and they published a letter in Palmerston North papers inviting any one to make a statement.

6. Do you know anything beyond that?—No.

7. Do you know anything about their financial footing?—Only from hearsay.

8. Do you know who does finance them?—Yes, but I will tell you confidentially.

9. *Mr. Anstey.*] You said your firm did not buy?—Yes.

10. But the firm sells?—Yes, purely and simply.

11. Do they grow any meat?—No.

12. How do they sell?—Consignments only—or we used to, before the war.

13. Is it a fact that your business is affected because the farmers have commenced to sell?—No, all the farmers did not sell here.

14. Do you know what proportion sell here?—No, I could not say.

15. Is it not a fact that the farmers do sell a large proportion of their meat?—Yes, chiefly in the South Island.

16. Is it not a fact that that is caused by the buyers offering full value?—Yes, but they offer cash down, which is a great consideration.

17. You said that a certain firm gets financial assistance from elsewhere?—Yes.

18. Could you tell the Committee what proportion of finance a man would want in proportion to his total purchases: could a man with £1,000 buy £100,000 worth of meat?—No.

19. What proportion of meat do you think a man would be able to purchase with £1,000 worth of finance?—It depends on the lending institution and the man. There is always a margin.

20. Can you tell us whether there is a larger margin required by British financers as compared with American financiers?—I should say there would be a smaller margin required by American.

21. *Dr. Newman.*] Do Sims, Cooper, and Co. buy in their own names?—Yes.

22. Do you find Sims, Cooper, and Co. and Armour and Co. monopolizing the trade?—Armour and Co. have not done a great deal yet—they have just started.

23. Is it your opinion that the American meat companies will grow larger and larger in New Zealand?—Yes.

24. And that it is their determination to secure a dominance of the trade?—Yes.

25. Do you consider that a menace to the existing New Zealand trade?—Yes, it is crushing out several New Zealand firms because they cannot compete, and if it goes on it tends to put the whole business into one or two hands.

26. Is it your opinion that if some steps are not taken actively in a short time the American meat companies will dominate the whole of the meat trade of New Zealand?—Yes, I am sure of it.

27. *Mr. Talbot.*] Are there any farmers selling to companies on the hooks now?—I cannot say. That was so twelve months ago, but I cannot say as to the last season. I have had a few hundred carcases by nomination.

28. Has it affected your business?—Yes.

29. And therefore the firm must be feeling it at the other end?—Yes.

30. And the business you used to do is going to firms like Armour and Co. and Sims, Cooper, and Co.?—Yes. They have done away with the nomination of the stuff.

31. They can nominate it to their own people at Home?—Yes.

32. And therefore the Government policy is giving a great chance to the trust to get a hold?—Yes, but it is not willingly that the Government have done that.

33. With the result that they are even using that as a means of getting hold of the trade?—Yes.

34. *Mr. W. H. Field.*] You are agent here for your company in New Zealand?—Yes.

35. We had it stated in evidence here that Sims, Cooper, and Co. could easily be financed from local funds: is it your opinion that all their capital was local capital?—I hardly think so. You only need to look at their operations—they are hundreds of thousands of pounds. When they first started I think they were financed. They would now be paying £20,000 or £30,000 in salaries and expenses alone. It is not Sims, Cooper, and Co. we have to fear—it is the American Meat Trust, and I do not consider they are in the American Meat Trust at all.

36. Do you know of any remedy that it would be advisable to apply in the case of the American Meat Trust?—Yes.

37. Would you give the Committee your ideas on the subject?—Yes, confidentially. [Not reported.]

38. *Mr. Witty.*] You think it would be necessary to stop at the wholesaler instead of going to the retailer?—Yes.

39. Do you think we should have some control of the shipping as well?—No, I do not think so. Of course, the whole thing rests upon transport.

40. Do you think it is necessary also that Australia should come in with us?—I do not know. The New Zealand meat is better than Australian. It is able to stand on its own bottom.

41. *The Chairman.*] If the American companies had control in Australia would it affect the New Zealand position?—I do not think so; but the quality of the meat itself is better—it recommends itself more to the general public. [Further evidence not reported.]

42. *Mr. T. A. H. Field.*] You say the buyers are offering full value?—Yes.

43. Do you know whether they are offering above the value?—Yes.

44. That is, the American buyers? —Yes.

45. Are there any meat-freezing works that you know of connected with the trust?—I do not know anything about that at all—I have heard rumours. What you must do is to protect the interests of the grower here, and also the interests of the English consumer at the other end. This country is more interested in the wants of its brothers in England than in Americans.

46. *The Chairman.*] There is a return showing that the New Zealand Refrigerating Company have been paid £3,312,348, and that Sims, Cooper, and Co. have been paid £437,981 [*Vide* Appendix D.] From your knowledge of the business with Sims, Cooper, and Co., do you think those figures can represent their business?—No.

47. *Mr. Witty.*] Have you any idea what Armour and Co. are doing?—They did a little business, but they are going very slowly. Armour and Co. are one of the trust.

48. Do you think the amount of £74,000 might be correct in the case of Armour and Co.?—Yes.

49. Has there been any alteration in the directorate of the New Zealand Refrigerating Company since it was started?—I do not think so. I have had nothing to do with that company in the past. Latterly they have refused to do any freezing for farmers. They say they will, but when you apply for space they are full.

50. *Mr. Scott.*] Do you think Borthwick and Sons have any connection with the Meat Trust?—No.

51. Do you think Armour and Co. have any connection with the Meat Trust?—Undoubtedly they are part and parcel of the whole thing.

52. But you do not think Sims, Cooper, and Co. have any connection with the trust?—No.

53. They may be forming a trust of their own?—I think they are financied by very powerful people, and they are able to operate on a very large scale. As far as the Meat Trust is concerned, it is only a trust at the other end now.

54. They would be in open competition against each other out here?—Yes, ostensibly in opposition to each other out here.

55. I suppose you have no knowledge of their systems of buying at the present time. It has been stated by witnesses that Sims, Cooper, and Co.'s buyers were in active opposition against Armour and Co.'s buyers?—Apparently.

56. And in consequence of that have raised the prices considerably: have you any knowledge of that?—No, I have not seen Sims, Cooper, and Co.'s buyers and Armour and Co.'s buyers competing. I have generally seen the Americans chasing Borthwick's buyers one at a time.

57. Do you think there is strong competition between the buyers of Sims, Cooper, and Co. and Armour and Co., and the New Zealand Refrigerating Company?—No.

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EDWARD JOHN ARLOW examined. (No. 17.)

1. *The Chairman.*] What is your position?—I am New Zealand manager for S. V. Nevanas and Co. Proprietary (Limited).

2. What is their business?—Frozen-meat exporters, and buyers and shippers of everything in connection with our primary products.

3. You know that the object of setting up this Committee is to inquire into the operations of the American Meat Trust?—Yes.

4. Could you make any general statement upon the matter?—I have already supplied a lot of information to one of the members of this Committee privately. That information could only be given privately because if it comes out publicly it would affect our company detrimentally in England.

5. Have you any suggestions to put before the Committee as a means for combating the operations of the Meat Trust?—Yes. The first suggestion is, prevent elimination of competition in New Zealand by protecting the free exporter and the grower. We want protection for the free exporter and free grower by providing that they be consulted in regard to the disposal of the stuff of which they are the actual owners. In the past all negotiations have been conducted purely through freezing companies, about fourteen out of twenty-six of which did not own any of the stuff which they had disposed of. They are not competing in the outside markets for the securing of the stuff; and the remaining twelve constitutes our opponents in the districts where we are situated. In the case of Auckland, at the conferences between the Government and the authorities there was present Mr. Rowlands, representing Fletcher and Co., who is our biggest competitor there. In the case of Gisborne there was Mr. Warren, representing Nelson Bros., and so on. I am giving you examples of how the exporter is badly treated. In all the arrangements made our opponents have prior knowledge of details, and yet we, although owners, cannot get that information.

6. Why?—Because the Government Requisitions Committee wrote to us saying that the process had been established whereby all information was to be obtained from the freezing companies, and implying that they could not recognize any free exporters or persons outside freezing companies. Where the freezing companies have got the information they will not go out of their way to tell us. There are certain items which would be of value to us to know, but voluntarily they will not tell us. For example, at the last conference of freezing companies there was a cable read out in regard to slipe wools. The freezing companies had suggested to the authorities that an all-round advance of 1s. 3d. per pound be made on slipe wools. The Imperial authorities replied that they considered the price should be 1s. 2d. per pound. When we buy live-stock we must estimate the value of the wool, and if we are 1d. out we lose by it. I calculated last year that all wools

should average 1s. 6d. per pound, and this cable now gives information that the wool will only turn out at about 1s. 4½d. net. Thus if we kept on buying sheep and valuing wool at 1s. 6d. we should be persistently losing. Towards the end of the conference Dr. Reakes left, and the chairman got up and requested me to leave the room, as I was a buyer. Although I represented a freezing company, he said I was not to remain. Why should I, as a buyer and owner of meat, hides, slipe wools, &c., be prevented from getting any information regarding the disposal of our produce?

7. Which conference are you referring to?—The Freezing Companies' Conference held in Wellington in August last.

8. Who was the chairman?—Sir George Clifford. The chairman said, "The time is now opportune for discussing contract embodying terms and conditions of next season's business," and I was asked to withdraw.

9. *Mr. Scott.*] Why?—Because I was also a buyer.

10. *Mr. Talbot.*] Did you make any protest?—Yes, I did. I said I must decline to leave and thereby disfranchise the freezing company I represented unless the conference first discussed the advisability of that being done. But there was no discussion. The exclusion of buyers in the shape of free exporters had evidently been prearranged. Our opponents accordingly by such means know beforehand whether any alteration is going to be made in next season's business or whether the Government is going to pay interest or make allowances, and yet we cannot get that information.

11. Since then have you complained to the Government?—Yes, I wired to all the free exporters of New Zealand, and we had a deputation, which waited upon the Right Hon. the Premier and Sir Joseph Ward, and now ask that free exporters should have a representative on the Requisitions Committee.

12. *Mr. T. A. H. Field.*] And one of those present at the conference represented an American meat trust, in your opinion?—Yes.

13. And he was getting inside information, and you could not?—Yes. The Government can protect the exporter by not following the lines of least resistance. We have put the whole matter before the Premier, and free exporters will gradually have to go out of the business unless they are protected. Several years ago the free exporters were not in existence to any extent, and their advent has been a godsend to the growers. If we are eliminated prices must go back, and the business will soon be back in the hands of the buying freezing companies, who in previous years used to combine and fix prices to be paid to growers. The freezing companies are advised by the Government and given information which free exporters do not get, although they are very large owners of the products affected. The second suggestion is, adjust rail tariff to provide for dead meat to be carried at cheaper rates than live-stock. In regard to this matter of railage, it is now cheaper for live-stock to be railed than dead meat, with the result that this past year we have had the spectacle of weekly stock trains coming down from Waikato carrying stock to Wanganui and southern works, and leaving the existing works in Auckland with short supplies. The Railway Department is fostering that by the present tariff. It costs to carry live-stock from Frankton Junction to Wanganui 0·15d. per pound for both cattle and sheep, and the distance is 259 miles. To carry frozen meat from Taihape freezing-works to Wellington costs 0·178d., although the distance is only 160 miles. Moreover, in a truck they can get 160 quarters of frozen beef as against 36 live quarters. Frozen meat is thus penalized as against live-stock. If you could adjust the railway tariff it would mean preventing the stock being taken past freezing-works which may require the stuff, and will also prevent allied trust houses bringing stock down by rail past half-empty co-operative freezing-works to Wanganui and other places. For instance, Taihape could not get the stock to fill their empty chambers. Their buyers were trying to buy, but they could not secure stock at the prices which were being offered by reported trust houses. In order to meet that position I would suggest the following. 3. Provide by graduated rail tariff against deliberate carriage of live-stock for freezing from one district to another so long as the existing works in the originating district can cope. Then, the fourth suggestion is prohibition of secret rebates by freezing companies to clients, or, if given, to be given openly to all. That is in the interests of the free exporters, and also in the interests of the growers. Then, suggestion No. 5: Register under license all fat-stock buyers in New Zealand on the undertaking not to knowingly sell to notified blacklisted trust houses, such buyers to disclose periodically their transactions if required. Suggestion No. 6: Legislate to make it illegal for any company or individual interested in any shipping company carrying meat from New Zealand to be also an operator in frozen meat or live-stock for export from New Zealand. Suggestion No. 7: That in connection with the sale of any freezing-works in New Zealand, such sale to be first subject to the sanction of the authorities after full investigation into all the facts leading up to the sale. No. 8: Similar sanction to be also obtained in connection with the proposed leasing of any freezing-works. No. 9: Publish regularly throughout New Zealand the prices offered in the Argentine, &c., by trust houses as against our free prices in New Zealand. I have already supplied information showing that Swift and Co.'s price for prime beef was 30s. per hundred, as against our price of 47s. per hundred. If those prices were published throughout New Zealand the growers would see what the position was. The 30s. per hundred referred to represented an increase of only 5½d. per hundred on the previous year, although beef had advanced 50 per cent. Then, the tenth suggestion: That legislation be passed giving the Government full powers over shares in freezing companies held under letters of trust. The trust people must not be allowed to be indefinitely associated with freezing companies by shares held in trust by "dummies." The eleventh suggestion is that an independent Board be set up by the New Zealand Government in Wellington, the functions of which Board are to be the pursuance of all matters relative to the Meat Trust; such Board, if possible,

to act in conjunction with a similar Board in the United Kingdom appointed by the British Government, and also one in Australia appointed by the Federal Government. As it is now there is no body to which one can send information relative to the Meat Trust.

14. Do you wish to say anything further?—Well, you are aware that last season Sims, Cooper, and Co. in the Auckland District freely advertised to buy all beef at 50s. per hundred. All their purchases at that limit, I estimate, would show them a loss of £2 5s. per head on Government prices. Now, in normal times with the Government not taking the meat one could not arrive at the loss, but they would be making it all the same in order to get the connection. They would make a loss in order to try and eliminate exporters' competition. Take the case of an ox weighing 800 lb. at 47s.: we were losing on purchases at that price. The Government, of course, are paying us 5d. per pound on that beef. I produce a statement to show the loss. [*Vide* Exhibit 20.] If one owned freezing-works that loss could be brought down on purchases on hooks. One could tamper with the weights and reduce the fatting, otherwise could improperly keep back what belongs to sellers.

15. You mean it would be illegitimate—it would be a swindle?—Yes. I also produce a statement showing how cow beef would work out, also exhibiting a loss on 45s. per hundred. [*Vide* Exhibit 19.] Furthermore, the exporters and growers have been penalized by the return to the Home authorities of the £2,000,000 offered as advance on meat in store. Instead of interest being claimed, the Home people were induced to increase the storage charges, thereby benefiting only the freezing companies, and not those growers who sell direct to the Government, who along with the free exporter own a large proportion of the meat. The increased storage charges that the freezing companies are getting are sufficient not only to pay the cost of storage, but also sufficient to pay the interest on the purchases. Therefore the buying freezing companies get the interest paid indirectly on the cost of their purchases, whilst the free meat exporters and growers are not getting the interest paid on what they own.

16. *Mr. Forbes.*] Is not that included in the storage—they are only getting the storage paid?—Yes, but the storage rate is sufficient to also pay interest.

17. Yes, but other companies are getting it too?—Yes, the co-operative companies are getting it, but not passing it on to their freezing clients. We have already applied to certain co-operative freezing companies for rebate to go towards interest, but I doubt if it will be given. On the other hand, two Canterbury companies I find have practically committed themselves to pay back to the big exporters sufficient to pay interest on the meat.

18. Have you got evidence of that?—You can get that from Sir George Clifford and Mr. Murray. If I were a purchaser in Canterbury I would not divulge that. Thus the reported trust houses are getting the interest paid on their meat as against the free exporters, who are not getting any interest paid. We are penalized, and we cannot compete in the business unless we get some alteration of the position whereby interest (in form of storage) is paid to one section of buyers and not to the other. The farmers who have been freezing on their own account and selling to the Government cannot afford to stand out of their money for six or eight months, and therefore that will drive them to such firms as Sims, Cooper, and Co. Our opponents, Fletcher and Co., get prior knowledge from the Government through the Freezing Companies Conference of everything that goes on. Fletcher and Co. is an American-controlled institution—controlled by the National Cold Storage Company through Vestey's. Even if they are not connected with the American Meat Trust, but connected with a British trust, some alteration should be made whereby they are put in no different position to the free competitors like ourselves. I have come across a pamplet called "Fighting the Meat Trust," and it has written across it "With the compliments of W. and R. Fletcher (N.Z.) Ltd." I have also an advertisement published in the country papers by W. and R. Fletcher to the farmers in the North, which states who Fletchers are—the Union Cold Storage Company and Vestey Bros.—but makes no reference to the National Cold Storage Company of New York. [*Vide* Appendix C.] There is another pamphlet, which has been issued by Mr. Lysnar, where he refers to the fact of the Meat Trust owning the meat-shops, and reference by the president of the Dunedin Chamber of Commerce to the same matter. My own company at Home, however, write me as follows: "28th June, 1917.—*Meat Trust.*—With regard to the operations of the Meat Trust, undoubtedly by the fact that they have been the largest holders of neutral meats they have strengthened their position on the markets of Great Britain by reason of the fact that they have been able to charge almost any price they like for their importations, but at the same time it must be recognized that had it not been for these imports prices here would have been even more greatly enhanced. As to whether they are in a better position to control retailers it is a moot point. As far as we can see they do not at present seem concerned with dealing with the retail butcher, realizing probably that this is a matter that would want a tremendous amount of control (the monopoly of shops realize that the one thing they cannot control is the personality of their managers, and that when a popular manager moves the business in a great measure declines in volume, so that the Meat Trust is more concerned with dealing with the wholesale operation of the business, and here there is no question but that they enjoy an exceptionally strong position. As to the future, the outlook if difficult to visualize, for undoubtedly the action of the American Government will in a great measure control the actions of the Meat Trust."

19. According to your London firm the large profits on lamb have not found their way into the hands of the American Meat Trust, they being wholesale dealers only?—That would belong to the retailers. The Americans' Australian business is infinitesimal as compared with their Argentine trade. If New Zealand lamb is 10½d. the American lamb has at least the market established at same price, as they make the profit between the first cost and the wholesale selling-price.

20. But you do not suggest they have had any profits out of the New Zealand lamb?—No. That is also borne out in a measure by the following statement from the Empire Meat Company (Limited), Northampton, which reads, "We are of opinion that American business has no actual influence over retailers, although he generally recognizes that the Americans have too great a power in fixing wholesale prices." In regard to the disposal of Australasian meat at Home, I have to place before you one of the invoices upon which sales are made. [Ordered by Chairman that reporting stop.]

21. *Mr. T. A. H. Field.*] By a "British trust" you mean connected with the American trust?—No, I will state definitely Vestey's.

22. *Mr. Forbes.*] Where do Borthwick and Co. come in?—I think they are perfectly free.

23. *Mr. Scott.*] Do you think the New Zealand Refrigerating Company is connected with the trust?—Yes.

24. With Armour and Co., or Vestey and Co., or whom?—With the Chicago houses.

25. Do you know something about Sims, Cooper, and Co.?—Yes.

26. Do you think they are connected with the American trust?—If not the American trust, with the English trust, one of the two—there is no doubt about that.

27. What do you mean by "the English trust"?—Vestey's, Fletcher's, and the Union Cold Storage Company, and their subsidiary houses. They are all controlled by the National Cold Storage Company of New York.

28. You mentioned in your statement that you would favour setting up a Board composed of three in Wellington?—Yes.

29. What would be their duties? I take it it would be a permanent Board?—Yes. Their duties would be advisory to the Government, and be a receiving body for all information from independent sources. Supposing we got some valuable information about the Meat Trust, whom are we to pass it on to? If this Parliamentary Committee had not been sitting all the information which has been placed before you would not have come out.

30. *Mr. Forbes.*] You said there was a rebate given on the storage charges to the large exporters so as to cover the interest. How do you know there is sufficient margin in these storage charges?—In normal times there have been practically no charges for storage for frozen meat—we have not paid one penny.

31. Still, the storage costs money?—Yes, but mighty little. The machinery is running.

32. You can only say that this rebate was given if there was a margin over what the Imperial Government were paying for storage?—There is a margin. Take the companies this past season who have not bought, and who have been existing—take the Whakatu works: they made £14,000, and they do not buy on their own account. How did they make that money?

33. You know they are making a lot of money on fat?—Yes, they may be. Auckland has been paying 3d. per pound. The Farmers' Co-operative Works at Gisborne are paying exactly double what the Canterbury works are paying.

34. You do not know definitely that this extra rebate is being made—you think it is?—It is the information which has come out. I cannot say where it has come from. At present there is no official body. The dairy-produce people have their association, and the Farmers' Union have their associations, but the meat-exporters have no body.

35. But the freezing companies have a federation?—Yes; but I mean exporters such as Paterson and Co. and others like ourselves—there is nobody looking after our interests.

36. *Mr. T. A. H. Field.*] You have exceptional opportunities of knowing what is going on in the meat trade in New Zealand?—Yes.

37. Are you quite certain that the Meat Trust is operating largely in New Zealand?—Yes, absolutely certain.

38. Do you think that if some definite move is not taken by the Government the American Meat Trust will control the whole of the meat trade of New Zealand?—Ultimately they will, because they must get mutton and lamb.

39. You say the Meat Trust firms get the advantage of the railway tariff, they get secret rebates, and interest on their purchases?—Yes.

40. And also get inside information?—Yes.

41. And therefore they have an advantage?—Yes, over the grower and the exporter.

42. *Mr. Talbot.*] I understood you to say certain buyers had no control over the by-products?—Yes.

43. You are an exporting firm, and have you no control over the fat, pelts, and wool?—Over the pelts we have. We have no say now in the disposal of any other of the by-products than pelts.

44. I suppose Armour and Co. and Sims, Cooper, and Co. would be in the same position as yourselves—they are buying and exporting meat?—Yes.

45. And ought to stand in the same position in regard to by-products as yourselves?—Yes, they ought to. I would not count Armour and Co., but Sims, Cooper, and Co. can get information from the freezing conferences which may enable them to deal in a better way.

46. We were told that Sims, Cooper, and Co. could give more for their stock than other buyers, because they could get the increased advantage of the by-products?—Prior to requisitioning of the by-products they were in no better position than we.

47. In this conference you mentioned from which you were asked to leave were the other companies' representatives allowed to remain?—Yes.

48. How would Sims, Cooper, and Co. get it—would they be represented?—Yes, by the delegates of freezing companies with whom they are intimately associated.

49. They would have no freezing-works?—They would have a freezing-works' representative there.

50. When meat is nominated by Armour and Co. to themselves at Home, have they any retail shops in which they can sell their meat?—I do not know. The wholesalers are getting the ½d. per pound.

51. You do not think they go right into the retail business?—Not from the evidence I have been able to get.

52. *Mr. Anstey.*] You made the suggestion that the railway tariff should be graduated to prevent meat being carried past certain freezing-works: I presume the only way to get that done would be to appeal to the Railway Department?—Yes.

53. Is it not rather a hopeless thing to ask the Government to charge lower freights for shorter distances?—No; get them to charge higher freights for longer distances.

54. Would not that penalize the grower?—No; you have to protect the grower against himself. He will accept 50s. for beef now, when he may have to accept 30s. in a few years' time.

55. It would penalize the grower now?—Yes.

56. You admit there must be some rebates?—We always get a rebate from the Auckland Freezing Company.

57. But is that rebate given to the buyer himself?—Yes.

58. Is it only that class of rebate you want to prohibit?—No, that is legitimate which is given to all, but it is the secret rebate I want to prevent.

59. You want the Government to pay the interest on the meat in store instead of paying it indirectly in the way of increased storage to freezing companies?—Yes.

60. Are you quite sure that these large wholesale buyers are not connected with the retailing of our meat in London—I am speaking of the released meat which has to be sold to the wholesalers at a limited profit?—I received a letter only yesterday, which shows they are not connected, but do control the wholesaler.

61. The evidence is that the retailer gets that enormous profit: do you not think the wholesaler here gets portion of that profit?—No.

62. *Mr. T. A. H. Field.*] The point is that the meat is sold to the wholesaler in London at 10½d. per pound?—Yes.

63. And it was stated that Vestey and Co. owned four hundred retail shops?—Yes, through Fletcher's.

64. You are satisfied that Sims, Cooper, and Co. have dealt with more than half a million of money in New Zealand in connection with the Government?—Yes.

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FRIDAY, 31ST AUGUST, 1917.

STEPHEN JAMES AMBURY examined. (No. 18.)

1. *The Chairman.*] What position do you hold?—I am chairman of directors of the Auckland Farmers' Freezing Company.

2. You are aware of the object of the setting-up of this Committee?—Yes. Would you allow me to say that we are not volunteers, but we are indebted to the action of some officious gentleman in Wellington, I believe, for our presence here to-day; but we are quite prepared to honestly answer any questions you may put to us as far as we are able, but we really have no statement to make. We have no data from our books, but we are here prepared to give you an honest answer to any questions you may ask.

3. You are here, gentlemen, to-day because the Committee are of opinion that you may be able to help them in the present inquiry, and we feel quite satisfied that you will help us to the best of your ability in an important inquiry of this kind?—Quite so.

4. Would you care to make any general statement in the first instance about the position?—No, sir. It would be better for us to answer any questions you may ask us.

5. *Dr. Newman.*] What can you tell the Committee about the operations of the American meat companies in the Auckland meat market? What American companies are trading in the Auckland Province?—Armour and Co., but no other American companies.

6. Are they buying largely?—They came into the market this last season, and they bought a considerable amount of stock.

7. Do they freeze in your works?—Yes.

8. Do you keep an open door for farmers to freeze on their own account?—Yes, we are a farmers' company, and we freeze for our shareholder farmers first—that is the first consideration.

9. Is your capital all New Zealand capital?—Yes. We have 2,400 shareholders in our company, so you may know they are small.

10. Supposing a small farmer with a thousand sheep and a big farmer with ten thousand sheep come to your works for freezing facilities, do they each get the freezing done at the same rate?—Yes, there is no consideration given to the larger buyer.

11. Supposing a company froze two hundred thousand carcases with your company in a year, would they not get a rebate over the man who froze five hundred?—No, not any consideration whatever. We have never done that during the existence of the company.

12. Do Sims, Cooper, and Co. operate in your district?—Yes, but to a very limited extent this last year.

13. They started this last year?—No; they had been operating in the district for quite a while, but last year they did very little freezing.

14. But they are trading in the district?—Yes, especially in the Waikato.

15. What companies do they freeze with?—We believe with the New Zealand Refrigerating Company.

16. That company is not in your district?—But they take the stock from our district to Wanganui.

17. Do Fletcher and Co. freeze with your firm?—Oh, no; they have their own works on the opposite side of the road to us.

18. Do you freeze for any other companies or meat-buyers?—Yes.

19. I mean those who export?—Yes, Nevanas and Co., Borthwick and Co., Armour and Co., Eastmans Limited, A. Fraser, a syndicate called the Meat Exporters (Limited), the New Zealand Loan and Mercantile, A. S. Paterson and Co., W. Richmond, Sims, Cooper, and Co., A. H. Turnbull and Co., and R. and F. Wallis.

20. *Mr. Anstey.*] Is the capital of your company all locally subscribed?—Yes.

21. Is it a co-operative company?—We work on absolutely co-operative lines, but we have one large shareholder in our company—Hellaby's Limited. We bought their works in Auckland, which we use for dairy-produce, some years ago, and we paid them partly in shares and partly in cash.

22. You do not make any distinction as to whom you freeze for—you freeze for any one who comes along?—Yes.

23. Including the American companies?—Yes.

24. Are there any other companies operating in your district?—Fletcher and Co., or Vestey Bros.

25. Are those the only two firms working there?—The only two companies—we have three works.

26. You do not buy any meat at all?—No.

27. What proportion of meat is frozen by the farmers themselves—any large proportion?—A large proportion is frozen for the exporters, especially this past year—I could not say what proportion. There is a number of farmers who consistently freeze on their own account.

28. The great bulk of the stuff is bought from farmers and frozen?—Yes.

29. You say you do not make any rebate to large operators?—We make rebates to all our clients, and we do not discriminate. If a man has only £5 worth of shares he gets a rebate on the stock he freezes if it is only one.

30. Do you find the buyers of firms such as Sims, Cooper, and Co. are making the prices a little too hot for the stuff to come into your works?—Yes, in the case of lambs this last season.

31. The competition among buyers is very keen?—Yes, it has been.

32. That is for the benefit of the farmers in the meantime, is it not?—Yes.

33. Have you any idea that those large prices are being paid for the purpose of getting a monopoly and then reducing the price later?—It would be only suspicion if I said that was so.

34. Do you know if the buyers of Sims, Cooper, and Co. and Armour and Co. are able to give these big prices owing to any rebates they get from other freezing companies?—I am not prepared to say that they get rebates. We hear rumours.

35. Do you think it would be a fair thing for, say, the Wanganui company to offer a rebate which would interfere with freezing in Auckland?—We would not do it, and we have never done it.

36. Do you think you would have any special cause for complaint if it were being done?—I do not see why we should complain about the way other people do their business. We go on straight lines, and we have never made any concession to one man above another.

37. Is it a fact that any considerable amount of meat is railed very much farther than to local works?—Yes.

38. Can you give us any idea what proportion that would be?—We have tried to get that information, but we cannot. We know that thousands of lambs and cattle have been railed long distances when the local works could have dealt with the meat.

39. Do you think the Government would be justified in trying to stop that? It has been suggested that it is not fair that the Government railways should be used to cart stuff a long way to the prejudice of local works?—From an economical point of view it is bad policy to rail cattle a hundred miles when you could rail them twenty miles for the same results.

40. Is there any profit to the companies by means of the offal—do you hand back the offal to your clients singly?—No; hides, fat, tongues, and tails are always credited to the client, and we deal with them.

41. And it is all disposed of at the same price?—Yes, no discrimination whatever.

42. A large buyer could not get any advantage by way of offal?—No, not the slightest.

43. *Mr. Pearce.*] Did I understand you to say that Sims, Cooper, and Co. and Armour and Co. had killed at your works?—Yes.

44. Can you tell the Committee whether Armour and Co. or Sims, Cooper, and Co. have approached you to give them a rebate?—No, never.

45. I understand that in previous years, before they took up the Wanganui works, they had frozen in the Auckland District?—Yes.

46. And they never asked you for a rebate?—No, never to my knowledge. I have been in close touch with Armour and Co., and they have never approached us.

47. Could they approach any one else but you?—No, it would have to come to me. I am in the office every day.

48. Are you freezing less stuff now since Sims, Cooper, and Co.'s purchases go to Wanganui?—Yes; but I think that is more on account of Vestey Bros. opening their new works opposite to us. The work has been divided. They are buying in the paddocks and in the markets, and our killing has been reduced tremendously this year.

49. It has been suggested that Vestey and Co. are an American firm: have you any knowledge that they are?—We have tried our level best to get to know who they are, but it is a very complicated matter. We have tried in London and elsewhere, but we have no definite information. We know the capital registered in New Zealand is very small—£1,000 for each of the works.

50. Do you know if there is any keen competition between Fletcher's and Sims, Cooper, and Co. in the buying?—I do not know that there is any special competition between the two companies.

51. They buy so much at about the same range of prices?—They both pay for lambs more than what the Government price works out at.

52. You say you make a rebate to shareholders?—Yes, and to all people who kill in our works, whether they are shareholders or not. When we make a profit which enables us to make a rebate we make a rebate on all stuff that is killed in our works irrespective of who the people may be.

53. Or whether they hold shares or not?—Yes. It is only when we make a profit we make a rebate.

54. But the usual co-operative company only makes a rebate to its shareholders?—Yes, but we make a rebate to every one on all stuff frozen.

55. *The Chairman.*] Do you nominate for free meat ewes and lamb at Home?—Yes.

56. Whom do you give the nominations to?—Some to one firm and some to another. We have nominated Nevanas and Co. for some, and also Weddel and Co. and Borthwick and Co. We have never nominated to Armour and Co. We have also nominated to the Bristol Dominions Company.

57. You do not get any benefit from the nomination at all?—No.

58. In common with others, you realize that the American trust or trusts may ultimately operate in New Zealand?—Yes.

59. In view of their operations in the Argentine and elsewhere, what is your opinion if they should get a big footing here?—We are part of an organization now of farmers' freezing companies. There are about eighteen freezing-works in New Zealand controlled by farmers' freezing companies. The war conditions prevent us doing now what we have in our minds. The Government have commandeered the meat, but we think we have the matter in our own hands practically. When the war is over and things become normal our idea is to control our meat at this end and have an organization at the other end to put the meat into the hands of the retailers.

60. Do you think you could carry out that scheme against the capitalists with their millions of reserves if they liked to compete with you?—We know we as farmers are tempted to sell to the highest bidder, but the producers have the matter in their own hands to deal with their own stuff. If we are properly organized at this end and at the other end to put the stuff straight into the hands of the retailers, instead of it going through brokers and commission agents and paying several commissions, we think we ought to be able to hold our own.

61. Do you not think with their enormous capital they could ruin your trade in the meantime if you attempted a process of that kind?—Accumulated capital can do a lot we know.

62. In regard to the railway, they rail the live-stock to Wanganui, and what killing-works do they pass on the way?—Taihape works. They do not pass our works.

63. Who own the Taihape works?—It is a farmers' freezing company.

64. And the Taihape meat is shipped from Auckland, is it?—No, from Wellington or Wanganui.

65. Railed dead?—Yes, frozen.

66. Do you think the principle of rebates to large shippers should be sanctioned by the Government or stopped if possible?—I do not know whether the Government would be in a position to stop secret commissions.

67. Do you think it is in the interests of the trade of New Zealand that secret trade rebates should be stopped?—I think it would be in the interests of the producers.

68. *Mr. T. A. H. Field.*] Do you think the American Meat Trust is operating in New Zealand?—I do not think there is any doubt about it at all.

69. Has your company felt any evil effects from the trust through competition?—No.

70. Do you think if the trust is not combated by legislation that it would be a serious menace to the producers of New Zealand?—In the long-run it would be, undoubtedly, if not checked—if the producers do not take the matter in hand themselves.

71. *Mr. Talbot.*] You have attended meat conferences?—Yes.

72. We had it in evidence that some one connected with the freezing and export trade was told to leave a conference when matters pertaining to freezing companies were brought forward?—Yes, I was present.

73. It was presumed that some of those who remained were also buyers as well as freezers, and that they would get inside knowledge which was not allowed to go to those who were told to leave. What was the reason of that?—I cannot tell you what was the motive, but I did not approve of it. I did not think one man should be turned out of the room when others in exactly the same business were allowed to remain.

74. It seemed to you rather a strange proposition?—Yes, I thought it was not right. I thought it was bad policy and bad taste for a speculator to be representing a farmers' freezing company. I do not think the man was placed in the right position when he was asked to represent a farmers' freezing company.

75. In that case there were firms who were freezing companies and buyers as well?—Yes.

76. You think they were placed in rather an invidious position?—I think the man was who was appointed to represent a farmers' freezing company, but I did not think it was the right thing for other companies in the same position to ask that one man, who was a competitor, to leave the room.

77. It might be the means of giving the trust people knowledge which was denied to their competitors, and give them an unfair advantage?—Yes; but we really had no secrets there whatever. There was no information there that was not absolutely public.

78. Is that after the others withdrew?—Yes.

79. So that there was no reason for it at that particular meeting?—No, there was nothing there but what might have been published in the Press.

80. I gather from what you said that you will after the war start an organization at the other end to control your output there?—We have our organization in operation now.

81. Will that mean opening up retail shops?—No; I think it would be very bad business for us to attempt to open meat-shops in the Old Country.

82. Your proposal would not get to the bottom of the matter if the retail shops were in the hands of the American trust?—No.

83. We have had it suggested that the only way in which the matter can be coped with is by our Government controlling it here and the Imperial Government controlling it at the other end?—I am not very anxious to see the Imperial Government take in hand the retail meat business. They are not making a good hand with the meat business. I think the commandeering of the meat business in the Dominion has been a very successful undertaking. The complaint we have is that, while we get a fair price for our meat here, the public at Home have to pay such an extraordinary price that we think the Imperial Government has handled the thing very badly. The public have to pay 1s. 8d. to 2s. per pound for mutton and beef, and where does the profit go? If the Imperial Government got it we would not complain for one moment, but for our produce to be sold at four times the amount we get for it is bad business on some one's part at the other end.

STEPHEN JAMES AMBURY further examined.

84. *The Chairman.*] The Committee understand that you desire to add to your evidence?—I only wish to say that one of the reasons why the farmers do not freeze on their own account now is that their meat has to remain in the works for such a long time. We have meat that has been in the works for seven months. These people do not get paid for the meat until it is shipped. The export buyers go into the paddocks, or buy on the hooks, or upon the open market and pay cash, and the farmer gets his return.

85. *Mr. Anstey.*] Do you think the Government ought to buy on the hooks?—Yes, I think that should be so. I think that one month after the stock is killed the Government should pay for it.

86. Would that help you against the unfair competition of American companies?—Yes. The farmers like to support their own works, but they say they cannot lie out of their money for an indefinite time. Those farmers who wish to be financed our company finance to the full amount of their meat, but we have to charge them 6 per cent. interest.

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DANIEL LONG examined. (No. 19.)

1. *The Chairman.*] You are secretary of the Auckland Farmers' Freezing Company?—Yes.

2. You have been present while Mr. Ambury has been giving his evidence, and you know the general lines on which the Committee is conducting its inquiry?—Yes.

3. Have you any statement you wish to make?—No, there is nothing I can add to what Mr. Ambury has said. I think he has covered all the various points.

4. You agree with what he has said?—Yes. I should be very pleased to furnish any information you may suggest if I can.

5. *Mr. Pearce.*] Your knowledge is similar to that of the chairman of the company?—Yes.

6. You have no outside knowledge?—No, nothing at all.

7. *Mr. Scott.*] Have you been in the employ of any other company prior to joining the Auckland Farmers' Freezing Company?—No, not any other freezing company.

8. *The Chairman.*] Do you think a freezing company, from its knowledge as a freezing company, could give information to any large buyer which would give that buyer an advantage over the ordinary buyer who had not that information?—I think not.

9. With reference to hides, pelts, offal, or anything of that sort?—No, not an ordinary buyer of any intelligence. He is on the same footing as the rest of them.

10. It was suggested that a man who was asked to leave a meeting would not get information which would be of advantage to others who were there?—I can see no reason for that. I think any intelligent buyer would have the same knowledge.

11. *Dr. Newman.*] It is said that in regard to some works the small man is shut out in favour of the big man?—That is not the case with our works. During the last three years there has been a certain amount of congestion. We have had to shut out our own shareholders.

12. In favour of whom?—Supposing a shareholder applied for six trucks, frequently we have only been able to give his one-sixth of his requirements. In such circumstances we shut out the big man altogether. The season before last we allotted 75 per cent. of our space to shareholders and 25 per cent. to export buyers, but last year we had plenty of space for all. We had no reason to refuse any one space.

13. Are the farmers freezing less and less on their own account as the years go on?—Yes.

14. Is the tendency that more and more of the stuff frozen in the works is got by export buyers and less and less by farmers?—Yes, that is our experience.

15. Has that gone on to a very marked extent already?—It had before the Government scheme came into operation.

16. You think that when the Government cease to buy more and more trade will get into the hands of the export buyers?—Yes. The export buyers buy in the paddock, and there is no further trouble to the farmer.

17. When you freeze on owner's account, do you know what the meat-export buyers take away—offal or pelts?—No, nothing goes away. It is all treated at our works, on the same basis for all.

18. Does it seem probable that when the Government cease buying as the years roll on that companies like yours will be pushed more and more to the wall?—That seems quite likely when we have another company operating against us which buys in the paddock, such as Vestey and Co.

19. You consider the position of farmers' freezing companies in regard to the outlook is not very good?—Not unless the producers support them, and it is very doubtful if they will if they can get a few pence per head more from someone else. It is quite possible the farmers' companies will have to buy.

20. Who are the largest meat-exporters in your province?—Borthwick and Sons. The payments made to Borthwick and Co. and others are as follows:—Payments made to the following for the shipped meat from killings, 1st August, 1916, to 31st July, 1917: Armour and Co. (Limited), £23,581 1s. 11d.; Eastmans Limited, £98 18s.; A. Fraser, £1,509 18s.; Meat-exporters (Limited), £5,532 16s. 3d.; New Zealand Loan and Mercantile Agency Company, £702 16s. 4d.; S. V. Nevanas and Co. Proprietary (Limited), £7,360 17s. 11d.; A. S. Paterson and Co. (Limited), £25,013 19s.; W. Richmond, nil; Sims, Cooper, and Co., £1,840 12s. 9d.; A. H. Turnbull and Co., £19,038 15s. 4d.; R. and F. Wallis, £999 7s. 6d.; T. Borthwick and Sons (Limited), £69,718 5s. 1d.: total, £155,397 8s. 1d.

21. Do you expect in the near future a large increase in the work done by the meat-export buyers?—It is hard to say what will happen in the future. I think it is more than likely that export buyers will do much more business next year than last year unless the Government are prepared to pay interest on the meat in the works, or to pay for the meat on the hooks.

22. Is there any local company in and around Auckland which buys on their own account?—Yes, Vestey Bros.

23. Is there any company founded and owned by New Zealand capital which buys largely on its own account?—No, there are only two companies—Vestey Bros. and our own—but we buy nothing, whereas the other company does.

24. But not both composed of New Zealand capital?—No.

25. Is there a freezing company in Auckland which buys with New Zealand capital?—No, no freezing company.

26. Is all the buying trade for export in the hands of companies who are domiciled outside New Zealand?—Well, there are many export buyers other than freezing companies, of course, who are New Zealand people.

27. And they do the whole of the buying trade?—Not the whole of it—Armour and Co. do a portion of it.

28. *Mr. Anstey.*] The chairman of your company said the quantity of freezing was largely decreased owing to the freezing done at Wanganui and elsewhere?—Yes.

29. Is it sufficient to interfere with your making a profit?—I do not think the Wanganui works would interfere to a very serious extent.

30. Is the competition due to Vestey Bros., and will that be sufficient to prevent you making sufficient profit?—Previously there was sufficient work for our two factories, but last year we lost half of our business.

31. Would that interfere with your paying a reasonable dividend?—It will if it goes on.

32. Do you think there is any attempt being made by those buying to force you out of the business?—It is impossible to say. So far as we can see at present they are not trying to force us out of the business.

33. Supposing they succeed in taking business away from you and make it unprofitable, would not that have the effect of enabling them to freeze you out altogether or buy you out at a discount?—Yes, that is generally considered the object of the American companies.

34. Do you know whether that has been the case with companies similar to yours?—I could not say.

35. Have you had any offer from any one to buy you out?—I have not heard of any direct offers.

36. *Mr. Talbot.*] How do you manage your shipping business?—We freeze only and do not buy.

37. And the meat is shipped on behalf of the person who puts it into your works?—Yes.

38. We have been told that some companies are allowed to ship a large quantity of free meat: have you any complaint to make in regard to the way your company is treated?—We have been obliged during the past season to ship beef, except on one or two occasions when we did not have sufficient to fill the space, and then they allowed us to ship some mutton and lamb.

39. You say the company near you is under outside capital: do you think they have any advantage over you in shipping their meat?—I think not. They accidentally shipped some mutton instead of beef at one time.

40. Do you think it was an accident?—I am not sure, but they got it away. There were only five thousand carcases.

41. Do Sims, Cooper, and Co. operate in your district extensively?—Yes.

42. And they send their stuff past you to other works?—Yes, to Wanganui.

43. Would you be surprised to learn that they only shipped from the Dominion £437,981 worth of meat?—I have no knowledge of their operations outside the Auckland District.

44. There are companies like the New Zealand Refrigerating Company sending over £3,000,000 worth, and Borthwick and Sons over £1,500,000 worth of meat away. How would you compare their operations with Sims, Cooper, and Co.?—I should think Sims, Cooper, and Co. exported more than that from what I have heard of their operations.

45. Do you think the figures I have mentioned do not disclose the true position as regards the operations of Sims, Cooper, and Co.?—I would only guess they did not, but I have no means of knowing.

46. Do you know that they are operating in any other form, breeding ewes for farmers on the understanding that they are to get the lambs?—Yes, we have heard rumours of that.

47. *Mr. T. A. H. Field.*] What makes you think the trusts are operating in New Zealand?—Armour and Co. are supposed to be one of the trust. They have put through our works this season over £23,000 worth of stock.

48. But outside of Armour and Co.?—There is the usual suspicion that a firm is acting for Swift and Co., but whether they are or not I cannot say.

49. *Mr. Scott.*] Have you much meat in store?—About 150,000 carcases.

50. What is your capacity?—Our total capacity is over 500,000 carcases in 60 lb. carcases.

51. But no preference has been shown so far as you know in getting away your meat?—No, we have nothing to complain of on that head. Of course, we do not know of the exact proportions we are entitled to of the allotment, because we do not know what meat they have in other works. We think it would be a good thing to make that public or let the freezing companies know. I do not know the reason why the freezing companies should not get that information.

52. Have you any complaint to make against those who control the shipping of your meat?—No.

53. *Dr. Newman.*] What buyers in the southern half of this Island operate in your province?—Borthwick and Sons is a southern firm; Sims, Cooper, and Co.; R. and F. Wallis bought a few cattle last year; and A. H. Turnbull and Co.

54. And the Wanganui Meat Company?—Yes, and the Patea Meat Company. The New Zealand Refrigerating Company is the Wanganui company to which I refer.

55. Does the Patea Meat Company operate up your way?—I am not quite clear whether they have been operating recently.

56. *Mr. Talbot.*] In regard to the cutting-up of carcases and packing them in the works, are you adopting that system in the coming season?—Yes, we propose to do what we can to assist in that way.

57. Have you considered the proposal of cutting the meat down lengthways and stacking it?—No.

58. *Mr. Anstey.*] You told us just now that Armour and Co. froze some £23,000 worth of stock with your firm this last year?—Beef, mutton, and lamb.

59. You received from the Imperial Government £535,000?—Yes.

60. Is that amount you froze for Armour and Co. included in that amount?—Yes.

61. This £535,000 which you received was on behalf of various shippers, and in turn you handed it on to them?—Yes.

62. Armour and Co. are stated to have received only £340,000 from the whole of the Dominion, and they received from you alone, what?—From the 1st August, 1916, to 1st July, 1917, they received £23,951.

63. We have produced a list showing the payments made by the Department to various shippers. [*Vide* Appendix D.] It shows that the payment made by the Department itself to Armour and Co. is £74,000, and in addition to that Armour and Co. would have in that item of yours of £535,000 an amount of £23,000?—No; the £23,000 would be included in the £74,000. Armour and Co. would have been paid that £74,000 direct.

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PATRICK ST. STEPHEN CARROLL examined. (No. 20.)

1. *The Chairman.*] What is your position?—Managing secretary of the Taihape Freezing-works.

2. Who owns the Taihape works?—It is a limited company—a co-operative farmers' company.

3. Is the capital entirely New Zealand capital?—Yes.

4. Does the company buy?—Yes, we bought last year.

5. What proportion of your turnover would you say the company buys?—Last year 90 per cent. of it was bought by the company.

6. You do not freeze for large buyers at all?—Not to any extent. Last year Sims, Cooper, and Co. were the principal people we froze for, but what they put through was very small: it was only what was nominated by the shareholders of the company. It was bought by them from farmers on condition that it was to be put through our works.

7. Does your company nominate in London?—Yes, to Nevanas and Co., who are agents for the company, and they get all the nominations.

8. Do you get any advantage from the nominations as a company?—No.

9. Do you give rebates to the companies or farmers for whom you freeze?—No, not so far.

10. Have you been asked to give any rebates to any companies?—Not as far as I know. You will understand that I have only just taken up the position of managing secretary of the company—only six weeks ago. No rebates have been given, and as far as I know none have been asked.

11. Do Sims, Cooper, and Co. take the bulk of their live-stock past your freezing-works down to Wanganui to the New Zealand Refrigerating Company's works?—Yes. The trouble last season was that Sims, Cooper, and Co. made the pace so hot for prices that the local company was forced out of the market and closed down half-way through the season. That is the Taihape company. Sims, Cooper, and Co. were giving more than was in the stock based on Government prices. The Taihape company, which was buying, could not give the prices without incurring a severe loss, and they had to close down.

12. Under ordinary conditions would it not pay the buyer better to freeze at your works and then rail rather than take the live-stock down to Wanganui and kill and freeze there?—The question of railage comes in. As it stands at present I think there is a slight advantage in favour of railing the live-stock. I think, speaking from memory, our railage on frozen stock to Wellington costs us about 0·178d.

13. You have only been with the Taihape company for six weeks?—Yes.

14. Were you connected with any other company?—Yes, the Hawke's Bay Farmers' Meat Company, at Wakatu, for about four years.

15. *Mr. Pearce.*] You probably have had more experience of the business in Hawke's Bay than in Taihape?—That is so.

16. Did the Hawke's Bay Company freeze on farmers' account?—Yes. About three months after they commenced operations the Government commandeering scheme came into effect. They were buying nominally in their own name, but really for Sims, Cooper, and Co. Their buyers went out and purchased the meat nominally in the name of the company, but Sims, Cooper, and Co. paid for it when it was on the hooks.

17. How did they arrange the freezing-charges—did they buy it per pound on the hooks?—They gave us their cheque for the price at per pound, and we then froze for them on the usual scale charges.

18. You bought, and if you bought too dear you had to sell at a loss?—We had nothing to do with the question of price at all. The price they gave to us was the price at which we purchased.

19. You had a right to buy at whatever price you liked, and they took it over?—They gave us a price, and we had to purchase at that price.

20. What number of sheep did you kill there in the season?—In the season just completed I think we put through 170,000, and the previous year about 250,000.

21. The whole of that went to Sims, Cooper, and Co.?—No, not the whole of it. In the season just concluded I suppose there is very little of it theirs, but last year probably 25 or 30 per cent. would be theirs, and in the season before a still greater percentage. When the Government commandeering scheme came into effect I went to the shareholders and recommended them to put their meat through on their own account, and this year I suppose 97 per cent. of them have been doing so.

22. When you were dealing in this way with Sims, Cooper, and Co. you were secretary of the company?—Yes.

23. To whom was the meat consigned?—The London Produce Company.

24. In what way were you paid for this meat?—In the ordinary way by the Imperial Supplies Department.

25. I understand you were buying for Sims, Cooper, and Co. before the Government commandeering scheme started?—Yes, but apparently they had a firm of stock agents in Hastings to pay us.

26. What firm? De Pelichet, McLeod, and Co.

27. And were there any rebates?—Sims, Cooper, and Co. got a rebate on the freezing-charges at the end of the season. They got a special rebate.

28. Will you state what the rebate was?—I could not from memory, but I could supply it to the Committee later.

29. Will you send the Committee those figures?—Yes.

30. What the total freezing-charges were and the general conditions in regard to the rebates?—There were no signed conditions.

31. Not in regard to offal?—No.

32. Did Sims, Cooper, and Co. object when you advised your clients to freeze on their own account, and try to compete against you?—No. They kept out of the market pretty well. I believe an arrangement has been arrived at between the company and Sims, Cooper, and Co.

33. *Mr. Anstey.*] You said your present company had to close down during the latter half of last season?—Yes, at Taihape.

34. Owing to keen competition?—Yes.

35. If that keen competition continues is it likely to close you down altogether?—Yes, I think it would, probably. The Taihape Company is not financially in a position to do much buying.

36. Do you think that keen competition is organized for that purpose?—That was the prevailing opinion amongst the directors last year.

37. Have you ever had an offer to purchase the works?—Yes, by a representative of Sims, Cooper, and Co.

38. And apparently this competition is carried out for the purpose of breaking your works?—Yes, I take it so.

39. *Mr. Talbot.*] You say that at Taihape the farmers gave up putting their meat into your works?—Yes. I think there are only three shareholders who put their meat through on their own account at the Government price.

40. Would the position have been different if the Government had paid for the meat on the hooks?—I do not think so—not under the prices ruling. I do not think it would have helped us.

41. Does it not appear to you it would be a disadvantage to the farmers not paying on the hooks—it is giving Sims, Cooper, and Co. an advantage?—Yes, it would be an advantage if the meat was paid for on the hooks.

42. If an American firm tried to squeeze you out, then the Government provision in vogue now would help them in that squeezing-out process?—Yes, that is so. In a company like ours it is extremely difficult to finance the money and pay interest on it. If we could make advances to our clients on favourable conditions, then probably a great many more of them would freeze on their own account.

43. Would you strongly recommend that payment on the hooks be made by the Government as part of the scheme?—Yes, I should.

44. *Mr. W. H. Field.*] When your works closed down for the latter half of last season did you have to dismiss your men?—Yes, all were dismissed except those who were essential for running the works. We had to dismiss, I suppose, forty or fifty men.

45. Did those men find employment elsewhere?—I could not say. We only kept on the the foremen of the different departments and the engineers.

46. You say that was due to the competition of Sims, Cooper, and Co. entirely?—Yes.

47. The prices they were offering were too big?—Yes. The Meat Export Company was running very close to Sims, Cooper, and Co., and outdistanced them in some cases.

48. Would your company confine yourselves to freezing, and not buying?—Yes, we would prefer that.

49. Do you think that is the general feeling of the freezing companies throughout the district?—Yes, as far as I know, amongst farmers' freezing companies. In the Hawke's Bay, as the result of my recommendations and personal canvas, 97 per cent. of the stock has been put through the freezing-works on the owners' account.

50. From the knowledge you have gained from the two companies, can you tell the Committee whether the freezing companies regard the American companies as a serious peril?—I think the shareholders do, as far as I know, but it is a question of the management of the company in many cases, and the question of profit enters into it.

51. You cannot possibly stand up against the competition such as you have described and hope to live?—No; but the position is that Sims, Cooper, and Co. apparently make arrangements with the company to buy. All they want to get is space to freeze their stock, and it is a good thing for the company if they can keep a freezing-works stocked and go through the whole season. These people are in the market, and will stop at no price in order to get the stuff, and continuity of killing is a very important thing in a freezing-works.

52. Then if it is only a question of the freezing companies you do not regard it as a serious thing?—Personally I regard it from the point of view of the shareholders, who are the company.

53. The American companies could with the capital at their command swamp the market if they wished?—Yes.

54. If they got control absolutely of the market would not the dividends be decreased?—Once they got control of the market they would probably want more profit from the freezing companies than they want now. They are in the position now of having to apply for space, but if they got control of the market they could demand it.

55. Can you say from your own knowledge whether there are any American companies except Armour and Co. who are operating openly and buying in this country?—No, not that I know of.

56. You have no suspicion that Sims, Cooper, and Co. are financed or connected with the American interests?—Well, there is common talk that they are, but I have no proof that they are. All arrangements made between Sims, Cooper, and Co. are by word of mouth—nothing is put in writing.

57. They cover up their tracks pretty well? Yes. It is all a matter of interview between the company and Mr. Sims, or whoever is the principal of the company at the time.

58. Have you heard of Swift and Co. operating in New Zealand?—Not under their own name.

59. You have reason to believe they are operating?—Well, Sims, Cooper, and Co. are commonly supposed to be associated, but I have no evidence of that.

60. Has your company or the Hawke's Bay Company ever considered the best means of meeting this menace?—Yes, the Hawke's Bay directors have even discussed it informally; but I think the majority of them are opposed to having anything to do with Sims, Cooper, and Co. or the American Meat Trust, and there is a minority who probably, if they have considered it, take into consideration the amount of stock they put through the works.

61. Do you think that would be sufficient to meet the difficulty?—No.

62. Have you any suggestions to make to this Committee as to the best means of getting over the evil?—The only means I can see are that the Government continue to commandeer the meat and keep it under their control both at this end and at the selling end, co-operating with the Imperial Government as well.

63. You have not thought out the details of such a proposal?—No.

64. *Mr. T. A. H. Field.*] Was the company you were with the Hawke's Bay Farmers' Meat Company?—Yes.

65. On behalf of the Imperial Government they received money to the amount of £392,000 for meat?—That is altogether. I could not tell you the exact amount: it would be somewhere near that.

66. Do you think from your knowledge of the business that Sims, Cooper, and Co. have done that £437,000 would be a fair statement of the amount of business they have done all through New Zealand?—No, I do not think it would.

67. And you think some of their business must have been sold or put through somebody else?—Yes.

68. *The Chairman.*] This £437,981 mentioned in this statement [*vide* Appendix D]—is that exclusive of the amount you would pay Sims, Cooper, and Co. out of that £392,000?—When the meat was invoiced to the Imperial Supplies Board the custom was for us to ask them to send a cheque direct to Sims, Cooper, and Co. They did not pay us for it.

69. *Mr. Witty.*] Have you seen the amount Sims, Cooper, and Co. have received from the Imperial Government?—Yes.

70. Do you think that is a true statement, taking into consideration what proportion of stuff you freeze for them at your works?—No, I should not say it was—not from my knowledge of their operations.

71. Have you any idea what cheques would be put through the Hawke's Bay Company to Sims, Cooper, and Co.?—No, it would be difficult to say from memory. I can remember them getting cheques on different shipments amounting to £3,000, and £4,000 on one shipment.

72. Do you think that £438,000 covers the extent of Sims, Cooper, and Co.'s transactions in New Zealand?—No, I should not say so—not by a long way.

73. Do you not think it would be better in the interests of all concerned if every agreement with regard to rebates was put in writing, and make it a penal offence for it to be done otherwise?—Does it not now come under the provisions of the Secret Commissions Act?

74. No, I am afraid not?—Sims, Cooper, and Co. will not commit anything to writing. It is all done by personal interview—by word of mouth.

75. Should not all arrangements be made in writing and in legal form?—They should be, but they are not. Sims, Cooper, and Co. will not deal with the board of directors of a company. They will ask that the chairman personally, or the manager, or secretary—either one or the other—be appointed to make arrangements with them, which are not committed to writing, and are not known to anybody else in the company. For instance, in the Hawke's Bay Company an arrangement was made with the manager. I could not tell you the details of the arrangement, although I was secretary. I knew an arrangement was made, and had seen the cheque for their rebate, but none of the other directors knew and none of the company knew.

76. That shows there are secret transactions going on which are really to the detriment of the company in the end?—Yes, that is so.

77. Or to the country either?—That is so.

78. Have you any idea who is behind Sims, Cooper, and Co.?—No, I have no idea, only what is current talk.

79. Do you think they belong to the American trust?—It is my opinion that they do.

80. Can you tell the Committee why they are giving more for the stock than you local companies can do?—The only reason I can give is that their object is to squeeze out all competition, when they will have the market in their own hands, and they will then be able to give whatever prices they like.

81. Are their operations on the same lines as the Americans are doing in the Argentine—that is, gradually sweeping up on the companies?—That is so.

82. Then in the end it must be worse for the companies on account of the lesser dividends they would receive through pressure than at present?—I should think so, eventually. I think the bigger the hold they get the bigger the demand they would make upon the companies for an increased share of the profits which they were practically creating by putting stock into the works.

83. Do Sims, Cooper, and Co. nominate any meat put through your company?—We had instructions to nominate all their meat to the London Produce Company, and they also asked our company, in consideration of putting all their stock through our works, to nominate any free meat we had to the London Produce Company as well.

84. Then you did not nominate at all except by order?—Yes. You will understand that where a number of farmers are freezing on their own account it is rarely if ever that they ask us to have their meat nominated to any particular firm.

85. But they nominate it through particular firms?—It has to be nominated, but they generally leave it to the company to nominate it for them.

86. Did you nominate as requested by Sims, Cooper, and Co.?—Yes, a good deal of it was nominated.

87. I think that is important, because if Sims, Cooper, and Co. nominate all their meat to that company we may find out how much they have received when we get evidence taken in the Old Country. I take it that all their meat which was nominated was nominated to that company in the Old Country?—Yes.

88. That is, their meat?—Yes.

89. The free meat also they compelled you to nominate to whom they chose?—Yes. It is not a question really of compulsion; but you understand they are big suppliers, and they will say, "We are supplying you with a large amount of stock, and in consideration of that you ought to nominate us for some of your free meat."

90. And has that free meat gone to the same agents?—Yes. But I wish to say that latterly that was stopped in the Hawke's Bay Company. I got the company's permission that no free meat was to be nominated to any house except it was known to be a British house.

91. You mentioned a firm of De Pelichet and McLeod, who were agents for Sims, Cooper, and Co. in Hastings: is that a French firm?—I believe Mr. De Pelichet was a Frenchman, but he is now dead.

92. Do you think if Sims, Cooper, and Co. were doing a legitimate business they would ask for secret rebates and secret interviews?—No, I do not think they would.

93. Then do you think they are connected with some firms outside of Britain?—Yes, I think they are. As a matter of fact, I know that Mr. Sims pays periodical visits to America.

94. Then you think that in the end they will practically control the meat trade in New Zealand?—I think they will—they and Armour and Co. between them.

95. Have you noticed what Armour and Co. have received?—Yes. They only started recently. They also have a buyer in Hastings, and they did some freezing through our works.

96. Where do they freeze?—Principally at Wakatu—the Hawke's Bay Farmers' Meat Company. They did not get a very warm reception from the farmers. I think they rather shied at their name, and they have admitted that they made a mistake in coming out in the open under their own name.

97. *Mr. T. A. H. Field.*] Did they admit that?—Yes, one of their representatives admitted that to me.

98. *Mr. Witty.*] Who do you think is to be more feared—Armour and Co. or Sims, Cooper, and Co.?—As far as my experience goes Sims, Cooper, and Co. seem to be more aggressive at present than Armour and Co. Armour and Co. have been going along very quietly, and their buyer would not give the prices Sims, Cooper, and Co.'s buyer was giving.

99. Do you think there may be any connection between the two?—There may be, but not that I know of.

100. Do you not think it is necessary for the sake of the trade that there should be a certain amount of apparent rivalry?—That might be for the time, but eventually, once they get the hold, the rivalry would disappear—it would only be assumed rivalry.

101. Could you suggest any way out of this difficulty to prevent American firms getting such a big hold, and which, if allowed to go on, may control the whole of the meat trade of New Zealand?—It is a big question, and it opens up the question of international trade. As far as I have thought, the only remedy is for the Government to put a prohibition on the export of New Zealand meat except to a British possession, and to firms known to be British and under British management.

102. How are you going to get over it, seeing that your own company gives secret commissions?—You will have to deal with it by law and make it a penal offence.

103. *The Chairman.*] Do you know the method of book-keeping in the Hawke's Bay Company?—Yes, I had control of the books there.

104. The rebates would go through Sims, Cooper, and Co.'s ledger entries?—No.

105. What would they go through—the firm's expenses account, or what?—They went through the account which dealt with all expenses of slaughtering and all freezing-charges, debits and credits. As far as I remember, Sims, Cooper, and Co.'s account was debited to slaughtering account.

106. In the ordinary system of book-keeping that item should be discovered by any auditor in Sims, Cooper, and Co.'s ledger account?—Yes, it should be debited in their own personal account.

107. What became of the offal of Sims, Cooper, and Co.'s stock?—The offal from their stock was treated in the ordinary way. There was no consideration given to them.

108. The company made any profit there was out of the offal?—Yes.

109. Might it not be done in such a manner in the books that you were apparently paying more for the offal and yet making a concession for the freezing?—That could have been done, but it was not done.

110. *Mr. Dickie.*] Did Sims, Cooper, and Co. get any direct benefit from the company?—No, they had no payment for offal in any way. There was an arrangement suggested that they should get half the profits on the number of stock they put through the firm.

111. *Mr. W. H. Field.*] Have you anything to say in regard to the allocation of shipping-space?—Yes; we did have ground for complaint early in the season in Hawke's Bay. We thought we were not getting allocations in regard to the number of stock already in store, and it was only after a considerable amount of writing and correspondence with the Overseas Committee that we got something of what we thought was a fair thing. In regard to lambs, when I left there were, I think, 75,000 lambs in store which had been there from October, and with the exception of 200 shipped to the Red Cross Society in London we got no lambs away, but we knew from figures supplied that a good many lambs had been shipped to London. We asked the Imperial Supplies Board to allow us to ship lambs, but they refused.

112. *Mr. Witty.*] Do you think Sims, Cooper, and Co. or Armour and Co. get any preference in regard to the shipment of lambs?—I could not say that, but I think the evidence we had tended in that direction. In the Taihape district they were giving prices for lambs that nobody else could give, and the assumption was that they were giving those prices in anticipation of getting them shipped to their London house on account of the high prices ruling at the time.

TUESDAY, 4TH SEPTEMTER, 1917.

FRANK SAXBY CANDY examined. (No. 21.)

1. *The Chairman.*] What are you?—Manager of the Hawke's Bay Farmers' Meat Company, Hastings.

2. You are aware that the object of the setting-up of this Committee is to inquire into the operations of the Meat Trust?—Yes.

3. The Committee would be obliged if you would make a general statement in the first instance on the question?—I have not prepared any statement of any description. I realize that the Meat Trust is going to have a great bearing upon the industry generally, especially on the farmers' companies. It is my opinion that after the war is over and shipping is normal the small farmers' companies particularly will find it difficult to live, unless they can do the business for the exporters.

4. *Mr. Witty.*] Would not that assist the ring?—Well, I suppose it would, but it seems to me questionable whether the ring can be checked. I think the ring would check the companies before the companies would check the ring.

5. Could you give the Committee any idea of how to check the ring?—In my opinion the only way to check it would be for the Government to take over practically the whole of the business, or the handling of the business the same as at present.

6. But the present method does not prevent the rings operating, does it?—No, but they cannot operate to the same extent—they cannot do as much as they were doing—and I do not think they are making the same profits as before. I have been watching the industry now for over twenty years in Canterbury and three years up North. I think any one who has watched it closely for that length of time would see what was happening until the the war commenced. Of course, at the present time it is neither here nor there. I think what we have to look to is what will happen when the war is over and shipping is normal. At one time—twenty years ago—it was practically purely a farmers' business, and being carried on on account of farmers, gradually developed into the export business, commencing with a small number of companies. I think Borthwick and Co. were about the first outside exporters to commence, and it gradually developed until, when the war broke out, although there were a great many exporters in the business then, it was gradually working into the hands in Canterbury of three or four people, and the smaller exporters were being gradually squeezed out.

7. *The Chairman.*] When did this commence?—It has been going on for years. I should say Borthwick and Co. started business between fifteen and twenty years ago.

8. *Mr. Witty.*] Could you give the Committee any idea of how the Government should run the business—by going out and purchasing from the farmers and putting it through the works, or buying the farmers' produce from the works?—It is a pretty big question, but if the Government is going to do anything it would probably be better for the Government to handle on account of the farmers.

9. That is, buy on the hoof?—No, not buy on the hoof.

10. Well, buy on the hooks?—Yes, probably. I do not think the Government could very well undertake to buy on the hoof.

11. *The Chairman.*] What company did you represent in Christchurch?—The Canterbury Frozen Meat Company.

12. Then you went to the Hawke's Bay Company?—Yes.

13. Do you say there is every reason to fear danger from the operations of the Meat Trust in New Zealand after the war?—Yes. What is called a "trust"?

14. Well, the very large operators?—Yes. Personally I do not know who are the trust, if they are here. I think there is a danger that all the small farmers' companies particularly, unless they can do the business for the large operators or large exporters, that they will either go to the wall or next door to it.

15. Is the Hawke's Bay Farmers' Meat Company purely a farmers' company?—Yes.

16. With farmers' capital?—Yes, practically the whole of it.

17. And it runs its business in the interests of the farmers?—Yes. Of course, we have only been running for three years.

18. All the capital is New Zealand capital?—Yes, absolutely. I do not think there is £1,000 in the company which is not actually farmers' money.

19. Do you encourage trade with the large operators?—We have not particularly. We have six hundred farmer-shareholders, and under the present conditions they have kept us going.

20. What large operators do you freeze for—Sims, Cooper, and Co.?—We have done a small amount for Sims, Cooper, and Co., and done a little for Borthwick and Co.

21. Only a small amount compared with your total?—Yes. This past season, for instance, we have done pretty well the whole of our business in connection with handling the meat from our shareholders.

22. But previous to that?—The year before was pretty near the same, but not quite.

23. Do you give rebates to people who freeze with your company?—Not to a great extent.

24. Do you give it to all who freeze for you on a defined scale?—Yes, we have a scale. This year we are not giving rebates. Of course, we have not handled much for exporters.

25. Do you give special rebates to any large firms?—No, nothing special.

26. Do you give special rebates to firms or companies?—We do not give any preference.

27. You do not give Sims, Cooper, and Co. any preference?—No, no particular preference.

28. You have no arrangement with Sims, Cooper, and Co. as to rebates different to your other arrangements?—No, not different to other people.

29. You give rebates?—Yes, we do in a small degree.

30. To every one?—Yes, if they put through a fair quantity.

31. Are you conversant with the book-keeping system of your company?—Yes.

32. Where do you show in your books the rebates that you give to the various firms—in the ledger accounts of those firms? Take, for instance, Sims, Cooper, and Co.'s account?—No, it would not necessarily go into the various companies' accounts.

33. Does it or does it not?—No, it would go straight into an impersonal account.

34. Is there any reason for that?—There is no particular reason for it, but I should say that would be the ordinary system of book-keeping.

35. Of course it must go somewhere—into some account?—Yes.

36. Would it go into the slaughtering charges account?—It depends how you named your accounts, for slaughtering or freezing.

37. Well, it goes to freezing or goes to slaughtering?—Yes, it depends on what you call your accounts.

38. We have information that your company has special arrangements with Sims, Cooper, and Co. in regard to rebates, and that you give them larger rebates than you give to other firms?—No, I would deny that. Of course, we might do it on a sliding scale, with others.

39. Do you do it on a sliding scale?—We have not been allowing anything—we have done so little in that line.

40. Have you arranged with Sims, Cooper, and Co. for rebates on a sliding scale?—We have made a general arrangement to that effect.

41. With whom?—With several firms.

42. Will you name the firms you have made such arrangement with?—Sims, Cooper, and Co., Mellsop, Eliot and Co., and A. L. Joseph and Co.

43. That is now Armour and Co.?—Yes; and Nevanas and Co.

44. Could you give the Committee the scale of that rebate?—It was, roughly—10,000, $2\frac{1}{2}$ per cent.; 25,000, $3\frac{3}{4}$ per cent.; 50,000, 5 per cent., off the freezing-charges.

45. Would that give the large purchaser a considerable advantage in the purchasing-market as against the small purchaser?—For a purchasing concern it would not make very much difference.

46. It would not enable a large dealer to go out and give larger prices than the small man?—The whole thing would not amount to more than 2d. per head, I suppose.

47. Directly or indirectly, have you given any firm a larger percentage than that?—No.

48. You speak positively on that?—Yes, I think I am quite safe in saying that we have not departed from that.

49. And it would be possible from the books of your company to ascertain exactly what Sims, Cooper, and Co. had had in the way of rebates, would it?—I suppose it would be.

50. Would it or would it not—or is it so lost that it is just in this impersonal account that you could not say whether it is Sims, Cooper, and Co.'s or somebody else's?—I have no doubt it could be traced.

51. Have you been approached by any firms with the object of negotiating for the purchase of your works?—No, not that I am aware of. I believe there was a suggestion before I went up there—practically before the works were built.

52. Do you know on whose account?—No. I do not think there was very much in it. There was no suggestion of selling the works.

53. The rebate arrangements made with Sims, Cooper, and Co. were made with you?—Yes, practically.

54. With yourself and Mr. Sims?—I do not remember which member of the firm it was.

55. But with yourself and one of the members of the firm?—Yes.

56. Referring back to the Canterbury works, can you tell the Committee anything about rebates in connection with the company you were managing there?—No, I had nothing to do with that.

57. Speaking of the trade generally, do you consider that any of the large companies in New Zealand are encouraging large operators by giving large rebates?—I think probably that is so.

58. Do you say that the giving of large rebates to large operators should be stopped, if possible, in the interests of the trade?—If it could be stopped I dare say it might do good.

59. But do you think if it could be done it would be material in the interests of the trade to stop the giving of large rebates?—Yes, it would certainly be in the interests of the smaller companies.

60. And of the smaller buyers?—Yes. I do not know that it would make much difference.

61. It would depend upon the extent of the rebate?—Yes.

62. Do you consider all companies should be compelled in their books to clearly show the rebates made to all firms, so as to keep a check on what is being done?—I do not think there would be anything gained by that.

63. Do you not think one ought to be able to ascertain, in the interests of the trade, what rebates are being given by each company?—Who would ascertain?

64. The Government, if necessary. Do you think that would help things on at all?—I do not think it would.

65. What object could the companies have in concealing in their books in any way the rebates given if such a state of affairs obtained?—Well, I suppose each company is looking to get a turnover and get the business.

66. *Mr. Scott.*] What is the primary object in giving rebates at all?—I suppose it is a custom that has grown up to keep the works busy.

67. Then if the rebates are all on an equal scale there can be no advantage in it?—No, that is probable.

68. Then do you not think that some companies may be induced to give larger rebates to exporters or to people who have stock to freeze than they would give to others, in order to induce them to bring their stock to your works?—The idea, I take it, is to get a share of the business from the man who handles the most stuff. Before the war started the business was getting into very few hands. The farmers freezing on their own account were, I suppose, not ½ per cent., and naturally the company that got the big exporter's business was the one which did the business.

69. And the principle of the rebate then, in your opinion, would tend to encourage the buyers to go out and purchase from the farmer?—I do not know that it would encourage that any more, but probably the rebate would encourage the exporter to put what he did buy through some particular works.

70. Through the works that were giving the highest rebates?—Yes.

71. That, in your opinion, would not act detrimentally to the farmer or the producer?—No; I think the farmer is quite on a good wicket at the present time.

72. Do you think the operations of the trust will act detrimentally against the farmer later on?—That is another matter. I certainly do not think they have so far; in fact, it has been an advantage to the farmer, but what will happen in time to come is another matter.

73. Have you studied or had any experience of the operation of the trusts in America, or in any other country?—No, I have not. I have read what has apparently happened there. Of course, in America they practically have control of the railways, which they have not here, and cannot get. They say that in America the farmer has to take the price offered to him or leave it—there is no option; but up to the present here the farmer has been able to take every advantake of the competition.

74. Do you think Government control at this end alone would help the producer out of the difficulty?—No; I think it should be controlled right through, or the same thing would happen—the big man would get hold of the meat at the other end just the same.

75. Have you given any thought to the problem of how to carry that out?—Well, I have thought of it, but I can see no possible way unless the Government at both ends take charge of the meat and handle it right through—practically retail it.

76. To watch it right through into the consumer's hands?—That is a big question. I do not suppose any Government would undertake it.

77. How would you favour the Government purchasing the meat at this end and the Imperial Government selling it at the other end?—I do not know about that. It would be better to handle it on owners' account or purchase it right out.

78. Do you think, then, it would be better for the Government to control the meat without purchasing it—control it by regulation?—I do not see why that should not be done.

79. *Mr. Forbes.*] I take it you have not given particular study to the details of a better system of handling the meat?—No, I have not.

80. You gave us your opinion that you thought we would have lean times after the war. Do you think it is necessary that something should be done to organize the freezing industry upon different lines from what it is at the present time, or should it be left alone?—It is a question of how it can be organized.

81. Do you think there is an opening for improvement?—Yes, I think there probably is. I think in a good many parts of New Zealand the freezing-works are rather overbuilt at the present time, and there will be a danger that some of them, after shipping becomes normal in the next year or two, will not be able to keep going.

82. If they were left alone and allowed to get a fair share of the trade, the trade they were built for the purpose of dealing with, do you think they would be able to hang on then?—If they all got a share they probably would be able to hang on, with the natural development that will go on after the war.

83. If the meat gets into fewer hands, do you think that would have the effect of squeezing them out?—The fewer the hands it goes into the fewer the works it will go to.

84. Which would be the first companies to go?—I should say it would be the farmers' companies, because the farmers' companies cannot compete with the big man if it is a question of going into the market.

85. Do you think it would be a pity if the farmers' companies were squeezed out?—I should say it would be a pity for the farmers.

86. Do you think the Government should stand by and see them squeezed out without doing something?—No, I do not think so, if they can do anything to prevent it.

87. Do you think the time has arrived when the Government should take some action?—If it is possible to take action; but I do not see what the Government can do.

88. You think something will have to be done?—If it is possible, yes. I do not see that it is possible for the Government to do anything that will assist very much unless it was a question of taking over the whole of the handling of the meat, and that is a very big question.

89. You have not given any thought to the details of that?—No.

90. *Mr. Anderson.*] A previous witness told the Committee that large buyers purchased stock in the Waikato and were railing it past the Taihape works to the ports: have you had any experience of big buyers railing stock past freezing-works?—Yes, the same thing happens on our coast. They do not actually rail it past us, but there is any amount of it railed over to Wanganui or Wellington from our district.

91. What is the reason of that?—They come into our district and give more money than we can give on Government prices, and pay the railway rates either to Wellington or Wanganui. They have been giving 50s. per hundred for beef in our district.

92. *Mr. Forbes.*] Who are "they"?—The Gear Company for one—mainly the Gear Company.

93. *Mr. Anderson.*] Are Sims, Cooper, and Co. doing that?—I do not think they were to any extent, but they may have been. I do not know what their price was.

94. Are Armour and Co. doing it?—I do not think so.

95. Which companies were doing it?—The Gear Company principally.

96. What, in your opinion, enables these larger companies to purchase stock in your district and rail it so far and still pay more than you can pay?—That I do not understand. I think this year it has been particularly bad, and that is probably on account of the opening of the Wanganui works.

97. Do you think that those prices they pay will cause the big buyers to suffer loss?—I think if any of you have seen the Wellington Meat Export Company's balance-sheet this year it will give you an idea.

98. Or is it done in order to squeeze the smaller companies out?—I do not think their idea is so much to squeeze the smaller companies out as the competition between the bigger companies to keep their works going. I think the fact of the Wanganui company starting created the competition between the Gear Company and the Wellington Meat Export Company.

99. You do not think the American companies' buyers are causing it?—I do not know who the American buyers are, beyond Armour and Co. There is nothing to absolutely connect them with America beyond Armour and Co.

100. As far as you know it is the local buyers who are putting up the high prices?—I should say, yes—the influence of that competition between the Gear Company, the Christchurch Meat Company, and Sims, Cooper, and Co., and possibly the Wellington Meat Export Company.

101. *Mr. W. H. Field.*] Do these companies pay prices you cannot afford to pay, and at the same time make a profit?—Yes; 50s. per hundred for beef. You cannot work with ox beef at Government prices at more than 47s.

102. And yet they are paying those prices?—They were paying 50s. plus railage.

103. And what about sheep?—The same thing applies, but not to the same extent.

104. Could there be any other reason for their buying at apparently what are unpayable prices except a desire to collar the market?—I cannot say—there may be. Of course, the Gear Company might have contracts locally which would help them out of it to a certain extent, such as camp contracts.

105. Would it be only a desire to keep their works going at full speed, even although they made a loss?—Of course, there is that desire to keep the works going, but I do not see the object. If they are losing on all the stuff they might as well do less.

106. You do not think that would be a sufficient inducement to get them to trade at a loss?—No.

107. Have you enough freezing-works to deal with all the stock that comes from that district?—I think under normal conditions we have, yes. We have not had perhaps during the last two or three seasons.

108. Have you any complaint to make with regard to the allotment of shipping-space?—Well, I had cause to complain once this season. We were shipping, as requested, beef and wether mutton, and on one occasion we got no allotment practically. I complained, and the answer was that we had no beef or wether mutton in stock, and that is why we did not get an allotment.

109. How could they say that when you said you had no beef or wether mutton to supply?—As a matter of fact we had some in stock, but we had been shipping all the beef and wether mutton out, and naturally we did not have so much in stock; but apparently we were to be penalized because we had shipped all the beef and wether mutton, whereas other companies had been shipping a large proportion of lamb.

110. Does your company regard the American companies as a serious peril?—We really have not had enough experience of it yet. We only started after the war commenced, and have not felt any competition at all.

111. *Mr. Talbot.*] Do you know of any companies being squeezed out yet by big operators—any companies which have closed down?—No, I think it is a bit early yet.

112. What was the reason of the Taihape works being closed for the latter half of the season?—I have heard rumours to the effect that a lot of stock was railed past Taihape to works farther down. I do not think the Taihape works are very well situated to get the business there.

113. It would be the big buyers who would be railing the stock past the Taihape works down to Wanganui?—Yes. In the first place it is the Taihape company's shareholders, who must sell their stock before it can be done.

114. You mean they were not supporting their own company in the way they should do?—Evidently not.

115. In making rebates to big firms does your company enter into any engagement with them in writing—any secret contracts in writing?—No.

116. In dealing with big operators you have not had any request that nothing should be put in writing in regard to these matters?—No. It is not customary to put it in writing.

117. If you were told that certain companies had made arrangements with big operators secretly, and that this arrangement had not been put in writing, would you be surprised?—No, I would not be very much surprised.

118. The free meat you have in your freezing-works is nominated to wholesale people at Home?—Yes.

119. And Sims, Cooper, and Co. nominate to the London Produce Company, do they not?—Yes.

120. Have they ever requested or asked that any of your other free meat should be sent to the London Produce Company?—Yes, I think so—they probably suggested it.

121. You find that the farmers would rather do business with the exporters than freeze on their own account?—Yes, practically every time. I suppose it is only natural if the net result is going to be the same. I suppose farmers would say, "I can sell my stuff and get the money this week, but I may have to wait a month or more if I kill for myself."

122. There are no particular firms they wish to send to at the other end?—In a very few instances—some do.

123. Therefore there is a lot of free meat which can be operated on by yourself or at the suggestion of the big export buyers?—Yes.

124. *Mr. Reed.*] How many freezing-works are there in Hawke's Bay?—Four—the North British, Tomoana, Hawke's Bay, and Pakipaki.

125. When is this rebate ascertained—is it an arrangement before the killing is started, or is it a payment after the end of the season?—I should say at the end of the season in most cases.

126. Then with the large buyers they do not know what rebate they are going to get till the end of the season?—No, not certain.

127. And no arrangement is made beforehand?—Not definitely. It would depend on their quantities.

128. And no arrangement is made beforehand for the customer to put a certain amount through your works?—No, we have not made any arrangement like that.

129. Have you made any arrangements for space?—No. We do not book up space ahead. I rarely book anything more than killing a month ahead, at any rate.

130. Do other companies in Hawke's Bay book space ahead?—I could not say. Borthwick and Co. practically only handle their own stuff, and the North British Company freeze some clients' stuff, but I think they buy the greater portion.

131. How do your company's profits compare with last year?—Roughly, about the same.

132. In your first year did you make a profit?—Yes, we made a small profit—I think about £5,000.

133. And, roughly, what would have been your profits during the other years?—£13,000 and £14,500.

134. You did not suffer last year?—No, our shareholders have been very loyal to us all through, and most of them have killed on their own account.

135. What was the exact proportion Sims, Cooper, and Co. put through your works last year?—It would not be more than 10 per cent., I think.

136. And you say they had no arrangement for space in anticipation?—No.

137. Never more than from month to month?—No, they never had any space a month ahead.

138. And they got no more rebate than 5 per cent.?—No.

139. Did any other company in Hawke's Bay freeze for Sims, Cooper, and Co.?—Oh, yes. I think Nelson Bros. do a good deal for them.

140. Do you think the Government control of railways is a safeguard against the Meat Trust in this country?—Only partially.

141. It is a step in the direction of a safeguard, is it?—I should say so.

142. Would the State control or the local control of shipping also be a step in the same direction?—Yes, I should say so.

143. Would not the ownership of all freezing-works locally as against outside ownership be a step in the direction of safeguarding the country against the operations of the Meat Trust?—I should say it would.

144. Then would you recommend legislation prohibiting the ownership of freezing-works other than locally as a step towards guarding the country against the operations of the Meat Trust?—What do you mean by "locally owned"?

145. New Zealand capital only in the works?—What about the works that are already here?

146. An arrangement would be made by which they would be taken over?—I should then say that would be a considerable check on the American Meat Trust, because if they have trains and their own works, or an interest in works, they can handle more cheaply and compete more freely against other exporters.

147. Then I understand from your former answers that Sims, Cooper, and Co. have not been taking stock out of the Hawke's Bay District, but have been buying and freezing locally?—They have taken stock out of the lower end of the district.

148. Where it was more handy to your works and Nelson Bros.' works they preferred to freeze through you instead of taking the stock to the Imlay works?—Hawke's Bay was the handier of the two, at least as far as Dannevirke. They have been railing stuff to Wanganui, and it has not always been to the nearest works. They have railed stuff at least as far as Takapau to the other coast, whereas it would have been very much handier to Hawke's Bay as far as distance was concerned.

149. *Mr. Anstey.*] Does your company buy any meat at all?—Some—not a great deal.

150. What is the proportion as compared with what is frozen on the premises?—Not more than 5 per cent., I should think.

151. You say there are three rival freezing companies in Hawke's Bay: are they all proprietary concerns?—Pakipaki is Borthwick and Co.'s, the Tomoana works is Nelson Bros. I do not know what you call that, but there are some farmer shareholders in it, and the same with the North British.

152. Their operations are chiefly that of buying companies?—Tomoana works do a good deal of buying, and also do a good deal for exporters and clients.

153. Do you find these buying companies are attracting the trade away from farmer shippers, and discouraging the farmers to ship on their own account?—I do not know that that makes any difference. No, I think the only thing to discourage the farmers from shipping is the price they can get on the farm.

154. Do you think the Government buying meat has had the effect of driving the farmers to ship on their own account?—I think since the Government has taken over there has been a desire on the part of the farmers to kill on their own account.

155. To whom do you nominate your free meat in London?—Practically all to Fitter and Sons, Gilbert Anderson and Co., and the Bristol Dominions Company.

156. Does that apply to the bulk of the meat put in on behalf of the farmers?—Yes, the bulk of it.

157. Can you give us your idea of the proportion of released meat—the Army meat—that you ship?—I should say wether mutton and beef would be, roughly, 50 per cent. of our output.

158. That would mean that half of it is released?—About half would be Army meat, and the other half ewes and lambs. I do not know what is actually released.

159. Do you get any advantage in price on account of the meat that is released—can you get any profit out of it?—No, it does not make any difference to us which way it goes.

160. With regard to the released meat, you are permitted to sell it at the other end, are you not?—We nominate those firms, and they sell it.

161. What do you get out of those firms?—Nothing at all.

162. Do you know whether those firms get any profit out of it?—They get 2 per cent., I understand, for selling it. They get that from the Imperial Government.

163. In regard to the rebates you are making, do you find it pays? You make a rebate to a large operator as compared with a small operator?—I cannot say at present it has made much difference to us, because owing to the war conditions there has been no looking for stock, and no difficulty in keeping the works fairly well going.

164. But is there less work in handling large flocks as compared with small ones?—Yes.

165. Would you say it would pay you to make a rebate to a large operator?—Yes.

166. Is that the reason why you make the rebate?—That would be one consideration, yes.

167. You told us the scale of rebates was fixed, but is it not a fact that the rebates you have been making has been a matter of arrangement between certain persons and yourself?—No, not between certain persons and myself.

168. Was it not a matter of individual arrangement in each case?—No, we lay down a scale.

169. But you do not stick absolutely to that scale, do you?—I think so, practically. As I say, we have not made many rebates owing to the conditions.

170. You said there was an arrangement made between yourself and Mr. Sims personally?—Of course, somebody has got to make the arrangement.

171. You make no rebates on lines of less than ten thousand?—I think last year we did on a little less than that.

172. Do you know if there is any combination here amongst the buyers to fix the price at which they will pay for farmers' stock?—There is, I think, to a certain extent, but I have never taken much notice of that. There is supposed to have been arrangements made in Canterbury for a good many years, but my experience was that it had not been made a week before someone smashed it up.

173. *Dr. Newman.*] Do large shippers of any sort get a rebate on anything further than ordinary charges, such as skins, pelts, and offal?—No.

174. In the busy season of last year did the small farmers complain that the space in your works was taken up by large buying firms, and that the small farmers were squeezed out?—Last year I do not think they did: at least I never heard of any serious complaints. They had no ground for it, at any rate, so far as we were concerned.

175. Did not the buying companies make arrangements with your firm to take so-much space, and in consequence were not some of the small farmers squeezed out and their stock postponed?—No.

176. Not in the busy season?—No; in the busy season I do not think we did practically anything except for shareholders.

177. Have you this last season had any big buyers freezing with your company?—Not to any extent.

178. Because they had taken the trade elsewhere?—Our shareholders stuck to us religiously.

179. Did not two or three of your largest buyers go to other firms and not freeze through your company last season?—You mean exporters?

180. Yes?—I do not know if they went to any other firms. We certainly did not do very much for them.

181. Last season the export buyers did a smaller quantity of business with you?—Yes.

182. In the season before, when the large buyers were operating, did not complaints arise from the small buyers that they had to wait and were squeezed out, while the big farmers' stock went in?—I do not remember any complaints coming to the company.

183. Did you not hear of some complaints in that way?—I may have heard of an isolated complaint, but nothing in a general way.

184. *The Chairman.*] Shortly after your company commenced operations did you buy nominally in your own name but really in the name of Sims, Cooper, and Co.?—We did pass some of our purchases over to Sims, Cooper, and Co.

185. Is it not a fact that your company's buyers went out and nominally bought meat for your company, but Sims, Cooper, and Co. paid for the meat when on the hooks?—Yes, we passed the meat over in that way.

186. Then you were nominally agents for Sims, Cooper, and Co., were you not, at that time?—We were not agents.

187. Was there not an understanding that what you bought in your name Sims, Cooper, and Co. would take over and pay you for on the hooks?—Yes.

188. Then you were Sims, Cooper, and Co.'s agents, were you not?—Yes, if you put it that way.

189. They paid you for it on the hooks, and then you nominated it Home to Sims, Cooper, and Co.'s agents, the London Produce Company?—Yes, for that meat.

190. The bulk of the meat frozen at that time was represented by meat you bought as agents, and meat which Sims, Cooper, and Co. bought themselves?—No, not the bulk.

191. Half of it?—No, not half of it. I should say the first year it would be one-third.

192. Did Sims, Cooper, and Co. get rebates on the meat which you purchased in your own name as agents?—Yes, that would be included.

193. Now things have altered recently and the farmers have been freezing with you direct?—Yes.

194. And recently you have not been purchasing as Sims, Cooper, and Co.'s agents?—Not to any extent.

195. What led to that alteration?—I think we started an advance system which suited the farmers, and they did not object to killing on their own account, but previously the farmer did not like killing on his own account and waiting six months for his money.

196. Can you tell me the reason why Sims, Cooper, and Co. did not go out and buy openly on their own account, and not through your company at that time?—There was no particular reason for it.

197. Did it not to some extent mislead the sellers as to who were operating?—I do not think that really made any difference. It was really an arrangement that suited our finances—the farmer got his full price just the same.

198. But so far as the farmer knew he thought your company were buying?—Yes.

199. Whereas Sims, Cooper, and Co. were doing the buying?—Indirectly.

200. Did Sims, Cooper, and Co. support you with finance?—No, only so far as the meat was concerned.

201. What do you mean when you say it suited your finance?—It meant we got the money for the stock, and it enabled us to carry on.

202. Straight away from Sims, Cooper, and Co.?—After the stock was killed; otherwise it meant a big amount of money being locked up, and we were only a small company.

203. Did not the Government purchase at that time?—But they do not pay till the meat is on board. If you can get the Government to pay for the meat on the hooks that will be of great assistance to the farmers.

204. What benefit did Sims, Cooper, and Co. get out of the business that you did as their agents?—They got the ordinary turnover, I presume.

205. And the rebates?—Yes.

206. And the benefit of nomination at Home, if any?—Yes.

207. Did any one go out from your district to the farmers with the object of inducing the farmers to freeze on their own account and not sell?—Well, we circularized them. Our drafters may have suggested that they should kill on their own account.

208. You have told us that Sims, Cooper, and Co. have not done much business with your company lately?—Yes.

209. Have they been large purchasers in the district of late?—I do not think they have made as large purchases.

210. But they have passed your company by with their purchases?—Yes. I think most of their purchases have gone to Wanganui or Tomoana.

211. Could your company not give them good enough terms?—They seemed to prefer the other people to us.

212. Did they leave you quietly, or have you discussed the matter with them?—We had plenty to do, and I did not bother with them. We had our own shareholders' stuff to take, and we always give that the preference to anything else.

213. *Mr. W. H. Field.*] You referred to the Meat Export Company's balance-sheet: what did that disclose?—Just a loss for the year.

214. Indicating that they were paying too much for their stock?—It must be that—it could not be anything else under the present conditions.

215. *Mr. Anstey.*] You said that payment on the hooks would be an advantage to the farmers' companies: is that point of very much importance?—I think it is for the farmers' companies.

216. You said that your company has lately made arrangements to make advances to the farmers: that means you have to make arrangements with your bankers?—Yes.

217. Do you think that if the Government made payments for the meat on the hooks it would be of material help to the farmers' companies?—Yes, they could pay the farmer for the meat right away.

218. And you think in that case it would mean that more stock would be killed and shipped by the farmers on their own account?—Yes.

219. *Mr. Forbes.*] You think that keeping the farmers waiting puts the business into the big exporters' hands?—Yes.

220. At what rate of interest do you advance money to the farmers?—No rate of interest.

221. Do you stand the loss?—Yes, we make that concession to the shareholders.

222. We have been told that the storage allowance made by the Imperial Government is sufficient to cover not only the storage, but an allowance for interest: is that so?—I suppose it is.

223. Therefore that would enable you to get over that difficulty?—Yes. We look upon it that we can afford to give them a free advance out of our charges and storage.

224. Do you know if that is a common practice?—I do not know that it is. I do not know what other companies do. We started at the latter part of last season, and continued it this season.

225. *Mr. Scott.*] Has your company made any arrangement, verbally or otherwise, with Sims, Cooper, and Co. or any other big exporting people for the coming season as in the past?—No.

226. You have no arrangement for the coming season with any large company?—We have not discussed the coming season; in fact, I do not think we shall have any room for exporters this coming season unless things change materially. I should say the shareholders would take up all our space.

227. *Mr. Forbes.*] Are you putting up extra storage?—Yes, we will have 50 per cent. more than we had last season.

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FRIDAY, 7TH SEPTEMBER, 1917.

HENRY ARTHUR KNIGHT sworn and examined. (No. 22.)

1. *The Chairman.*] What are you?—I am chairman of the New Zealand Refrigerating Company.

2. The Committee would be glad if, in the first instance, you would make a general statement in connection with the operations of any trust which you think to be in existence?—Yes.

3. The Committee is set up to investigate the operations of any trust, particularly in regard to the meat trade of New Zealand, and the past or future prospects?—I do not know how quite to commence. I take it that you are inquiring as to whether there is a trust in existence?

4. That is so, and if it is likely to be detrimental?—I have no knowledge at all of any trust, or any dealings with any trust, as far as that goes. Of course, it is a very big question to go into. Supposing there was a trust here, the question is how to deal with it. In the first place, if legislation can be introduced to prevent foreign companies acquiring an interest in freezing-works in the Dominion, that is the first step. We have discussed this matter amongst the directors of our company, and that is the first thing we have to consider. I know there would be a difficulty even in regard to that. There are over forty freezing companies in New Zealand, and it has always seemed to us a most difficult matter for any trust to get in here. They might get control or a certain interest with a few of the freezing companies, but not control over the lot. If they could be prevented in any way from getting an interest or control of any freezing-works in New Zealand I think that would settle the matter. I know that South America and the Argentine has been pointed out as an example of the menace that the trust can become, but I would like to point out that the position in South America and the Argentine is totally different to that in New Zealand. I can tell you frankly that I have not gone deeply into the question, but in the case of South America and the Argentine there are comparatively few companies, and they are in a small radius, which makes it easier for a trust to operate and control the business, but here in New Zealand the conditions are so different that it seems to me to be almost impossible. Then, of course, there is the question of shipping. I really do not know how that is going to be controlled; it is such a huge thing, and it is quite beyond me. It has been suggested that the present system of commandeering by the Government might go on as at present—I mean the Government would fix the price for the meat, and it would simply go into the freezing-works.

5. *Mr. Anstey.*] After the war?—I am taking it for granted that after the war the same conditions must continue for a certain time, and that is in the mind of a certain number of people as a solution of the difficulty. That is a position that I should personally not like to see brought about as a director of a freezing company, because really my interests are more with the farmer. I have been farming for over thirty years, and I do not see how when a man takes up land and buys the freehold you can put him in the position of being bound to accept a certain price for everything he has to sell off his land. That would be absolutely unfair; besides, what incentive is there to go ahead with any industry if it is going to be tied up and spoon-fed?

6. *Mr. Witty.*] Could not the excess profits be brought back to him should they arise—that is, excess profits over and above what is paid on the cost of transit?—It has been very difficult to arrive at the excess profits in this country. It is a very complicated matter.

7. What I mean is this: anything above the price paid by the Government here and the cost of transit and dealing with it at the other end, should not that go back to the farmers in New Zealand?—I suppose it might, but it seems to me to be rather an unwieldly business. Some farmers may be out of the business by the time they get that.

8. In that case they would not need it?—It may be because they have needed it.

9. *The Chairman.*] Do you recognize that if this American trust or any other trust operated largely in New Zealand they might ultimately control the whole of the trade to the detriment of this Dominion?—They might, but, as I said before, I do not think they could.

10. You do not apprehend any danger from the operations of any large buyers?—No, I do not. If you look at the past history of New Zealand in particular—of course, the operations of the trust have been to raise prices in order to ultimately get the prices down—you will find that for years back there have been and always will be men who are willing to speculate and step in. I have never known prices to drop when there have been men who are willing to step in and take up the business even when they have not been brought up to it—they speculate.

11. In the case of large capitalists, do you not think they might get control of the freezing business of this Dominion?—The capital behind the American meat companies is so enormous that we could not fight them, and that is where I should expect legislation to come in.

12. You recognize that it is necessary for the Government to do something?—Yes, if they would prohibit foreign capital being put into freezing-works and arrange that the freezing-works should be controlled by ourselves.

13. Your company act as buyers as well as freezers?—Yes. At normal times we buy about one-third of what we put through the works.

14. Are the works of your company open generally for the small freezer as well as for the large companies?—Not only generally but always open. Of course, you will understand that at a time of drought, or when there is pressure and the works are nearly full, we have to allocate the space, but they are open to any one.

15. American companies or any one who comes along?—Yes. Armour and Co. came in this last year. They made application for space to freeze, and we do not see if we have an open-door policy how we can stop them. Besides, what would be the good—they would go somewhere else.

16. Have you any knowledge of Sims, Cooper, and Co.'s buying operations in the Dominion?—Yes, I have a general knowledge, because they put through a large amount, but what percentage I could not say.

17. I have a return here showing the payments made by the Imperial Government Department for the purchase of frozen meat from the inception of the commandeering scheme up to the 23rd August, 1917?—Yes.

18. That shows in round figures a payment to your company of £3,300,000?—Yes.

19. And £437,981 to Sims, Cooper, and Co.?—Yes.

20. Do you think that amount represents the whole of Sims, Cooper, and Co.'s buying in New Zealand?—I do not know their business. I could not tell you from memory what they put through our works.

21. The amount you receive is nearly seven times as much as the whole of Sims, Cooper, and Co.'s buying operations?—Yes. I do not know what they do with other companies. Are you under the impression that they do all their business with us?

22. No; that is the whole of their operations in New Zealand. Does it not strike you that that is a very small amount for Sims, Cooper, and Co.?—I told you just now that in normal times we freeze, roughly, one-third on our own account, but since the commandeering scheme came in that has increased to about 43 per cent. I am afraid I do not know enough about their business to answer your question.

23. Of that amount of £3,300,000 that your company receive, how much would be your own buying, and how much for Sims, Cooper, and others?—I could not tell you offhand.

24. Do the large buyers get any concessions from your company that smaller buyers do not get?—They do; the man who puts through so-much is entitled to get a concession.

25. Which increases according to the amount he puts through?—Yes, up to a limit, of course.

26. Have you a scale?—Yes.

27. Can you tell the Committee what that scale is?—No, I could not. That is another question which I suppose you want answered accurately.

28. Could you not tell the Committee what that scale is?—No, I could not. I understand you are wanting to get at the broad question of the trusts. Is it quite a fair thing for the Committee to ask me that question?

29. Yes, it is very material. The point is that if these large companies get large concessions from the freezing company they are able to squeeze out the small buyer by the benefits that they would get—they are able to go into the market and give more for the meat?—But we have no small buyers so far as I know, except the farmers came in themselves to protect their own interests.

30. You told us that the large buyer gets a special rebate?—Yes.

31. That squeezes the small buyer, does it not?—If there is a small buyer. You are, of course, taking it for granted that there are so many men interested.

32. It eliminates the small buyer practically, does it not?—Yes.

33. Do you make special arrangements with the different companies or on a scale?—We have a scale.

34. And every company gets treated according to that scale?—Yes, we make no difference.

35. No more and no less?—No.

36. In any way whatever, directly or indirectly?—That is so.

37. They get no advantages from the pelts, or fat, or offal?—No, that belongs to them unless we buy it—that is their own property.

38. Are those rebates or allowances shown in the accounts of each buyer with your company?—I suppose they are when they get their statements. I have never looked at them.

39. Would you have any objection to your company sending to the Committee your scale of rebates?—Well, this is a parliamentary Committee. How far does this evidence go? Is it laid on the table of the House?

40. Yes?—It is public property?

41. Yes?—It goes out to the public?

42. If ordered to be printed?—Could any other freezing company see exactly what the terms are if my company forwarded the scale to you?

43. As a matter of fact, the Committee has power to come down and go through the books of your company and see for themselves?—That is what we would be only too glad for the Committee to do, Mr. Chairman; but I take it that that is an entirely different thing to sending a report or statement to the Committee which is to be laid on the table of the House.

44. The investigations of the Committee will be laid before the House?—Yes; there is a difference.

45. Where is the difference to sending an accountant to look into your company's books and bringing the information to the Committee, or you yourself sending the information to the Committee? Is your objection to it that other companies may get to know your business allowances or rebates?—It is generally for that reason I object. You are asking me to answer you a question offhand, and I am in the position that there are certain things which it is only fair should be put before my board. Of course, what I say here they will probably agree to, but I think that I would rather consult them. That is only fair.

46. The Committee would be obliged if you would send them particulars of your scale of rebates?—If you will give me a list of what you require in the way of information I will send you a reply as soon as I get my board together. I am not refusing to give you the information, although in one sense it may appear that I am, but I do not think it is putting me in quite a fair position.

47. You can see the value of the information to the Committee?—Well, to a certain extent; but I am not putting the value on to it that the Committee is.

48. But it might be that the system you have in vogue may be very detrimental to the small buyer?—No, not now. I have never seen it operate in that way.

49. How much per head would the system of rebate enable a large buyer to go over the small buyer, as against the man who gets no discount?—Roughly, it might make a difference of 3d. per head.

50. Do you not think it would be 6d. per head?—No, I do not think so.

51. With regard to the nomination of firms to deal with the meat in the Old Country, you exercise the right of nomination unless the freezers nominate themselves—I mean the free meat?—I was just trying to think. I do not know whether we have had any free meat.

52. All meat is free except wether mutton and beef—ewe mutton and lamb is free?—Yes, our London office gets 2 per cent. on any sales.

53. To whom do you nominate?—I thing the Committee has a table which Mr. Murray left showing the nominations. When the Committee telegraphed to my company we cabled Home to get that information, and the Committee has before it a statement setting out all details.

54. Is the capital of your company all New Zealand capital?—Yes, except that there are three shareholders, I think, at Home, who were resident in New Zealand, but have now gone to England to reside, and we still call that New Zealand capital.

55. You recently erected new works at Wanganui?—Yes.

56. What did those works cost?—Well, that is another thing, Mr. Chairman, which we consider is our private business. Of course, if the Committee insists——

57. You will submit that to your board also?—Yes, I will.

58. *Mr. Reed.*] That is a question, Mr. Chairman, which I think we should have answered. The chairman of directors of the company ought to know, and we ought to have had the question answered by Mr. Murray?—Wait a minute, Mr. Chairman. Of course, in answering that question it leads up to another question.

59. *The Chairman.*] It very likely will?—I can quite see the inference. We raised £150,000 in debentures, and further than that——

60. *Mr. Reed.*] The question is, what did the Imlay works cost?—If my board refuses to supply the information you have your remedy.

61. *The Chairman.*] I think the question ought to be answered, Mr. Knight?—Well, what position am I in? I have already got one question which you have asked me to refer to my board.

62. Well, this question we must ask you to answer: it is for you to decide?—Of course, the other freezing companies will be in the same position. Well, gentlemen, I have not got the figures right up to date, but it is quite sufficient for your purposes if I tell you that the Imlay works cost about £200,000.

63. How was that financed?—From our own resources.

64. Did you obtain any outside financial assistance from buyers or meat operators?—No, we did not; all within ourselves.

65. *Mr. Anstey.*] When you say you obtained that money all within yourselves, I understand you called up some of your shareholders' capital?—No. We are calling up some of the shareholders' capital now, but that is for a different business—it has nothing to do with the Imlay works. It is for increased storage, which all companies must have, or else there will be a complete block.

66. Would it be a fair inference to say that it has come from the undue profits that you have extracted from the community?—No. You say "undue" profits, but I am not going to admit anything of the sort.

67. You say you have raised the money from internal resources. The resources must come from out of your pocket?—Yes.

68. Then we are to understand that this £200,000 has been raised from profits which have accumulated from your own business?—No, there was £150,000 raised by debentures. A statement has already been put in by Mr. Murray in which that has been set out.

69. Were those debentures floated in New Zealand?—Yes, entirely.

70. And all the debenture-holders are resident in New Zealand?—I cannot tell you from memory. There are two or three men in London, and they may be debenture-holders, but I cannot remember.

71. It would be quite possible for those debentures to be sold—they are negotiable in the open market?—Well, they are to a certain extent.

72. The holders could sell them?—It rests with the directors to make a transfer.

73. And the directors could block a transfer?—Yes.

74. If the American Meat Trust wanted to buy them right up you could block the transfer?—Yes, we retain that power in our own hands. There has been very little transferring up to the present. With the new taxation there may be a difference, but we reserve to ourselves the power to refuse a transfer.

75. Your company has lately started business in the North Island?—Yes.

76. A complaint has been made that in the North Island your company has been paying prices in excess of those which would be warranted by Government prices: is it correct that you are buying stock at more than what the Government price would warrant?—If we are, every one else is doing the same.

77. But your company is to some extent?—Where there is competition, and this is our first year of operations, that must necessarily follow.

78. You admit that your company is paying above the prices offered by the Government?—In some cases. So we are down South. That is a matter of judgment with the buyer. In some cases we have had to dismiss the buyers.

79. Would that be general with all your buying business, that the prices were higher than the Government prices warranted?—I think the answer is that if we were doing that we could not have built the Wanganui works from debentures and from money from internal resources.

80. Then it is only occasional?—Yes.

81. That has been particularly so in the North Island since the inception of your business there?—Yes, it has been natural, with all the companies out against us.

82. With regard to rebates, do the shipping companies make any special rebates to your company which are not open to the smaller shippers?—The freezing companies have contracts with the shipping companies, and we have nothing to do with the smaller shippers.

83. Do you know if the price your company pays under your contract is lower than that to the general public?—I do not know where the smaller shipper comes in. We have a contract with the shipping companies, and all the meat in our works is bound by that contract.

84. Is exactly the same price paid to shipping companies by the freezing companies, large or small?—That I could not tell you. You must make your own contracts with certain companies.

85. You just make a contract on your own—you know nothing about the contracts with other freezing companies and the shipping companies?—No, that is not exactly so. That would be a foolish thing to do. It would be foolish for us if we did not get the best terms we can—that is what we are out for.

86. Are all the freezing companies on the same basis as yourselves with the shipping companies?—I do not know. There is one point, that the shipping companies cannot carry at a lesser rate for any one. All are entitled to come in. I think it is called the "favoured nation" clause. What I mean is this: we have a contract with the shipping company at a fixed rate. Supposing another company came in and agreed to carry our or any other company's meat at a lower rate, our contract with the shipping companies would compel them to carry our meat at that lower rate.

87. But I want to know whether the shipping companies would make a greater or lesser rebate to other companies than to your company?—I do not know.

88. I want to know whether the shipping companies offer any financial assistance in your case, or do you know of their doing so in other cases?—I do not know; but before my time that was how they started some freezing-works. Money was lent to us by two shipping companies secured by debentures. I think after I came on the board we paid off the last of these debentures.

89. You are financially independent of the shipping companies?—Yes, we have been for the last ten years.

90. Your company is not at present dependent upon the shipping companies?—No. I am not referring to any shipping company—I mean the New Zealand Shipping Company.

91. *Mr. Reed.*] You said that the difference between the conditions in New Zealand and the Argentine was that in New Zealand there was a great number of small freezing-works, whereas in the Argentine there were only a few large companies?—Yes, there are only a few, as I said.

92. I understand from what you say that you look upon the number of freezing-works we have in New Zealand as a safeguard against the American Meat Trust or any meat trust getting control in New Zealand?—The number and geographical position as well.

93. The number and the distribution of them?—Yes.

94. These small works scattered throughout New Zealand were primarily erected for the purpose of bringing better prices to the farmers?—Yes, I suppose so. There is another point, that the farmers, as you know, like everything close to their doors.

95. There is a big saving in being able to get the stock into the freezing-works as soon as possible, instead of railing it or driving it over a long distance?—Yes, an apparent saving.

96. Sims, Cooper, and Co. put all their freezing in the North Island through your works at Wanganui last year?—I could not tell you that.

97. Can you name any other company that put their stuff through?—No, I cannot. Mind you, I am not so well up in Sims, Cooper, and Co.'s business—I have not gone into it sufficiently to be able to answer that question. But have you not looked at the other aspect?

98. What is that?—That the other companies may have refused to freeze for Sims, Cooper, and Co.

99. It is a fact that other companies in the North Island have refused to freeze for them, is it not?—I believe so.

100. The Wellington Meat Export Company, the Gear Company, the Wellington Farmers' Meat Company have all refused to freeze for them?—I believe so, but I do not know it as a fact.

101. But you heard that is so, have you not?—Yes.

102. And you know the reason, do you not—that these companies look upon Sims, Cooper, and Co. as being tainted?—No, sir.

103. Well, what was the reason?—Simply because another company started which would get a certain proportion of their business, and they said "Well, it is all or none."

104. Then you say the only reason why these companies refused to freeze for Sims, Cooper, and Co. was because they could not get it all—because another company in Wanganui would get some of the business: is that the reason?—That is the reason in my mind.

105. Then why this special animosity against your company—because you admit that Sims, Cooper, and Co. were freezing at all these three companies before? Why did they combine against your company—why did they not object previously to a share of Sims, Cooper, and Co.'s business among themselves?—I do not know that they did not.

106. You cannot give any answer?—No, please take it the way I said.

107. Well?—You asked me why did they not object before.

108. Why this concerted action against your company?—Simply because they were hostile because our company came in. It meant a certain amount of the business going away from them.

109. Then these other companies were hostile because you started operations in their district?—I take it so.

110. Where they hostile against the Taihape or Feilding companies, which were new companies?—I have not got sufficient knowledge to answer that.

111. Did you ever hear of the Gear Company or the Wellington Meat Export Company being hostile to the Wellington Farmers' Company at Masterton and boycotting them?—I have no knowledge of that, but I am thinking that the position is rather different with a big company starting at Wanganui to two or three smaller companies. They may have been working in with them for all I know.

112. In reply to Mr. Anstey you said that your company had been giving high prices in the North Island. I suppose you know that Sims, Cooper, and Co. have also given high prices for live-stock in the North Island?—I said that as far as I know every one has been giving high prices. I do not see how it could be otherwise.

113. Sims, Cooper, and Co. have been drawing stock from the Wairarapa, Rangitikei, and Auckland Province and railing it down to your works?—Yes. I do not know exactly where the stock came from, but I know they have been working over a wide radius.

114. Do you know that with the wide range over which Sims, Cooper, and Co. have been working, the prices they have been giving, the result has been that several companies have shown a very bad deficit during last year—the Masterton works, the Wellington Meat Export Company, Taihape, and other works?—Yes.

115. Can you not see that if that sort of thing goes on very much longer the smaller companies cannot stand up against it very long?—Is there any reason why it should go on?

116. Is there not as much reason that it should continue as that it should have taken place last year?—No, certainly not.

117. Why?—You take a new-comer in any business you like, all the other companies in the same line of business are out against it—that is natural.

118. Yes?—Well, are they not going to fight?

119. For what purpose?—To put this new-comer out of business, and maintain the business they had previously.

120. For what purpose should the new-comer fight?—To get the business. He has to fight if the other side fights, or go under.

121. So the fight put up by Sims, Cooper, and Co. was to get the business, and that was the reason of their high prices?—I am not speaking about Sims, Cooper, and Co.

122. But I have been. We were talking about the wide range of operations of Sims, Cooper, and Co., and then I asked you did you know the result of it?—Yes.

123. And the result was that several companies had gone under?—Yes.

124. You said that prices had been raised all round, and it was done for the purpose of acquiring the business. Then I said to you that Sims, Cooper, and Co. gave those high prices in order to make their business. Is that so?—Not exactly. I said before, or you said, that Sims, Cooper, and Co. had been blocked by all the existing companies in the North Island.

125. Yes?—Well, naturally, if they have got the means and they are able to do it, they are not going to sit down quietly under that.

126. Then do I take it from your answer that Sims, Cooper, and Co. have raised these prices for the purpose of hitting those companies which have refused to freeze for them?—It does not follow, to my mind, that Sims, Cooper, and Co. have done so, but, of course, indirectly they have. We have raised prices, but others must come into competition, and it is a general fight all round.

127. You said there is no reason to anticipate that those prices are going to continue in the future by reason of their having taken place last year, and I ask you why?—I take your statement as correct, that there are certain smaller companies which are likely to go under if this continues. Are they going on? We have no wish to continue fighting like this. We have a certain territory or area round Wanganui that we considered before we built the works is outside any other company. We have a perfect right to draw from there. If the other companies came up from Wellington into that territory they have got to pay for their stock. In a measure we were forced.

128. I will now drop your company's operations, and will talk about Sims, Cooper, and Co.?—Yes.

129. I was talking about Sims, Cooper, and Co.'s operations as having affected these other companies, and you said there was no reason to believe that the prices given by them in future would be the same as the prices given last year. Now, why?—You are speaking of Sims, Cooper, and Co. now?

130. Yes?—Of course, that will depend entirely upon the action of other companies—that is not a matter for us.

131. Therefore you really cannot say what Sims, Cooper, and Co.'s operations are going to be in the coming year?—It is quite impossible for me to say—that is their own private business.

132. But your company is going to freeze for them next year?—I do not think we have made any arrangements for the coming year yet.

133. Does your company intend to make any arrangements with them, or do you intend to do the same as other companies and refuse to freeze for them?—Certainly not. We have never refused to freeze for any one yet.

134. Are we not justified in thinking that Sims, Cooper, and Co. are going to buy stock in the same way next year as they did last year at whatever rates they have to pay—at extravagant rates?—Of course, I cannot say.

135. Can you not see from their operations in regard to one firm alone how easy it is to kill a collection of independent small works, as against a big works? I am comparing now New Zealand with the Argentine?—But you are taking it for granted that Sims, Cooper, and Co. are solely responsible for those prices.

136. Not necessarily so—I was simply using them as an illustration. I am putting it to you how easy it is to knock down small independent works as against a big strong works?—I am not admitting that that can happen.

137. You still adhere to the contention you put forward first, that the Argentine was in a more vulnerable position than New Zealand?—Certainly; but not only that: if things drop down, there are plenty of men here ready to take the matter up.

138. Take Canterbury, for instance: how many buyers have gone out of business during the last twelve months who were in business three years ago? Is it not a fact that a great number of buyers are not now buying at all?—You mean exporters?

139. Yes, exporters?—I do not know, but, of course, the commandeering system came in.

140. Do you know whether A. S. Paterson and Co. are exporting now?—No, I do not. They are only looked upon as speculators, who chip in when the opportunity occurs.

141. The Meat Trust has got control of the Argentine, has it not?—It is supposed to have.

142. You know the ultimate result of that is low prices to the producer?—If they have control, yes.

143. And you know that also means an enormous reduction in the land-values of the country?—Yes, necessarily.

144. And the same would apply to New Zealand if that position occurred here?—Yes, if it did.

145. It would mean the producers would get a lower value, and the whole of the country's land-values would depreciate enormously?—Yes.

146. You said that your company's Imlay works cost £200,000?—About.

147. Are you sure that it was not £300,000?—Absolutely certain. I could not tell you without referring to the office the actual cost, and I think what I have said it quite sufficient. I do not think you ought to doubt my word when I tell you that I know it was about £200,000. You are taking it at £300,000 and doubting——

148. I do not want to ask you any nasty questions, Mr. Knight?—Well, I take it as a nasty question.

149. You have not come here with any figures?—No.

150. You said "about £200,000," and you resent my asking whether it was £300,000?—Yes, because I said "about."

151. Mr. Murray, who is the general manager of your company, and who would know more than you do about the operations of your company, said in his evidence before this Committee, "The Imlay works could not be replaced to-day for £250,000. As a matter of fact, I could not tell you absolutely what they cost. They did not cost us less than a quarter of a million." You resent my asking you whether they cost £300,000, and you must be very vague in saying £200,000 when your general manager said that they did not cost less than £250,000?—Pardon me, will you read that again?

152. Yes. Mr. Murray says, "I could not tell you absolutely what they cost. They did not cost us less than a quarter of a million." In face of that can you take umbrage at my questioning you on a figure of £200,000?—Well, I can, sir. You had got that information from the general manager, and I take it you are trying to trap me. Why should you not have said what you knew? I think it would have been a fair thing for you to have told me what the general manager said they did cost.

153. I will tell you why. My reason was this: You knew that these questions were going to be put to you, because as soon as the Chairman put a question to you this morning you said, "That is going to be followed up by another question"?—Yes.

154. Mr. Murray gave us certain information, and you therefore knew that this question was going to be asked of you; and I ask you why, if you wanted to give us genuine information, you did not come with the information absolutely, and not say you thought it was £200,000?—Simply because I got a bald telegram from this Committee to attend here on a certain date. I cannot sit in my office waiting for telegrams to come—I have a good many other things to do; and to get all this information it would be necessary for me to go to the office. Of course, I got the general trend of the questions from Mr. Murray. I should have had a copy of his evidence sent to me, but I have not gone into those things.

155. Well, leave it at that—we each have our own opinion?—Yes.

156. How long were those £150,000 of debentures before the public?—I believe a very short time.

157. And they were fully subscribed and withdrawn?—They were oversubscribed.

158. Will you supply the Committee with the names of all the persons who took up those debentures?—We will.

159. From whom did you buy the site for your works at Wanganui?—I do not remember the man's name now.

160. Was it a Mr. or Mrs. Faber?—Yes, I think that was the name.

161. Who paid the first deposit to Mr. or Mrs. Faber for your works?—You will understand I am speaking from memory, but I think it was a firm of solicitors named Ray and Brown.

162. Do you know anything in that connection about a Mr. Jacobson or a Mr. Jacobs?—No.

163. A person in the employ of Sims, Cooper, and Co.?—No.

164. Was it an employee of Sims, Cooper, and Co. who paid the first deposit to Mr. or Mrs. Faber, whoever the vendor was?—Not that I am aware of.

165. You will not deny it—it might have been?—I cannot deny what I am not clear about, but I see quite plainly what you are trying to get at. It is just because I do not remember these things that I would like you to put straightforward questions.

166. If you do not know, that is an end of it?—I told you that I thought it was Messrs. Ray and Brown, because they are the firm we consulted over the purchase. As a matter of fact, Mr. Faber was not in Wanganui, and there was a good deal of trouble to get hold of him.

167. Who selected the site of the Imlay works for you?—Mr. Murray, I think, Mr. Beswick, and myself.

168. Did you submit the question of the site to Sims, Cooper, and Co.?—We did not.

169. Did you know that Sims, Cooper, and Co. had an option over a site somewhere else about that time—at Feilding?—No, I do not know about that.

170. Did you pay for your works as soon as they were constructed at Imlay?—As the payments became due they were all made.

171. Well, where did the balance of the money come from—you say from internal resources?—Yes.

172. You paid cash for the works, I suppose?—Yes.

173. Had you the cash lying idle?—Do you mean sovereigns in the bank?

174. Not necessarily; you may have had liquid assets?—We paid for them, and made the payments as they became due from our own resources.

175. I suppose you ridiculed the idea of your having the cash, but did you have liquid assets? Where did the cash come from—it had to be found?—Yes, we simply paid it. You take it for granted when I say "internal resources" that we had made money. We go on with the ordinary trading account at the bank, and we take this as part and parcel of the business, and when a payment became due a cheque was paid out for it. No one found the money for us.

176. Did you not arrange with the bank for an overdraft for it?—No.

177. Just as the money came in it was paid out?—Yes.

178. You have had loose cash?—No, not necessarily. I cannot tell you what arrangements we have at the bank, but you must see that we are a pretty big trading company, are we not?

179. Undoubtedly; and it is a pretty big sum you are speaking of?—What, £50,000?

180. Mr. Murray says £100,000?—But it does not all go out at once. You seem to assume that there is a cheque going out for £250,000.

181. No, but I have ordinary business experience, and I have seen some companies where they have had to find a certain amount of money, and although those companies were financial they have had to make some arrangements for cash?—Yes.

182. I ask you what arrangements you made for the cash, and you say you took it from the current account?—No, I did not say that. I said we had the money. You asked what arrangements we made with the bank. Well, we have an arrangement with the bank for our trading account. I do not know whether this is another question which you wish me to submit to my board before I answer it.

183. Do I take it then that when you built the Imlay works you paid £150,000 from debentures, and the balance was of no concern to you—you simply went on in the ordinary way of business?—We simply paid out in the ordinary way.

184. Will you send the Committee a return showing the actual cost of the Imlay works?—I do not see why I should not, and if you will put it down on the list of the information you want me to secure I will put it before my board.

185. Who was the architect for the work?—Walter Panton and Sons, who are always employed by us.

186. Mr. Murray told us in his evidence that he was in America in 1914 and in Chicago in June of the same year: you knew that, I presume?—Yes, that was just before the war.

187. In reply to questions, the only name that he could give us of meat people whom he saw there was Swift and Co.?—Yes.

188. I suppose you knew that too?—Yes.

189. How did you come to know that he saw Swift and Co.?—When he came back I naturally asked him whom he saw.

190. You did not know till he came back whom he had seen?—No. He was going through America, and naturally we have business with American firms in connection with by-products and one thing and another, and in connection with freezing-works the Americans are supposed to be up to date.

191. Did you know that he was going to America when he left here?—Certainly.

192. Did you know that he would be seeing Swift and Co. when he left here?—No.

193. Whom did you think he would be seeing in the meat-trade business in America?—Any one whom we had any business connection with or were interested in in any way.

194. Give us the names of one or two firms you thought he was going to see?—I cannot give you the names.

195. He could not either?—Could he not?

196. He only gave us the name of Swift and Co., and you did not know he was going to see Swift and Co. when he left?—No, I did not know. Such things come before the general manager.

197. Do you know what the cable was that was sent to him from your company when he was in Chicago?—He would get dozens of cables. The assistant manager was always in touch with the general manager.

198. Was there a cable sent to him in reference to the assets of your company?—Not that I am aware of.

199. Do you remember the cable at all?—No.

200. Who was at the head when he was away?—Mr. Campbell, the assistant manager.

201. Where is he at the present time?—He is in our office. He was called up to go to the front, but we applied for exemption for him because we could not get on without him. He is now in the office.

202. *Mr. W. H. Field.*] What business do you say you have with Swift and Co. in America and other meat companies there?—I am not aware that I said we had any business with them.

203. As a matter of fact, you have no business with the American meat companies?—Not meat companies; but you must remember that a great proportion of the by-products are sold to American firms.

204. That is what your business consists of, and nothing more?—That was our business.

205. Do you say that the American competition is or is not growing in this country?—I was not aware of American competition being in this country until Armour and Co. came here.

206. Is their competition growing, and are they operating more largely than they were?—They only started this year, and when the meat was commandeered it was only natural they could not do very much.

207. Do you not think that the fact of their coming here means that they are going to extend their business as much as they can?—I do not know. It is a matter of surprise to me that they have come here. You know as much as I do about them. It is one of those things I do not understand.

208. Well, it is certainly significant that they should come here, is it not: it would mean they would want to work a business up here?—I do not know. I have not taken the same view as the general public, who suggest that the Meat Trust which comes into the country is going to do any harm. That is the public opinion.

209. I suppose you will admit that with the enormous capital behind the American companies they might be a serious peril to us here?—I must admit that, undoubtedly.

210. And if they did collar the market in this country it would be a serious matter for the producers?—It would mean a collapse; but my point is they cannot do it

211. You voice that opinion on the ground that the conditions here are different to those existing in the Argentine?—Partly so, and I take it for granted that legislation can come in. The Government have got control of the railways; and I have never known when the speculator did not come in here. Mr. Reed mentioned the firm of A. S. Paterson and Co. just now, but I have never looked upon A. S. Paterson and Co. as being regular exporters; they chip in when it suits them.

212. *Mr. Reed.*] They were one of the original firms?—Yes, but I do not go so far back. At a time like this it is no use to them.

213. *Mr. W. H. Field.*] You mentioned the Government control of the railways: I suppose you admit, assuming the American companies did want to become possessed of the whole of the meat trade in this country, only Government intervention would prevent it?—Yes, unless, of course, the people here were not to be tempted by the price to sell to their works.

214. But I suppose you know the farmers better than that?—Yes.

215. You say the farmers like to do business with people whose works are close to their door?—Yes.

216. Your company has gone very far afield to do your business?—Yes. I think your other question answers that: you know the farmers and I know the farmers; they want the money, and are willing to sell their stock to the highest bidder.

217. Your company has done business throughout the North Island?—Yes, over a wide radius.

218. You know nothing about the interior business of Sims, Cooper, and Co.?—No.

219. Have you ever heard that they were financed by American capital?—I have only heard what you probably have heard—idle rumours. I know Mr. Sims, but not Mr. Cooper. Mr. Sims has told me repeatedly that they had absolutely no money from American resources whatever, and knowing him as I do I believe him. People say it is quite impossible for a firm like that to do business without help, but once get a start it is not so difficult. Sims, Cooper, and Co. have been brought forward as a menace or a trust, but in the South Island two bank clerks started—Messrs. Nicholl Bros.—and they do a big business, and there is nothing said about them. Clarkson and Co. have a big business, and they had no money to start them. However, that does not seem to impress anything on your minds, but it does on mine.

220. Is it not a fact that Sims, Cooper, and Co. have made very considerable losses at times?—I never knew any company that made big profits which did not at times make big losses.

221. You told the Committee that Sims, Cooper, and Co. must require a very large amount of capital to carry on their business, but is it quite comprehensible that they can obtain that capital from their own resources or in this country?—Yes, after they once get a start.

222. Is your company willing to conduct the freezing business only, and not buy?—No, we certainly should not like that. There is great scope for both classes of business. You come down to the common level. Some companies are quite prepared to be fed.

223. Have you had any difficulty about the allocation of space in the ships?—Yes, considerable difficulty.

224. Have you any complaints to make?—We have made our complaints over and over again to the Overseas Shipping Committee.

225. Do you know of cases where lamb has been taken when there has been beef and wether mutton?—We do. We have represented those cases, and we got increased space the last time in Canterbury.

226. You think there have been cases where there has been unfairness?—We think so, undoubtedly.

227. You spoke about getting rebates from the shipping companies: do the small shippers who ship on their own account get the advantage of those rebates?—They are not charged any more. They come in under the contract rate—they are under the same basis.

228. *Mr. T. A. H. Field.*] You said you were not sure if Mr. Murray cabled from Chicago in regard to the assets of your company. If such a cable came you would know about it?—No, not necessarily; but I cannot conceive that such a cable would be sent. The general manager would be getting a score of cables. I cannot see what basis there is for the question.

229. *The Chairman.*] You do not think any such telegram would have been sent, otherwise you would have known of it?—Yes, in the ordinary course of the business.

230. Mr. Murray was asked this question before the Committee: "When you were in America you had a full inventory of the company's assets cabled to you, did you not?" and he replied, "No, I did not. I had certain particulars cabled to me for my own information and for discussion, not with any American people"?—Yes.

231. He would have a cable of some kind?—Yes.

232. You do not know anything about that cable?—No, but the question strikes me as being peculiar.

233. Evidently there was some cable in regard to your company, because Mr. Murray was asked, "Was it in regard to the assets of your company?" and he replied, "No, I do not think so." Then he was asked, "Did you not get a cable while in America regarding the assets of your company?" and he replied, "No, I got a cable regarding the results of the previous year's operations"?—Yes.

234. *Mr. T. A. H. Field.*] Did Sims, Cooper, and Co. have a considerable amount to do with the institution of those works at Imlay?—No, nothing at all.

235. Did they engage any butchers for your company?—The butchers are engaged by the works manager; but if Sims, Cooper, and Co. or any one else sent along a dozen or twenty men when wanted they would be engaged.

236. I think Mr. Murray said that Sims, Cooper, and Co. engaged some butchers in Australia for these works at Imlay?—That is very likely. That is nothing to do with the institution of the works.

237. They did not suggest the Wanganui site to you?—No, they did not.

238. You say that the reason why you think the Meat Trust could not get the hold in New Zealand that they have in the Argentine is on account of the number of works scattered throughout New Zealand and their geographical position or distribution?—Partly.

239. We have already seen that a number of small works is a weakness. Through the competition of Sims, Cooper, and Co. one of the works had to shut down, and other small works have been affected. Do you not think that is proof of the fact that the Meat Trust has tried to get control of the meat trade in New Zealand?—I do not. You say it is through Sims, Cooper, and Co.

240. That is only an illustration?—But you say so. I have to get that proved to me. It may be the result of good or bad management.

241. You do not think a number of small works would be a weakness in the event of the trust desiring to push their way into New Zealand—they could be forced to the wall easier than a few big works, similar to the position in the Argentine?—No, I do not.

242. *Dr. Newman.*] What did you mean when you said that the prices were high in Wanganui because you had your own territory there?—I do not know that I did say that. I said the position was forced.

243. But earlier you spoke of "our own territory"?—Yes.

244. What did you mean by the phase "our own territory"?—When we decided, for certain reasons, which were chiefly because we were short of beef and mutton for our operations, we got a map of the whole of the North Island, and saw where the different freezing-works were situated and where they would draw from. There was only one small works at Castlecliff, and there was a big radius of about six million sheep to draw from.

245. But why did that become your territory more than anyone else's territory?—Because we settled down there.

246. But why does that make it your territory—was it not anybody else'e territory?—Yes, it was before.

247. Have you done freezing for Armour and Co.?—Yes.

248. And your company is freezing for Armour and Co. this season?—Yes.

249. Have you ever frozen for Swift and Co.?—Not that I know of.

250. Do you sell meat through Swift and Co. or any other American firm in London?—No.

251. Do Sims, Cooper, and Co.?—I could not tell you.

252. In view of the fact that there are forty meat companies, many of them very weak, do you not think it would be very easy for the Americans to force the prices up all over New Zealand in two or three years' time, so that practically all the small companies would be ruined one by one?—It is feasible.

253. Do you not think that if there were one or two strong companies in New Zealand it would be harder to fight them than forty small weak companies?—I do not think two or three would be sufficient.

254. *Mr. Dickie.*] You can see from the trend of the questions that the idea prevails that all trust meat is connected with Sims, Cooper, and Co.?—Yes; and, further than that, although it was said that the Committee was not hostile, the trend of the questions is deliberate that we are connected with Sims, Cooper, and Co., and Sims Cooper, and Co. with the American Meat Trust. That is the position—I am quite aware of it.

255. Do you deny that you have any connection whatever with them?—I do.

256. You give secret rebates to Sims, Cooper, and Co., do you not?—We do not.

257. Have you given any greater rebates to Sims, Cooper, and Co. than you would give to, say, Nicholl Bros.?—No; it all depends on the quantity.

258. When Sims, Cooper, and Co. are negotiating for an arrangement as to rebates is anything put in writing—do they write to the managing director?—No.

259. Is it not a fact that when Sims, Cooper, and Co. desire to make any arrangement as to rebates they meet one of the directors alone and verbally an arrangement is made?—No; naturally the general manager arranges all those things.

260. But there is no one else present?—I could not tell you that.

261. Well, there is nothing in writing?—You mean to say that we have nothing in writing confirming those arrangements?

262. The reason I ask the question is that it has been stated that when Sims, Cooper, and Co. are negotiating as to rebates there is nothing in writing. You say your company gives no secret rebates?—Yes.

263. Are the arrangements confirmed in writing, or are they only verbal?—As far as I know there is a record of all arrangements.

264. Seeing that Sims, Cooper, and Co., according to the list we have, exported £437,981 worth of meat, the question was put to you, was it not strange that these two men should have come into such prominence in so short a time—in fifteen years or less—when Mr. Sims and Mr. Cooper were employed by the Christchurch Meat Company?—By the Canterbury Frozen Meat Company.

265. And then you said, "There are such men as two bank clerks—there are Nicholl Bros.?—Yes.

266. We know they have been freezing: all they have done is £55,000 worth of business this year?—But is that the limit of their operations?

267. Then there is Clarkson Bros., who have been in existence for about thirty years, and their operations have amounted to only £23,000?—Yes.

268. You were inferring that there were other men who had come out of offices, and you were leading the Committee to believe that those men were doing a large business, which they were not?—No, begging your pardon, you are taking in the commandeering-period, which is entirely wrong. You must take the normal period.

269. How is it that Sims, Cooper, and Co. during the commandeering-period do business to the extent of £437,000, while others only reach £55,000?—Because they have gone on and others have stopped.

270. That would lead us to believe that others were losing money while Sims, Cooper, and Co. were determined to go on?—Why should we stop? We may not be content to be fed. It is entirely owing to the meat being commandeered.

271. Are you giving Sims, Cooper, and Co. greater concessions than other men are getting?—No.

272. *Mr. Forbes.*] In regard to the operations of the Meat Trust, you thought that foreign companies should be prevented from acquiring freezing-works?—Yes.

273. Take the Queensland system of licensing freezing-works: do you think that system ought to apply here—that the freezing-works should get their license from the Government after the Government had information as to their capital and other things?—The license rests entirely with the Government, and the system could be started here. Of course, you are a parliamentary Committee, unfortunately, and if I gave a straight-out opinion I would say that anything the Government has to do with—well, there is a mess.

274. We have had some instances of Government action—for instance, the commandeering of the meat: has that been successfully carried out by the Government?—The Government have had very little to do with it.

275. Is there anything you could point to that could be improved upon?—No, but over and over again there have been recommendations and suggestions put forward from my office.

276. You are quite hopeless of any improvement being effected?—Yes.

277. Do you think this unrestricted building of freezing-works is a good thing for the trade—people being dissatisfied and starting other freezing-works: is that going to be good for the industry?—Well, we have about half a dozen in North Canterbury: I think it is a very bad thing.

278. That has multiplied very considerably of late years?—Yes

279. Do you think the industry wants all these freezing-works?—No, I certainly do not.

280. The North Canterbury works were started merely owing to dissatisfaction?—Yes.

281. And in the case of your company you have put up very extensive works at Wanganui?—Yes.

282. Can your company handle the meat cheaper than would be the case with smaller companies?—Undoubtedly.

283. You would say that the bigger and the more complete the works, if you can get the supply of stock, you can handle it cheaper than the smaller companies?—I do not think there is any question about it. It depends upon the management, because one capable man could manage the whole lot, and we have got one head office: it is all under one direction and one control.

284. That places you in a better position in regard to operating than is the case with the small freezing companies?—Yes, of course, it does.

285. As far as the meat industry is concerned, the bigger the works and the fewer of them the better it would be for the industry?—Yes, much better.

286. In regard to the meat you hold in your works at the present time on behalf of the farmers, do you advance money to them on the meat?—No, not as a rule. We do not do that as part of our business, and we have never done it. They must go to their agents or firms.

287. You say you do a good deal of farmers' business?—Yes, but that is more buying direct.

288. Do you have much meat in your works for the farmers to be sold to the Government?—No, very little farmers' meat. There is very little down South that has come in from the farmers. Most of it has come in from the buyers.

289. *Mr. Anderson.*] Regarding this visit of Mr. Murray's to Chicago, can you tell the Committee definitely that Mr. Murray did not go there with the intention of getting financial or any other support from the American Meat Trust people for the erection of any works or for the assistance of the business in any way whatever—can you say that without any reservation?—I tell you most distinctly and most decidedly that he did not go for that purpose, nor did he get any.

290. Can you give an unreserved answer to this question: that your company has not been assisted in any way at all by any British meat trust operating on the London market, either at Imlay or at any of your other works?—Yes.

291. And all your capital is local capital?—Yes.

292. *Mr. Witty.*] I understood you to say that the Americans could not operate very much here?—Yes, that is my personal opinion.

293. Do you not think they are getting a very big footing—take, for instance, Armour and Co., and Sims, Cooper, and Co., who are freezing at your company's works and at others?—You must remember that they are in competition with us.

294. But by their operations on such a large scale may they not dominate the various works eventually by being able to say to you people, "If you do not freeze our stock we will put up our own works"?—Yes, of course, that is the weak point; that is where I would like to see the Government come in. We could not compete against the American companies with their enormous capital.

295. Then do you not think that if the whole of the companies joined together and said they are not going to freeze for them, seeing that they are in their initial stage, that they would not have the same chance of dominating as they have at present or will have eventually?—Well, I must tell you plainly that I do not like that attitude at all. You can believe me, it is an international question, and at present America is our ally. Before the war commenced was not the Prime Minister himself trying to get markets in America for our produce? and here we are going to turn round and say after the war is over, "Get out—we are going to shut you out; we are going to have nothing to do with you."

296. *Mr. Reed.*] It is only the trust we are speaking of?—But it comes back to the international question.

297. *Mr. Witty.*] Would it not be better to say, "If you are coming in, well, open your own works and do business as the American Trust?" Every one would then know whether they were selling their stock to American firms or whether it was going through your company?—If they put up their own works. One gentleman said, "We know what the farmers are—we will sell to them."

298. I think you said you gave no secret rebates?—Yes.

299. But you do give rebates?—Yes.

300. It has been stated by some witness that all is secret and nothing is in writing?—Yes.

301. Would you mind the Chairman of this Committee seeing one or two of those agreements?—Certainly not; that is what I would like.

302. Clarkson and Co. are not freezing so much as they did previously, are they?—No.

303. Are they still buying for your company?—No; they do not buy for our company.

304. They used to so originally, did they not?—That was in Gilbert Anderson and Co.'s time, but they have never bought since I have had anything to do with the company.

305. Your company has received the largest sum of any from the Imperial Government: do you nominate your meat at the other end?—Not that I know of. That is left entirely to Mr. Boyes, the London manager. We send all our stuff to him.

306. You have shops in London, have you not?—No, we have not.

307. Everything is nominated either to Mr. Boyes or by him?—Yes, he has the control.

308. Then he will have the power of nominating to certain people?—I suppose he has. I am not too clear as to the dealings at the other end.

309. If you have agents at Home, and the meat is nominated to them, do you get any benefit between the wholesaler and the retailer?—No; all we get is the 2 per cent. that is allowed to our London agent if there is any surplus meat.

310. You get nothing between the wholesale and retail price?—No, only the 2 per cent.

311. It has been asked why your company changed its name?—Well, perhaps it was a sentimental reason. I myself did not like the name of the Christchurch Meat Company—it seemed more like a butcher's shop; and the reasons for changing the name of the company were fully put forth in a circular that was issued at the time.

312. *Mr. Scott.*] Do you think the time has arrived when the Government should take some action to prevent the operation of trusts in New Zealand, it being assumed that the trusts are operating?—Yes, I do; but I think it will be better to leave it till after the war. They cannot do anything now, but it is a question that does require Government action.

313. Can you indicate to the Committee any direction in which legislation would be necessary, and on what lines?—Not any further than I have already done. They should legislate to prevent the American companies controlling any capital or interest in the freezing-works.

314. Prevent foreign capital coming in?—Yes; but that might be awkward, and we had better wait until after the war.

315. Do you think some action in conjunction with the Home Government would be necessary?—There would have to be something done in conjunction with the Home Government—that is absolutely necessary. There is no use doing it only at one end.

316. And for them to control the meat until it reached the consumer?—That is a big order. I do not know that with forty million people they could do that.

317. *The Chairman.*] Has there been any suggestion of any kind that your company should sell out your business or transfer it to any other undertaking—has there been any negotiations at all?—No.

318. Have you been approached by any one to purchase the business?—No.

319. Not by any firms in America?—No, by no one at all.

320. Then during Mr. Murray's stay in America were there any discussions or negotiations of any kind on that point reported to you?—No, nothing was reported to me of that kind. I have faith and trust in my general manager, and I think nothing like that could have gone on.

321. *Mr. Pearce.*] What induced you to put up those very large works in Wanganui?—Simply because our trade in the South Island was principally lamb. We wanted mutton and beef to complete it, and there seemed to be an opening.

322. Did you want to ship it, or sell it, or what?—The trade in the South Island is principally lamb.

323. But in what way has it affected your company—you have not shipped it Home?—No, but you have an all-round business and an all-round commodity to sell.

324. Where do you sell your stuff in London?—Through our London agent; but if he has only lamb to sell he is tied up.

325. Is it not a fact that when you put the works up you were guaranteed that the works would be kept full by an outside firm?—No, not that I know of. We have no such guarantee.

326. I am alluding to Sims, Cooper, and Co.: I think you freeze their stuff there?—But there is no guarantee. They took it for granted that they were not going to be allowed to kill anywhere else.

327. Would you be surprised to hear that Mr. Murray, your general manager, said he did have a guarantee to support your works?—Did he? There is a difference between supporting the works and a guarantee to supply.

328. Did Sims, Cooper, and Co. take up any shares in your company when you built those works?—No, those were debentures—not share capital.

329. I thought there was some of each offered?—No. To build further stores we are now calling up the unpaid capital. I could not say if they took up any debentures or not—they may have taken up some—but I am going to forward to the Committee a list of the debenture-holders.

330. You have two lots of buyers out—one set for the New Zealand Refrigerating Company and one set for Sims, Cooper, and Co., who profess to buy for those works?—We have our own buyers, and Sims, Cooper, and Co. have theirs.

331. Can you tell the Committee whether you have any arrangement with Sims, Cooper, and Co. as regards competition between their buyers and your own buyers—both buying for the same works?—No. Of course, in all buying companies the price is fixed according to the commandeered price and the price of the offal, is it not? That is a basis to go on. If our buyers know that the meat is coming into our works, naturally the competition is not going to be quite as strong as in the case where the meat is going past our works. Is that not business? It is not Sims, Cooper, and Co. particularly, but any one who is putting stock into our works.

332. Have you any knowledge of meat which has been bought by your own buyers or the buyers of Sims, Cooper, and Co. at considerably over the commandeered price?—I can say that meat has been bought at over the commandeered price.

333. Would that be by your own buyers or the buyers of Sims, Cooper, and Co.?—I should think both.

334. *Mr. T. A. H. Field.*] I understand you to say that your company freezes for farmers?—Yes.

335. If anybody said that you practically shut out the farmers by saying that your works are full, what would you say?—I would say it was an absolute falsehood.

336. *Mr. Reed.*] Might it not be, without being a falsehood, that you had the space allotted and it would not then be available?—I do not think so.

337. You said it was an absolute falsehood; but the position might be that your works were not absolutely full, but that the space was allotted?—I took it that the question was that we shut out the farmers.

338. What is the cost of the extra storage you are putting up?—We estimate that it will probably run into £100,000 if we can get the material.

339. How much increased capital are you raising?—I think, about £163,000.

WEDNESDAY, 19TH SEPTEMBER, 1917.

GILBERT ANDERSON.

*The Chairman:* I produce here a statement on the meat trade and the competition of the trust from Gilbert Anderson, of London, as follows:—

*Empire Meat-supply and Foreign Control.*

The dominating control of the foreign firms usually designated the "American Trust" or the "Big Four," is very marked throughout England, and especially in London. In the Central Markets at Smithfield they occupy forty stalls, mostly under their own name, but also by controlled firms. These holdings are in all of the five sections of the market, and in each of these they occupy a dominating position. Although the stalls are only on a weekly tenancy, the American firms have paid to the occupier £8,000, £12,000, up to £20,000 for the right to occupy. None of this goodwill goes to the Corporation as owners of the market. Outside of London they occupy prominent positions on the markets of Birmingham, Manchester, and Liverpool, and are also at Newcastle, Leeds, Sheffield, Bristol, Brighton, Bournemouth, Jarrow, Sunderland, Hull, Bradford, Peterborough, Wolverhampton, Cheltenham, and fifty-two smaller centres.

By a system of all-over charges they frustrate the difference in railage, and prevent competition owing to their dominance in the trade and desire to control meat from all countries by offering and selling meat of uncontrolled origin to effect the sale of their own goods. Further, by taking over the whole of the refrigerated space in district stores they are able to shut out competition and largely control a district. With the large control which they have attained in countries where they operate they dominate the market and price, and to sell their goods at their price they can afford to sell other competitors' goods below the proper value.

These firms, although run in Britain and elsewhere as separate companies, with perhaps some slight alteration in name or designation, are all owned and controlled from Chicago. Abundant proof is given from daily operations that no purchases of any extent can be made without first consulting with Chicago, and there is abundant proof that the selling price and policy is regulated and controlled from there.

The object and reason for this is quite apparent. While there are no trust operations here or in the colonies, the trust control exists in America, and it must be borne in mind that the methods of American trusts are not to descend to trivialities, but to work in sweeping circles for ultimate results. But a far-reaching immediate advantage is gained by control from Chicago. The subsidiary company is charged with the goods at near selling-price, with the result that profits are only made where the books are kept, and income-tax is avoided. The manner in which Great Britain has allowed foreigners to escape income-tax has resulted in driving the trade of the Empire into the hands of foreigners. The British merchant and colonial agent has had to pay his full taxation. The foreigner has escaped, and obtained an advantage of from 12½ per cent. to 25 per cent. on the commissions of his British competitor. It is true that some recent attempts have been made to tax the foreigner, but no definite system has been disclosed to show that the foreigner has to pay the equivalent of the British or colonial competitor, while in regard to the excess-profit tax the American trust will escape entirely.

It will be seen that the domination of the American Meat Trust has been created by the hide-bound methods of the British Government and their restricted interpretation of the meaning of "taxation from income." The trust has been able to build up enormous reserves out of his savings in taxes.

That a trust and control exists is well known from the fact that each firm in the control is only allowed to ship and market a specific quantity. Daily returns are furnished to each of the controlled firms of the quantity marketed and sold, and prices and shipments regulated accordingly. The universal practice is for one only of the "Four" to open up trade in a new country, frequently by employing British firms as agents, but as soon as one is established the others follow by acquiring or opening separate works and running some on joint account with the other trust firms.

In the Argentine one firm acquired a works; the following year another of the firms bought out an established works; now there are six American works—two owned by one firm, one owned by another firm, and two on joint account by three members of the trust.

Turning to Australia, one of the members of the trust worked in secret for years through an established Australian house, and has since built very large works in Queensland in its own name, at the same time carrying on operations in other parts of Australia through Australian firms. Another of the "Four" has openly purchased a site on the Brisbane River, and purposes erecting works. Another had, previous to the war, purchased the output of two works, and an Australian firm advertise themselves as agents for one of the "Four." The option of purchase of one of the largest meat-export companies in Queensland, owning several cattle-stations, has been acquired by one of the American companies. Meanwhile the domicile of the company is being removed to avoid taxation.

The American trust has recently openly directed its attention to New Zealand, but whether they have been operating there in their usual initiatory secret manner proof is difficult to obtain. The fact remains that they have had supplies, which they have used in the endeavour to control the market on a low basis of price. The great danger to New Zealand lies in that this meat is of a much higher quality than all other frozen meat. It has established itself as an entirely independent high-class business, taking the place of home-grown when not available, and at all times sold and in demand among the better classes, leaving the other frozen meat for the poorer classes. The New Zealand trade has been established and maintained for the benefit of the producer, with the most free and open competition. Should the trust be allowed to establish itself in New Zealand, and to dominate the position as they have done in the Argentine, we may expect the same results.

Previous to the war all the non-American companies had been rendered virtually bankrupt, and the price of stock had fallen, while only such quantities as the "Four" would permit were allowed to be purchased or shipped. Instead of American trust methods being favourable to the increased production of stock, we find that in the United States, with all the circumstances of extensive territory, varied climate—from semi-tropical to temperate—cheap foodstuffs, there has been a steady decline in cattle of over ten millions, equal to 20 per cent., and a decrease of five million sheep, equal to 10 per cent., all within the last ten years, and carries fewer sheep and cattle than any meat-producing country in the world. Further than this, the United States of America has a highly paid population, able to pay high prices for meat.

The danger and dominance of the American trust to the Empire's supply of meat dates from their entry into the Argentine. This was made possible by the American system of finance and their position as large freight contractors. Being combined, they were in a position to demand special freight facilities, and on their entry into the Australian trade they openly stated that they would only buy free on board, as they had freight at ⅛d., equal to 20 per cent., below other shippers.

In regard to finance, American banking methods differ vitally from British or colonial banking. American banks take an active and direct interest in placing the shares, debenture, and stock of their important clients, and encourage their customers and others throughout the States to subscribe to the same. The stock is kept open and not closed, and is constantly augmented. Swift's are daily selling new shares. The American method enables the trader to have abundant capital, while the bankers are constantly on the outlook for fresh business which can be brought under control. Apart from providing capital, American firms are placed in a better position than British firms, exactly as the Germans were, by the extensive use of British banking credit. The American banker opens extensive credits with and through British and colonial banks. The drafts against these credits are drawn at long currency, usually ninety days' sight. These, with the documents, are handed over to the American bank on acceptance, who on their part transfer to their customer. The American firm gets the goods with something like ninety days' credit, and as meat is sold for cash against the delivery order, his business is largely carried on by British capital.

In contrast to this British and colonial banks only hand over documents for cash, whether the draft has matured or not. The British or colonial firm has to work entirely on his own capital, and obtains no advantage of long-dated credit, while his foreign rival by a different banking system carries on his business with British credits—*i.e.*, British capital.

The following table gives the shipments from the Argentine and Uruguay of the American trust and of the British and native companies, showing the enormous preponderance of the American control, representing 66·43 percentage of beef for the Army, 62·33 per cent. mutton, 65·73 per cent. chilled beef—free meat sold at prices far in advance of Government-controlled meat. The profits which the Americans have made are enormous, and represent a tax on the Empire, for which they make no return.

SOUTH AMERICAN EXPORTS OF FROZEN AND CHILLED BEEF FROM ARGENTINE AND URUGUAY.

| Companies. | Year 1916. | | | Year 1915. | | |
|---|---|---|---|---|---|---|
| | Frozen Sheep and Lambs. | Quarters Frozen Beef. | Quarters Chilled Beef. | Frozen Sheep and Lambs. | Quarters Frozen Beef. | Quarters Chilled Beef. |
| *American.* | | | | | | |
| La Blancas, S.A. .. .. .. | 326,978 | 611,323 | 128,392 | 115,208 | 504,778 | 216,699 |
| La Plata Cold Storage Company (Swift) .. | 409,724 | 1,082,456 | 217,348 | 427,970 | 1,052,492 | 330,500 |
| Frigorifica Argentine Central .. .. | 229,672 | 289,717 | 64,689 | 117,597 | 241,781 | 134,864 |
| Frigorifica Armour de la Plata, S.A. .. | 274,486 | 700,656 | 103,518 | 26,014 | 327,849 | 28,996 |
| Frigorifica Montevideo (Swift) .. .. | 101,322 | 717,020 | 99,174 | 91,275 | 726,214 | 170,451 |
| | 1,342,182 | 3,401,172 | 613,121 | 778,064 | 2,853,114 | 881,510 |
| Percentage of total .. | 62·33 | 64·43 | 65·73 | 49·91 | 64·84 | 67·35 |
| *Other Companies.* | | | | | | |
| Compania Sansinena de Carnes Congeladas | 395 494 | 292,247 | 68,574 | 490,283 | 315,402 | 47,025 |
| Las Palmas Produce Company .. .. | 291,200 | 806,788 | 178,484 | 190,185 | 557,529 | 251,575 |
| The Smithfield and Argentine Meat Company | 71,533 | 289,826 | 55,330 | 56,137 | 202,411 | 100,017 |
| La Frigorifica Uruguaya .. .. | 52,852 | 329,210 | 16,997 | 44,149 | 471,387 | 28,643 |
| | 811,079 | 1,718,071 | 319,385 | 780,754 | 1,546,729 | 427,260 |
| Percentage of total .. | 37·67 | 33·57 | 34·27 | 50·09 | 35·16 | 32·65 |
| Las Palmas Produce Company (on account British Government) | .. | 551,000 | .. | .. | 57,000 | .. |
| | | | SUMMARY. | | | |
| American companies .. .. .. | 1,342,182 | 3,401,172 | 613,121 | 778,064 | 2,853,114 | 881,510 |
| Other companies .. .. .. | 811,079 | 1,718,071 | 319,385 | 780,754 | 1,546,729 | 427,260 |
| Total .. .. .. | 2,153,261 | 5,119,243 | 932,506 | 1,558,818 | 4,399,843 | 1,308,770 |
| On account British Government .. | .. | 551,000 | .. | .. | 57,000 | .. |
| | | 5,670,243 | | | 4,456,843 | |

The domination of the American firms in relation to the meat-supply for 1916 is as follows: Total foreign production, 623,553 tons; total Empire production, 291,827 tons: total, 915,380 tons. Of the foreign production the Americans controlled 406,000 tons, equal to 65 per cent. of the total.

The Empire production is largely controlled at present by the British Government, but unless immediate steps are taken by the British Government in conjunction with the Dominions Government to extend and foster Empire production and to exclude foreign control, not only will the independence and prosperity of the Dominions be checked, but the meat-supply of Britain and her Allies will be in foreign hands. With what the Americans obtained from Australia and New Zealand before the war (and which she now claims, and in part obtains) her domination of the trade represents 60 per cent. to 70 per cent. of the total. The hold which the American trust has obtained on the meat-supplies is not only a menace to the people of Great Britain who have depended for cheap food for the people on the supply of frozen meat, but their domination of the trade threatens the prosperity of the Dominions.

As Great Britain purposes to put a much larger area into cultivation for the production of cereals, less cattle and sheep can be carried, and therefore a greater amount of meat must be imported from the Dominions. It is suggested that a preference will be given to colonial meat, but if the meat-supplies are controlled by foreigners any advantage will be defeated and only add to the already large profits of the foreign trust. Further, after the war there is every expectation that Continental countries must import frozen meat, and in which trade the Dominions should participate, but unless Government action is taken to protect the producer and the freezing industry in the Dominions and restraint imposed by the British Government on foreign trading this trade will be opened up and controlled by foreign firms.

The necessitites of the war and the absence of Government interest in trade has placed enormous powers and profits in foreign firms. If Britain is to retain her commercial supremacy Government control over food-supplies must be retained for some time after the war until British traders are re-established and British trade is retained within the Empire.

The balance-sheet of the Swift Beef Company for 1916 shows a profit of £4,093,000. La Blanca, Argentina (Swift's), 1915, the profits are given as $1,444,840·59 = £288,968; Frigorifica, Argentina (Armour's), $1,164,729·95 = £232,945; Frigorifica Armour (Armour's), first working-year, 30th June, 1916, $672,463·49 = £134,492. The balance-sheets of the other two large American-Argentine companies are not available. 1915: Armour and Co. (U.S.A.)—Capital, $100,000,000; distributed profits, 400 per cent. Swift's Beef Company (U.S.A)—Capital, $100,000,000; distributed profits, $25,000,000 cash, $25,000,000 stock (par).

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WEDNESDAY, 12TH SEPTEMBER, 1917.

CHARLES JOHN REAKES further examined. (No. 23.)

1. *The Chairman.*] You desire to put in certain reports?—Yes, I wish to put in the following returns: (1.) Number of stock slaughtered in the Dominion (excepting that slaughtered by farmers for sale for consumption on the premises) during the years 1913–16 inclusive, for the twelve months ending 31st December. (2.) Meat exported from New Zealand during the years 1913–16. (3.) Synopsis of reports from certain Inspectors of Stock regarding the operations of Messrs. Sims, Cooper, and Co., Richmond, and others, in connection with their alleged manipulation of the store-stock market. (4.) List of names of New Zealand meat-exporters and their agents in Great Britain. (5.) List of names of New Zealand meat-exporters and the districts in which they operate. (6.) General view of the sources of the world's output of frozen and chilled meat during the past four years, showing also the proportion thereof imported into the United Kingdom, and the quantity handled by four North American firms (compiled by Messrs. W. Weddel and Co., London). (7.) Supplies of meat in relation to population and live-stock (compiled by Messrs. W. Weddel and Co., London). (8.) Table showing the various sources of supply of meat (beef, mutton, lamb, live cattle, and live sheep) imported into the United Kingdom since 1900 (compiled by Messrs. W. Weddel and Co., London). (9.) Statement showing quantity and value of meat handled by freezing companies on behalf of meat-exporters for the year ending 31st July, 1917. [*Vide* Exhibits 23, 24, 25, 26, 27, 28, 29, 30, and 31.]

2. *Dr. Newman.*] There has been an arrangement by which New Zealand meat has been released by a committee of experts in London?—Yes.

3. Has that arrangement been stopped, or has it been limited?—No, not to my knowledge; but there is this alteration that has been made recently: there has been something done in the way of fixing prices. But I have no knowledge of this new arrangement regarding the fixing of prices having in any way altered the working of the original arrangement so far as the method by which meat is put on the market is concerned.

4. Then what is the difference?—The difference is that maximum prices have been fixed both for the wholesale and the retail trade.

5. When New Zealand lamb is released at 10d. a pound, and is sold retail in a shop next door at 1s. 10d., who makes the profit?—The shilling profit is made somewhere between the wholesale salesman and the consumer.

6. Can you give us any reason why our lamb should be released at 10d. a pound, and sold retail by the man next door at 1s. 10d., a profit of 1s.?—One reason is that the Argentine lamb is sold without any restrictions whatever—or it was sold without any restrictions until this last arrangement was made for the fixing of prices—and consequently it had to be retailed at a higher

price to give the retailer a profit above the wholesale price. This higher price for Argentine lamb had the effect of raising the retail price of New Zealand lamb, which has been sold retail at the same price as Argentine lamb.

7. Can you tell us why the people releasing the meat are voluntarily making a loss of 1s. a pound? What reason is there for doing this?—I cannot give you a reason. That is a question only these people themselves could answer. It is a very extraordinary state of affairs.

8. Have you any idea when the arrangement is coming to an end, or does it go on indefinitely?—You mean the present method of putting New Zealand meat on the market in England?

9. I mean the present discrepancy between the wholesale price and the retail price?—The fixing of maximum wholesale and retail prices will have some effect in reducing the discrepancy.

10. *The Chairman.*] You think that the fixing of prices will decrease the discrepancy between wholesale and retail prices?—Yes, it should decrease the big differences between the wholesale and the retail price that existed before. The Food Controller now is fixing both wholesale and retail prices.

11. *Dr. Newman.*] Then will the British Government get more than 10d. a pound for our lamb?—No, I do not think so.

12. Then is the same process to go on by which our lamb is released at 10d. and sold at 1s. 10d., allowing the middleman to make 1s. a pound profit?—I do not think that the retail price fixed by the Controller is as high as 1s. 10d. a pound. I could give you a statement by the High Commissioner on that point. A cablegram has been sent by him in connection with some representations he suggested he should make to the Food Controller, and if the Prime Minister has no objection I could supply the information the High Commissioner gives as to the actual prices fixed. [A copy of the cable containing the information was afterwards sent to the Committee. *Vide* Appendix A.]

13. *Mr. Pearce.*] Is it not a fact that the Home Government said they would release this meat in order to keep down the price to the British consumer?—That, I believe, was the original idea, but it did not work out in practice.

CUTHBERT STRACHEY HARPER examined. (No. 24.)

1. *The Chairman.*] What is your representative capacity?—I am manager for the firm of Borthwick and Co. in New Zealand.

2. You know the objects of this Committee?—Yes.

3. The Committee would be pleased if you would make any general statement you would care to make on the subject, and after that members of the Committee might wish to ask some questions?—I only knew yesterday that I was coming to Wellington, and I was not quite sure what would be asked of me by the Committee. I should be very glad to answer any questions the Committee may wish to ask, but I have no statement to make.

4. *Mr. Pearce.*] You are the general manager of Borthwick's works in New Zealand?—Yes.

5. How many works have they?—We have three in New Zealand—one at Waitara, one at Hastings, and one in Canterbury.

6. Do you freeze at these works solely for Borthwick's, or do you freeze for others as well?—We do freeze almost entirely for ourselves, but we are open to freeze for clients if they wish. We have frozen for clients in the past, but not to any great extent.

7. You buy in the open market?—Yes.

8. And you ship to London to the same firm there?—Yes.

9. During this war period you have sold to the Government?—That is so.

10. And any meat not taken for the troops is released to your firm in London, I presume?—Yes.

11. That means all the lamb and ewe mutton you can ship?—All the lamb and most of the ewe mutton. I think latterly they have taken some of the ewe mutton for the troops, and there is talk of taking some of the lamb also.

12. I suppose you do not know anything about operations in Argentina? Your firm owns works there, do they not?—No, we do not.

13. You did then?—We were once interested in works there, but I cannot speak with authority of that, because I was not connected with the firm when we were connected with the Argentine trade. We certainly have no interests in works to-day that I am aware of.

14. Probably your firm sold out their interests?—I think so.

15. Do you find any excessive competition in the buying in any of your districts from outside firms?—Yes, very extensive, especially this last season, and more in some districts than in others.

16. From what firms have you had this competition?—The Taranaki District was the severest, or, rather, the district from Wellington through to Taranaki; and this very intense competition was due to the advent of new works in Wanganui and to the new buyers putting into these works.

17. Were they giving higher prices this season than other buyers?—We were all giving about the same. We had to keep our business—we could not let it go without a fight. The new buyers had to pay for their footing in the district—had to take our usual supplies away from us, and from other firms regularly operating through the Wellington and Wanganui districts, and the consequence was that there was a scramble for the stock and higher prices.

18. You did not kill as much at Waitara as usual this year?—No, we did not.

19. There is a farmers' co-operative company competing with you, too, in this district, is there not?—That is so. That is another reason for the excessive prices.

20. Did they compete with you as regards prices?—Oh, yes.

21. It has been stated in evidence that such high prices were paid for stock that an actual loss must be made on the business?—That is quite so.

22. And you still competed at those prices?—Yes.

23. But I presume you did this with the idea of getting command of it after release?—No, that is not so, because as a matter of fact the severest competition was in beef, and there was never the slightest chance of any beef being released at Home.

24. How do you explain that?—I have more or less explained it already. It was owing to the increased competition. We wanted to keep our business together so as to be able when normal times come again to resume our usual business.

25. But why were the excessive prices not given on those goods to be released, and not on beef? I cannot understand the excessive prices being given for beef, none of which could be released, and not for lamb and ewe mutton?—Excessive prices were given for all of them, but the competition in lamb was not so severe, because, as you know, there is not a great deal of lamb in the Taranaki District. Everything was dear. It was difficult to buy anything at the Government prices.

26. The point I want to get at is this: were they relying on getting these excessive prices for the meat at Home, or were the firms buying just for competition?—Just for competition.

27. There was just as keen competition for articles not released as for those released?—That is so.

28. *Mr. Reed.*] Where else are you operating besides in New Zealand at the present time?—We are operating in Australia.

29. How many works have you there?—We have three works in Australia.

30. And are you anywhere else?—Nowhere else.

31. Does your firm deal in anything else besides meat and the by-products of meat?—Yes, we deal in dairy-produce, but not in New Zealand so far; but we buy butter in Australia, and also honey, apples, and pears. And besides tinning meat in Australia we also tin fish.

32. Have you a fish-canning factory?—No, we tin at our own works where we tin the meat.

33. Is the capital of your company purely British?—Yes, absolutely.

34. Where is your head office?—In London.

35. Did your Waitara and Pakipaki works pay as well last year as in previous years?—Our balance is at the end of August, and we have not got our figures out yet.

36. What do you anticipate?—We run our freezing-works as separate concerns. They run themselves, and charge us for freezing, and they must make their profits to us out of freezing-charges. They charge us for services, and they get their by-products just as if we were dealing with an outside company.

37. Then in your dealing department do you anticipate a loss?—We do, certainly.

38. You have been in New Zealand some time?—I have always been here.

39. Has your company ever tried to unduly enhance values of live-stock with a view of injuring other freezing companies?—No, not beyond ordinary trade competition.

40. *Mr. T. A. H. Field.*] You were speaking of the competition in the district between Wellington and Waitara?—Yes.

41. Do you think this is the ordinary competition you might expect from the opening of new works?—Well, it bears on the freezing-works. These particular works are owned by a buying company. The Taranaki Farmers' Meat Company, and other companies of that class, are not usually buying companies: they simply freeze for people who do buy. From a new works of that class you would not expect competition. In Wairoa, for example, new works have been opened, and they are not buying at all. Their business is to freeze for clients and exporters such as ourselves. But we expected a good deal of competition from Imlay works, because we knew that Sims-Cooper would be putting all their stuff through these works. They are strong buyers, but they have not been operating in this district extensively before because they have not had sufficient outlet.

42. *The Chairman.*] How do you mean, "no outlet"?—They have had to freeze with companies all along the coast—at the Wellington works, in Wairarapa, and at Feilding.

43. *Mr. Field.*] You know that Sims-Cooper have buying agents all over New Zealand?—Yes, they have agents in practically every place where there is fat stock offering.

44. We have here a return which shows that since the inception of the Imperial meat-supply scheme the total sum paid to Sims-Cooper amounts to £437,000. [*Vide* Appendix D.] The return is up to 23rd August. From your knowledge of the business of Sims-Cooper, would you think that this amount would cover all the business of Sims-Cooper?—The figures are to me rather surprising. I should have expected the total to be very much larger. There is only one point that occurs to me, and that is that there is a great deal of meat now in store which is not included in that return.

45. *Mr. Talbot.*] You operate in other districts outside those in which you have works?—We operate everywhere in New Zealand.

46. You put your meat through several companies?—Yes.

47. Do you get rebates on your accounts for freezing?—Yes; we get various rebates from different companies.

48. Are those rebates available to every one?—We are not quite sure, but we think that everybody is on the same footing. They might almost be called public rebates to every one doing business. A big firm might get an advantage. A firm which has a large volume of business to place is worth some consideration.

49. Can these rebates be ascertained?—Can I give them to you?

50. Yes?—Yes, I can give them to you.

51. They are put through your usual accounts?—That is so. They are shown in our annual balances.

52. They would give the larger operators an advantage over the smaller operators?—I think that, as a matter of fact, all the meat-export firms get the same rebates.

53. Do the farmers get the rebate?—I do not know if the farmers would get it in all cases. In some cases they do. For instance, the Auckland Farmers' Freezing Company are giving 7½ per cent. on freezing-charges to everybody—all are treated alike.

54. Are the rebates given as you go along or at the end of the season?—They are given at the end of the season.

55. Do you book space for any great length of time ahead?—Hardly at all. In some seasons, when there is congestion of stock on account of drought, and there is a rush of stock at one time the companies will ask you to book space, but it is not usual.

56. Is that done to any extent by big companies to the exclusion of small operators?—I think not. When the shipping congestion was becoming acute in New Zealand we found in Canterbury that it was difficult to get space from the Canterbury companies which we had been dealing with in other years. We did not have our own freezing-works then. We were putting all our stock about equally to the works of the Canterbury Frozen Meat Company and the Refrigerating Company, and we found when we came to book space that we did not think that we were treated fairly. But that might have been on account of the fact that we were then building our own works there, and we could not expect so much consideration from them. There was no doubt that the Refrigerating Company kept a pretty good share of space for themselves. I do not say that they are not entitled to do that—the works are their own.

57. You do not think that they kept an undue proportion of space for firms like Sims, Cooper, and Co., for instance?—That firm certainly got a bigger proportion than we did.

58. Prices last year were very high: were you able to pay these high prices on account of the advantage you got in the disposal of your offal?—It did make a difference last year. The higher prices for wool and pelts and tallow enabled us to give more for stock.

59. Therefore the larger operators were able to give better prices because they would get a greater advantage out of the better prices for by-products?—No. They are all getting the same for the by-products, are they not? The wool was taken over by the Government last year at fixed prices, and this raised the price of stock.

60. When it came to shipping your produce did you have any difficulty? Were you treated the same as other firms?—At one time we were not. We considered that the Wellington companies were getting more privilege in the shipping of lamb than some other companies were getting. We got our instructions from the Imperial Supplies Department. The instructions were clear, and we carried them out. Then we noticed when we got figures—that was some time later—that Wellington had an advantage. The figures showed the cargoes from each port of New Zealand, and we saw that companies which we knew must have wether mutton and beef in their stores were shipping a very large proportion of lamb.

61. *The Chairman.*] Give us the names of the companies?—I cannot give you the names. We only got the figures for the Port of Wellington. We knew that the works shipping from the Port of Wellington must have large supplies of beef and wether mutton. We took it up with the Shipowners Committee several times, and we usually got a reply to say that the instructions had been misunderstood by the companies, or that the meat was being shipped under a misapprehension. That was the general text of the letters we got. We have several of those letters. I came to Wellington and saw the Imperial Supplies Department, and told them that we were placed at a very great disadvantage in not having lambs shipped. We had been compelled to keep our lamb in store. I said that we expected to have a proportion of our stuff shipped the same as Wellington. That brought amended regulations, so that we could ship a certain quantity of lamb. Now they have gone back to the original regulations, which state that lamb must not be shipped. Now we are all on the same footing. We cannot ship lamb until we have shipped all the beef and wether mutton. There is no doubt that some companies absolutely ignored these instructions in the past, and that the shipping committee did not see that the instructions were carried out.

62. *Mr. Talbot.*] They are attending to that now?—Yes, I think so.

63. Do you regard the American Meat Trust as a menace to New Zealand interests?—Yes, certainly.

64. You think the trust is operating in New Zealand?—We know that Armour's are operating. We know that Swift's have bought meat in New Zealand. We have no information regarding the other firms who are supposed to be in the trust?—Wilsons and Morris.

65. There is no trace of them?—No.

66. Through what channels does the trust operate?—I was Home in England in 1914. I know that at that time a great bulk of Sims, Cooper, and Co.'s purchases were being distributed to Swift's in London. I watched the discharge of vessels at the docks in London. I knew the brands of the various companies. When meat is being discharged from the boat at Home there is a blackboard on the wharf, and the brands are put on the board to guide the men in sorting the meat. I knew that "Dominion" and "Nikau" were the brands of Sims, Cooper, and Co. The meat was being removed to the cold stores by barges, trains, and lorries. Opposite the brands of Sims, Cooper, and Co. the name "Swift's" was written. I saw the meat going into stores, and I saw the company's meat on Swift's stalls in the London market. There is no doubt about that—it is quite a recognized fact by anybody in the trade. It was done quite openly.

67. Have Swift's got their own retail shops in England?—I do not know whether they have. They have a big distributing business in England. They are distributors in England the same as we are ourselves.

68. That is wholesale?—We have travellers visiting various districts in England. They call for orders, and we send the meat direct to the people who give the orders. We go past the Smithfield Market and distribute right down to the retail shops. This was what was being done before the war. Since then it has been difficult to say where the meat is going.

69. We have been told that meat goes to the London Produce Company: that is Sims, Cooper, and Co.'s London office?—Yes.

70. Have you heard or do you know anything about Sims, Cooper, and Co.'s capital—where they get their money from?—No, I do not know.

71. Have you thought out any way of dealing with the American Meat Trust in New Zealand?—It is rather a big question.

72. Have you any suggestions to make?—We have often talked it over. We have never come to any definite decision as to what steps it would be best to take. I think personally that if there is control at this end there certainly must be control at the other end also. It is more necessary at the London end than it is here.

73. You think that the Government should take some control at both ends?—Yes, both Governments.

74. Can you make any detailed suggestions? You have not thought it out?—No.

75. Do you deal in stores at all?—No.

76. Do Sims, Cooper, and Co. deal with stores as well as fats?—Yes, they do.

77. Do you know in what way they deal in stores: do they buy them and pass them out among farmers to fatten?—I think they just buy as dealers. They do not own farms where they could fatten stores—they just buy and sell again.

78. Do they let the stores out in parcels to farmers on the understanding that they are to sell them as fats to Sims, Cooper, and Co.?—I have heard that; I do not know.

79. Is not fat stock sometimes mixed with stores so that the buyer gets both?—I think that fat stock is always drafted. We do not buy fats and stores mixed up together.

80. It is alleged that in some cases buyers cannot help getting stores, because they are mixed up with fats?—I have never noticed that. There is not much fat stock sold by auction in the North Island; that is mainly done in Canterbury.

81. Where are Sims, Cooper, and Co. doing most of their store-stock operating?—I think it is mostly in the North Island. I think their buyers are in some cases on half-profits in regard to stores.

82. *Mr. W. H. Field.*] You regard the operations of the American meat companies here as a menace, do you?—Yes, if they endeavour to get control here the same as in the Argentine and elsewhere. Whether or not they intend to do that it is difficult to say. They are already in the meat trade, and naturally they want a proportion of the meat from this country. They bought on the London market up to a certain point. A lot of meat used to go Home on consignment, and was available for the trust to buy on the London market. But there is not so much of that stuff going Home now—the meat is in fewer hands. The American companies have probably taken steps to come here and have their representatives here in order to get a portion of the meat. My own firm used to buy on the London market in the days when the stuff was consigned by the farmers. Then we found that we were not getting the quantity we needed, and we had to come here in self-defence and buy on the farms. I think that is the simple reason why the trust is in evidence here now. To what extent they intend to go I do not know. I do not think that it is easy for them to get control here. I will not say "impossible," with the capital they have got, but it would not be so easy as it was in the Argentine. There are not so many works there, and buying is done in much bigger parcels than here. It is a very scattered business here—there are many works and small parcels.

83. Are the Governments justified in taking action now?—It is a question whether it is not best to take action before the trust gets established.

84. Do you think we should take action at once?—I should hardly like to express an opinion.

86. You are satisfied they would have more difficulty in collaring our market than they had in the Argentine?—Yes, I think so.

86. You are satisfied that if our Government and the Imperial Government are sincere they can cope with the difficulty?—I have never heard any actual scheme propounded. It is a question of Government control at both ends, run on the lines of the scheme that is in operation at the present time, and the commandeered meat to be handed to English firms to sell.

87. Do you think it would be necessary to have Australia in as well?—I should think so, most decidedly.

88. Have you had any difficulty in the allocation of shipping-space?

*The Chairman:* That question was asked.

89. *Mr. Forbes.*] You freeze for outside dealers: do you freeze for Armour and Co.?—No.

90. You think that there is danger from the American Meat Trust?—Most certainly I do.

91. Do you think that your firm would treat the producers more kindly than the American firms if they got control?—If we got control?

92. If you got control of the meat trade here?—We have never contemplated getting control. I do not think it is possible.

93. You look forward to the expansion of your business?—The expansion of our business in New Zealand has enabled us to give better prices than before, when we did not have the outlet for our stuff in England. By going past the middleman at Home we can afford to give a better price here. We are in a better position than the man who has to buy here and then put his meat on the London market.

94. You are the biggest firm here—the biggest buying firm?—Probably. Sims, Cooper, and Co. and my firm are buying in most places. We have freezing-works, and probably put more stuff through than they do.

95. That is the way the trust would have to operate?—Probably.

96. You think there is a difference between yourselves and the American trust as far as the producers' interests are concerned?—I do not quite see your point.

97. The trust consists of men who are going for business the same as yourselves?—The trust is three or four firms together. We know that the trust consists of four firms—we are buying by ourselves.

98. If the one firm had the capital it would make no difference—it would be as formidable as the three or four firms combined. If the Government should take action against the Americans should it not take action against all firms that are likely to be a menace to the producers?—I quite agree with you.

99. You are guided by business principles in coming to New Zealand—you are prepared to do the whole of the business if you could?—That is so. I do not think we could ever go as far as the Americans have gone or obtain such a position.

100. Would you say you have less business enterprise than the Americans?

*Mr. Pearce:* They have not got the capital.

*Witness:* We have not got the capital. It is such an extreme question that I can hardly answer. You cannot put us in the same position as the trust.

101. *Mr. Forbes.*] Why?—We have not got the capital.

102. You might get the capital?—I do not think so.

103. If your business is profitable you would have no difficulty in inducing investors to come in?—I think that it would be difficult to get capital enough to control the whole output from New Zealand.

104. Do you not think the Government would have to control you as well as the trust?—If they thought we were getting control they certainly should control us.

105. You think that it is better to have competition going on?—Yes.

106. You say that your business is being conducted at the present time at a loss?—Yes, I said so. You have to make a loss sometimes in business in order to keep your business together.

107. How long do you expect to go on making a loss?—I do not know. We are not likely to go so strong next season. We have tried to keep our business together so that in normal times we would have our organization ready to continue our usual business

108. You are expecting some of your competitors to drop out? You said competition was the cause of the loss?—There was more competition to get stock in some districts than before. We have been against Sims, Cooper, and Co. everywhere before, but we have been against them more strongly this season in the Wellington-Taranaki District.

109. You expect them to slacken off?—We wish to keep as much of our business as possible, and that means fighting.

110. But you do not think the fighting will continue?—Not to the extent of last season.

111. You think an arrangement will be come to between the competing firms?—No, I do not think so.

112. Is not that the usual occurrence when competition means loss?—Yes, it does happen.

113. It is the usual course. When competition means loss business men come together and get an arrangement?—We do not do that—we have never thought of it. I think that the competition will not be so severe this year only because we and others lost money last year. We will have to be content with a smaller share of the business this year.

114. You have no retail shops in England?—I do not think so. We sell to the retail shops.

115. Are you making any increase in your storage accommodation at the freezing-works?—Only at the Hastings works. We are providing there for 23,000 carcases. We may possibly add to the Canterbury works. It is not decided yet, but I think it is rather unlikely.

116. Are your works full at the present time?—No, not quite full.

117. Have you been getting any stuff away lately?—Small regular shipments—not big shipments.

118. There has been a considerable falling-off in the amounts?—Yes.

119. *Mr. Scott.*] You say that you have buyers in every district: do they buy on the farms or in the saleyards?—They buy both ways.

120. How long has your firm been established in New Zealand?—We have been in the New Zealand trade at Home almost ever since it started. I do not know how long it is since we started here—I should say, about twenty years. They started before my time.

121. Mr. Forbes asked you if you froze for Armour's: do you freeze for Sims, Cooper, and Co.?—No.

122. Have they ever approached you?—I do not think so.

123. Have Armour's ever approached you?—I do not think so.

124. Have you any business relations with either of these firms?—No.

125. You have no retail shops in the Old Country?—I do not think so. I cannot speak positively for the London end. We had some shops at one time, but I think they mostly have been given up. I cannot speak authoritatively. If there are shops they number only a few.

126. How is your meat disposed of?—It is sold in the ordinary way to retailers.

127. Of course you, in common with others, are satisfied that the trust is here?—We are satisfied that Armour's are here, and that Swift's have handled New Zealand meat. That is as far as anybody can go.

128. Do you know if either of these firms has made advances to buy out freezing-works?—I have heard that Armour's made some move. I heard that they approached the Kaiapoi Company in Christchurch, and I believe the Gear Company. It is only hearsay.

129. *Dr. Newman.*] Do you think that if things are allowed to go on the Meat Trust will probably control the meat market of New Zealand?—It is very hard to say if they would be content

with a share of the meat from New Zealand, or if they will try to get control. I think that it would be a very difficult thing to get control of the industry in New Zealand, because there are so many works and so many farmers are interested in the different works.

130. If Armour's go on buying at a great rate is it possible for them, with their great means, to knock out practically all the companies in New Zealand by forcing up prices over their heads?—Yes, it is possible.

131. That is the way they would go about it?—I think so.

132. Then the companies all over New Zealand would be broken one by one?—Yes.

133. The only method of coping with a menace of that kind is State interference: is that your opinion?—Yes, it is.

134. *The Chairman.*] You are of opinion that Sims, Cooper, and Co. are operating to a very much greater extent than the figures has disclosed?—Yes, I should have thought so.

135. In your opinion are Sims, Cooper, and Co. operating at a loss in New Zealand to-day?—Where they are competing against us in districts where we have been losing I am quite certain they must be losing too.

136. Generally throughout New Zealand?—No, I would not say that. Generally the buying in Canterbury was more reasonable—there was not such a large loss on it there as in other parts. There was not much in it one way or the other. That is the case also in some other districts. I should not say there would be loss all over New Zealand. But in Wellington, Taranaki, Hawke's Bay, and Gisborne there have been losses. This applies partly also to Auckland.

137. Now, do you think they are making that loss, or are they recouping themselves by the sales of the free meat at Home?—I do not know what goes on at Home, whether there is anything in the free meat or not. But I should not think so, because the free meat is such a small proportion of the whole.

138. You think they are actually making a loss in the meantime?—Yes, I think that is so; in fact, it is recognized by everybody in the trade.

139. And this is done with the idea of collaring the New Zealand trade?—Not so much with the idea of collaring the trade as to keep their connection.

140. I do not mean your firm—I mean Sims-Cooper?—Yes, I understand. I think Sims-Cooper are doing this for the same reasons as other people—to keep their business going.

141. But, taking the Wanganui district, their losses have been made chiefly in that district?—Yes.

142. Where they had no connection before?—No, but they want to get a connection there.

143. You think they are making a loss really to extend their trade rather than to maintain it?—Yes, that is so. When the times become normal again they hope to be in a position to handle a great deal of stuff. And, of course, I do not say that they had no connection in the Wanganui district before. They had some connection, but they have been extending it, and now they have been centralizing their business to the Wanganui works, bringing stock into those works from Wellington, Hawke's Bay, and as far north as Waikato. Previously they used to buy in these districts and send the stuff into other works, but now they are evidently going past these works and sending all they can into Wanganui.

14. Do not the operations point to this: that Sims-Cooper, in conjunction with the New Zealand Refrigerating Company, are operating in the North Island at considerable loss with the idea of opening a trade for themselves and crushing out all the other works?—I do not think I could go quite so far as that.

145. How far would you go?—As I said before, they want to keep their present connection up, and they want to be in a position when normal times come to be able to do a fair business. They are building their business up.

46. *Mr. Reed.*] Do you know that they are operating as far afield as Whakatane?—I know that they have been bringing stuff from Hamilton and other places in the South Auckland District.

147. And the Bay of Plenty?—Yes.

148. Is that for the purpose of building up a trade or for the purpose of keeping down or destroying competition?—Of course, there is this point, about which you have not asked me, and that is that we do not know what rates they are being charged for freezing at Wanganui. They may be on a very favourable rate with the New Zealand Refrigerating Company. Supposing we are freezing stuff at Auckland and paying ½d. per pound: if we had our own works there we could save the profit the company makes out of the freezing-charges—say, ¼d. per pound. If Sims-Cooper are on any rate like that in the Wanganui works it would pay for a lot of railage from Auckland and elsewhere, and it would enable them to pay bigger prices for stock. It would account also for their taking stock past other works to put into Wanganui. It all comes down to the question of whether they are getting a rebate from the New Zealand Refrigerating Company. It certainly looks as if they were getting very favourable terms for freezing with them.

149. That would be a rebate quite out of the ordinary?—Yes, I should think so.

150. And it would be of such an extent as to make it possible for them to operate in their buying to the detriment of the small buyers?—Exactly, to the detriment of the men freezing at other works, or at the same works in the ordinary way.

151. Now, the New Zealand Refrigerating Company to all appearances is in competition with Sims-Cooper?—Yes, that is so.

152. On the face of it?—Yes, they are a buying company.

153. Then if they give this rebate to Sims-Cooper that you speak of—this large rebate—it would appear that there is some kind of a secret understanding between them?—That is so.

154. And that their competition was not real?—Yes, that is so. They would hardly be likely to hit each other up in the same district. But I think the policy of the New Zealand

Refrigerating Company has been to be more or less a freezing company—they have bought only to ensure that their own works would be supplied up to their full capacity, and that they would prefer that exporters would put so much meat into their works as to allow them to run the business purely as a freezing company; and I think they looked to Sims-Cooper to keep their works at Wanganui employed.

155. Do you think they would have erected these works but for this arrangement with Sims-Cooper?—No, I do not think so.

*Mr. Pearce:* But the company have as many buyers out as Sims-Cooper have; I know this as a fact.

156. *The Chairman.*] You do not think these works would have gone up except for this arrangement?—I do not think the company would have put them there unless they were assured of big supplies of stock from some firm.

157. And the erection of these works has enabled Sims-Cooper to operate as far north as Whakatane?—It has enabled them to increase their operations in the North Island, where they had been restricted before.

158. We have been told that because of the operations of Sims-Cooper various small companies have practically had to close down?—I presume this refers to Taihape. I do not know much about those works, because we do not buy for them, but they seem to be in a hot corner, with the Auckland competition on the one side and the Wanganui competition on the other. Of course, the company owing the Taihape works are not a buying company, and they rely wholly on other people to put stock into the works for freezing.

159. Do you not think the operations of Sims-Cooper indicate an intention of getting control in that district even at a loss?—I would not say "of obtaining control."

160. Well, of obtaining a very strong control?—Yes, certainly.

161. If they extended their operations throughout New Zealand they, or any trust—it would not be long before they had control?—That is so.

162. Following that there would be small prices to the producer?—Yes, that is the way trusts work. They might proceed by restricting output, and restriction of output is worse than low prices. They restricted output, as you know, in Argentine.

163. You have no knowledge of any rebates being granted to Sims-Cooper?—No, we have only surmised that.

164. How do you show rebates in your company—are they shown in the ledger accounts of the people or firms who get the rebates?—I do not know—I am not in close touch with the book-keeping part of our business—but I know they are shown in our own annual balances.

165. *Mr. Pearce.*] Since the war shipping has been handled by the Government, but prior to the war did you not always ship through one company?—Not exactly prior to the war. Some years ago we worked only through the New Zealand Shipping Company—we had a contract with them. Later we had a contract also with the Shaw-Savill and the Federal companies.

166. None of these companies have any interest in your business?—No. The reason why we had a contract with only one company was that we had then only two works, and it was not necessary for us to have a contract with more than one company. Afterwards all the exporting companies had contracts with the two shipping companies.

167. You had a special freight with the one company?—No, we paid the same freight as everybody else.

168. No interest in your firm is held by the shipping companies?—No, none whatever.

169. Your firm knows as well as anybody what has occurred in South America: I think you said that your firm had either been bought out or squeezed out?—Yes. I do not think we ever had works there, but we were interested in works there; at any rate, we got supplies from there, but I am not certain how. It was long before my time in the company.

170. Have you discussed the question as to whether this same process will not squeeze you out of New Zealand?—Yes, we have.

171. What is your opinion on that?—You want my opinion as to that?

172. Your firm's opinion?—They are thoroughly against the trust coming here.

173. Do you anticipate being crushed out?—Yes, we do.

174. You have acknowledged in your evidence that they have increased prices to such a level that you have made a loss in a large district?—I did not put that down to the trust.

175. But if it is continued for two or three years will not that force you out of business?—Yes, that may be so. It is quite true that we are afraid of the trust.

176. If that is so what do you suggest to prevent it from operating in New Zealand?—We have not been able to suggest anything tangible so far.

177. You are prepared to continue the contest and lose money?—No; but we are not putting it down to the trust since the war started—we do not consider we have felt the trust yet.

178. I think your evidence showed that Sims-Cooper are making you lose money?—Yes; but we do not say they are the trust.

179. *The Chairman.*] They are big operators then, and that is the same thing?—Oh, no, it is not the same thing.

180. *Mr. Pearce.*] Do they not send all their meat to Swift's?—No, they do not. As a matter of fact we buy a lot of meat from Sims-Cooper ourselves in England. We sell about two million carcases a year, and we buy ourselves here only about a million carcases. We buy meat from Sims-Cooper, the New Zealand Refrigerating Company, Clarkson's, and other firms. Sims-Cooper were certainly selling a lot of meat to Swift's, but I do not say for a moment that Sims-Cooper are the trust.

181. *The Chairman.*] You have a letter which I understand you are willing to give in evidence?—Yes, I have here a letter of date 13th March, 1914, from a gentleman who is a high

authority in the meat trade in England, from which letter the following is an extract: "The really important thing to-day is that the Americans are entering into Australia and New Zealand at a very rapid rate, even more rapidly than we ever contemplated. There is no doubt that Armour's have last year collared Birt's works in Australia, and it is rumoured that Ocean Beach is included—I am inclined to think correctly so. There is no doubt that Swift's have a working arrangement with Sims-Cooper. All their meat comes straight to Swift's here. We have encountered these Americans in England since the start, and we know what their keenness amounts to. I am positive that no one in New Zealand or Australia realizes what the strength or keenness of these people is. Their keenness is something intense. In the Argentine the Americans have absolutely crippled all the English concerns, and there is far more reason to suppose that they will speedily cripple most of those in the Australian and New Zealand trade. I do not think there is the slightest doubt on this point."

182. *Mr. Anderson.*] Mr. Harper, do you know of your own knowledge anything about Armour's connection with Birt, and of Birt's connection with Ocean Beach works?—No, except that Birt's in Australia have been agents for Armour's there, and that one of Birt's works has been leased to Armour's. It was supposed that these Ocean Beach works here belonging to Birt's were in some measure affected by these arrangements.

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FRIDAY, 14TH SEPTEMBER, 1917.

CECIL CLAUDE MORTON OLLIVIER sworn and examined. (No. 25.)

1. *The Chairman.*] I understand that you are auditor for Sims, Cooper, and Co.?—I am a public accountant.

2. You audit for Sims, Cooper, and Co.?—Yes. I am also chairman of directors of the Woolston Tanneries, with managing duties.

3. You understand the general object of this inquiry?—Yes.

4. The Committee would be glad to hear any general statement which you would like to make, and afterwards they will ask you questions?—I have prepared a short general statement. It is a personal statement, and it explains why I requested to be allowed to give evidence. I am a public accountant. In the course of my business I audit Messrs. Sims, Cooper's business, and I also act as chairman of directors of the Woolston Tanneries, with managing duties. I have requested to be allowed to give evidence, as I consider that it is time that certain malicious statements that are being circulated through this Dominion should be checked. I refer to the mischievous and, I might say, defamatory statements that Messrs. Sims, Cooper are the agents of the Meat Trust, or that they are financed by the Meat Trust, or that they have some connection with the Meat Trust or firms commonly associated with the Meat Trust. These statements are absolute falsehoods, and I am here to-day to request this Committee not to close until it has heard the evidence of Mr. Arthur Sims. Mr. Sims is at present in Australia engaged on important business, but I understand that he has written to the Chairman requesting to be heard.

*The Chairman:* The letter has not reached me. It seems to have been lost with the "Port Kembla."

*Witness:* Mr. Cooper is in England. Mr. Cooper volunteered for active service, but the Imperial authorities have availed themselves of his outstanding ability and have placed him in charge of a large Government Department. It is a strange thing that in this Dominion if a business is efficiently managed and thereby becomes successful trade jealousy is immediately created.

*The Chairman:* It would be strange if it were not.

*Witness:* On general principles a business man ignores attack or innuendoes which are promoted and fostered by trade rivals. To my knowledge innuendoes that Messrs. Sims, Cooper represented the Meat Trust have been current for years, but recently the rumours have assumed definite shape, more especially in the North Island since the advent of the New Zealand Refrigerating Company at Wanganui. In consequence of these statements and inquiries made by the Agricultural Department Mr. Sims followed up his publicly advertised disclaimers by the following letters to the Agricultural Department. The Government's replies are worth noting. The only comment that I have to make is that Mr. Sims's offer was not availed of. It is hardly necessary for me to mention that the offer still stands good. I want to explain in connection with these letters that I have not seen Mr. Sims lately, and that I am doing this on my own responsibility. There may be a letter missing, but you could find that out. This is a letter that Mr. Sims wrote to Dr. Reakes, head of the Department of Agriculture, on the 5th February, 1917:—

Dr. C. J. Reakes, Department of Agriculture, Wellington.

DEAR SIR,—

As you are aware, there has been a lot of vague talk in this colony by responsible and irresponsible people that the "American Meat Trust" is operating here through a firm not openly identified with it. We gather that some people have regarded the New Zealand firm so hinted at as being ourselves, and assume that statements with reference to American operations, emanating from responsible Ministers of the Crown, have really been applying to our operations. If this latter idea was so, and you think the matter of sufficient moment, we would suggest that you yourself, with some responsible official appointed by the Government, should come down to Christchurch, when we would be very pleased to let you look through all our business and the methods under which we conduct it. If the responsible Ministers' statements mentioned above referred to us, we assume that men in their positions cannot without solid foundation for such statements have made statements connected with the operations of ourselves in New Zealand in a tone which might easily justify us in considering that we were regarded as pariahs by right-thinking people. Accordingly we suggest that the truth or otherwise of the statements upon which the Ministers have based their remarks should also be probed to the bottom.

The above invitation to examine into our busidess is open for your Department to accept at any time they choose. All that we ask in turn is that if, after such examination, the Government find that what is apparently their present conception is erroneous, they will do us the scant justice of announcing their mistake as publicly as they have done their previous expressions about our business. We might say that it has struck us as a rather curious thing that, out of all the countries and States in which we trade, it has been left for the Government of our own country alone not merely not to welcome us, but to look askance at our operations. This is the more remarkable, as they apparently have been willing to take at face value assertions against ourselves made by people whose motives might easily be regarded as actuated not wholly by the desire to serve the best interests of the producers of this colony, and the accuracy or otherwise of whose remarks could easily have been tested by the Government.

I have written to Mr. Molineaux, Bank of New South Wales, Wellington, asking him to also give you all information in connection with the finance of our business.

It is quite possible that, once our opponents find that they will have to stand up to any remarks they make connecting our New Zealand business with the American interests, they may decide to transfer their veiled utterances to the doings of the London Produce Company in London. This is a firm whose business, as well as our own, was gone into by the Commission which dealt with this same question in Australia some two years ago. As apparently the results of this Commission, as far as we are concerned, are entirely disregarded by some people here, they will probably take the same attitude as far as this London company is concerned. Although Mr. Massey has gone into the question of the alleged "pull" which interested people in New Zealand said the American trade was getting in England as far as the distribution of New Zealand meat for civilian purposes there was concerned, and has found that, like most of the other statements, this talk was all "moonshine," we would suggest that if he wants any further information about the London Produce Company's methods of distribution, clients, &c., above what he has already got from the Imperial Board of Trade, he should go along and thoroughly examine the company's business personally, or through a qualified representative. If you think it worth while cabling Mr. Massey on this point, I would also have great pleasure in wiring the London Produce Company, asking them to give Mr. Massey every assistance in thoroughly examining their methods of business, finance, and whose money is in the London Company, &c.

Yours faithfully,
SIMS, COOPER, AND CO. (N.Z.) (LIMITED),
Per A. SIMS.

This is the reply that was received from Mr. Reakes, dated 10th February, 1917, from the offices of the New Zealand Government Requisitions Committee, Wellington:—

Messrs. Sims, Cooper, and Co. (Limited), 170 Hereford Street, Christchurch.

DEAR SIRS,—

I beg to acknowledge receipt of your letter of 5th instant, contents of which are carefully noted. Your offer to give facilities for the Department to look fully into all your business transactions and into your methods of conducting business is quite a fair one, but you place the position entirely outside direct departmental action by your references to alleged statements made by honourable Ministers, and by your seeking to make the giving of these facilities for investigation the basis of a sort of bargain with the Government itself. If you so desire, however, I will take steps to have it submitted to the Hon. the Minister of Agriculture. Please let me know if you wish this to be done.

Yours faithfully,
C. J. REAKES, D.V.Sc., M.R.C.V.S,
Director of Live-stock Division.

Mr. Sims then wrote to Mr. Reakes this letter, dated the 14th February, 1917:—

C. J. Reakes, Esq., Department of Agriculture, Wellington.

DEAR SIR,—

Your letter of the 10th February to hand. Will you please understand that our offer contained in our letter to you of the 5th instant to allow you to look into all our business transactions, methods of conducting the same, &c., was made, and is now renewed, without any conditions whatsoever. I quite see that, otherwise, you must consider the matter directly outside your Department's sphere of action. At the same time Ministers have made remarks, which, rightly or wrongly, people have interpreted as indicating that we were the American Meat Trust, &c., and, coming from such a responsible source, these reports have naturally been believed when similar reports, coming from obviously biased sources, have been disregarded. We consider that these Ministerial statements have done considerable harm to our business, which is a perfectly legitimate one, conducted in a legitimate way by a purely New Zealand firm, and one which we consider ought to have received Ministers support rather than the reverse.

I would be glad, accordingly, if your Department could, if they make the above-suggested investigation, then see their way to report on the matter to the Government, so as to give the latter a chance of undoing the harm they have unwittingly done us. Incidentally, too, the fact that the Government had examined our business at our request would show people that the authorities were keeping fully in touch with what was the real position of the frozen-meat trade in New Zealand.

Yours faithfully,
SIMS, COOPER, AND CO. (N.Z.) (LIMITED).
Per A. SIMS.

I do not know if there was a reply to that letter from the Government Department. I could not find it. The offer made by Mr. Sims was not availed of, and it still stands good. With regard to the Woolston Tanneries, the directors are Messrs. Sims, Reid, Cooper, and myself. The company has no connection with any American organization. Your Committee is at liberty to select any approved public accountant to inspect the books to verify this statement. My company does a large business in pelts with America. Messrs. Booth and Co., well known in London shipping circles, are the company's agents. Our chief competitor in the purchase of pelts is Mr. R. B. Beals, representing Messrs. Winslow Bros. and Smith. Messrs. Armour and Co. are reputed to have some interest in this firm. I have no doubt that with the evidence before them the Committee will be able to form their own conclusions why these rumours about Messrs. Sims, Cooper, and incidentally about the tanneries, have been disseminated, but in justice to Messrs. Sims and Cooper I would ask those gentlemen who have been misinformed and have been made use of, when they have satisfied themselves, to take the same interest in contradicting the rumours as they have done in helping them along. With regard to the tannery, a few years ago we took that business over. It was "down and out"—practically bankrupt. It was absolutely out of date in its methods, which were thirty years old. We have modernized the place, and now it is probably one of the most up-to-date tanneries south of the Line. We have increased wages about 17½ per cent., and yet our labour cost to-day is down something like 30 per cent. per article.

5. *Dr. Newman.*] New machinery?—Yes, new machinery. We have had certain facilities. The electric power from Lake Coleridge has been of great assistance. We are now the largest private users of electricity from the Lake Coleridge installation. Needless to say we are rather proud of the business responding to our efforts, and we are out to develop new industries in New Zealand, more especially relating to waste products. We employ a chemist, and we are considering giving a sum of money to Canterbury College to employ a chemist on investigation work. But if this agitation to put us down goes on we will have no alternative but to transfer our energies elsewhere. We will probably be opening up in Australia some time. There are big openings there for dealing with waste products. We feel that in a way we are not wanted here. We have tried to put the bootmaking industry on the best footing. The boots you are getting locally now are probably the best you have ever had here. We are insisting upon the boot-manufacturers getting their machinery up to date. We are going for efficiency in every way and the saving of waste. But I can assure you that we are seriously considering getting out. We erected a large fellmongery, the largest in New Zealand. It is closed at the present time.

6. *The Chairman.*] Why?—The Requisitions Committee. We propose erecting large woolworks on the ground that it is better for the country to put as much labour into the wool as possible before it leaves the Dominion. It is not profitable to pay freight on dirt. If we are going in for that it will be on thorough up-to-date lines. We will endeavour to get all the by-products out. But if we do that there will be a cry out against us. The crowning thing, which has hurt us more than anything else, is the cry that we are Armour's. We used to be accused of being Swift's, but it is Armour's now. I was looking over the fence at the tannery last Sunday and an old chap came up and said, "My word, this place has gone ahead; it is a big place now; it is Armour's." I said that I thought he was making a mistake. I told him if he made that statement and we could prove it he might get into trouble, as we controlled the place. He said he was very glad to hear it. You see the injustice of the thing? You fasten a New Zealand industry on to the Meat Trust and the result is that you do that industry damage. That is what I feel about it. This Meat Trust is being fastened on two young men, probably two of the smartest men in New Zealand, and the damage will be hard to undo. As regards questions, I want you to understand that above all I am a professional man. If I cannot without breach of confidence answer a question I will tell you so. There is nothing to hide. Messrs. Sims and Cooper court the fullest investigation, and those letters prove it. You can come to Christchurch and examine the business for yourselves. I cannot put anything fairer than that. I know that people say Sims-Cooper are the Meat Trust, and leave it at that. They will not believe you when you deny the statement. My own friends do not believe me. Yet down in my own town I have probably got a reputation for at least telling the truth.

7. As auditor for the company, do you know the whole financial arrangements of Sims, Cooper, and Co.?—Yes, I do.

8. Could Mr. Sims give us any information that you have not got?—I have everything before me. It is my business to know things as accountant, and if anything gets past me it is lack of ability on my part. If there is anything about the main features of that business I should know it. I can tell you where the finance is and all the rest of it.

9. If we desire to have from you information regarding the financial side of the business are you going to give it to us, or do you regard that as confidential?—Really I regard it as confidential, although I am quite prepared to take the Committee all through and explain the whole business to them. I will take you along to the bankers and give you the information. I do not want you to take my word for it. I have letters enough for any man to show where the finances are, but that is confidential. I do not think it is a fair thing to ask me for the details, and I do not want you to take my word for it.

10. What support did Sims-Cooper give to the New Zealand Refrigerating Company in connection with the works at Wanganui?—Do you mean, did they put cash in? If that is what you mean the answer is "No."

11. What did your firm do to help them in the erection of the works?—As far as Sims-Cooper are concerned, I am not aware that they did anything. I will be quite open with you, and say that Mrs. Sims and Mrs. Cooper took something like £10,000 worth of the debentures. I give those figures subject to correction; I am not sure of the exact amount. I am pretty sure that they were taken up, but I may tell you that they have since been sold with the exception of perhaps a thousand or so.

12. The company as a company did not give them any financial support?—No, it took no debentures that I know of.

13. Nor guaranteed any amount of business?—Not that I know of.

14. Were these works erected practically at the request of Sims-Cooper?—I do not think so.

15. Do you think they would have been erected if Sims-Cooper had not been in business in that district?—Well, I think the fact that Sims-Cooper were operating in that district made the New Zealand Refrigerating Company more satisfied to do it—that is only natural.

16. Did not Sims-Cooper guarantee them a certain amount of business if they erected the works?—I should say there is an arrangement by Sims-Cooper to give them all their business—as much as possible.

17. What special concessions do Sims-Cooper get from the New Zealand Refrigerating Company?—I do not know the terms; they do not come under my notice in the course of business, and I have never discussed them.

18. In the audit of the company's books the rebates from the New Zealand Refrigerating Company would come under your notice?—Yes. There is no question that there are rebates, but I have never worried about the amount of the rebates.

19. Where would these rebates appear in your books?—They are just "come-backs," as it were. It is generally understood that these exporters in order to live have to get some concession on account of the quantity they handle, or on the amount of business done.

20. If we wanted to get full details of these rebates, could we ascertain them from your books?—Yes, they could be ascertained.

21. Do you get special concessions as against the small men, enabling you to give bigger prices for stock?—I do not suppose for a moment that the concession would be large enough to make any difference in the price that could be paid for stock. There is not the margin in the freezing business. You could not give a man a big enough concession on the freezing-charges to give him such a pull.

22. Do you know whether Sims-Cooper have been buying stock in this Island at prices which would represent a loss to them?—I do not think so, but until you get their balance-sheet you cannot say—you can only judge by results.

22A. The Christchurch Meat Company put out a circular the other day to their shareholders, and they say to their shareholders, "We have done very well" or something to that effect, and yet you say that the other companies say that they have not done well?—As a business man I would look into the causes of that, whether it is a question of bad management or what it is. That is the whole thing: it is a question of efficiency. You take Sims-Cooper's position in the trade in New Zealand—they have nothing in bricks and mortar——

23. They have approached no company here with the idea of obtaining any of their works?—That is information I cannot give.

24. Mr. Sims might be able to give it?—Yes.

25. *Mr. Anderson.*] You said, I understood, that your fellmongery-works had been closed down owing to the action of the Requisitions Committee?—Yes.

26. Were any other fellmongery-works closed down in Christchurch in the same way?—As far as I know we are the only one.

27. Is it not a fact that the institutions in which Mr. Hill is concerned have not been closed down?—Yes, his works are still going.

28. His works are large ones?—Yes.

29. Is it not a fact that Mr. Hill took a prominent part in the negotiations with the Government and the Requisitions Committee?—I believe so. When the negotiations were going on the Woolston Tanneries were not asked about them in any way; we were side-tracked; nobody took any notice of us at all.

30. Is the closing-down of these works prejudicial to the farmers in this district?—No, I would not say that.

31. Is the concentration of the scouring and pelt work in fewer hands prejudicial to the interests of the farmers?—It cannot be prejudicial to the farmers, because the Government come along and give a certain price. The question is whether the Government are getting an even deal.

32. In your opinion are the Government getting an even deal?—My opinion is that they are not.

33. Do you think that too big a price is being paid for preparing these pelts?—No, the prices for pickling the pelts are too small.

34. I am talking about turning out everything?—I can say that the price for sliping wool is, in my opinion, a big price.

35. Bigger than it would be in open competition?—Well, the question is whether a man is to make a profit at all. I think a man is entitled to a profit. While they were getting a good price for sliping they did not get enough for pickling. I should say that the two balance one another.

36. In your opinion the farmer has not been prejudicially affected by the action of the Requisitions Committee?—I do not think so. I am not going to say that the prices are on a parity with the wool prices. I cannot say how the fellmongery scheme and the commandeering of wool works out. There are, as you know, two schemes, one for the buying of sheep-skins and the other for buying the wool.

37. In your opinion is the Government prejudicially affected?—My opinion is that they are.

38. *Mr. Scott.*] You mentioned the Meat Trust several times in your evidence: do you think that the American Meat Trust is operating in New Zealand, or representatives of the trust?—Of course, we have got Armour's. They do not disguise it; but Armour's as they are now—well, as far as Sims-Cooper are concerned, they do not bother about them.

39. As they are at present?—That is as far as I know. They only start level with anybody else, buying in the open market. If they had control of the shipping and the freezing-space it would be another matter, but at present they are only buying. I am only giving you my ideas about them; they are these: that in a very large organization such as theirs, while you gain in having control of money you lose in administration.

40. But if your firm continues expanding as it has done in the past few years do you not think you will be in the same position as Armour's in regard to being a large concern?—As I said before, Sims-Cooper have nothing in bricks and mortar, and they might get out at any time. They may be a large concern, but a large concern properly run gives the best results and the best service. A monopoly gives the best service if it is honestly run for that matter, but there cannot be a monopoly in the meat trade in New Zealand—the competition is too keen. There is always a man waiting to cut into the meat trade if things are down.

41. Is your company interested in any of the meat-works in New Zealand?—Not to my knowledge.

42. Do you freeze with any companies?—Probably there are some companies that would not freeze for Sims-Cooper.

43. But you will freeze with any company that will freeze for you?—I would not say that; there are other things to be taken into account. There has often been a cry about the little freezing-works going out, but, looking at it from the point of view of the business of the country, you might say that it is not in the best interests of the country that the little works should go on. My reason is that to run a business efficiently you must get the best men available, and in order to get the best man you must pay him, and a little company cannot afford to pay the same salaries as the big companies, because the ratio of administrative expenses is so much greater. Then, a freezing company makes most of its profits out of the by-products. It is in the manufacture and disposal of the by-products that the expert man has such an advantage. The freezing company with an expert man and a large turnover can put out more valuable by-products than a small company. The competition is so keen now that the success or failure of a company may depend on the by-products.

44. Does your company give any preference to any particular freezing company?—I understand they put everything they can through the Christchurch Meat Company. I think this is so. They deal with other companies also.

45. Have the prices of stock been pushed up by any particular firms to your knowledge?—I think at the beginning of the season there was a general "scrap" all round.

46. You think it was fair competition all round?—Well, there was a good deal of feeling, was there not, when the Refrigerating Company started?

47. They were all out for business?—Yes.

48. And you company among them?—I will put it this way: You have a big works, and you can make a loss with them in two ways—you can lose by keeping the works standing idle, or you can make a loss on the stock. If you are going to make anything out of the works you must have the stock.

49. *Mr. Forbes.*] In connection with the charge that Sims-Cooper is connected with the Meat Trust, the only way to answer the charge is to prove that the capital operated with is not American capital: do you make any statement about that position? Are you prepared to disclose to the Committee the financial operations of Sims-Cooper?—I have come here to say that the offer made by Mr. Sims some time ago still stands. I may say that I have not referred it to Mr. Sims to see whether it stands or not; but I say that everything can be explained by inquiry and examination of the books of the company.

50. You are not prepared to submit the books and a statement of the position to the Committee?—I do not think that is a fair thing to ask. This evidence may be published, I understand, and Messrs. Sims, Cooper do not wish to have all their business published. I am prepared to submit it confidentially.

51. You do not think it is a fair thing that you should submit it openly to the Committee?—I cannot do it. If Mr. Sims likes to do it, that is another matter.

52. You consider the refutation of the charge that you belong to the Meat Trust is made when you offer to allow your books to be overhauled by a select committee of this Committee?—Yes, and any other information that select committee might wish to have they can get from the people who do Messrs. Sims, Cooper's banking business. If you see the Bank of New Zealand they will explain the whole position.

53. Practically your business here is to renew the offer made by Mr. Sims?—Yes. There is nothing secret about it; transactions could not go through without some one knowing them.

54. *Mr. Talbot.*] You have said some hard things about the attitude the public are taking up with regard to your firm?—Yes.

55. Of course, you have heard of the operations of the Meat Trust in North America and the Argentine, and the detrimental effect it has had on the farmer and the public?—I have not paid a great deal of attention to the matter. I saw the article written by Mr. Eliott on the subject.

56. Do you not think that, in view of the fact that the people of America have cried out about the Meat Trust, we are justified in taking all the steps we can to investigate the matter?—I quite agree with you that if what has happened in the Argentine is happening here it is right to make full inquiries, but I also think that the position has not come in New Zealand as it has there. And I think it is very unfair that a firm conducting business legitimately should be singled out for all this criticism. I think that this Committee, when it has satisfied itself that this is so, should make as much reparation as possible to these young men.

57. You say that the Committee should make reparation. But this Committee has not accused Sims-Cooper of anything: we are simply investigating the matter?—That is where it is. This is the first occasion on which they have had a decent chance of meeting the charge, because hitherto everything has been by innuendo. Now Sims-Cooper's name has been openly mentioned and they have an opportunity to reply.

58. But this Committee is investigating the matter not from any feeling of jealousy?—Not this Committee, but information has probably come to the Committee which enables them to make their cross-examination, and I think the Committee should sift why these questions have been raised, and from whom they have come. That is the view I take. The Committee is here to investigate the matter.

59. You personally cannot give us anything about the financial part of your firm's business, but do you not think that there might be some cause for alarm from the fact that your firm has such a small capital, and is operating in such a big way—cause for alarm as to whether any of the money used by your firm comes from America?—It is not found in America. If you gentlemen were acquainted with the meat business you would see how easy it is. There is nothing to hide—it is an ordinary business arrangement. These men have succeeded, but they have worked; they do not knock off at 5 o'clock.

60. I think you said that if this agitation goes on Sims-Cooper might have to transfer their operations elsewhere?—I do not think I said that exactly. What I wanted you to infer is that you cannot expect young men with active minds to sit still—they will go on with their business whether this country wants them or not. When I said that I was referring to the Woolston Tanneries. We can easily pack up our traps and go. I am not referring to the meat—that is Sims-Cooper's business.

61. In addition to the uneasiness about the capital of Sims-Cooper there is also a certain amount of uneasiness about the figures for their export from this country. We have here a return from the Imperial Supplies Department to show that they have exported £437,000 worth of meat from the Dominion. [*Vide* Exhibit D.] Would that be anything like the extent of their operations here?—I should say that that would be small.

62. It would be on the small side?—It is not a big thing to export £400,000 worth of meat. Here you have a little company like the Auckland Farmers' with £500,000, and Sims-Cooper have not done as much as that.

63. My point is that in reality their operations must have been very much larger than that, and that something must have been covered up in some way. Their operations must have amounted to many times that amount?—I do not know who gave those figures.

64. They are from the Government Supplies Department, and they show the amount paid to Sims-Cooper?—What I should say about the figures is that it would appear from the figures that Sims-Cooper had had a bad deal in the matter of shipping; that other companies had had more than their share, and that Sims-Cooper must have a lot of stuff still in the stores.

65. Of that side of the business—the allotments of space made to you—you know nothing?—No; but that is the inference that I would draw from these figures.

66. We have had it in evidence that Sims-Cooper in bargaining for rebates will have nothing done in writing; that the rebates are secret, and that nobody but the secretary of the company knows what they are—that even the chairman of directors does not know: do you know if there is anything in that?—I know that that will probably be correct. My knowledge of the firm of Sims-Cooper is that on principle they never put anything in writing. What they say is this: that if they have to make every arrangement watertight business is not worth doing. If they make an arrangement they always keep their side of it, and if the other man does not keep his bargain they just cut out the business. The only thing they put in writing is a memorandum to record absolutely what the arrangement was. If a man insisted on having something in writing they would give it to him, but they would never ask for anything in writing. That is the way they do their business. Their business is too large to bother about small things. They say that if you cannot do business on trust they need not do it at all, and it does not take long to find out who are the people they cannot do business with.

67. Are Sims, Cooper, and Co. dealing in store sheep at all?—I think they were dealing in stores some years ago. I do not know what they are doing at present.

68. Do they deal with wool and other New Zealand produce?—Of course, they would get their wool through sliping. Sometimes they would buy wool.

69. *Mr. T. A. H. Field.*] Do I understand you to say that you think American meat companies are operating in New Zealand?—I only said that Armour's had openly announced their presence.

70. Do you think that if the American trust is operating it will be a menace to the producers?—If they are operating surreptitiously I do not think that you need care a snap of the finger for them. If they get control of ships and freezing-works that is another thing.

71. It would be a menace to the producers if they did that?—Yes, if they did that and used their power. But you take the Union Company, for example. It is a big company and gives a very fine service. By reason of its size it has got a monopoly. This is from my point of view. Say any one started in opposition to the Union Company, in a small way, would the company reduce all its prices to squeeze out one man?

*Mr. Anstey:* They have done it.

72. *The Chairman.*] They have done it locally?—There must have been something in it. That is not the way we run our tannery. Some one may come to me and say, "So-and-so is selling under me." I say, "I do not care if they are. Do you think we are going to reduce all our prices to try and interfere with any one man?" We do not care what any man is doing. Things cost so-much to produce, and we have to make a profit on them. I do not think that any business man will knowingly sell at a loss. I know you hear about that sort of thing.

73. *Mr. Field.*] Sims, Cooper, and Co. have agencies in practically every district in New Zealand?—They have one at Palmerston, one at Timaru, one at Christchurch, and I think some agent in the Napier district.

74. You say that if that is all the business done by the firm, as shown by the return, you are surprised?—Yes, I am. Of course, this says "meat paid for."

75. You say that Sims, Cooper, and Co. have nothing in bricks and mortar?—No.

76. Have they ever offered to put up works or to help other people to put up works?—That is a question I said before I could not answer. I do not know anything about it. Mr. Sims will give you any evidence on that.

77. *Mr. Anstey.*] With regard to these figures, do you think that sum of £437,000 which is here stated to be the total money Sims, Cooper, and Co. have received for meat since the inception of the Government purchase scheme necessarily represents the whole of the money they have received for shipped meat? Is it possible that some of their meat is included in the amounts shipped through banks and freezing companies?—Here are figures put out by responsible people. They are figures prepared for a Government Department. I cannot say offhand if a mistake has been made. You have to assume the figures to be correct.

78. You as auditor must know if some of Sims, Cooper, and Co.'s meat is shipped, perhaps for purely business reasons, through a bank or a freezing company: does this necessarily mean the whole of the money they have received for their shipped meat?—It must be, as the Government have entered everything. That is quite simple. There are no private shipments at all.

79. That is not an answer at all. I meant, do Sims, Cooper, and Co. receive money for some of their meat through firms through which they shipped it? Is it possible for the Government to pay a bank for meat that is shipped by Sims, Cooper, and Co.—a bank or a company?—To pay, say, the Christchurch Meat Company money that comes to Sims-Cooper?

80. *Dr. Newman.*] We have had it in evidence that the company bought stock in various districts and froze it through the various freezing companies: Mr. Anstey wants to know if that meat appears in the name of Sims, Cooper, and Co., or their agents or buyers?

81. *The Chairman.*] Or some one else's name?—As far as I know not in any one else's name. There might be something like this: Say the Christchurch Meat Company have meat for Sims, Cooper, and Co.: the money might be paid to the meat company and then handed over to Sims-Cooper. That is possible.

82. *Mr. Anstey.*] Then does that sum of £437,000 necessarily mean the whole of the money received by Sims, Cooper, and Co. since the inception of the scheme?—No; I should not say so.

83. I am not saying there is anything wrong about that. The whole point is that this return does not necessarily show the whole of Sims, Cooper, and Co.'s transactions?—These were put to me as official figures.

84. You say that the closing of the Woolston works has not necessarily interfered with the price paid to the farmers for their produce?—It has not interfered with the price given to the farmers.

85. Are the works in operation sufficient to handle the whole of the stuff?—Yes.

86. Then I infer that the erection of these works was an economic waste of money?—No.

87. If the existing works could handle the whole of the stuff efficiently there was no reason for another?—The point is this: The works were absolutely required because the stuff that goes out of them is complete. We all do pickling and sliping; we finish locally for the market. The other works are not finishing locally.

88. Then they are not doing it efficiently?—That is the question, I assume.

89. I asked if the existing works were quite sufficient?—They are quite sufficient to handle the sliping and pickling of pelts, which is the Government scheme. We slipe, pickle, and tan. Is it not far more economical for us to get the pelt, slipe it, and sell the wool, get the pelt off the bean, divert it into various channels, spend money on it, and sell it in the country? We spend possibly 6s. on labour, &c., besides material, whereas the pickling-charge is only 3s., which includes material. We take the product from the beginning and finish it.

90. Have you any objection to stating generally the sources from which Sims, Cooper, and Co. derive the finance in the broadest sense for carrying on their operations?—Any one else could have done the same. The ordinary banking facilities are open to Sims-Cooper.

91. Are these resources purely British—that is, New Zealand or English?—To the best of my knowledge and belief they are; I cannot see anything else for it.

92. Are you certain they do not come, directly or indirectly, from America?—I have already said that Sims-Cooper are not the Meat Trust. Are we certain of anything in this world? I will put it as my opinion that their resources do not come from America.

93. Are you not absolutely certain?—As far as any man is humanly certain I am certain that they are not dependent on American finance at all.

94. *The Chairman.*] "Dependent"?—I will put it stronger.

95. *Mr. Anstey.*] As far as you know the funds do not come directly or indirectly from America?—That is so.

96. Will you tell us what connection there is between Sims, Cooper, and Co. and Swift's?—Swift's are supposed to be the Meat Trust. I have already said that they have no connection.

97. Are not Sims, Cooper, and Co. buying for Swift's?—The Government have everything now.

98. Before the war were not Sims, Cooper, and Co. buying largely for Swift's?—I will say No—that is, to the best of my knowledge and belief.

99. Have you read the evidence taken by the Meat Commission in Australia in 1914?—No, I have not.

100. Are you aware that there was evidence given there that Sims, Cooper, and Co. used to sell largely for Swift's?—You spoke of buying. It is a different thing to sell.

101. I am asking you another question?—I was made to believe that you thought I was not saying what I thought was true.

*The Chairman:* That was not so.

102. *Dr. Newman.*] We simply wish to get at the facts. Before the war were Sims, Cooper, and Co. selling a large amount of meat to Swift's?—I believe that they sold to Swift's. The quantity I cannot tell you. Mr. Sims will be able to give you figures if you wish to have them. He has had them all run out.

103. Did a large amount of meat consigned by Sims, Cooper, and Co. to stores in London from New Zealand go direct to Swift's?—I cannot say.

104. The evidence was quite clear they were doing a very large business?—Well, there it is.

105. Do you know if New Zealand meat bought by Sims, Cooper, and Co. was in the habit of going to Swift's?—I cannot say that. That evidence can be got. I do not know.

106. We had some evidence to the effect that when Sims, Cooper, and Co. started they had a credit from Mr. Pierpont Morgan?—That is news to me.

107. Will you give it a denial or not?—I have never heard it before.

108. You have no knowledge?—No.

109. That is quite satisfactory. I am not probing you with any antagonistic intention. We have had other evidence before, and you are here on behalf of Sims, Cooper, and Co. to clear these things up?—With regard to this question Mr. Sims will answer for himself. I think he will be surprised at the statement about Mr. Morgan. Of course, he has been associated with so many rumours.

110. Does this Committee understand that if it picks two independent members of the Committee, not connected with any freezing-works, you will prove to them through the managers of the Bank of New Zealand and the Bank of New South Wales that the money used by Sims, Cooper, and Co. does not come from American sources?—Every facility that they want will be given.

111. Can you tell us what is the capital of the London Produce Company?—No, I have not got the figures. If I made a guess it would be only guessing.

112. Is it large?—No, I do not think it is large; it is a small capital. It might be £10,000, or £20,000, or £100,000. I do not know what it is.

113. *Mr. Reed.*] Bowron Bros. got into financial difficulties with the Bank of New Zealand. You joined the board then?—Yes.

114. You joined the old board: for how long was it then run under the name of Bowron Bros.?—About eighteen months, or may be two years. I was put in there on behalf of the Bank of New Zealand.

115. When did Sims, Cooper, and Co. come into that?—When I joined the Board.

116. Were they on the board with you at the very first?—Yes. The condition was that the old board was removed. I was to go in there and take charge.

117. Were you not chairman of the old board for a time?—No; they moved out as soon as I came in.

118. And Sims, Cooper, and Co. then bought in?—Yes.

119. The money was secured from the Bank of New Zealand, was it not?—Yes. They had to buy qualifying shares.

120. How many shares did they take straight away to qualify?—I think altogether it was some thousands of shares.

121. How long have you known Mr. Sims and Mr. Cooper?—Since school days.

122. They were originally employees in the office of a freezing company?—Yes.

123. Then they struck out on their own as buyers?—Yes.

124. Were they financed by Weddel and Co. to begin with?—I cannot quite say. I do not think it would be Weddel and Co. Mr. Sims will tell you that.

125. Then they were more or less at a loose end, and were looking round for someone to finance them when they went Home and saw Gilbert Anderson?—I do not know anything about that. You mean, when one of them went Home to take charge?

126. No, he went Home looking for backing?—I do not remember it.

127. Do I understand from you that they are to-day financed locally through a local bank?—Yes.

128. Do I undestand from you that the local bank is solely at their back outside their own resources?—As far as I know. I cannot see anything else for it.

129. The local bank is their only means of financing outside their own resources?—Yes.

130. The local bank looks to them solely?—Yes, absolutely.

131. Looks to them solely for their finance?—Yes.

132. They must have been very successful in their transactions to have got into the position they are in at the present time?—Of course, they have been successful.

133. Do you know that they were buying at a loss in the North Island last year?—Probably.

134. And they themselves have to stand the whole of that loss?—Rather. They have to bear any loss they make. If there is one fact I am positive about it is that; there is no question about that.

135. What bank is behind them?—The Bank of New Zealand and the Bank of New South Wales.

136. You said that we might call Mr. Molineaux?—Yes.

137. Can we call Mr. Callendar also?—I will take the responsibility of adding Mr. Callendar to Mr. Molineaux.

138. You say that you do not think the American Meat Trust will get a footing in New Zealand so long as freezing-works are locally owned and shipping is locally owned: would you advocate legislation compelling local ownership of freezing-works and a State interest in shipping?—Personally I do not care for State control in anything.

139. Say, an interest—a State interest on the same principle as was adopted in the case of the Bank of New Zealand?—Yes; if its effect was the same as with the Bank of New Zealand it would be a very fine thing for the country.

140. You would like legislation to prevent outside capital being put into New Zealand freezing-works as a safeguard?—I think that it would be advisable to have a safeguard. At present I cannot see any harm in anything that has happened here.

ANTHONY ROWLANDS sworn and examined. (No. 26.)

1. *The Chairman.*] What firm do you represent?—W. and R. Fletcher (New Zealand), Limited.

2. You are the manager?—Yes, the general manager for New Zealand.

3. This Committee has been set up to investigate the operations of any meat trusts in New Zealand. You are an expert in the trade, and the Committee would be obliged if in the first

instance you could make any general statement as to the position as to whether trusts are operating in this country or are a danger to the meat industry. We would like to hear your general experience of the matter?—I do not think, in spite of all the talk we have had in the newspapers and elsewhere, that up to the present I can speak of my own knowledge of any operation of any meat trust in New Zealand. The registration of Messrs. Armour in this country has been the only direct evidence of their operation. I have not the slightest doubt about saying, as a New-Zealander and as the representative of British interests in New Zealand, that there is grave danger—very grave danger ahead from the operations of the American meat companies. One has only to look at the statistics to see that the four large American meat companies which have extended their operations outside America have made very great progress in the last few years towards capturing all the supplies of meat which are going to Great Britain. We see from the statistics that these four companies themselves have handled more frozen meat in Great Britain than all the other interests put together. I would not like to say that they have set to work to get control of New Zealand frozen meat. One of the things that strike one in connection with the operations of these concerns is that they are not like British companies. They never go out to do pioneer work. That is one of the objections I have to the operations of the big American interests. They generally use their enormous capital to manipulate established industries. After other men have done the pioneering work and got the trade into thorough working-order the American concerns come along and use their big capital to corner or capture the trade in some way and take the profits for themselves. British firms have never done that. The firm I represent has always conducted its operations on exactly opposite lines. I think that is one of the outstanding differences between the operations of the Americans and the operations of the British firms which have interested themselves in the meat trade. I think you will agree that, although some people have objected to big business, it is only by big firms that new countries can be opened up and the trade put on a broad basis. British firms such as the firm I represent, the Union Cold Storage Company, have gone out and developed new country in a big way. They tackled the development of the dairying business from Russia. They tried to tackle Rhodesia, and failed on account of very great disabilities there. They have tried to develop the Northern Territory of Australia. When the Whangarei Freezing Company failed in the North of Auckland district they took it up and tackled it. They have never used their capital to try and do an injustice to anybody else. They have tried where others have failed or where development was needed, and have done good in that way. Their attention has been directed very largely to development within the Empire of the available meat resources, so as to render them independent of any other field. This is diametrically opposed to the methods of those American companies. If they come to New Zealand you can rest assured that they will simply use the power of their big capital to manipulate things in some way so as to make a profit for themselves. They have never pioneered, and, as I said, that is one of the objections I have to them, and one of the objections the people have in Great Britain. A great advantage these American companies have had—one that has been greatly felt, I think, by our own people—is that in America they have paid no income-tax. They have always operated as far as possible in such a way as to avoid paying any taxation in Great Britain. That has always been the feeling with the British firms. The British firms have always felt that they were very greatly handicapped in that way. That feeling got so great that when the wax taxation came on that some of the interests outside Great Britain of the Union Cold Storage Company were transferred to the United States, simply to enable them to keep abreast of this competition in view of the disadvantages that British firms were under. This action was entirely against the feeling of the people connected with the firm, but it was the only way in which they could maintain their relative position against their American competitors. My feeling as regards New Zealand—I suppose you want an idea of preventive measures—is that it will be extremely difficult to devise means of dealing with the problem completely. I do not see how you can prevent the Americans entirely from doing business in New Zealand meat. I have not the slightest doubt that branches of American companies which represent wholesale interests in London have been handling New Zealand meat all the time. They cannot do without it: they must have New Zealand lamb and mutton. I dare say they could do without our beef, because they can get supplies from South America, but they must have a proportion of our lamb and mutton for their trade. They must have been buying meat, though not openly, in past years. Armour's are now buying openly. Previously they must have been buying through the brokers, most likely from the brokers who are doing the c.i.f. business. That may be quite legitimate business. I do not see how, without the assistance of the British Government, New Zealand can prevent the Americans handling c.i.f. sales. It is quite evident to me as the representative of a British firm that if there were not firms like ourselves operating in New Zealand it would be quite possible for the Americans to control the New Zealand meat business without coming near it at all. If there were no firms here but small firms that were offering small parcels through the brokers in London it would be quite possible for the Americans, with their huge capital, to buy up the whole of the free offerings coming forward from New Zealand—that is to say, the meat frozen on owners' account in New Zealand and offered through various channels in London on owners' account. I have felt ever since I took up this business that we were doing very useful work, in that so long as there is a reasonable body of meat controlled by British firms like ourselves who ship to wholesale market stores, so long as we hold a fair proportion of that meat, sufficient to make it unsafe for outside operators to dictate the market, we are fairly secure. The Americans can never tell accurately that they hold sufficient meat at any one time to enable them to control the prices. I mention this because there is some misunderstanding, I think. There has been a suggestion in the Press that all capital that is not New Zealand capital should be prohibited from investment in frozen-meat industry. It seems to me that the gravest possible

weakness from the Imperial point of view would be to leave the trade entirely in the hands of the local companies and have all the meat handled on owners' account. It would then be readily ascertainable what quantities of meat were available at any one time; the offerings in London would give the information.

4. *Mr. Reed.*] The shipping returns would show that in any case?—You cannot tell from the shipping figures just what quantity of meat is coming to be marketed through any particular channel in London; but under the conditions I have described you would know, or you could very easily ascertain, what would be the free meat coming forward to the market. Under present conditions, with British firms allowed the opportunity of getting the meat direct from the farmers in New Zealand, it is very difficult for a group in London to get sufficient information to enable them to manipulate the market to the extent that would be possible if all the meat passed through the hands of relatively small local companies here and was placed in small lots on the London market. Manipulation might be possible now, but I think that the present arrangement is a safeguard. I think I am justified in mentioning that in order to clear up any reproach that might be cast against the British companies operating here. The British firms interested in the meat trade are only following the movement that has taken place in other industries by cutting out as far as possible the intermediaries. The Americans, if they got control, would cut out intermediaries possibly, but by controlling the market and the prices they would make the same profit whether there were intermediaries or not. The British firms, by coming directly into contact with the New Zealand producers, put themselves on the best basis for competing with the Americans. We are going to have a big fight for markets probably a few years after the war, and it is going to be a factor that the British firms do the business as well as the American firms, and as cheaply as the American firms. The standard of production must ultimately fix the prices. If British countries are to hold their own against other countries that are rapidly coming forward as important producing countries they will have to cut out the intermediaries. That is why British firms are erecting their freezing-works in New Zealand and getting into touch with the farmers. They want to have the minimum number of links between the consumers and the actual producers.

5. *The Chairman.*] Is your firm English or New Zealand?—It is New-Zealand-registered, but the capital is English.

6. Then your head office is in New Zealand?—Yes. The business is British-controlled.

7. You buy in New Zealand yourselves?—Yes.

8. And you freeze for others as well?—Yes.

9. What proportion of your business is buying as against your freezing for others?—I should say 90 per cent. of our business so far. We are young, and it takes time to build up the necessary goodwill to do a business on owners' account. Ninety per cent. of the meat passing through our freezers has had to be bought by ourselves.

10. Have you experienced recently undue competition in prices?—We had experience last season of what appeared to be a deliberate attempt to push up prices. Armour's—I do not like bringing it down to personal factors, but I suppose you want the facts—Armour's have been the principal offenders in this respect. They opened up in New Zealand and immediately sent men to buy in various districts.

11. *Mr. Reed.*] What districts?

*The Chairman:* I am thinking of your own district.

*Mr. Reed:* Mr. Rowlands has two districts.

*Witness:* Armour's operations extended all over the Auckland District.

12. *Mr. Reed.*] South and North Auckland?—Yes. They paid very high prices—higher than could be paid in the ordinary way seeing the amounts fixed by the scheme of Government purchase. We did not allow these men to take any quantity of stock, because, using my own judgment, I thought that it would be a mistake to do so. It is possible that they may simply have wished to make the business unprofitable for people who have investments in the country from some policy reason, but, on the other hand, we could not afford to let them take stock away from us, particularly in the North Auckland district, where we have a small output. We have only one small works there, and if the quantity of meat going through is reduced it greatly increases the overhead expenses. It is hard to keep the works open, and we did not wish to see the quantity going through reduced.

13. *The Chairman.*] On account of this competition have you incurred losses on your purchases?—We have incurred losses on operations which have taken place under these conditions.

14. You mentioned Armour and Co.: have Sims, Cooper, and Co. opposed you?—In the South Auckland district they have opposed us very strongly, with the object of drawing a lot of stock from the Auckland District to Wanganui. Lambs have been bought as far away as Putararu, in the Rotorua district, and have been railed right away round by Frankton Junction to Wanganui.

15. Have you been approached by any of these firms to buy you out?—No. We have been approached to do freezing for Armour's. Of course, we refused.

16. Why did you refuse—because they were in competition with you, or because they would not give you your terms?—Because they were our opponents.

17. Do you nominate your free meat to go to the Union Cold Storage Company in London?—No. When the war broke out I was nominating it to my principals, W. and R. Fletcher, who are a multiple-shop company. But the operations of the Imperial regulations at the other end of the world made that arrangement very difficult. We found that through the people who are controlling Fletcher's not being used to colonial administration and the conduct of freezing-works I was not in the best position for doing business here. I had been left more or less with a free hand. I told them I thought it would be best to do business for the time being through

the channel of an intermediary broker in London. My people told me to make use of the well-known broker in London, Weddel and Co., in the ordinary way. Since then I have been operating through the brokers just as if the business was a New Zealand business.

18. *Mr. Reed.*] You nominate Weddel and Co. to take your free meat?—Yes.

19. Do you make anything out of that nomination?—Nothing whatever. It was recommended by me. I found it was best to have a representative of that kind in London.

20. *Mr. Forbes.*] Do you feel that unless something is done firms of your size may be squeezed out altogether by the big American firms with large money interests?—I have not full information. These things are not discussed. I can only go by information that comes through from London. The large firms there, I can see, are very much exercised about the competition of the American meat interests. They have been publishing various pamphlets setting out the facts about the matter, and my opinion is based upon the information given in that way. Any opinion I might hold about these big British companies being squeezed out is reflected from the opinions of these London firms, which seem to feel that unless they are given equal opportunity—placed on the same basis as these American firms—they are certainly likely to suffer later. Taxation is one of the chief factors.

21. You have not made up your mind at all what measures should be taken in connection with the American Meat Trust? Have you decided in what direction action should be taken here to prevent them getting a hold?—I think that the Government should take action and prevent any interest which is not an Imperial interest, British or New Zealand, operating in the essential food-supplies of the Empire.

22. Do you think that the present arrangement of the Government commandeering the meat on the hooks could be operated after the war, and that the Government should control the firms that distribute the meat at Home?—I do not think that would be in the best interests of the country. I think that it would be a very wise thing for the Imperial Government to buy from New Zealand definite quantities of meat at definite prices—higher prices perhaps than those ruling at the time?—and in this way to differentiate against the Americans. At the present time the Imperial Government makes bigger contracts with the American meat companies than with the British firms, and so gives the Americans an advantage over the British firms. I think that after the war the Imperial Government could make contracts for beef and give British firms an opportunity of continuing that part of the trade. I believe that after the war there will be a very great slump in beef. It may not come immediately. I think if you look at the statistics you will see that after the war the Americans are going to dominate the beef business. They can put chilled beef into the British market cheaper than we can put frozen meat, and the chilled beef always brings the better price, the advantage being 1d. or 1½d. per pound. The chilled stuff is beautiful beef, and I think that there is grave danger for New Zealand beef interests. People in the North are letting their farms go rapidly into the rank grasses which are only suitable for cattle, and if there is going to be a slump in beef the northern districts are going to feel it very severely. The Imperial Government could help very materially if they kept buying beef from New Zealand, Australia, and other points within the Empire until such time as things get normal. They should certainly differentiate against South America.

23. Trade within the Empire. You think it necessary to get away from the go-as-you-please methods of doing business?—I do not think you should destroy the initiative of firms which are operating here. I think experience shows that whenever possible business is best left to go along the track that it has taken years to beat. It is important to avoid doing an injustice and to avoid losing the stimulus of enterprise.

24. The firm of Sims, Cooper, and Co. has been mentioned: some people think that there are American interests behind that firm. How are you going to prevent firms coming here not in the open like Armour's, but without their American connection being disclosed?—I do not think you can prevent that even by commandeering, unless you get the British Government to investigate the ultimate destination of all the meat. These people, through their operations before the war, are handling just as large a percentage of the meat as other firms under the present arrangement, so you might only hamper the development of New Zealand generally by interfering, and not attain the object you have in view.

25. You think commandeering is no solution of the question at all?—Not in New Zealand.

26. Do you think that anything can be done to prevent these firms operating, if they are operating on behalf of the American Meat Trust?—I think that British firms, provided they are not more heavily taxed, and provided that the Americans are not given, as they have been given, contracts for the supply of British requirements, would compete against them quite well. I think the New Zealand Government would have no difficulty at any time in finding out if the Americans were operating here in a large way, and by an understanding with the British Government, or through a local representative who could follow the meat, your Government could ascertain if the trust interests were touching the meat in London.

27. Do you think that taxation would be the best method to use against the establishment of the trust here?—Yes, that is one of the effective methods that might be used. But I am firmly of opinion that no American interest should be allowed to operate here, at any rate, they can be prevented from doing so openly. Of course, the greatest care would have to be taken to see that no injustice was done. You may say that a certain firm is American, but you may be doing that firm an injustice.

28. Exactly; all we have to go on is rumour?—Yes. The people who are accused of working for the trust are two energetic young men, and you cannot but admire the energy and ability they have put into their business. You do not want to stop this kind of energy and ability. It would not be a good thing to stop young men from coming into the business and doing things better and cheaper for the community. If you adopt commandeering methods you will stop

this sort of competition which has done so much for the efficient conduct of the meat business. I think that if only you can stop these American companies from coming here there will always be sufficient competition to protect the interests of the community. The trade is in such a variety of hands and the business is so widely distributed that reasonable competition is assured. Any American company wishing to capture the whole business would have to throw in a great weight of capital to secure their object, and if such an attempt was made the New Zealand Government would be wide enough awake to set to work in conjunction with the British Government to put their hands on it. It should be an easy matter to discover what would be going on. They would have to buy here and sell in England, and it should not be impossible to find out what was going on.

29. Up till the present you do not see any great danger from the operations of any companies in New Zealand?—I do not think anything has happened up till the present to endanger the meat trade in this country.

30. *Mr. Reed.*] You represent W. and R. Fletcher (N.Z.) (Limited)?—Yes.

31. And your firm owns the works at Whangarei?—Yes. I am wrong in that answer to this extent: the works are owned really by Sir William Vestey and Mr. Edmund Hoyle Vestey, but we run the works.

32. But does not the company of W. and R. Fletcher (N.Z.) (Limited) own the works?—I have just stated the position: we are not the owners of the works, but we operate them. The works are owned by Sir William Vestey and Mr. Edmund Hoyle Vestey, and we are the managing agents for them.

33. I do not think you quite know your own standing. Yours is a private company, registered on the 27th September, 1916, for the purpose of carrying on freezing operations. Vesteys are not registered at all in New Zealand: is that not so?—You are speaking of the Whangarei Freezing Company (Limited), and not of Fletcher's at all.

34. But you represent the Whangarei Freezing Company (Limited)?—Fletcher's are the managing agents of these works, and I am the manager of Fletcher's.

35. You are the general manager of W. and R. Fletcher's (N.Z.) (Limited), of the Westfield Freezing Company (Limited), and of the Whangarei Freezing Company (Limited)?—That is so.

36. The point I want to get at is: which company owns which works. Which company owns the Whangarei works?—I have told the chairman that no company owns any of these works. They are owned by Vestey Bros., of London, and they are worked in New Zealand by W. and R. Fletcher.

37. Have you had any compensation claims at Whangarei?—Yes, several.

38. On whom were the claims made in these cases?—On the people in whose employ the man was who had the accident.

39. Any on the Whangarei Freezing Company?—Yes.

40. The Whangarei Freezing Company are the recognized legal owners of the Whangarei works?—Yes; but I understood you to ask me who owned the Whangarei Freezing Company.

41. But no one can own a company?

*Dr. Newman:* Why not, if they own all the shares?

42. *Mr. Reed.*] What is the value of the Whangarei works?—I could not tell you offhand. In any case, I do not think there is much point in that.

43. I do not ask you to tell us accurately, but give us the value approximately?—The Whangarei works were built before I came into the business, but I handled the figures for Westfield.

44. Would you say £100,000?—Yes, fully that.

45. Would you go as high as £150,000?—I do not think so.

46. Then £125,000?—Yes, probably about that.

47. And the capital of the company is £1,000?—Yes.

48. Your Westfield works are owned, as far as this country is concerned, by the Westfield Freezing Company (Limited)?—Yes.

49. And the capital of the company is £1,000?—Yes.

50. What is the value of the works?—About £200,000. Perhaps this is more than the value of the works, but that is about the total amount of the investment in the works and the other incidentals of the business.

51. What are the operations of W. and R. Fletcher (N.Z.) (Limited)?—They do the buying of the live-stock, and the capital used in that part of the business is differentiated from that in the freezing-works.

52. They do all the buying?—Yes.

53. Approximately, what was the value of the stock put through the two works last year?—It might run into £300,000 or £400,000.

54. And the capital of W. and R. Fletcher (N.Z.) (Limited) is £1,000?—Yes.

55. Now, is it not a fact that your operations all over the world are controlled by the National Cold Storage Company?—No, sir; by the Union Cold Storage Company.

56. Not by the National Cold Storage?—There are National Cold Storage Companies all over the world, not connected with one another at all. It would be as well to be quite clear as to what you mean.

57. Then I will put it this way: the National Cold Storage Company (Incorporated) of New York?—That is the storage which is building for the Union Cold Storage Company. They have had to erect new stores there for their American business in exactly the same way as they build and use stores in Great Britain. I think I mentioned before that a trade with the United States is expected after the war, and if British firms are to have an interest in it they must have cold storage there.

58. Are not your operations controlled throughout by the National Cold Storage Company of New York?—No.

59. Do you say that you are part and parcel of the Union Cold Storage Company?—That is so. The Union Cold Storage Company is the parent company.

60. How do you account for this, then: that in a circular issued by the Union Cold Storage Company to its shareholders it is stated, "Since the last general meeting of the company arrangements have been made whereby the whole of the foreign enterprises of the company were, as from 1st January, 1916, conducted by the National Cold Storage Company of New York, in which company the controlling directors of our company, Sir William Vestey and Mr. Edward Hoyle Vestey, are very largely interested"?—That refers, as the circular states, to the foreign investments of the company; and I have never looked upon ourselves as one of the foreign investments. I was not aware of the circular, but it evidently relates to the transaction of which I have told the Chairman. The foreign investments of the company were transferred to the United States because of the very heavy war taxation in Britain. Companies found themselves in a very serious position owing to their having to pay double taxation during the war.

61. Do not get confused between the Union Cold Storage Company and the National Cold Storage Company. The National Cold Storage is an American firm?—No, it is not an American firm; it is the New York enterprises of the Union Cold Storage Company, registered in the United States. Everybody in Britain knows the Union Cold Storage Company, and knows that they have large foreign interests. If these foreign interests were to be protected in present conditions something of this sort had to be done.

62. You say the National Cold Storage Company is not an American firm: how do you explain this comment by the *Financial News* on the operation you have described: "The new arrangement may be exclusively designed to protect public capital in this company, but its coming under a foreign guarantee at this moment is calculated to arouse suspicion"?—The foreign guarantee, as it is called, is simply the legal method of getting registration in America of the foreign interests of the Union Cold Storage Company. The object of the registration was to avoid the payment of more than one income-tax.

63. Now, Vestey Bros. in 1911, through the Union Cold Storage Company, bought out the firm of W. and R. Fletcher, who had at that time four hundred retails shops in Great Britain?—Is that so?

64. Is it not so?—Well, I am not posted. I know from the history of the frozen-meat trade that a firm called "The Proprietors of Fletchers Limited" were concerned in the transaction, and that in that firm was a large interest of the Union Cold Storage Company, but I am not aware just what that interest is.

65. We may put it that the Union Cold Storage Company bought out Fletcher's?—I think they control Fletcher's. I believe they control a majority of the shares in "The Proprietors of Fletcher's Limited."

66. I am putting it to you that they bought them right out?—I only know the way in which the transaction was announced—I have no knowledge of it beyond that. I think I might explain to the Committee that these facts have no significance except to show that the Union Cold Storage Company is a progressive firm in the meat trade, and that they are rounding off the machinery for the handling of large quantities of meat. They have frozen-meat works in New Zealand and in other parts of the world, and they have cold storage in London, and they acquired a large interest in Fletcher's Limited in order to have retailing facilities through all these shops in Britain an as adjunct to their business. An operation of this kind should not be confused with an attempt to control the meat trade in any one place in the interests of one particular company. The object of it is simply to enable the Union Cold Storage Company to market in an economical way meat purchased in New Zealand and other parts of the world.

67. What is the connection between the National Cold Storage Company of New York and the old National Packing Company of New York?—I have never heard of the National Packing Company of New York.

68. Then you cannot answer that question?—No.

69. Do you know of any connection between the two firms?—I know nothing about the National Packing Company: I have never heard of them.

*Dr. Newman:* It has been dead for some time.

70. *Mr. Reed.*] Yes, it has been. (To witness): You operate in China, do you not, under the name of the International Export Company?—Yes, our company has a poultry and egg business there.

71. Do you know the firm of Amos Burg and Co., of Shanghai?—I fancy they are the American firm opposed to Vestey Bros. in China. They followed our people into China after the Vesteys had pioneered the trade and established it.

72. Have you not got pretty well complete control of the egg-export trade from China?—Not by any means. The Americans are very strong competitors in the egg trade in China. Last year 15,000 tons of eggs were imported into San Francisco, and of these the Vesteys got a very small share. Most of their eggs go to Britain.

73. Vesteys own the new freezing-works in the Northern Territory?—Yes, they are building these works under arrangement with the Commonwealth Government in order to develop the Northern Territory.

74. How long have they been building?—About eighteen months or two years. They just got a start a few months ago.

75. Are any of the trust's interests in these works?—I do not think the Commonwealth Government would have put up with anything of that kind.

76. *The Chairman.*] The simplest way is to answer the question directly. Do you know?—Well, the answer is "No"—nothing of the sort.

77. *Mr. Reed.*] Do you know who bought the machinery for these works at Darwin?—The purchasing department of the Union Cold Storage in London bought the machinery. It is the same machinery as that supplied for the Westfield works, made for the Linde Company by Davy Paxman, of Colchester, in England. I think the question has reference to a rumour that the machinery is American. The rumour arises from the fact that one or two of the generators which had to be bought after the war began had to be bought in the United States because they were not then procurable in England. That purchased in the United States would be bought by the purchasing department of the Union Cold Storage in America.

78. You have a big grazing property in Australia called the Wave Hill property, have you not?—I have not heard much of it. I have understood that they had to take up some large stations in the Northern Territory to make sure that there would be a sufficient supply of stock for the works. I think that all this is evidence of the breadth and versatility of these people with British capital. They do not stick to the meat trade, but they will tackle anything in order to make a success of what they have in hand. In Darwin they have had to take up land in order to be sure that they will be able to carry out their agreement with the Commonwealth Government.

79. Do you label all your meat going from here either for Weddel's or Fletcher's?—It is all labelled with the ordinary brand of the works, with the name of the works and the grade of the meat. We do not label it to any particular firm.

80. You can label it at the other end for any person to whom you are selling?—We do not label meat at all except with the brand of the works. I understand that meat has left New Zealand branded "Armour and Co.", but previously I have never heard of any other firm having done this. The works have simply put their own brands on the meat, and I think this is a very desirable thing.

*Mr. Witty:* It should be compulsory.

*Witness:* It should unquestionably be compulsory. At present all the meat is pooled, and when it is allocated in England for distribution companies get each other's meat, and we may be forced to advertise Armour's through our shops in Britain. I have heard that meat branded "Armour" has gone out of works alongside of us in Auckland.

81. *The Chairman.*] Which works?—The Southdown works. Our people, I may say, are afraid that they may be accused of belonging to the trust because of Armour's meat being found in our shops in England, and because of our meat being found in Armour's shops.

82. *Mr. Anstey.*] You say that Vestey's have interests in the United States, in England, in Australia, and in New Zealand?—Yes.

83. Have they any interests in Argentine?—Yes; in conjunction with other British interests there they have recently put up works in the Argentine.

84. And also in Australia?—Yes.

85. What is the reason for establishing all these works: is it to get a supply of beef to mix with the lamb and mutton?—As far as I know it is just to ensure a steady flow of business.

86. Do you require mixed varieties of meat in order to keep your trade?—Yes. A person could not establish a business in Canterbury lamb alone, because that is a *de luxe* article. People will come into your shops asking for cheaper meat, and you must keep the Argentine meat to supply them.

87. You said that Vestey's had transferred to America in order to avoid payment of the British war taxation?—Yes, to avoid payment of the double income-tax. They have transferred only their foreign interests, those which would have had to bear the burden of double taxation. No British interests in the business have been transferred to America.

88. You say that the American people avoid paying the British income-tax?—Yes.

89. Can you suggest any way in which American businesses can be taxed in England and in New Zealand in order to put them on the basis of the local capital?—No, I do not know.

90. Do you think the establishment of the American Meat Trust is a menace to our trade?—Undoubtedly.

91. Do you think it would be any worse than a British company getting a monopoly?—There has never been a British monopoly in the trade here.

92. Supposing we had a British monopoly in the London market?—Yes, that would be bad.

93. As bad as the other?—Perhaps so.

94. You refused to freeze for Armour and Co. because they were members of the Meat Trust?—Certainly.

95. Did you refuse to freeze for Sims-Cooper?—It did not come to a refusal. They approached me, and we discussed the matter, and they did not pursue the question further; they did not again approach me with a definite proposal. You can take it this way: that it was a bid or an inquiry on their part and a polite refusal on ours.

96. Are the New Zealand Refrigerating Company operating in your district?—Yes.

97. Did you refuse to freeze for them?—They have never approached me, but they are trying to get stock there for the Imlay works.

98. Did they buy there before the establishment of the Imlay works?—No.

99. But after you had refused to freeze for the New Zealand Refrigerating Company and Sims-Cooper, would there be anything wrong in their taking the stock where they could get it frozen?—Nothing wrong at all; it is purely a matter of business.

100. And you did not think it is wrong for them to take stock from your district?—No. It is up to us to meet this competition—it is quite legitimate competition.

101. You have two companies with works costing three or four hundred thousand pounds, and you have only a thousand pounds of capital in each?—Yes.

102. You also buy large quantities of meat?—Yes.

103. Where do you get all the money to buy all this meat?—It comes from London.

104. No doubt it will come from Vestey's?—Yes. Our bankers could give you information on that.

105. You think there would be no chance of all this money coming from London being used to form a trust to rig the market here? You do not think there is any danger of your company, for instance, driving smaller operators out of the trade?—Our little bit is a bagatelle compared with what is required to run the meat trade here.

106. But besides you have Vesteys', Armour's, and all the other big firms: is there no fear of a fusion of all this money to control the trade?—No, that would not be possible by any arrangement to be made out here, because there is strong competition in London, and all the money comes from London by letters of credit.

107. Then there is no money coming from America to buy meat?—I cannot say what Armour's are doing—I suppose their money is controlled from America; but all the money for the British interests in the trade comes from London.

108. Would it be possible to find out whether this money comes from America through British banking-houses?—I do not think you could do that. You would get more information from the destination of the goods. From that you would find out on whose account they were bought.

109. Surely that cannot be correct? The destination of the goods would give no indication at all as to who was buying in this country?—I do not agree with that. I think you would find that the allocations of the meat in London correspond with the interests represented in the trade here.

110. *Mr. Anstey.*] They must have money from America if they are American trusts, and it must be operated through England?—Yes.

111. Is there no chance, for instance, that Vesteys themselves have interests in America? Are you sure that there is no American money in their concerns?—I think the record of the firm is a sufficient indication as to that. They might borrow in a business way, but America has never been any place to get money from. British firms have never got any money there for commercial undertakings.

112. It is stated that Messrs. Sims, Cooper, and Co. are connected with the American Meat Trust, yet all their meat goes to London and is sold there, the same as yours. Is it not possible that there is American money in Vesteys?—Money is the most liquid thing in the world; you cannot tell were it comes from.

113. You have said that Vesteys did not get money from America?—I do not say that. It is not impossible some money might be got there, but highly improbable.

114. Is there no way in which you could distinguish?—You cannot follow money.

115. Then how is it possible to impose any income-tax on American money in order to put it on the same basis as British money?—It is a most difficult problem. You can only follow the registration of these companies. I am very strongly in favour of stopping the registration of American meat companies here altogether.

116. You have made a suggestion that the relief from income-tax which American companies had was endangering the British companies: I want to know how you would get taxation on to the American companies?—I do not know, unless the British Government investigates the British firms and puts them in a position to pay only one tax.

117. Would it be feasible for the New Zealand Government to follow the meat right to its destination? We lose control now at the wholesale point, and it is suggested that huge profits are made between that point and the consumer?—I understand that profits are dictated by the Imperial Board of Trade.

118. Not retail profits?—I understood that was the position.

119. It has been stated that the wholesale price of our mutton is something like 10d. in London, and that the retail price goes up to 1s. 10d. and 2s.: can you suggest any way in which our Government could control prices right to the retail point?—No, I do not think I can. It could only be done by the British Government.

120. Could it be done by the British Government?—Yes.

121. Would it be feasible to have a scheme of that sort worked out?—In a reasonable state of competition it would not be necessary. Under present conditions it is the British Government which could act. We might have our own opinions about the justice of it. We could do no good by following the meat ourselves from this end.

122. Do you think it is right to let the meat trade make unlimited profits out of our meat?—No. We feel ourselves that we are suffering a very great injustice under the present conditions. Our meat is being used as a pawn in the market, and the Americans have the right to sell their free meat in the United Kingdom and make huge profits. They are making big profits and putting British firms at a grave disadvantage for post-war competition.

*The Chairman:* I have just received this information, which the Committee may wish to have. It is a copy of a cablegram from the High Commissioner. [*Vide* Appendix A.] The cablegram being confidential, the witness retired while it was read to the Committee. The examination of the witness was then resumed.

123. *Dr. Newman.*] Why do you have a capital of only £1,000 to conduct a huge business?—This company was formed by a solicitor a long time after Sir William Vestey was here, and it was done for convenience at the solicitor's recommendation.

124. Was it not done to escape a certain amount of taxation?—Yes, I suppose so. There is a registration fee attached to it, but there is not a great deal of money involved.

125. Have you large holdings of land in Queensland?—No.

126. Have you sold out to Armour's in Australia?—I do not think that there have been any sales of the company's estates. They have been buyers, but I have never heard of them selling any land.

127. We had some evidence given to us before?—They have not sold. They have invested in land in order to develop the cattle country of the Northern Territory, and it would be against their interests to sell again; that would let the Americans in, which is the very thing they are trying to prevent.

128. When your firm send lamb Home it is released at an average price of 10d. per pound, and sold retail at 1s. 10d.: do you agree with that?—I have never seen any fixed retail-price list.

129. You know that the meat has been sold at from 1s. 10d. to 2s. per pound at Home?—I have only seen the statement in the New Zealand newspapers, and the statements made in the House of Commons and cabled out here.

130. Supposing it is true that your meat is released at 10d. and sold retail at 1s. 10d., who gets the profit?—I suppose the storekeeper; but it does not represent anything like a profit of 1s. I know that I am paying something over 1s. a pound for lamb cutlets in Auckland.

*The Chairman:* We want to know about London. We want to get the details of how the profit is made.

131. *Dr. Newman.*] Your lambs are released in London at 10d. per pound and retailed at 1s. 10d.: now, who makes the 1s. per pound profit? On a 36 lb. lamb that is 36s. profit: who gets that money? Here is Fletcher's store, and across the street is a retail shop, and on a 36 lb. lamb a profit of 36s. is made?—The retailer does not get that profit. I am positive you are not doing justice to the position, if I may say so. The retailer may sell some lamb at 1s. 10d., but he never gets that average for the whole carcase; the average would be much lower than that. The reason why the British Government for so long allowed the storekeepers to sell at these high prices is that the storekeepers were getting next to nothing out of it. They had to keep their stores open, and they got very little meat to put through.

132. But surely the difference of a shilling provides an exorbitant profit for somebody?—A big profit on that particular bit of meat. If you were in business and were selling in the ordinary way two hundred carcases of lamb per day, and if under war conditions you were selling only ten carcases per day, what would have appeared to be a very big profit per carcase on the larger amount would not be anything like adequate to cover the rental and upkeep of that shop under the changed conditions, when only ten carcases were being handled per day.

133. You know nothing more about it?—I know this much: I have seen Eastman's balance-sheet, and that big multiple-shop firm, operating in England, has had a very bad year indeed. The Imperial Government has not been releasing anything like enough meat to enable these shops to make a turnover. It may appear that on the little meat sold to them they are making a huge profit, but I think the fact is that they have such a small turnover that there is scarcely any profit whatever.

134. *The Chairman.*] I think your assumption is wrong?—Is it?

135. Why do you predict that the price of beef will fall: is there not a shortage of cattle?—I think that the high prices have stimulated production and opened up new sources of supply.

136. Is not the world being ransacked by the fighting nations for beef?—Yes, every corner of it, at high prices which have stimulated production everywhere. I do not think that the people will be able to buy big quantities of beef after the war. They certainly will not be willing to pay the present prices.

137. Is this Committee to understand that Fletcher's and the Vestey companies are in active competition against the American meat firms?—Yes; they always have been and will be. They are competing in New Zealand certainly.

138. The going to America of Vesteys did not mean collusion or any friendly agreement with the American Meat Trust?—Certainly not—none whatever.

139. *Mr. T. A. H. Field.*] I understood you to say that Fletcher and Co. are simply a part of Vestey and Co.?—Yes. I would rather say that they are part of the Union Cold Storage Company. The Vesteys are directors.

140. Are Weddel and Co. a part of the combination?—No; Weddel and Co. are London meat-brokers.

141. You know that a question was asked in the House of Commons about Sir William Vestey and Mr. Edmund Hoyle Vestey—if they were about to leave England to escape taxation?—I saw that in the *Pastoralists' Review*.

142. Do you know what city they selected when they went to the United States and took offices?—They went first to New York to an office in the new cold store which they were building there. They found that New York was not the place; it was like going to Lyttelton instead of Christchurch, where the Canterbury meat trade was concerned. Chicago is the only place in which to conduct meat business in America, and they had ultimately to go there. Chicago was the important point in connection with their business. Outside of the four big American firms usually spoken of as "the trust" there are many thousands of free packing-houses throughout the States. The French Government had a Commission recently to arrange contracts for the supply of meat to the Army, and the three firms chosen by the French Commission were Morris and Co., Swift and Co., and Vestey Bros. Vestey Bros. have been developing Madagascar for the French Government in the same way as they developed the Northern Territory of Australia for the Commonwealth Government.

143. *Mr. Anstey.*] A regular octopus?—You may say so. It is British capital, and I think that British people should be proud. The only way in which we could compete with the American firms at the present time was to have supplies of bully-beef. Tremendous quantities of that are required for the armies, and the only place where it can be secured in big quantities is the United States. If our firm is to hold a share of the French contracts and the British contracts they must have a share of these subsidiary things that you cannot get in the British Empire at the present time. It should be understood that if an outside firm takes up these big contracts

the free American packing-houses will much rather deal with it than with the trust firms. An outside firm can get the business if they are in a position to handle it. Nobody likes doing business with a big competitor if it can be avoided. Our firm went there partly in order to get a share of requirements from these smaller packers, in order to enable them to hold contracts against the big American firms. Otherwise the big American firms would have the whole of the American supplies to use as a lever against the British companies.

144. You said something about being proud of the British capital behind Vestey Bros.: is it anything to be proud of to leave England and go to America in order to escape the English war taxation?—I think it was much better for them to remove their registration there rather than break up the organization which it has taken a lifetime to build up. Otherwise the taxation would have prevented them carrying on. They could not have carried on their obligation to the Commonwealth Government, for instance. It is a very desirable thing that the work should be finished at Darwin and all these supplies developed for the British Government as against American meat.

145. Could they not have gone to Canada instead of the United States?—They would not have attained the same results. Probably it would have been the same thing as regards taxation, but there is no business to be done there. They have cold storage in New York, and I think you will agree that after the war the United States is going to be a buyer of meat. It is very much better for a British firm like ours to have cold storage in New York, and in this way enable British firms to do business, than for us to be entirely at the mercy of the American houses. If meat is going to be a half-penny or a penny per pound dearer in the United States after the war we do not want to see the Americans monopolize that profit. They will be able to buy the whole of the New Zealand output if it suits them and market it in the States. If British firms are there they will be able to put up competition. We are very much more likely to get competition if there are British firms there.

146. Will Sir William Vestey and his brother become naturalized Americans?—I do not think so. A man never loses his British citizenship.

147. Do you know if the Vesteys took offices in the same building in Chicago as Swift's?—Certainly not. One of our engineers has come back from a trip to the United States, and I asked him about this point. He could not get shown through Swift's works because he was a Vestey man.

148. What is Vesteys' capital in America?—I do not know. There are over six thousand shareholders in the Union Cold Storage Company.

149. Do not Vesteys control about eighty freezing-works throughout the world—in South, Central, and North America; Australia; New Zealand; Madagascar; China; Russia; and the United Kingdom?—I do not think it is as many as that. They control a very large number. They are not freezing-works, but cold stores, open to all and sundry.

150. Does not the firm control the Union Lighterage Company, the Union Cartage Company, the Blue Star line of steamers, the Argenta Meat Company, the Blackfriars Lightering and Cartage Company, the Anglo-American Cold Storage Company, W. and R. Fletcher (New Zealand (Limited), the Pure Margarine Company, and the Pure Ice Company?—That sounds formidable, but——

151. *The Chairman.*] Do they control them?—I cannot answer that. The companies seem to me simply the machinery for handling this cold-storage business, cartages, lightering, and so forth. It is necessary to have the machinery for handling these things.

152. *Mr. T. A. H. Field.*] The Union Cold Storage Company has a capital of £1,600,000: do the Vestey brothers control that?—Yes. When I say "control" I mean they are managing directors.

153. They control it as they control W. and R. Fletcher (Limited)?—Yes: they do the business.

154. Fletcher's have four hundred retail shops in London?—No, not in London.

155. In Great Britain?—In Great Britain. I think over one-third are shut at the present time.

156. You said that the profit between the wholesale price of 10d. and the retail price of 1s. 10d. went to the retailer?—It appears so.

157. Then if Fletcher's have four hundred retail shops they must be getting a great deal of that profit?—They are wishing in London that these profits were there. I know that the multiple-shop companies are not paying at the present time. I do not know where the profits are going. The balance-sheets show no big profits.

158. When Sir William Vestey was out here did he not want to buy freezing-works?—No; it is not his custom to buy works. I appealed to him very hard to establish works at Auckland. I had been trying to work up a trade with Vancouver in beef, and in order to develop that trade I went to the Auckland Farmers' Freezing Company, and they wanted me to guarantee a very large quantity of export trade before they would make the necessary provision. We were then killing beef for Vancouver as far away as Masterton and Waitara. They would do nothing. I went to Sir William Vestey, knowing his enterprise, and asked him if he would not put up works here. I was convinced there were great opportunities.

159. Will you deny that he offered to buy freezing-works here?—I cannot say.

160. Did he offer to buy the works of the Wellington Meat Export Company?—I think it is most unlikely.

161. You know nothing about it?—I think that he would be most unlikely to buy old meat-works. I mentioned the Wanganui Company as being anxious to sell. He said, "Don't touch any old works. I like to put up new works and have them up to date."

162. *Mr. W. H. Field.*] How long have you been connected with the meat trade?—I suppose fifteen years.

163. You predict a slump in beef some time after the war: is there any reason why it should not apply to mutton as well?—It cannot apply to mutton unless some abnormal circumstances occur. We are in an equally good position with other countries to put mutton on the London market: we can produce it as cheaply and market it as cheaply. The Argentine is not producing the same quality or standard. But in beef the Argentine is producing a better standard, and can put it into the United Kingdom at half the price.

164. And you think there is no fear so far as our mutton is concerned?—No, there is no fear. We have to take the ordinary market fluctuation, but we cannot suffer a slump for any length of time.

165. You spoke of the United States as a possible extensive market for our meat: are you of opinion that a big trade can be developed with the United States?—Yes, I think that is the reason why our people are putting up cold storage there. Some years ago I went to Vancouver to try to establish a connection for trade in meat from Auckland, and on that visit I went very carefully into statistics. I found that Chambers of Commerce all over the United States were talking about the decrease in production in meat and the increase in population, and I was impressed with the possibility of an export trade in meat from Australia and New Zealand to America.

166. Do you not think the "Big Four"—the meat-monopolists—have too big a stranglehold on the trade to let us come in on any fair lines?—I do not think so. I think they certainly have a very tight hold on the trade now, but the American Inter-State Commerce Commission watches them very closely, and as long as you could keep alongside them at every point they would not be able to strangle or do anything exceptional in the way of destructive competition.

167. But with their enormous capital could they not shut out almost any competitor?—Well, no. The point is this: if you are buying in the same country as they are and afterwards selling alongside of them they could not do anything. The only thing is that you would have to have sufficient capital to keep alongside them at every point. Supposing the trust were the only buyers in New Zealand, they would force New Zealand prices down to such a level as would leave them a profit in selling the goods at competing prices in the United States. If our people were here buying in competition with the trust but not selling in the States, the trust would be able to force prices up to a high level and still, because of their control of the market, take a profit in the American market in the sale of the meat. But if our people are in competition with them at both ends—buying here against them and selling against them in the United States—the trust would not be able to put us out of the trade if we could keep alongside them at every point, and so make it impossible for them to involve us in losses in one part which they could make up in some other part where we were not competing.

168. Then you are hopeful that we may find a good market for our meat in the United States in future?—Yes.

169. With respect to the coming of the American Meat Trust here, do you say that it is too soon to take notice of it?—No, now is the time.

170. And you think it should be a British Empire affair?—I think that the British meat-supply should be in the hands of British capital.

171. You would bring in Australia as well?—Yes; they should begin in Australia immediately, and if the British Government would buy only from British and Australian firms it would go a long way to help in keeping the connection.

172. Do you think we should do something to control shipping as well?—I think the time may come when that will be necessary. Before the war New Zealand was magnificently served with shipping at very fair rates. I cannot judge of what the merits of the situation are in war-time, but if after the war the shipping companies do not drop back to the competing basis which gave us such good rates in the past I think the Government should take a hand in rate-fixing in the same way as the Inter-State Commerce Commission fixes railway rates in the United States. I do not see why the British Government and the New Zealand Government should not do something of the same sort with regard to shipping.

173. You say your company is a British company without any American taint at all?—I have no hesitation in saying that, and for corroboration of what I say I refer you to our bankers.

174. *Mr. Witty.*] I understood you to say that you purchased 90 per cent. of the stock going through your works?—Yes.

175. What proportion of lamb do you freeze?—Very little this last season. We had only about eighteen thousand sheep and eleven thousand lambs in the whole season. The rest was beef, and it has all gone to the Imperial authorities. We have nearly all of the mutton and lamb in store yet.

176. You have been telling us how very loyal your people are, and how purely British: it is proved, is it not, that one of them went to America in order to avoid paying the taxation caused by the war?—Well, my dear sir, that man has only one son, and he has been fighting on the western front as a volunteer for many months. Of the other members of the family, every one of them who is fit for service has been fighting as a volunteer in the British Army.

177. A good many men have sons at the front and still remain to pay the war taxation?—But they have not these foreign investments to protect.

178. There is another point: your firm is evading stamp duty by the small amount of capital you have in your companies registered in this country?—Perhaps we did pay a little less in stamp duty, but the capital is here, and we pay income-tax just the same. I do not think the firm are to be seriously blamed for what has been done in this respect. The arrangement was made a long time after the last visit of Sir William Vestey to New Zealand by a New Zealand solicitor.

179. You nominate your surplus stock to your own shops?—No; we nominate to Weddel's.

180. And they nominate to your shops?—Well, they have never had anything to nominate; it has been all beef that has gone forward, and all the beef goes to the Imperial authorities.

181. You did not clear up the difference between the retail price of lamb in England and the wholesale price—the difference between 10d. and 1s. 10d. per pound: can you tell us any more about it?—I think the average retail price of lamb in England would not be higher than 1s. 6d. per pound, probably not so much as that.

182. Even allowing it at 1s. 6d., is not that an enormous profit?—Yes, on the face of it the profit looks a very large one, but I have always been under the impression that the Home Government looked into this, and decided to allow the price because the shops were handling such small quantities, and they wanted to keep a reasonable number of shops open. It is a fact, as I understand, that it was difficult to keep the shops open owing to the shortage of supplies of meat and the lack of men.

183. Have you sent any lamb away?—We have sent only two hundred carcases, and those went to the British Red Cross.

184. *Mr. Anstey.*] You say that your firm has very little money, and yet you operate very largely?—I do not say we have very little money. There must be a considerable amount of British money for the carrying-on of the buying. [Reporting stopped by request of Mr. Anstey.]

185. *Mr. Reed.*] What was the object of the true owners of these companies not holding the shares? For instance, the Whangarei Company and the Westfield Freezing Company are owned by Mr. James, the engineer, and Mr. Duncan, the draughtsman, each of whom holds 500 shares in each company; and W. and R. Fletcher (N.Z.) (Limited) is owned by Mr. Chambers, the accountant, who holds 950 shares, and the solicitor, Mr. Ziman, who holds 50 shares. What is the object of that?—I was not in the employ of the firm at that time, but believe it happened in this way: Cabled instructions came out from the head office to Mr. Ziman to form these companies, and somebody had to sign the applications for registration. Mr. Ziman asked for instructions, and the advice was to use the people here in New Zealand at the moment. Mr. James and Mr. Duncan were the only employees of the firm here at that time. Later, when the application had to be signed for the registration of Fletcher's, I recommended that Mr. Ziman and Mr. Chambers be put in. It seemed to be only a nominal matter. I do not think the companies could have been formed except with the signatures to the application of two residents of New Zealand.

186. So that actually what small capital there is in these companies is not held by the real owners at all?—No, it is not held by the real owners.

187. If the shares are not held by the real owners, how are the companies carried on: are there any directors?—Oh, yes, there are governing directors. These men in New Zealand actually signed after the companies were formed. The articles provide that they must not act without the instructions of the governing directors. The minutes setting this out are open for inspection.

188. You said to the Chairman that you were freezing on owners' account?—Yes.

189. For whom have you frozen in Whangarei this year?—I do not think we have frozen for anybody this season. It is not the custom of the trade in any part of New Zealand to freeze on account of owners at present.

190. But you said to the Chairman that you killed on your own behalf about 90 per cent., and froze on owners' account about 10 per cent.: that was your evidence, was it not?—Yes.

191. I ask you to give me the name of any farmer for whom you have frozen in the Whangarei works?—No farmer has asked us to freeze on his account in the old way, but we do take stock into the works on account of farmers, and buy on the hooks in the same way as is done in other parts of New Zealand under present conditions.

192. No farmer ever asked you to freeze for him?—No.

193. Do you know Mr. R. Murphy?—Yes.

194. Did he ask you?—I understand he saw our Mr. Nelson and asked him about the prospects after the war, but he did not ask to be allowed to send in stock at once—nothing of that sort.

195. There is one?—And he is only speaking of the future. We are prepared to freeze for farmers in the future. He has nothing for us to handle just now, in any case.

196. Do you not know that he owns about eight thousand to ten thousand sheep?—I would be surprised to hear it. I understood that he had only an unimproved property. If he wished to have stock put through on owner's account we would have let him do so. In any case, it is not the custom of any companies now to freeze on owners' account in the same way as the business was done before the war. The farmers' companies still put stock through nominally on owners' account, but they sell it to somebody else on the hooks. A man put some stock into the Auckland Farmers' Freezing Company the other day with instructions to put it through to the Government, and he got a cheque from Armour's.

197. Is that the Auckland Farmers' Freezing Company?—Yes.

198. What was the man's name?—His name is Knowles, and he comes from Helensville. Quite a number have had this experience. The practice is only subject to criticism in this case because the meat went to an American firm. Every works in New Zealand is not in the way of selling to the Government. Many of the works are turning over the meat put through them nominally on owners' account to dealers who buy the meat at per pound on the hooks, and they deal with the Government. If a man wants to sell to the Government through us we offer him the Government price. If we did not do this we should have to keep all these little lots of meat separate, and in these times when storage is of so much importance this would not allow us to get the maximum of utility out of the stores.

199. Your Whangarei works were the first works to be built?—Yes.

200. Prior to the war did you ever freeze there on owners' account?—I was not in the business prior to the war.

201. Is it not a fact that your company never has frozen on owners' account?—No, I do not think so. We could not have done very much of that sort of business, because it was not easy to get the confidence of the people. It never is easy for a new business to get the confidence of the people in a new district.

202. You are advertising that after the war is over you will freeze on account of owners?—Yes.

203. Is that to beat out the farmers' company?—No; it is because we are doubling up storage now, and we shall not be so congested. Additions to storage in our works were not justified until the Government agreed to pay continuous storage. The output from the works has been very small—not enough to keep the works running under ordinary conditions. We could not have relied on the farmers to bring us all the business we required. If we had not been able to get sufficient stock for the Whangarei works it is quite possible that our people might have cabled us to close the works down and put everything through Westfield. The only way to ensure a supply of stock is to buy it and put it through for the company.

204. You know that on many occasions your buyers have refused to buy at the fat-stock sales because your works were full?—That is scarcely a fact; we were always able to advise the auctioneers in time, and no fat stock came forward.

205. How can you reconcile that statement with your other statement that there were not enough stock?—It has happened in all parts of New Zealand. Owing to the lack of shipping we were not able to clear the works, even although our output was so low. We are building more storage, but the small amount of stock offering would certainly not justify it under normal conditions. Not one man has suffered in the Whangarei district through having stock held back. As to the buyers refusing to buy at the sales, I do not think they have ever bought more than fifty head of fat stock at any stock-sale in the North Auckland district. All the business is done at the farms.

206. Do you really say this as a fact—that you have never bought more than fifty head at auctions of stock in the North of Auckland?—That is what we say.

207. I do not know what the northern people will say when they read your evidence?—It is as I have said. Our business is done on the farms.

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WEDNESDAY, 19TH SEPTEMBER, 1917.

*The Chairman:* I put in copy of telegram sent to the High Commissioner concerning the alleged statement by Mr. Gilbert Anderson as to Sims-Cooper having a Morgan credit; also the reply received by Mr. Massey thereto:—

"As Gilbert Anderson stated that Sims-Cooper have a Morgan credit, telegraph briefly Anderson's statement of his information or opinion hereon as to this firm's financial support by American companies or capital."

The reply was as follows:—

"With reference to your telegram of 8th September, Parliamentary Meat Committee, Gilbert Anderson states that he is surprised that statement as to Sims-Cooper should have been attributed to him. He informs me that he has no knowledge of present arrangements of that firm, nor has he ever had such knowledge. He states that reports such as that mentioned in your telegram were sent to him confidentially from New Zealand some years ago."

I also produce statement from Mr. R. H. Johnson, of Wellington Street, Auckland, being—

"*A.—Scheme for Prevention of Meat Trusts, and fixing Universal Price for all Stock killed in the Dominion to the Advantage of the Grower and the Public.*

"Government to commandeer all freezing-works and abattoirs. The initial cost of same should not be great on this basis at valuation of last balance-sheet, the Government paying shareholders the average percentage they have received in the last five years, and the full payment of works in ten years hence.

"The benefits derived from the scheme would be that there would be no dealing or sale of fat stock, there being only one buyer; therefore, as soon as stock was ready it would go to the nearest works, and paid for at scheduled hook prices, such prices being fixed by the general management. The whole scheme being really a mammoth co-operative trust, with the Government at its head, the net profits accruing should be returned to the grower—*pro rata* on stock supplied—ensuring them even better prices than they are receiving now, and the working-cost of the freezing-works should be infinitely less worked as one firm instead of all the different freezing companies competing against one another with their numerous buyers, &c., to say nothing of the saving to the grower of auctioneers', buyers', and dealers' profits, commission, &c.

"Offices would be necessary in London to deal direct with the retailer, cutting out at that end the numerous charges and the middleman, who at present are reaping the largest profits. If a sinking fund were established of, say, 2s. on beef, 4d. on sheep, lambs, and pork, by the end of ten years there would be enough capital in hand to pay for the present works.

"It should be possible also with the amount of stock handled to run one's own marine insurance, which would be a considerable saving. The Government also would be able to supply butchers of the Dominion at such prices that would enable them to sell at considerably less than at present, and could properly insist upon the price at which it should be sold, as they would be then controlling the wholesale prices.

"If the main point of this scheme were taken up the Government commandeering all the freezing-works and abattoirs, the necessary working and business details could soon be put in shape by a conference of, say, a representative from each of the freezing-works.

"*B Scheme.*

"Government to be sole exporters of frozen meats. Meat to be bought as at present (hook prices). Government to retain all hides, fat, skins, offal, sundries, &c. Offices opened in London to deal direct with retailer. Net profits returned *pro rata* to suppliers of stock. Same principle of administration as in Scheme A. Freezing companies to be paid working-expenses only, and shareholders to receive their pre-war dividend."

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FRIDAY, 21ST SEPTEMBER, 1917.

HENRY GEORGE WARREN sworn and examined. (No. 27.)

1. *The Chairman.*] You are here on behalf of Nelson Bros. (Limited). What is your position with the firm?—I am secretary for New Zealand of Nelson Bros. (Limited). The head office is at Tomoana, near Hastings.

2. You know the object of this inquiry: we are investigating generally into the meat industry, more especially with regard to the menace, or alleged menace, of the American Meat Trust. Have you any general statement you would care to make from your own point of view?—One should be very careful not to fall into the mistake of accepting hearsay statements of private individuals or companies. As far as my own company is concerned, we have lots of hearsay statements, but no actual evidence except that one firm has come out in its own name in New Zealand. That is the only straight-out evidence we have that there is any firm connected with the meat trade in America operating in this country.

3. Is your company a local one, or where are the shares held?—It is an English company.

4. Any shares held in New Zealand?—Yes, a certain number. I cannot tell you exactly how many.

5. Are you a buying company, or do you freeze on owners' account?—We are a buying company, and we also freeze on account of owners. We buy when it suits us.

6. Have you any farmer shareholders?—Yes.

7. During last season how did you find competition in your district?—Very keen indeed.

8. With what result?—I think the general result was that people, if they wanted to buy, often had to pay more for stock than it was worth.

9. Was this brought about by any particular competition, or by general competition?—I suppose you might call it general competition, because if one buyer gives more for stock all the others have to come up to him if they want the stock.

10. And that position actually existed?—Yes, certainly.

11. *Mr. W. H. Field.*] Do you regard the American competition as a serious and growing menace to this country, and especially to the meat industry?—That all depends how much of a hold the Americans have of the market and the business at this end. We know they have control of the frozen-meat market in London. It is rather difficult to answer the question. If they got complete control here they would be a very serious menace, but I do not see how they are going to do it.

12. Do the freezing companies view American competition here with alarm?—I think that generally they do.

13. What do you mean when you say that you do not think they can control the market here?—I do not think the Americans can buy up all the meat companies.

14. But they have plenty of money for the purpose?—Yes, but I do not think it would be possible to do it.

15. Why not?—Because I do not think the companies would sell out to them.

16. Would they sell out if they were offered sufficient money?—A large number of the meat companies here are farmers' companies, owned by farmers, and I do not think the farmers will sell out to them because they fear the result of the Americans getting control of the trade here.

17. But a number of the companies are not owned by the farmers?—That is so.

18. And it would be a question of cash with them?—It might be with some companies.

19. If the Americans bought out a number of the bigger companies here, could they not close down the smaller companies by paying higher prices and adopting the methods adopted by the Americans in other countries?—With unlimited capital?

20. Yes, practically unlimited?—I suppose that end could be effected without actually buying the works.

21. If they wanted to do it they could do it?—I suppose with unlimited capital they could do anything.

22. But you do not think they will?—No, I do not.

23. Do you think it is unnecessary for this Government, in conjunction with the Imperial Government, to take any action in connection with this matter at present?—That is rather a difficult question to answer. I do not think that if the condition of things gets serious here it would be advisable. I am always thinking of the position in England, where the Americans have such a very big control now, and are apparently going to retain it. The proportion of meat going from this country is such a very small one compared with the amount used in England.

24. When you say they have control there do you mean that they have absolute control?—We understand so, of the frozen-meat markets, by reason of their imports from South America, and a certain amount of imports from Australia, and a certain proportion no doubt of the imports from this country.

25. I suppose a large proportion of our meat goes through British hands still?—A proportion of it—we do not know what proportion of it—that is one of the things we do not know and we cannot find out.

26. You know how the American companies worked in the Argentine and got control there?—Yes; they bought out the interests of British works in the Argentine.

27. We understand they have 70 per cent. of the trade there?—Yes, I understand so, quite.

28. And could get the rest if they chose?—I presume so.

29. You do not think there is danger of the same thing happening here?—There are a larger number of companies here, and I do not think there is the same danger of their obtaining the proportion of them that they did in the Argentine.

30. Are their operations increasing here?—We do not know. We do not know what their operations are.

31. You cannot tell us where Sims-Cooper get their capital?—No, I cannot. We freeze for Sims-Cooper. We do not know anything about them except that they nominate or consign in normal times all their meat to the London Produce Company.

32. You do not know where their capital comes from?—No. Equally so we do not know anything about Armour's. We know that they nominate to a certain firm in England, but not to Armour's.

33. The only evidence you have that the Americans are operating here is that Armour's have come here in their own name?—Yes.

34. We have no evidence that they operate from Armour's?—I see that they are registered here as a company with a very small capital.

35. You cannot give us any information about that at all—you cannot tell us whether they are connected with Armour and Co. of Chicago?—I do not know. I know that they do not nominate their meat to Armour and Co. of London.

36. You do not know anything beyond the fact that they have the same name—the name of Armour?—That is all, and that is all anybody knows as far as I have ever heard. It is good evidence that the Americans must have control of a proportion of the New Zealand meat, because it goes into their business there, and we do not know how it gets there or through which agents they get their meat. It is quite possible that the New Zealand agents do not know.

37. Do you know about Swift's operating here?—Nothing at all. Swift's name never appears anywhere.

38. Though you have suspicions?—No, we simply hear rumours.

39. You freeze for anybody that comes along?—Yes.

40. You allow rebates to large suppliers?—Yes.

41. What sort of rebates are they: are they on a sliding scale, or are they on a flat rate?—They are on a flat rate, in the neighbourhood of 5 per cent. Since the cost of working has gone up the rebates have been less, because we have not been able to offer so much.

42. Is it the wish of the company to go on buying, or would you prefer to confine the business simply to freezing on account of other people?—I think I should say that we prefer to freeze for clients, but we are willing to buy when we see that we have a chance of making anything out of it.

43. Has your company any complaints about shipping-space?—Oh, yes.

44. What complaints?—That we have not been able to get enough meat away to clear our stores and enable us to maintain the output on which the revenue of the company depends.

45. Have you any complaints about unfairness?—We have made complaints, but I do not know that we have alleged unfairness.

46. Have there been any instances when lamb was taken away when beef and wether mutton was available?—No, certainly not; quite the reverse. We have always shipped only beef and wethers, except in a few cases in which it was necessary to move the lamb and the ewes to get at the beef and wethers, with the result that our works are blocked with lambs and ewes, and we have actually had to refuse to receive beef and wethers later in the season. Our turnover for the year was greatly decreased because we could not get space to clear the works sufficiently to keep running.*

47. As to shipping, have you made any complaint to the Government as to shipping-charges? Do you think they are excessive for produce generally, and for meat in particular?—I do not think so—no. We think the freight on wool is very high, but I do not think I can give any good reason why the freights should not be high. We are told that the expenses of running the ships have increased, and all sorts of things, funds for different purposes have to be provided for out of the revenue from freight. I am not in a position to offer an opinion as to whether the freights are fair. We have made no protest on the subject.

48. You have never evolved any scheme in your own mind as to how the menace of the American Meat Trust might be dealt with if it becomes oppressive?—No.

49. *Dr. Newman.*] What is the name of the firm to whom Armour's consign in London?—They have changed their nominees once or twice. I cannot tell you the previous nominees, but the present ones are McLean and Laurenson, of Liverpool and London, and no other address.

* The reply to this question referred solely to our own works. We have no evidence concerning the works of other companies.—H.G.W.

50. Are you allotting your space well ahead in your works?—Well, we have been living from hand to mouth for the past six months.

51. Have you allotted any space for the coming season?—No; the works are three-quarters full now.

52. Can the local farmers always get space in your works?—They get their fair proportion of space. We try to give everybody a fair deal.

53. You do not keep all your space for the big concerns?—No, certainly not. Every man is entitled to his share, and if it is available he gets it.

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WILLIAM KINROSS WHITE examined. (No. 28.)

1. *The Acting-Chairman* (Mr. Reed).] You reside at Napier?—Yes.

2. What is your connection with the North British Company in Hawke's Bay?—I started it thirty years ago in conjunction with my people at Home.

3. What is your position?—Managing director.

4. Where did the capital of that company originate from?—Principally from the Old Country—from Glasgow.

5. How is it held now?—Much in the same proportion.

6. You know the object of this Committee? We are inquiring generally into the question of meat-export, and especially regarding the operations of the trust. Would you care to make a statement to the Committee of your views?—From what I have seen in the *Gazette* it appears that Armour's have registered a company here with a capital of £20,000. I know something of the extent of their operations, and it is impossible for them to work on that capital. They possibly show a loss here every year. Our company shows a loss here every year on the balance-sheet that is sent to head office, for the simple reason that we only draw 6d. a pound on wool, and £20 a ton on tallow, and so forth. But when that is realized in London our people in London cable us out what funds we require. The Property-tax Commissioner does not tax us on the balance-sheet produced here—he has to wait until we get the returns from London, and we pay on the Home balance-sheet. And we are taxed also at Home. We have to pay a good few thousands of pounds in taxation.

7. What is your capital?—Our capital is £80,000, not fully subscribed.

8. How much is issued?—I think it is somewhere about £55,000. I say that unless these people can show to the Commissioner of Taxes what each pound of New Zealand meat realized in London they will not be paying the proper taxes which they should pay to this country. I do not mind paying taxation as long as other people are paying in a fair ratio. I do not believe Armour's are doing it. They are simply invoicing this meat at a certain price to their people in London, and the profit is made in London. The Commissioner of Taxes should ask them for an account sales of every pound of meat they have sent from this country, and of every pound of wool, every pound of tallow, and of every pelt; they ought to show that clearly. Then there are Borthwick's, who are not even registered in New Zealand; they are actually working under license, and they own three works in New Zealand—one in Napier with a capacity of sixty thousand carcases, one at Christchurch with a capacity of sixty thousand carcases, and one at Waitara with a capacity of ninety thousand carcases. And yet they are working without being registered in New Zealand. Foreign firms thus obtain an unfair advantage, which, if used as I believe it is being used, amounts to exploitation. [Reporting stopped by order of the Chairman.] The only way to control these foreign companies is to see that they pay the same taxation as we pay. I know the meaning of this taxation matter from both ends, because our own head office is in London, and we pay taxation at both ends—in London and in this country. We show a loss on operations here, but when everything is realized we show a profit, on which we are very heavily taxed.

9. You are a buying company?—We are a buying company, and we have no connection with Armour's, or Borthwick's, or any one else.

10. Are Shaw-Savill big shareholders of yours?—They have shares in our company. I also know something of this Argentine business fairly well, because Sir William Nelson (Messrs. James Nelson and Sons) was one of our first directors. At that time James Nelson and Sons were the largest and solidist meat people in Britain. They were the biggest graziers in Britain; they had enormous factories, and they were doing uncommonly well. Then Sir William Nelson started a line of steamers trading to the Plate—the Highland Chief line—and so got control of all the freight-space from the Argentine. They were a very wealthy firm of Britishers; but the American trust came along and in a very short time crushed them, and now they are practically servants of the trust. Even with all their wealth they had to go under, and I know that their wealth was considerable. If the trust could crush up people like these, who knew their business, we have no hope with it. The Nelsons had over a thousand shops in the Midland counties of England alone in 1890. They never did much business with us, because at that time the Argentine meat was so very much cheaper, and it suited their trade. They actually could not take our stuff. Now we see the prices for Argentine meat soaring above the prices for New Zealand meat.

11. Have you any suggestions to make in reference to combating the trust in New Zealand?—My first suggestion is that they be made to disclose their ultimate profits, and to pay taxation on the profits actually made. All the companies operating in this country ought to be registered, and they should be required to show what they have received for the produce they have sent away from this country—not the amount at which they have invoiced it to their people in London, but what they have actually got for it.

12. Have you any further suggestions besides that?—One other point is that they get concessions from almost every freezing company in New Zealand. I think there are only four who are standing out against them. They work with all the other companies, and play off one against another. It is far cheaper for them to freeze in that way than it would be for them to put up works of their own. These concessions ought to be stopped, and they can be stopped. That is a big source of the trouble.

13. *Mr. Reed.*] Have you any further precautions you can suggest?—Well, there is no doubt they ought not to obtain concessions in freight either. If the shipping is kept in British hands I have no doubt that could be arranged. We are old hands here—over thirty years in the business—and they come along and get all sorts of concessions one way and another. They would wipe us gradually out if that state of affairs continued.

14. *Mr. Scott.*] Do you think that the Government should take action at once in the way of legislation?—They should certainly take action in regard to income-tax at once. These outside firms should be made to produce their account sales and to pay taxation on every pound of their profits from New Zealand produce. It is not enough merely to return a New Zealand profit and loss account. I do not know what their balance-sheet shows, but it ought to be prepared in the way that I have to prepare my company's balance-sheet.

15. Have you given any thought to what the operations of the trust will mean to New Zealand if allowed to go on?—I know it from my friendship with Nelsons, on the River Plate. The producers will get crushed. It cannot be helped unless we look out. I know it so well because I have known the Nelsons for very many years. They were personal friends of mine thirty years ago, and up to the last few years, when the American trusts went in there, they were very wealthy people.

16. We have had several witnesses who state that the American trust would never do any harm here: would you deny that?—Absolutely. It is absurd. Do they know what the Americans have done in the River Plate? I know personally.

17. Then you think that immediate action should be taken by the Government?—Undoubtedly, especially in regard to taxation. Why should I, who have been paying taxes here for thirty years, be submitted to this injustice? These people are getting out of it somehow or other. It is not for nothing that Borthwick's are working under license. Why should not my company do the same? If Armour's can work on £20,000 capital, why should not any other company registered outside New Zealand? It is simply a means of getting out of taxation, and it is not fair to the New Zealand farmers.

18. Do you not think that if Armour's have picked up a large credit at Home they can work here with a small capital?—Yes. I could work with a small capital the same way. I show an actual loss on every balance-sheet I have sent Home from here on New Zealand business.

19. *Mr. W. H. Field.*] You made the position quite plain regarding the evasion of taxation by these companies: how many of these companies are conducting their operations in New Zealand in this way: which ones do you refer to?—There are only two I know of—Armour and Co. (Australasia) and Borthwick and Sons.

20. You know of nobody else who is doing this kind of thing?—I fancy that Swift's are much in the same game. I remember between fifteen and twenty years ago one of the heads of Swift's came round here, and he came to see me at the time. This was the first invasion there was. He was one of the heads of Swift's, direct from America. He was a fine big Yankee, and he put me through my facings, asking all sorts of questions. He said that he hoped to do business over here, and that he certainly would be back to see us. I have never seen him again, but there was a firm in New Zealand suddenly blossomed out.

21. You refer to Sims, Cooper, and Co.?—Yes; they blossomed out suddenly, and you cannot do that sort of thing without some kind of backing. If one is in the trade for a long time one gets an instinct for things. That is all I know about this business.

22. You think that Sims, Cooper, and Co. are evading taxation?—I cannot say—it is impossible to say. I should say it is more than likely. What can a man like the Commissioner of Taxes know about things of this kind unless they are plainly put before him by a man who has been at the trade for a long time? It is only by experience in a trade that you get knowledge of it.

23. What knowledge have you of American companies? You know that Armour's are operating here under their own name?—Yes. A friend of mine got a cheque from them.

24. What Americans are operating here?—Swift's and Armour's.

25. What knowledge have you that Swift's are operating here?—It is hearsay to some extent. I cannot get at it—not that I have ever tried.

26. You are quite convinced that the Americans' operations here are dangerous?—Undoubtedly.

27. You think that if they are left alone they will play the same game as they did in the Argentine?—Absolutely. It will be merely history repeating itself. Why should not they do the same? I do not blame them if they are allowed to. If they can get out of paying taxation and so forth, or pay less than their neighbours, more power to them.

28. Apart from the question of taxation, do you not think that they would have more difficulty in getting control of the New Zealand meat industry than they had in controlling the Argentine?—No. There was a far stronger position in the Argentine. James Nelson and Sons could have bought out every freezing company in New Zealand without trouble.

29. We are told that there are so many freezing companies here that the Americans would have more difficulty than they had in the Argentine, where they had to deal with only a few companies?—No, not a bit of it.

30. You are satisfied that the Americans have the intention of collaring our meat market?—Undoubtedly. Why not? They have the money. They have been making money out of our meat ever since the trade started. Swift's did not make that £7,000,000 last year out of the Argentine entirely. They have been making a fortune out of our lamb.

31. You are satisfied that the Americans are operating largely?—Yes. You have only to look at the difference in price now. James Nelson and Sons, although connected with us and our personal friends, cannot buy any of our meat because they can get meat so much cheaper in the Argentine. We have the anomaly now of Argentine meat being dearer than New Zealand meat in the London market. It is a most extraordinary anomaly.

32. If we had this taxation matter rectified that would not check the sort of thing you are indicating?—It would be a check on them—a heavy deterrent.

33. Do you not think it would still be necessary for the Government to take some steps to restrict their operations?—At the present moment you must understand this position: When England came into the war she required a lot of beef for the soldiers. The only people who could supply a sufficient quantity were the American trust. Britain had to make a contract straight away for 50,000 tons per month, and one of the conditions, I have heard on good authority, was that the trust should not be interfered with on the Smithfield Market. That is how it is. That is why the Yankees have started in here for all they are worth, because they have control of the Smithfield Market at the present moment.

34. How long is that to continue?—Until the end of the war. Britain was absolutely in their hands. The Government had to get beef for the troops, and the Americans, with this clause in the agreement, were willing to give it on fairly favourable terms. Of course, they are making all the running they can during the war-period.

35. The British Government will be relieved from that condition when the war ends?—It is to be hoped so.

36. Have you evolved any scheme as to how this condition could be met? Can it be done by the solid co-operation of all the Governments?—That is the only way to do it—by direct control of the meat and shipping. Unless the British Government controls the shipping it is no good.

37. When you say "control" do you mean "ownership"?—No; but the shipping must be owned by Britishers.

38. And some restriction on freights, and so on?—Yes.

39. Do you think that things have arrived at that stage when the two Governments, our own and the British, should take some action in preparation for the time when the war closes?—Undoubtedly. But the British Government has its hands pretty well tied.

40. We are all hoping that the war will not last much longer, and that there will be time to evolve some scheme?—Yes.

41. Do you think that Parliament should take action this session?—Undoubtedly—the sooner the better. The Americans are going ahead for all they are worth. They have been giving prices here that I know are absolutely not payable, just to get a leg in. They have been giving about what it is possible to get for the meat. We are all supposed to be paid an equal price by the Government here for the meat. They are paying in some cases more per head than they are getting. You can do a lot on £7,000,000 profit.

42. Then you think that would be their method, buying at prices above the true value until they had collared the market, then paying their own prices?—Yes; they are doing that in the Argentine now. I know for a fact that a farmer in the Argentine cannot sell a beast to a butcher without the permission of the trust. There was a man I sent over about twenty-five years ago—Ormond's manager, named Elliot. I gave him an introduction to Nelsons, and he got on one of their ranches, and got a lot of sheep from here and did very well. Then they put him on one of their freezing-works. He supervised that for a time. He came back here and I saw something of him, and he told me a great deal of how things were in the Argentine. His son was appointed to one of the freezing-works here, and he knows a great deal about it. Young Elliot now has charge of the freezing-works at Poverty Bay. You could get a lot of information from him direct.

43. *Mr. Reed.*] Which works?—I think it is Lysnar's.

44. *Mr. Field.*] How do the Argentine prices for cattle compare with the prices here?—They are much lower in the Argentine, and yet the Argentine meat is selling at higher rates than ours in the London market. It is a splendid game. I wish I was in it.

45. We had it from Mr. Carney that prices were higher there than here for the producers?—I do not think so. It is a very difficult thing to get any definite statement.

46. How long was Mr. Elliot there?—Some years.

47. When did he come back?—About two years ago.

48. Do you say that strong representations have been made to the Government on this question of the evasion of taxation?—Mr. Vigor Brown has asked two or three questions on the subject.

49. You agree that this matter should be dealt with by the Government and at once?—Undoubtedly. It would mean a very large sum in taxation if they paid their full share. They ought to pay now and for the period they have been trading here. I do not mind paying taxation, but I do object to the fellow alongside getting off. The question affects every one in New Zealand.

50. Have you any scheme in your mind with regard to Government control?—No. It is most difficult. The Government must get control of the shipping—that is the most essential thing. The White Star and other lines got mixed up with the Americans when the Shipping Trust was formed by Morgan. At that time the Cunard was the only steamship line that stuck out. They got a subsidy of some millions from the British Government in the form of a loan

at 3½ per cent. on condition that they allowed their ships to be utilized for war purposes if required, and the British Government should have a controlling voice in connection with the Cunard. That was so that we might have something outside the Americans.

51. Do you think that the Government should buy the fat stock from the farmer, and with the aid of the British Government control the meat until it reaches the consumer?—I suppose that in the circumstances there is no other way. Personally one likes to go one's own way, but Government control seems the only thing under these conditions.

52. It is the lesser of the two evils?—Yes. Before this competition from America started I was quite happy in my own way. One naturally hates Government interference, and as a matter of fact it does not do much good. It takes a long time to work up a trade, and a man who has been in the trade for thirty years knows more than the man who starts to-day.

53. Some witnesses have said in evidence that control by the Government until the meat reached the wholesale man in the Old Country would be sufficient. That leaves the wholesale man to deal with the retailer and the retailer with the consumer as they think proper?—That is the way we do our business. We have no shops or anything of that kind—we deal only with the wholesale man.

54. You have not thought it out sufficiently to give a detailed scheme?—No. I would like to consult my own people in London and get their views.

55. *Mr. Scott.*] You referred to an agreement made between the British Government and the Meat Trust that they were not to be interefered with on the London market during the war?—Yes. Of course, I did not hear that direct from the British Government. One hears these things.

56. That is the question I wanted to ask—if you can substantiate that in any way?—I usually get pretty fair information, and I do not remember what I have not thought were the actual facts.

57. You think there must be some truth in it?—Yes; you cannot get away from that.

58. That accounts for the great effort they are making and the high prices they are able to give here?—Yes, undoubtedly—that must be so.

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TUESDAY, 25TH SEPTEMBER, 1917.

JAMES FINDLAY examined. (No. 29.)

1. *The Chairman.*] What are you?—I am the New Zealand representative of the Shaw, Savill, and Albion Company.

2. You know generally what the reference is to the Committee?—Well, I have a general idea from what I have read in the Press.

3. And the Committee in their investigations consider the shipping question must have some bearing on this. They would be pleased if you could give any general statement upon this subject?—I did not think of preparing a statement, because I hardly knew what you wanted from me. I shall be very glad to answer any questions. Of course, I might say that the shipping companies have no connection with the American meat ring. We can have no knowledge of them, because our dealings are with the freezing companies only, and not with individuals. That is quite an old arrangement between the freezing companies and the shipping companies—that we only book meat with the freezing companies.

4. That has been the arrangement for a long time?—A long time.

5. Without alterations?—Without any alterations at all.

6. Do you make this arrangement with any freezing company?—Yes; we have done so in the past. Now, when the war is on, we cannot enter into contracts because the space is not our own. During the war contracts are in abeyance.

7. But before the war did you treat all companies alike?—It was a matter of contract, but every freezing company had a contract with one or other of the shipping companies, and all on the same terms.

8. Would you express an opinion as to whether you think the operations of the American meat ring would be detrimental to the interests of the meat trade in the Dominion?—I really do not know much about the meat trade as a trade, so that my opinion, I think, would not be of much value. You have had evidence, I presume, from the freezing companies and people who know more about the trade than I do.

9. Do you recognize that shipping control would to a very large extent control the operations of any large meat companies in the Dominion—I mean shipping control by the Meat Trust?—Of course, that would be detrimental to the interests of New Zealand, but I think that is a matter that could very well be checked. Shipping companies themselves are as truly Imperialistic as any one, but if this were not so, and so long as the Imperial Government retains control of the steamers—as they can do when they are on the British register—I should think the Imperial Government could pass legislation to prevent steamers on the English register being transferred to foreigners. Control could be retained by the Imperial Government in that way.

10. Do you think there is any risk of large capitalists obtaining large proprietary interests in these companies in order to control them?—Of course, that is possible, but not easy. Even if they did acquire a controlling interest by means of share capital the Imperial Government could retain the right to say that the steamers should not be transferred to another register, and in that way they would be able to say where the ships should go and exercise some measure of control. That is how it appears to me.

11. *Mr. Anstey.*] Who fixes the freights the shipping companies charge on all kinds of cargo between New Zealand and London?—They are fixed by the companies out here.

12. This Government exercises no control whatever as to freights to be fixed?—No, I do not think the New Zealand Government has any jurisdiction.

13. I think that the freights charged by all the overseas shipping companies are exactly alike?—Yes, they all charged the same.

14. Is that fixed by mutual arrangement?—Yes. There is an annual conference, and at that conference every year we fix the rates for the coming season.

15. Inferentially, then, there is a ring?—Well, to that extent there is; but there is keen competition between the companies for cargo. We may fix rates and agree to carry at the same rates, but in ordinary times there is occasionally a surplusage of tonnage, and I can assure you that we are all out to get cargo from one another.

16. Would you reduce freight to get it?—No, sir; certainly not.

17. Have any of your shipping companies supplied the freezing companies with finance?—That has been done in the past.

18. Are they doing it now?—No; at least, I am only speaking for my own company, and we want our money for building ships.

19. Do the shipping companies exercise any discrimination against meat shipped by American companies?—We do not know any American companies—we only know the freezing companies. We do not know the shippers. Our clients always are the freezing companies.

20. What taxation does your company pay to the New Zealand Government?—Last year the shipping companies were taxed on their earnings of freights on the basis of 15 per cent. profit. That basis was fixed by the Commissioner of Taxes; and then they paid the current rate of the day by way of income-tax.

21. Fifteen per cent. profit?—That is what the Commissioner put us down for. Up to last year and for many years previously we had been assessed in a basis of 5 per cent.

22. Do you pay this rate on all freights to and from New Zealand?—No; on freights from New Zealand only.

23. Did you pay any excess-profits tax last year?—Yes, sir, we did, but not a very large amount. [Reporting stopped by order of the Chairman.]

24. In view of the fact that you made excess profits last year, why is there any necessity to increase the freight charges again now?—I do not think that these last increases of freight can be laid at the door of the shipping companies. Since March of this year the Imperial Government has requisitioned all the steamers on the British register practically all over the world, and the New Zealand steamers are requisitioned among them. We are paid on what are called blue-book rates, which are very much less than the charter rates ruling throughout the world to-day—probably about one-third of the current market value. The shipping companies get paid this requisition blue-book rate by the Imperial Government, and the Government pay the expenses of running the steamers, loading and discharging of cargo, and the Government gets the benefit of the freights. So that it is the Imperial Government that is going to get this increased rate of freight which I notice from the Press is to be charged from the United Kingdom to New Zealand.

25. That does not quite explain your assertion that you fix the rates?—You asked who fixed the rate Homeward. The Homeward rates of freight have been fixed by the companies here. Outward rates have hitherto been controlled by the shipping companies at Home, but they are now controlled—that is, since March of this present year—by the Imperial Government.

26. *Mr. Talbot.*] There have been big movements in the way of merging of shipping companies?—Yes; we all know about that.

27. Has your company been joined up with some bigger concern?—No, it has not. But we have quite a close and intimate association with the White Star line, and have had since 1883.

28. It has not been absorbed as the Union Company has been?—There is a community of interest between our company and the White Star, but not in the matter of share capital. The White Star's holding in the way of share capital in our company was about one hundred preference shares when I left London, but there is a community of interest in the way of joint interest in steamers, but it in no way gives the White Star a controlling interest in our company.

29. Do you know of American capital coming into these big mergers?—Of that I have no knowledge.

30. I suppose you have heard that there are large sums of American money coming into the meat trade at present?—I have seen those assertions in the newspapers.

31. And the suggestion is carried further: it is said that the same class of money is going into the shipping mergers?—I have no knowledge of it, and I do not believe it as far as shipping companies are concerned.

32. Have you heard any of your meat shippers complaining of preferential treatment as regards the shipment of meat?—As a matter of fact they are very seldom satisfied: that has been my experience in the past—not a very long experience it is true. There is a tendency, and there always has been a tendency on the part of the freezing companies to consider that some other part of the country is getting better treatment.

33. You have no knowledge of whether that is justified in any particular respect—whether certain companies are getting better treatment?—Perhaps I had better speak now in the capacity of chairman of the Overseas Shipping Committee. I can say for the committee that we certainly do our best to deal out justice to every one.

34. That seems to us rather an important point. If certain big companies here are getting an advantage over others in that respect it would mean that the little companies would be placed at a great disadvantage?—I can assure you that no one is getting any advantage in the quantity of space allotted. It is all done in a perfectly fair manner. We have a basis on which we allot, but we do not absolutely adhere to that. If it appears that some companies in certain districts at a particular period of the year require extra space they get it. For instance, we give pre-

ference in the early part of the season to the North Island because the works farther south are not operating then. But that preference is later on made up to the South Island when they need it. In the same way in clearing the works last season we took notice of these district or climatic conditions. In these ways you might say that some companies are getting a preference, but it is a fair preference, justified by the circumstances.

35. I think it is regarding free meat that the trouble has arisen?—I think I know what you mean—the shipment of ewe mutton and lamb.

36. It has been stated here that the Wellington Meat Export Company has had undue preference?—I do not think you can pick out the Wellington Meat Export Company. Many of the companies in the Wellington District did ship from January to April a considerable quantity of ewe mutton and lamb when as a matter of fact, from statistics supplied to us by the Imperial Supplies Department, it certainly appeared that they had beef and wether mutton in store that might have been shipped. The matter was taken up by Mr. MacDonald, who in Mr. Massey's absence was acting as Minister in charge of the Department of Imperial Government Supplies, and we went into the matter with him then. The Overseas Committee claimed then, and claim now, that they have done their duty when they have passed on the instructions they receive from the Imperial Government. Up till that time we as a committee relied on the freezing companies to carry out those instructions. As far as Wellington District is concerned I am bound to confess they do not seem to have been adhered to. The companies were asked for an explanation, and they said they considered that they were carrying out instructions. I am bound to say myself that the instructions may have appeared to be a little vague, and I cannot but believe that the freezing companies acted in absolute good faith.

37. It might happen that a boat at the last port of call would find that it had space to take more meat?—It sometimes happens that a steamer improves in stowage, and might at the final port of call have, say, five thousand freight carcases to fill. I do not think that the freezing companies bothered much in such cases. They took what was handiest and out it went, so as not to cause delay to steamers.

38. Sometimes they had to get out free meat in order to reach the other?—That is so. We issue now very pointed instructions, and when we make allotments to freezing companies we say what the allotment must be filled with. But even then we find some freezing companies in different parts make shipments of lamb or ewe mutton. Explanation is called for, and the explanation usually is that the alleyways were blocked with lamb, or that the meat was so stacked that they had to get the lamb out. Since Mr. MacDonald went into the matter with us and stringent instructions have been issued they have been faithfully carried out, except in those cases where the explanation has been as I have stated.

39. On the whole you think that the business is conducted in an equitable manner?—I am sure of it.

40. You said there was keen competition between companies in regard to getting freight?—I am speaking of normal times, of course.

41. To get that freight is it the custom to grant rebates?—No, there are no rebates at all given. But what probably the public fancy means a rebate is this: Half-primage always has been returned on general cargo. It is an old custom, which has remained to us from the sailing-ship days, all over the world. There were fewer agents in those days, and east of Suez the captain was the owner's agent. Shippers used to pay 5 per cent. primage for the captain, and he was supposed to look after the shippers' interests as well as the owners' interests. When steamers came in it was too big a thing—freights became very much larger. In the case of steamers 10 per cent. primage was added to the net freight, and the practice was, and still is, to return half the primage to shippers. In London it is called "half-primage," in New Zealand it is called "brokerage" for some reason unknown to me. The practice exists, and it applies to all steamers. The shipper in the eyes of the shipping company is the man in whose name the bill of lading is taken out.

42. There is nothing secret about it?—Nothing secret at all. I thought everybody knew about it. All freezing companies before the war got this rebate, as it is called.

43. Some of these figures are rather surprising to us, who thought you were making very large profits. Is it that the cost of running ships has increased so much?—Yes; that is the main reason why the freights are going up.

44. *Mr. Witty.*] The refund you have just mentioned is really a rebate because of the quantity of stuff sent?—No, sir; it is given to every one.

45. But the bigger companies get the bigger return?—No, they get the same.

46. The same in proportion, but they naturally get more by sending more?—Yes, but at the same rate.

47. Has your company any monetary interest in any of the works in New Zealand?—For many years past we have held in the name of the late chief New Zealand official of the company, Mr. J. R. Ritchie, shares in the Gisborne Sheep-farmers' Company. I know the amount does not exceed £5,000.

48. Has your company any interest in cold storage?—None. Of course, I can only speak of when I left London, but I feel sure the position is unaltered.

49. Supposing the Government controlled the meat here and the Imperial Government controlled it at the other end, is there any fear of American money controlling the shipping?—I do not think so. I think it could be guarded against by the Imperial Government passing legislation to prevent steamers being transferred from the English register to any foreign register. At present there is in force in England. No ship can be transferred without the consent of the Imperial Government.

50. *Mr. Talbot.*] It has been suggested that the Government could control the meat and shipping business as well: what is your opinion about the Government succeeding in that, the object being in order to combat trust methods?—The Imperial Government could do it, but I do not think the New Zealand could, because I do not think they have any jurisdiction over steamers on the English register.

51. *The Chairman.*] The White Star line, which you say is allied with your company, is largely controlled by American capital, is it not?—Yes, that is so. About fifteen years ago the International Mercantile Marine acquired a controlling interest in the White Star line, and the Imperial Government was very much perturbed about it; but it was not a purchase of the steamers—it was a purchase of the shares. The White Star line gave a pledge that the steamers would never be transferred from the English register without the permission of the Imperial Government.

52. Your business relationships with the White Star line are not of such a nature that the White Star line could control your line?—They have no controlling interest at all over our line.

53. They cannot dominate it?—Not at all. Our company is an absolutely independent entity.

54. In any way could they force you to do anything but what your company desired to do?—They could not. They could not say to us "Do this, or Do that," because we control our own company. They have no power to control it.

55. Either legally or by strength of capital?—Neither legally nor by strength of capital.

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WASHINGTON IRVINE CARNEY sworn and examined. (No. 30.)

1. *The Chairman.*] You are manager for Armour's?—I am director of Armour and Co. of Australasia (Limited).

2. Carrying on business in New Zealand?—Yes, sir.

3. Where is your company registered?—In New Zealand.

4. Registered in New Zealand?—Yes, sir.

5. The Committee would be pleased to hear you if you have any general statement you would like to make?—None whatever.

6. You do not wish to make a statement?—No, not at this time.

7. Have not you expressed a wish to be called before this Committee?—I have on two occasions.

8. Do you know the objects and the scope of the inquiry?—Only from what I have seen in the papers.

9. Then you have a general knowledge of what is the purpose of the inquiry?—Yes, I have a general knowledge.

10. If you have no statement to make, why have you expressed a wish to come before the Committee?—Because I knew that it was dealing with matters in which I am interested.

11. Do you not desire to make a statement to the Committee about these matters which interest you and your company?—I am here to give evidence. If there are any questions which the members of the Committee wish to ask I shall be glad to answer them to the best of my ability.

12. *Mr. Pearce.*] You say, Mr. Carney, that you are one of the board of directors of Armour and Co. (Australasia)?—Yes, I am.

13. Is that the company in New Zealand or the company in Australia, or is it the combined companies of Australia and New Zealand?—We have no combined Australian and New Zealand company. We are a registered company in New Zealand.

14. Is not there an Australian company?—No, sir.

15. Is it not a fact that Birt and Co. have been acting for you in Australia as your agents?—No, sir.

16. Have they not acted for Armour and Co. of America?—No; and they have not acted for Armour and Co. of Australasia (Limited).

17. Have they acted for neither company?—They have certainly not acted for Armour and Co. of Australasia (Limited). They may have acted for Armour's in America, but I do not think so.

18. Who are the board in New Zealand of your company?—Mr. M. W. Kingdon is the other director. Mr. Kingdon and myself are the board of directors in New Zealand.

19. There are only two directors?—That is all. If you will allow me for a moment to revert to the Birt question, I will say that Birt and Co. are associated with Armour and Co. of London in the relationship of buyer and seller. Armour and Co. handle Birt's products on the London market. At present they are handling nothing but the offal, as the Imperial Government has taken over the Australian supply. That is the extent to which any Armour name is connected with Birt and Co., as their London agents.

20. All Birt and Co.'s stuff is consigned to Armour and Co. of London?—From Australia, yes.

21. Does this arrangement apply to New Zealand?—No, sir.

22. Is it not a fact that Birt and Co. own the Ocean Beach Freezing-works?—Yes, I think that is recognized to be the fact.

23. Where is the meat sent from Ocean Beach works—to Armour and Co. of London?—No, sir. If you look back you will see that I said that Armour and Co. handled Birt's products from Australia, not from New Zealand.

24. Does meat from the Ocean Beach works go away consigned to Armour and Co. of London?—No, sir.

25. You know that as a fact?—Yes, sir.

26. To whom is the meat consigned that you send from New Zealand?—All that is released in London—the meat that the Imperial Government does not require—is released to McLean and Laurenson, meat salesmen of London.

27. All the meat purchased by you in New Zealand is released to them?—No, all the meat we handle is not consigned to them. The meat we handle is sold to the Imperial Government.

28. But the meat released in London?—what about it?—It goes to them. We nominate it to them in New Zealand.

29. The company that you have floated in New Zealand has been registered with a capital of only £20,000?—That is all.

30. Is that sufficient capital to run your business?—Yes, it is. Our business is all done on the guarantee to the bank, and if our bankers see fit to let us have £250,000 on a capital of £20,000 that is up to them. But I think if you will look into the other concerns in New Zealand doing a much larger business than we are, with a very much smaller capital, in the same line in which we are in, you will see that there is nothing extraordinary about our position. In normal times our business is done in New Zealand on a letter of credit, requiring no money in New Zealand.

31. On a London credit?—A London credit.

32. Who establishes your credit?—I cannot tell you. We have never had one established.

33. The list we have from the Department shows that your company has shipped a fair amount of meat from New Zealand during the past year?—Yes, sir.

34. How do you do that business?—Mr. J. Ogden Armour, of Chicago, guarantees our overdraft with the bank.

35. Armour of Chicago?—Yes, Mr. J. Ogden Armour gives his personal guarantee.

36. You said just now that you had no interest in Armour and Co., and no interest in the Ocean Beach works?—Yes, sir.

37. Are you interested in any other works in New Zealand?—Not in any works in New Zealand. We are not connected in any way, directly or indirectly, with any works in New Zealand.

38. When you say that, do you mean the company that you represent or Armour and Co. of Chicago?—My company. I know nothing of what Armour and Co. of Chicago are doing.

39. You tell us they give you a credit?—I did not tell you anything of the sort. I said that Mr. J. Ogden Armour personally guaranteed our overdraft. It is a personal guarantee of Mr. J. Ogden Armour, and not a guarantee on the part of Armour and Co. of Chicago.

40. And has this J. Ogden Armour nothing to do with the firm of Armour and Co. of Chicago?—Certainly; he is the president of Armour and Co. of Chicago.

41. Yet you say that your company has nothing to do with Armour and Co. of Chicago?—None at all.

42. What does this man guarantee your overdraft for, then? Is he a philanthrophist, or what is his idea?—Well, he may be a philanthrophist, if you put it that way.

*The Chairman:* It is a legal distinction between the man and the corporate body to which he belongs.

43. *Mr. Pearce.*] The Committee wants to know why he is prepared to give you this credit?—Because we are carrying his name in New Zealand and trying to make money for him.

44. Then he must be connected with Armour and Co. of New Zealand?—Not at all.

45. But still he is president of the other concern—a very fine distinction?—It is a general practice all over the world. Just because you are interested in works at Patea it does not follow that you must not be interested in other works, or that you cannot form a company with your own money somewhere else.

46. You said just now that the meat from these works owned by Birt and Co. in New Zealand was not consigned to Armour and Co. of London?—Yes, I said so, and it is a fact.

47. I have a pamphlet here from Armour and Co. of Chicago, and this is what it says: "Armour and Co. do business in virtually every commercial country of the globe; and Armour products are found practically wherever steamships or railroad trains travel. To-day the familiar Armour oval label is hardly less known in Europe than in America. Armour packing plants are operated in Argentina, Brazil, Canada, and New Zealand." What have you to say to that?—A mistake.

48. A mistake?—Yes, sir.

49. And it says also that "Armour selling organizations are located in London, Paris, Rotterdam, Hamburg, Bremen, Frankfort, Copenhagen, Stockholm, Milan, Cape Town, Havana, Buenos Aires, Panama, Canada, and elsewhere." That is their own published statement?—Of Armour and Co. of Chicago.

50. You say it is a mistake?—Yes, sir.

51. You know that these works in New Zealand do not belong to them?—I do, sir. I know that no plant in New Zealand belongs to Armour and Co.

52. It is a very extraordinary state of things, is it not, that such a statement should be published?—It is, and it has already been pointed out to them.

53. It would be advisable for them to take it out of their pamphlet?—It would, very much so.

54. This pamphlet is published in 1917, so that it is quite up to date; and on the title-page it says, "Containing facts about the business and organization" of Armour and Co. You have only just floated this company in New Zealand?—About a year ago.

55. What is the amount of meat you have shipped during this last year: can you give us that?—Yes, sir.

56. Or, rather, what have you sold to the Government? Can you give us the total value?—I cannot give you the total value, but I can give you the total purchases to date and the amount we have shipped. We have bought in New Zealand this year about 174,000 lambs, about 94,000 sheep, about 6,000 head of cattle, and 35 pigs.

57. What have you shipped?—The total shipments to date are 26,227 lambs, 37,900 sheep, and 17,715 quarters of beef. I would not say that these figures are exactly right, because the New Zealand Refrigerating Company have a different system of shipping from that of other companies. We never know how much of our stuff has actually been shipped out of their works. They ship as much of the meat in store as they can, and they give us a *pro rata* allowance. We get our share of what is shipped in each steamer. Our own particular meat may not have been shipped, but we get our money for it.

58. You bought out Joseph and Sons, of Christchurch?—Yes, sir.

59. How many buyers have you to buy fat stock in New Zealand next season?—That is hard to say; the men we have might all leave us before the 1st day of November. I can tell you the number of men that we had last year.

60. But you have made arrangements with them for next season?—No, we have not. They may all leave us before the season opens. Last year we started with twenty-two buyers, eighteen of them on salary and four of them on commission. During the season we dismissed six of them, five of whom were on salary and one on commission, making the present number of buyers sixteen.

61. *Mr. Pearce.*] Where are these buyers—in the North Island or the South Island?—We have two buyers in the North Island. The majority of the buyers are in the South Island. We have only the two buyers—one on salary and one on commission—in the North Island.

62. Are you the managing director in New Zealand for Armour and Co. (Australasia) (Limited)?—No, sir.

63. Then Mr. Kingdon is the managing director?—No, sir.

64. You said that there were only two directors: which is the managing director?—Neither. He is general manager, but not managing director.

65. Can you tell the Committee that it is your intention to expand your business in the North Island this year: you know that the season starts very soon?—I thought that you were taking evidence, not intentions.

*The Chairman:* That is evidence.

66. *Mr. Pearce.*] I want to know if you are going to expand your business in the North Island this year?—I might say that possibly we will.

67. Surely with only two directors for the company and you one of them you would know of any intention to expand your business in the North Island or elsewhere for the next season?—I cannot say that I do. If three freezing-works in the North Island that refused to freeze for Armour and Co. (Australasia) (Limited) last year should be willing to give us space this year we may increase our business.

68. Why did they refuse?—I think that you could give the answer to that.

*The Chairman:* It is for you to give the answer.

*Witness:* They had no space.

69. *Mr. Pearce.*] It is evidently your intention to increase your business in the North Island if you can get space in the works. Can you tell us if you are going to put on any more buyers in the North Island this season?—I do not think that we shall put on any more buyers anywhere under present conditions. We may shift them round—perhaps one in the North Island, perhaps two. I do not know definitely.

70. Where do you freeze your meat principally?—with which company?—We operate at seventeen works in New Zealand.

71. Well, which is the largest—the two largest, say?—The New Zealand Refrigerating Company and the Canterbury Frozen Meat Company, I suppose. I suppose that they are the largest works in New Zealand.

72. I mean the two works at which you have killed most—the works at which Armour and Co. have chiefly operated?—Well, I should say Belfast and Islington.

73. Those are the works of the New Zealand Refrigerating Company and the Canterbury Frozen Meat Company, both in Canterbury?—Yes, that is so.

74. *Mr. Reed.*] Those are two different firms, are they not?—Yes.

75. *Mr. Pearce.*] Do these companies give you a rebate on your freezing?—No, sir.

76. You have never arranged for a rebate on your freezing?—No.

77. Well, for a rebate on the total charges?—No, not on the total charges.

78. The managing director of the Belfast works has given evidence before this Committee that he gives you a rebate?—He gives a rebate, if you like to call it a rebate, on the number of sheep and cattle killed with him. If you kill one hundred he gives you 1d.; if you kill two hundred he gives you 2d.; and if you kill three hundred he gives you 3d.

79. Are those actual figures or just similes?—They are similes. I really cannot tell you what the exact figures are. The rates depend upon whether the works handle one thousand, or two thousand, or three thousand. It is in proportion to the number of head you kill that they allow.

80. Is it not rather peculiar that you do not know the exact figures in a matter of this kind when you are one of the only two directors of the company?—I asked you the other day whether there was any of the information I could get for you. I said that I was willing to look up the information and bring it along with me.

81. I said to you then that we wanted all the information we could get. You say that you cannot give us the actual rates?—I can give them to you in Christchurch. I will send all the

information to you if you wish to have it. I am not keeping anything back. I will supply the information in reply to any question you put to me.

82. Will you arrange to get the actual amount of the rebate, where it starts, and so forth, for the information of the Committee?—I will.

83. Can you give us any further information about this firm in London that sells your meat?—None whatever.

84. You do not know if the same firm is selling meat from the Ocean Beach works?—No, I do not.

85. *Mr. Anstey.*] I did not quite catch what you meant at one point. I think you said at one stage of your evidence that you worked without British capital or British credit?—No, sir; we are working with British capital. We are working with the Bank of New Zealand; I suppose that is British capital.

86. That is, the firm of Armour and Co. of New Zealand: that is what you mean by British capital?—I think I said nothing about British capital. The Bank of New Zealand are our bankers, and we work with them in the ordinary way.

87. You have got a guarantee that is practically a credit from J. Ogden Armour, of Chicago, a credit that is practically a personal one. Can you tell us if a credit of that sort could be obtained on better terms from America than from England?—This credit is arranged through the Bank of New Zealand in London, and not in America at all. He gives the Bank of New Zealand in London a guarantee for any amount of overdraft which the Bank of New Zealand may give us here.

88. My question is whether better terms can be got from American financial houses than from British?—I cannot tell you that, sir. I really do not know.

89. All your meat goes to the London market. Is there any reason why it is advantageous to you to get credit from American houses or firms?—Mr. J. Ogden Armour personally guarantees this credit for us—that is all. Armour and Co. (Australasia) (Limited) have no agreement financially with Armour and Co. of Chicago or Armour and Co. of London. We are a separate concern.

90. Purely a New Zealand concern?—Purely a New Zealand concern. The only two directors are in New Zealand, and we do our business here.

91. You are a purely New Zealand concern, but you found it to your advantage to go to America for the money to buy our New Zealand meat?—We must have done so or we would not have done it.

92. Well, seeing that your meat all goes to London and that you are a purely New Zealand concern, why did you go to America to get your money?—As a matter of fact no money has ever changed hands. It is all English money that we are working on.

93. We know that: it is credit?—It is simply that the Bank of New Zealand has a guarantee by J. Ogden Armour for any amount of money which the bank sees fit to advance us.

94. Can you inform the Committee of the amount of money paid for the goodwill of Joseph and Co.?—£5,000.

95. Your total capital is only £20,000: how much of that is paid up?—All of it.

96. That leaves you only £15,000 with which to buy meat: is that ample cash with which to operate in the meat market up to £250,000?—If the bank sees fit, yes.

97. *Mr. Pearce.*] I suppose that Mr. Armour is good for five millions?—If the New Zealand Government put a law into effect that we must have £100,000 capital we could have it. Whatever money was needed we could have it. The matter has been already brought up before this investigation started as to whether we should not have £100,000 of capital instead of £20,000. Then we would not be paying the bank as much interest as we are paying to-day. That is the crux of the whole thing. Instead of having the money paid up with which to work we are now giving the Bank of New Zealand interest on a quarter of a million sterling; that is the only difference. The only difference to New Zealand would be than on £20,000 we pay £10 registration free, while if we had £100,000 we would have paid £100. Our taxation is not affected. We pay taxation on the profits of the company, whether we make £5,000 on £20,000 or make the same amount on £100,000. It is simply a question of which way to get the trading capital for our business.

98. *Mr. Anstey.*] You said in the early part of your evidence that you could buy meat in almost unlimited quantities without having any cash?—No; I do not think I ever said that.

99. I took down your words at the time?—I do not remember ever making that statement. There must have been something wrong there.

100. You have said that your capital is £15,000?—No, I did not say that. It is £20,000.

101. You have paid away £5,000 already?—We have paid away that and more for meat already this year. We have bought twelve motor-cars, and have them in use.

102. The only capital that you possess is £15,000 plus an unlimited credit, or a very large credit at all events. You can buy very large quantities of sheep without having cash provided that you have credit: is that not a fact?—Yes.

103. Is there any reason why every other firm should not do the same?—None whatever. It is done to-day. The firm that has credit does not need cash. A firm that has a capital of £10,000 has been in the export trade for years, and bought more stuff than we did last year.

104. The question arises how Sims, Cooper, and Co. can buy so much meat?—Credit.

105. It is quite possible to do so?—Yes.

106. Is the reason why you have so little capital partly in order that you may escape New Zealand taxation?—No; we cannot possibly escape New Zealand taxation in any way, shape, or manner.

107. Is your firm paying the same amount of taxation as an ordinary New Zealand company such as the New Zealand Refrigerating Company?—Yes; exactly the same in proportion to business.

*The Chairman:* The only thing they do not pay so much on is the annual registration fee of companies. There is an annual registration fee which is paid by each company registered in New Zealand. The income-tax would be the same.

*Witness:* I want, furthermore, to say this: that we do not ask the Government or any concern or any individual in New Zealand to give us anything more than they give anybody else who is doing business in New Zealand, in relation to taxation or anything else. We are not trying to evade taxes in any way.

108. *Mr. Reed.*] I think that the full name of your company is Armour and Company of Australasia (Limited)?—Yes.

109. It is a private company?—Yes. Here are the articles of association; I brought them along.

110. The capital is £20,000 in 4,000 shares of £5 each?—Yes.

111. You hold of these 4,000 shares 3,998?—I did hold them.

112. When the company was registered?—Yes.

113. Mr. N. W. Kingdon held one share?—Yes.

114. And Mr. O. T. J. Alpers held one share?—Yes.

115. Has there been a rearrangement of these shares since the registration of the company?—Yes; 3,997 have been transferred to Mr. J. Ogden Armour. I hold one share, Mr. Kingdon holds one share, and Mr. Alpers holds one share.

116. This is a subsidiary company of Armour and Co. of America?—Yes; I suppose that is the way you would put it.

117. If you had wanted to avoid belonging to Armour and Co. you would not have used their name?—No. About eighteen months ago I was in America, and I talked this matter over with Mr. J. Ogden Armour, and he gave me permission to use any name I saw fit to use in establishing this business in New Zealand. I said to him then that there was only one way to do business in New Zealand, and that was to put up your name and let people see who you were. That is our policy. Our policy is openness and fairness and directness.

118. Why did you use the name "Australasia" when you are really operating only in New Zealand?—We may possibly eventually operate in Australia. That was the idea in our minds when we used the name. Mr. Kingdon had been in Australia for many years, and I talked it over with him. He said, "Let us call the company 'Armour and Co. of Australasia'; then if at any time we want to operate in Australia we will be in a position to do so." There was no other reason whatever.

119. It is a fact that Birt and Co. are looking after your interests in Australia in the meantime, or rather the interests of the parent company?—I should not say "the parent company." Armour and Co. of London, you mean.

120. I do not know which is the parent company?—If you say "parent company" I should say you mean the firm of which Mr. J. Ogden Armour is president. He is in Chicago.

121. *Mr. Pearce.*] He wants to know where the body of the octopus is?—I would not use those words, Mr. Pearce. I think you have used them before.

122. *Mr. Reed.*] I take the Chicago firm to be the parent company. Is it not a fact that Birt and Co. look after the Armour interests in Australia?—No; I should say No, further than the relation between buyer and seller, the seller being in London. There is no financial interest, I should say.

123. I have no reason to say so. Who is Isaac M. Hodgkinson?—He was at one time with Armour and Co. of London. He has not been connected with them for about two years now.

124. He would know the position?—Yes.

125. This is what he writes, so I think you must see from this that what I state to you must be correct. In a letter which he wrote, and which was produced here, these words are used: "Our Australian agents, Birt and Co., 7 Macquarrie Place, Sydney, will be pleased to open negotiations in this connection when the time comes"?—I think that is not so. Armour's are Birt's agents in London.

126. He says "our Australian agents," and he writes as the representative of Armour and Co. in London. There is a definite statement from Mr. Hodgkinson that Birt and Co. are the Australian agents of Armour and Co. You do not mean to say that you have no trade with Australia?—Not as Armour and Co. of Australasia.

127. I do not mean that. You do not say that your parent company is doing no dealing with Australian meat?—As far as I can say, none.

128. It is a big field to be left out by Armour and Co.?—Yes. I really cannot answer that question; I do not know.

129. Do you not agree that Birt and Co. must be looking after the interests of your parent company in Australia, seeing the letter Mr. Hodgkinson wrote on the 24th April, 1914?—Possibly they are. I really do not know.

130. Here is a letter Birt and Co. wrote from Sydney on the 30th April, 1914, and they say, "Mr. Hodgkinson, a director of Messrs. Armour and Co. (Limited) of London, has been in communication with you regarding the purchase of the output of your works next season, and has informed you that we as Australian agents for Armour and Co. (Limited) of London will be glad to negotiate with your company for next season's output of meat." The rest is immaterial. There Birt and Co. write acknowledging the position?—I should still say from the letter that they are acting as agents for Armour and Co. of London and getting a commission.

131. No doubt. That brings me back to my original question. Birt and Co. are looking after the interests of your parent company until such time, I should say, as Armour and Co. (Australasia) (Limited) start there?—I should say, Yes.

132. You know that Birt and Co. have purchased the Ocean Beach works here in New Zealand?—That is so.

133. You must be convinced of the fact that Birt and Co. are the Australian agents for the parent company, and you know that Birt and Co. have purchased the Ocean Beach works in New Zealand: do you still say that it is a mistake when Armour and Co. in their pamphlet of this year state that they have works in New Zealand?—Yes, I should think so.

134. It would take a lot of believing to any one who looks at it from an outside point of view?—Yes. I still stick to my original statement that that is a mistake.

135. *Mr. T. A. H. Field.*] You said that Mr. J. Ogden Armour owns 3,997 shares in your company?—Yes.

136. How do you reconcile that statement with your statement to Mr. Pearce that Armour and Co. (Australasia) (Limited) is a purely New Zealand company?—We are a purely New Zealand firm. I am one of the directors and Mr. Kingdon is the other. I hold a power of attorney on the shares owned by Mr. J. Ogden Armour. He is not a director of our company. Therefore we are a New Zealand company.

137. *The Chairman.*] But Mr. Armour owns it?—I do not see how he owns it.

*The Chairman:* He owns all the shares in it but three.

138. *Mr. T. A. H. Field*] You still say that it is a purely New Zealand firm?—Yes.

139. You were ready and anxious to give evidence?—Yes.

140. Are you also anxious that your buyers should give evidence?—No. I do not see why I should be anxious to have you ask my servants questions regarding what the company is doing.

141. Have you sent your buyers a circular telling them that they must come to the head office before they give evidence?—No; I have sent no circular to that effect, nor any circular at all. I have told some of the buyers to tell us if they are called up. I had one buyer in the office on Saturday, who said that he had received a notice to appear before this Committee, and that he was going to pay no attention to it.

142. *The Chairman.*] Which buyer was that?—Donald Sinclair. I said, "You are going to pay attention; you are going up to Wellington to-night." I immediately sat down and wrote to some of the other buyers that if they got notices to appear before the Committee they were to go and advise us. I did want them to go. I certainly did not want others to say that they were not going as Sinclair said that he was not going. There was no circular letter. I wrote only to some of the buyers—I think only four out of about sixteen.

143. Has not some one of your representatives made the statement that Armour and Co. had made a mistake in coming here in their own name?—Was he one of our buyers?

144. No, I do not mean one of your buyers. Has not one of your representatives made this statement?—Not that I know of.

145. He gave the reason that the farmers were prejudiced against Armour and Co. as being connected with the trust?—I know nothing of any such statement.

146. Mr. Kingdon is your manager?—Yes.

147. Were you in agreement with the statement that he made—"Armour and Co. have come here to do business, and we are going to have it no matter what it costs"?—I do not believe Mr. Kingdon ever made the statement.

148. *Dr. Newman.*] Can you tell us of any other American firm doing business in New Zealand?—No, sir.

149. Is there such a firm doing business here?—Not that I know of.

150. What shipping companies have you shipped through?—I cannot say. We have nothing to do with the shipping at all.

151. The meat companies do this for you?—Yes.

152. Are you going into the butter and cheese business?—We are going into the trade in all the products of New Zealand—butter, cheese, wool, hides, rabbits. I would not say that we will go into the fruit business. These are the things which in normal times we think our London friends will be able to handle in the same way as in the past they have handled them, through the middleman in New Zealand. If we handle these things ourselves we, Armour and Co. of Australasia, will make the commission out of it, instead of some of our friends who have been writing about us in the papers and sending out pamphlets about us—people with whom we used to do business.

153. Is there an American Meat Trust now, or is it broken up?—No; there is no such thing, and there never was such a thing.

154. But there was the National Packing Company, which centred the interests of several companies?—Not that I know of.

155. You have never heard of the National Packing Company?—Yes, but I did not know they centred the interests of several companies.

156. Is that company in existence now?—I think not.

157. What nationality are you?—American citizen.

158. *Mr. W. H. Field.*] Mr. J. Ogden Armour is an American also?—Yes.

159. And you say that he supplies all the money for carrying on your business?—No, sir; the Bank of New Zealand supplies the money.

160. But they supply it on the guarantee of Mr. J. Ogden Armour?—Yes, sir.

161. Therefore it is true that your business is derived from Mr. J. Ogden Armour?—Yes.

162. Mr. J. Ogden Armour lives in Chicago?—Yes.

163. Is it fair to ask you what rate of interest you pay the Bank of New Zealand?—I do not think that is a fair question.

164. Is it your intention to extend your business here as far as you can, or are you putting a limit on it?—Armour and Co. of London is a selling organization which handles, or has handled in the past twenty years, a quantity of New Zealand meat, and cheese and butter, and tinned and frozen rabbits, and we are going to try to supply that demand for them for New Zealand produce. In other words they will act as selling agents. We do not want to force anybody—that is not our business. We only want to handle what we consider our fair proportion of New Zealand produce.

165. And if this demand from London increases, as we all hope it will, you may extend your business here?—I hope so. If the demand does increase it will be the best thing that ever happened for New Zealand.

166. Your endeavour will be to extend your business to supply the demand.—Yes, sir.

167. Your parent firm is one of the biggest packing firms in America—one of the "Big Four"?—Yes, I suppose it is one of the "Big Four."

168. You and Swift's, and Morris, and so on?—Oh, yes; but I think there are others climbing up, and it will soon be necessary to include six or eight more amongst the big firms in the packing business, instead of talking about the "Big Four." Armour's and the others in the "Big Four" are only four out of four hundred packing companies in America, and they handle only one-third of the number of hogs killed in America, leaving two-thirds to be handled by the other packing companies. So that you can see they have not a very big hold on the hog market, which is a very important market in America.

169. But they are easily the four biggest firms?—Yes.

170. Did I understand you to say that your company had bought no freezing-works in New Zealand?—No, we have not.

171. Have you any thought of buying freezing-works?—I want to say that as long as the New Zealand freezing-works give us space, which we have had this year, we are perfectly satisfied to go on as we are. I am not saying this as a threat, as we have been treated very very fairly throughout New Zealand during this last season by the freezing-works. With the exception of four works throughout New Zealand we have had nothing but courteous replies to the letters we sent out saying that we were about to start operations in New Zealand, and asking for space in the works. We made this request of all companies with the exception of the Gear Meat Company, which we knew did not kill for exporters. I understand they kill only for themselves. We wrote to every other works, and only four works refused us space. I will not say they refused, but they said they had no space for us. One of the four was the Wellington Meat Export Company, which actually did refuse. They said they had no space for Armour's, and we knew they had killed for others. The other companies were Tokomaru, Otaihape, and the Wellington Farmers' Meat Company. All other companies in New Zealand have been ready to freeze for us, and we have done business wherever it has been possible for us to buy at a fair market price. As long as this continues we have no desire to build any freezing-works or to do anything different from what we are doing to-day.

172. They have been killing at reasonable rates and to your satisfaction?—Yes, sir, entirely to our satisfaction. I say that with this reservation: we would like the works in the South Island to give us a little more for our fat, tongues, and tails. In the North Island they allow 27s. 6d. a hundred for fat, and in the South Island only 17s. a hundredweight. That is the only thing that we think is not just as it should be.

173. Is there any reason for this difference in the prices?—Not that I know of. At to-day's prices there is a great deal of money in it for the freezing-works; in fact, far too much, in my opinion. I am sure if Armour and Co. were doing it they would say we were robbing the poor farmer.

174. As to the scale of rebates, do you get the same scale from all the companies?—We only get rebates from some of the works. Some works have allowed it to the meat-exporters for years and years on the number of carcases he has killed during the season. I think the Auckland Farmers' Freezing Company allow 7½ per cent. to those exporters that kill with them on the understanding that they will kill as many with them in the next season as in the past. You cannot call that a rebate—it is rather a discount. There is no reason why, if I put in ten thousand lambs and you put in fifty I should not get a little better discount than you.

175. And those companies that allowed you this discount, did they all make the allowance on a sliding scale?—Yes, those that give the allowance all make it on a sliding scale.

176. You will let us know what these rebates are?—Yes, I will try to. I do not think I shall be breaking any contracts in letting you know.*

177. Do you think there are enough freezing-works in New Zealand to deal with the output in this country?—I think there are far too many.

178. You think they have built too many works?—Yes, sir, that is my opinion.

179. In giving the prices you were paying last year were you giving what you considered to be the actual value, or were you giving more than what you considered to be fair prices in order to get business?—I have brought here some interesting matter which I should like to pass round to the Committee. These are extracts which I have taken at random out of letters we have sent to buyers, and extracts from their letters to us. This will show you as near the position as I can give it to you. We started on the 29th December, and we wrote to one of our buyers as follows:—

"29th December, 1916.—The prices at which you can buy are as follows: Lambs, 8¼d.; wethers, 6¼d.; ewes, 5¾d. (over all, delivered at works). Second quality and over (over 42 lb.): Lambs, ⅜d. less. Second quality and overs (over 72 lb.): Sheep, ¼d. less. Prime ox beef, 45s. per 100 lb.; prime cow and heifer, 42s. per 100 lb. (over all, in works). Second qualities, 2s. 6d. per 100 lb. less. For preserver and boiler sheep it is difficult to give a price, but if you work on

* Witness wrote *re* rebates, as follows: *Terms.*—The highest terms we receive from any works are 5s. for cattle, 6d. for sheep, and 6d. for lambs.

a skin value of a sheep as 5s. to 6s. it will be a guide. If a sheep passes as a preserver the meat is worth 1½d. per pound, but if boilers there is no value other than the skin. The price for reject meat paid by the works this season are increased to—Lambs, 4d.; sheep, 3d.

"9th January, 1917.—Regarding your letter of 7th, in which you ask us to give 6½d. for wethers and 6d. for ewes, as other people are giving this: while we do not expect you to be able to buy at much less than these prices, we do not wish you to quote them or buy over all."

"13th January, 1917.—We telegraphed you this morning to take . . . lambs at 8½d., prime. We are aware that some of your competitors are offering this price, and you are quite at liberty to give it also when you have to."

180. *Dr. Newman.*] Did these prices continue through the season, or did you have to bump them up?—Certainly they did not continue. How would you like to have sold your lambs in December, and then to have sold them with three months' weight of wool on them after that at the same price?

181. You started out with certain prices: in the season did you have to bump prices up in order to keep the business?—No, sir.

182. *Mr. W. H. Field.*] Were the prices payable last season? Did you make a profit?—I cannot tell you yet. I should say not. We do not balance until the 1st October.

183. Can you tell us if increases in prices were paid for stock owing to excessive competition?—Yes.

184. The suggestion is that the American companies are willing to make losses in order to close out others?—That is not so. I know this is being said, but I can assure you it is not so. We want a fair share of the produce offering in New Zealand. We have the money to pay for it. We are bringing here better facilities for handling business, and we are giving you the best things any producing community has got.

185. *Mr. Pearce.*] Have you ever been in Argentine?—Yes, sir. And there is no country in the world where Armour and Co. have come in that has lost by it. I know what you are referring to: you are referring to the prices that Armour's had to pay when they were trying to get a footing in that country. Prices were bumped because English operators already established there were not going to allow American companies to get in. They bumped prices—the same thing as is occurring here now. Afterwards, when Armour's got a footing in Argentine, prices got down to value, and since then they have not looked back.

186. Why are prices below value now?—They are not. They are getting more for stuff than you are getting in New Zealand.

187. That is not correct according to the evidence we have?—I may be wrong, but that is my opinion. They are certainly getting more for it in London than you are.

188. *Mr. W. H. Field.*] I suppose you admit that the American firms practically control the Argentine?—I do not think so. I do not think they do 50 per cent. of the business.

189. We have it in evidence that they do 70 per cent.?—Possibly, but I do not think so. I am not familiar enough with present conditions in the Argentine to make a positive statement.

190. You say that the same thing is being done here as was done in Argentine before the Americans got control?—That is so, in some districts.

191. You say that you pay full taxation on the income made by your firm in this country?—Yes, on the profit we make here we will pay your New Zealand taxes. We do not care; in fact, we hope we will have to pay you a million sterling in taxes.

192. The more you pay the better you like it?—Absolutely. We are not here to do any harm to the Government or to anybody. We want to live and let live, and we do not want to ask favours from anybody.

193. Are there any other American firms here?—No, sir.

194. Are there any other companies operating as you are with finance from America?—Not that I know of.

195. Do you know Sims-Cooper?—I know nothing of them except that they have been in competition with us.

196. You do not know whether they are associated with an American firm?—No, I do not. I have heard rumours that they are, but I know nothing further.

197. You say there is no concert among American firms generally?—No, sir; none whatever.

198. It would be quite easy for American capital to be utilized in New Zealand as it is used in your business to a very large extent, and for an arrangement to be arrived at between the New Zealand firm and the American firm as to a division of profits?—I do not see how that could be done.

199. I mean to say that there would be no harm in Mr. J. Ogden Armour putting his money into a New Zealand concern, and at the same time having an arrangement with the parent company whereby they should take a share of the profits?—Of course, there could be such an arrangement—I do not see why not.

200. There is nothing illegal about it?—I do not think so.

201. Speaking about your operations last year, were the prices very much above what they should be, or were they just about fair?—Well, I should say they were fair prices taken right throughout New Zealand. I will speak more of the South Island than of the North Island. We did not consider the prices in the North Island were as cheap as in the South Island. Our purchases will show, I think, where we thought the stuff was cheapest to buy. Our purchases in the North Island were only about 5,000 lambs and 6,000 sheep, whereas in the South Island we bought about 169,000 lambs and 88,000 sheep. I am just judging from that that we did not consider the North Island as cheap as the South.

202. Do you say definitely—or do you not know—whether the operations of Birt and Co. of Australia are connected with the Chicago company?—No, sir. I made the statement that I did not know. When Mr. Reed read that out to me this morning that was the first I had heard of it.

203. While you are here we would like to know what chances you think we have of getting a market for our produce—meat, cheese, and butter—in America?—The best chance in the world, I should say.

204. Is it true or not that the American meat firms have such a control of the market in America that it would be impossible for outsiders to come in and give a fair price to the producers?—That is not true.

205. In America at present are these companies making huge profits?—They are, sir.

206. Can you give us any idea of the percentage paid on capital?—I think the dividend would be about 3 or 4 per cent.

207. Is that the total profit divided?—Yes; but where they have made their money is not on meat at all, but out of the by-products, which they make into eatables and into other products, such as soap and glycerine—that is where they make the money. And I want to put myself on record as saying that in dealing with offal your people in New Zealand are very backward. Furthermore, every freezing-works in New Zealand is making 30s. a head on the offal of every beast that is killed. The freezing-works are making this out of the exporter.

208. Do you think they are making an undue profit?—I do not say it is an undue profit, but it is the profit they are making, and they are making it because of the high prices ruling for offal now.

209. What are you selling to America?—We are not selling an ounce of anything to America.

240. Why not, when there is a market there?—There is a market in America for New Zealand butter, but I think that is about all; and we cannot get space if we wished to ship butter to America.

211. Otherwise you would send it?—I do not say so; perhaps we might. We have not thought of it up till now, because there has been so little space available for the shipment of it. We have really not looked into it. There is a good market for wool in America, I can tell you that.

212. You say there is no such thing as the trust?—I will guarantee there is no such thing as a trust in America, or any combine of the American meat companies. That has been proved by the Supreme Court in America—that there is no agreement or concert among the meat companies in America.

213. *Dr. Newman.*] Not any kind of agreement?—It has never been proved by any documentary evidence of any kind, or by any action. I might say that business men in America get together more than they do here and talk things over—thrash out business problems together. Their object is to keep things running smoothly. Here it is not the practice, as far as I can see, to do this—the rule seems to be to fight all the time. I will read you an extract from something we have written up about the company which I represent: "No company operating under the Armour name controlled by Mr. J. Ogden Armour is either directly or indirectly connected with any other American company in the treating and sale of chilled and frozen meat. We make this statement without reservation, and offer to pay a thousand guineas to any worthy charity in New Zealand or Australia to be named by the parties proving by documentary evidence that this statement is incorrect. We would respectfully point out to the public that we are not asking favours from the Government beyond those extended to any other merchant or manufacturer who comes into your midst with the very laudable desire of helping to develop your country in general, the stock-breeding and freezing trade in particular, and to earn a fair return on investment. In other words, it is our wish that Armour and Co. of Australasia (Limited), of Christchurch, should become a colonial institution, and a benefit not only to the present but the coming generation."

214. Then you think that you can help to open up an extensive trade with the United States in New Zealand meat?—Yes, I am sure of it.

215. Will not the American Government or people or trade organizations hamper us with undue restrictions?—They will welcome you—that is more than New Zealand has done with Armour and Co.

216. Now they are our Allies in this war they may be the more anxious to do business with us?—That is all right. I think there have been statements made about my company in New Zealand during the last three months—in the newspapers and elsewhere—that are absolutely damnable.

217. You can understand that your company is watched with suspicion here after experience with American concerns in the Argentine?—I quite understand it. I say further that if you gentlemen had wanted to know anything about our company I wish you had all come down to Christchurch and gone through our books, letters, and files. We have nothing to hide. I invite you now to do it and find out about our company, and see if there is reason to be afraid of anything that we may do. We simply wish to do business in a fair and open way—it is all aboveboard. I am not new to New Zealand. I have been known here as a wool-buyer for very many years, and I do not think that any buyer or commission man can say that I have ever acted in a way that is not honourable and straight—that is my method.

218. *Mr. Scott.*] Who do your buyers reckon is your most dangerous competitor: is there any particular firm?—I would not say that. There might be some extracts in this paper that gives names. Here, for instance, are extracts from letters from our buyers: "January 22nd, 1917.—Your prices are a little under the rest down here: Prime ox 47s., prime cow and heifer 45s., seconds 43s.—the Meat Company and Sims-Cooper are giving these. Some of them are over 8½d. for lamb, and wethers and ewes are up a bit. I hear some of the last sales are well over 9d. Borthwick's have no limit." "February 12th, 1917.—Things are very hot down here. I got thirty-two lambs at Temuka last week, and to-day at the Point sale I got nothing. They would cost 9½d. over all, and some over. Borthwick's got 1,200, Sims-Cooper 1,300, lambs and sheep, and all the rest did not get 500 between them."

219. *Mr. Anderson.*] You are guaranteed by Mr. Armour of Chicago: what profit does he get out of it?—He gets the profit on his money, the £20,000 that he has invested in it.

220. He has guaranteed your company, and he gets no profit except that?—No. We make the profit here in New Zealand—we sometimes make it—we might make a loss in any particular year.

221. Are you related to Mr. Armour in any way?—No, sir; I wish that I was.

222. I was wondering how he came to guarantee you in this matter?—I had a talk with him about eighteen months ago, and at that time they were anxious to get established in New Zealand in order to be able to supply the London end of the business with stuff from New Zealand instead of going to Mellsop, Elliott, Gilbert Anderson, Weddel, Sims-Cooper, the London Produce Company, Borthwick's, Gordon Woodrough—the men who are dealing on the c.i.f. basis. Armour's had no buyers here, and used to pay these men a profit in London. We started our own buying organization here, and we try to make that profit that they were making out of us.

223. Who gets the profit from your company?—Armour and Co. (Australasia) (Limited) get it if there is any profit.

224. You have one share: practically all the shares belong to Mr. Armour of Chicago?—If there is any profit I suppose it will go back into the business.

225. It will not go to Mr. Armour?—No.

226. Yet he owns the shares?—We pay him dividend on his money the same as if we had borrowed it from you or anybody else.

227. You buy a sheep for, say, 10s. in New Zealand, and you sell it in London for 15s.: do you get that profit or get a commission on it?—We get a profit.

228. Then some people in the Old Country get the 5s.?—Yes. We have already bought butter, and we have sent one shipment away. We draw on London and charge commission for buying that butter.

229. Then you are simply a commission firm?—Yes, we are simply a buying firm. We do not take a lamb and make two lambs out of it—I mean that we do not improve the stuff in any way. Under present conditions immediately meat goes into the works the Government takes it over at the fixed prices.

230. You have a system of tagging it?—We have not; the freezing-works have.

231. Some of it is tagged "Armour"?—Yes. It goes to McLean-Laurenson in London.

232. Have you given your buyers any instruction to outbid competitors at local sales in order to create a name for your principals?—No; our buyers have had opposite instructions. I have not done that in one instance.

233. Not in Southland?—No.

234. You have not started with the intention of wiping out the other fellows?—No; that is not our method of doing business. We do not try to squeeze out anybody. I think the best proof of that is that since we started in New Zealand we have had four different organizations offered to us for purchase-meat-export business, New Zealand produce businesses, dairy businesses. It seemed that the people were absolutely afraid. They said, "This monopolistic concern has come here. It will have us out. We will sell quickly." We have bought one business, and we did not go after that—they came to us and asked us if we were in a position to talk to them. That was the Josephs business. Our London and Chicago friends knew nothing about that business; they did not know who Josephs were.

235. I suppose you cannot answer for what Mr. Kingdon has done?—I can answer this, that Mr. Kingdon has done absolutely nothing more than I am telling you.

236. Up to your coming he had never been associated with Armour's?—No.

237. Have you ever told any of your buyers to go to a district, say Temuka, and buy a line of sheep from a very well-known farmer at a price far above the market, say 2s. per head above the current prices, in order that the farmers all around may hear of the transaction and may force your competitors to pay the exceptional price?—Never. If I knew of one of our buyers doing that I would discharge him at a minute's notice.

238. I am not suggesting that it has been done: I am merely putting a case?—I say that it has not been done. If I knew of a buyer doing it I would discharge him.

239. Well, you have not done it. I suppose, according to your statement, that any profit made on the meat that you send Home remains in England?—I think so. I am not familiar with the English taxes, but I should say Yes.

240. If you bought stock outright in New Zealand and sold in London yourself, the profit would come out here?—Yes.

241. You cannot do it with your present company?—We can do anything; we can do exactly what we think fit. If Borthwick and Co. gave more than Armour and Co. in London, then we would sell them our stuff. We are not tied in any way. Here is a copy of a cablegram we received from London last April from the London company. I had asked them something about finance, and they cabled to us as follows: "We are a separate limited company. You are not branch of ours. Cannot comply with your request. Probably Chicago could arrange through their bankers here. Consult your solicitors. Telegraph what he recommends.—ARMOUR." The message shows that they regarded us as a separate concern. Here is an extract from a letter from London, dated 2nd May, 1917: "I wish to say in the first place that Armour and Co. (Limited) are not interested in any way in your business other than the ordinary relationship between buyers and sellers, but Mr. R. H. Cabell and the writer, at Mr. Armour's request and under existing conditions, will be glad to render assistance as they may be able." Mr. Cabell is the manager of the London office. Our original articles of association had a reference to Armour and Co., London. We referred to them as arbitrators in case Mr. Kingdon and I could not agree in any matters. The manager of the London office is commissioned by Mr. J. Ogden

Armour to give us any assistance that he can, as we are only babies in the game. He wrote to us on 2nd May, 1917, from London: "We have read your articles of association which you were good enough to forward to us. We are surprised to note that they contain a clause in which reference is to be made to us under certain circumstances. We are not interested in any way in your company other than the relationship between buyer and seller, and cannot undertake to act as arbitrators, or in any respect in connection with the organization and conduct of your business. We must ask you, therefore, to delete that clause in your articles which makes mention of this company, and advise us that you have done so."

242. *Mr. Anderson.*] It seems a rather extraordinary position, that he should say you are quite independent of Armour and Co. of Chicago and Armour and Co. of London?

*Mr. Reed:* He did not say "Chicago"—he said "London"?—We are also quite independent of Armour and Co. of Chicago as a company, but not of Mr. J. Ogden Armour, who is the head of that company.

243. *Mr. Anderson.*] If you are independent it seems extraordinary that you should have communicated with these people?—It is perfectly simple. Armour and Co., London, and Armour and Co., Chicago, might be called brother and sister. We are also one of the offspring, as far as that goes.

244. Do you intend to continue doing your business in New Zealand?—Yes, sir.

245. You have made your home here?—Yes.

246. Your business prospects are bound up in New Zealand?—Yes.

247. Do you think it would be possible at any time for this alleged trust, or for any company, to have absolute domination in this country so that it could regulate the price of stock to the farmers?—I do not.

248. Has your company any intention of taking part in any such effort?—No; absolutely none whatever.

249. One of the witnesses told the Committee that he knew of a shipment of New Zealand meat being sent from Auckland to San Francisco and that a man named Spreckles used pressure to prevent any more being sent in the same way?

*Mr. Reed:* He owned the shipping line.

250. *Mr. Anderson.*] You said that America would welcome our trade: was the statement I have mentioned correct or otherwise?—If the statement is correct there must have been some reason at the time why that was done. It would not be done by the American people, but by some individual.

251. By the trust?—Not by the trust. There is no such thing as a trust. It would be done by some individual or by some individual company. Do you not see that with the sheep and cattle country of America being populated more every year the companies that want to do killing are being absolutely wiped away? For instance, my company, we will say, has pushed ahead for the last ten years—I mean the parent company. They have had one or two good years, but they have absolutely lost money. If they cannot see sheep and cattle coming in from all parts of the world, where are they going to get the stuff to continue in business at the end of ten or fifteen years? They must welcome every producing country in the world, and I take it that is what New Zealand is—a producing country. I feel sure, and I can assure you gentlemen, that if we could get New Zealand products into America to-day we would have one of the best markets in the world. We will see that you do get it. We want to help you to get it. Our attitude is not antagonistic to New Zealand in any shape or manner. We are on our own, not connected with any other company, and I am sure that in five or ten years you will look back and see that New Zealand produce and New Zealand farmers have gone ahead from this date.

252. *The Chairman.*] You went to America just about eighteen months ago: what was the object of your visit?—To see my people as much as anything.

253. I mean the business object: was not the business object to arrange for the formation of your company in New Zealand?—No, sir.

254. You never thought of it when you left?—No.

255. Who suggested it?—Mr. Robbins and Mr. A. Hern, of Armour and Co., made a visit out here about two years ago. They suggested it when I was in America.

256. They suggested that a company should be formed in New Zealand, and that it should be a New Zealand company?—Yes—a New Zealand company pure and simple.

257. Entirely supported by Mr. J. O. Armour in matters of finance?—Yes.

258. When the company was floated, why were the shares allotted in this way—3,998 to you, one to Mr. Kingdon, and one to Mr. Alpers—instead of, as they stand to-day, in Mr. Armour's name?—I think that in order to start a company here under New Zealand law a man must reside here.

259. Yes, that is so?—There was no other reason.

260. Then in order to conform with the New Zealand law a company was started on a basis that did not represent the real state of affairs? For example, you did not put in this amount of capital, although the shares were in your name?—The money was advanced to me by Mr. J. O. Armour.

261. This was a method—it may be a perfectly legitimate one—of getting over the New Zealand company law?—Mr. Armour provided a credit to pay for the shares.

262. And as soon as the company had been floated the shares were transferred from you to him?—That is so.

263. Your position in the company is that of a paid officer?—Yes; I draw director's fees.

264. Is the company in New Zealand charged for the guarantee that Mr. Armour gives?—We have to pay interest at the bank on the overdraft.

265. But behind that is the guarantee again?—Yes. We pay nothing for that at all.

266. Then this company to all intents and purposes is Mr. J. Ogden Armour of Chicago?—You might say that is so. We are financed by him.

267. The company is practically owned by him. He could close it to-morrow, or do anything he liked with it. He owns all the shares?—I suppose that is so.

268. It comes to this: that in order that J. O. Armour may carry on business in New Zealand he has formed a private company in this way?—Yes.

269. J. O. Armour has very, very large funds at his disposal if he desires to operate in this country to a large extent: he could get very large financial means if he wished to operate largely?—I suppose that is so.

270. Would you not say that is so positively?—No, I would not.

271. Do you not know him to be a very wealthy man?—No more than you do.

272. The freezing-works, or many of them, have given you satisfaction up to date?—Yes, excellent satisfaction.

273. If the freezing-works failed to give you satisfaction there would be no difficulty in Mr. Armour establishing his own works in New Zealand?—None whatever.

274. So far as money is concerned there would be no difficulty in Mr. Armour extending his operations to practically control the whole trade of this country?—That is not his method.

275. But if it was his method there would be no difficulty?—Yes, there would be a great deal of difficulty. No man can possibly do it under the methods in which you do business in New Zealand. There are too many small companies and small freezing-works handling small lines.

276. Cannot a man with so much money at his back squeeze out these small companies if he desires to do so?—No.

277. Why not?—It would not be business to do it.

278. But if it were business to do it, could it not be done in order to get ultimate control of the industry?—I do not say that.

279. Why not: is the finance too big?—I do not think so.

280. Supposing that it would be a profitable thing to squeeze out these small companies?—I have never conducted business on those lines.

281. In your opinion could it be done?—I have not any opinion on the subject.

282. You say that your company gets no profit on the selling of the released meat after it has reached the other end?—We do not have any meat released.

283. Surely you have free meat?—We do not have any free meat released to us at all.

284. Then you have the right to nominate your ewe mutton and lamb to your agent in London?—Yes.

285. Do you get any profit on the retail sale of that meat?—None whatever.

286. Are you aware that a lot of New Zealand lamb is reaching the consumers in the Old Country at a price that represents a very large profit over the wholesale price?—Yes, sir; so I understand from the newspapers.

287. In your opinion is that profit too large?—If I knew what they are getting for the poorer parts of the lamb, as we know what they are getting for the best parts, I could tell you.

288. Have you not formed your own opinion as to whether the profit is too large or not?—It is very hard to form an opinion, because we have never had information as to what the retailers are getting for the poorer parts of the carcase. We know what they are getting for the choice cuts, but not what they are getting for the poorer parts.

289. Have you entered into any negotiations with freezing companies in New Zealand for the purchase of their works?—None whatever.

290. Which company gives you the better terms—the Canterbury Frozen Meat Company or the New Zealand Refrigerating Company?—They are both the same as far as I know.

291. These two companies give you terms which no other companies give you?—No, that is not so. All the South Island works have about the same terms. We get the same terms as everybody else gets as far as I know.

292. *Mr. Pearce.*] I do not know whether you have any knowledge of the Argentine position. I think you said in reply to Mr. Field that when the Americans went into the Argentine they forced up prices?—I said nothing of the sort. I said that prices were forced up by competition. That competition might have come from the English or from the American firms. Nelson Bros. and other English firms were established there, and we wanted to get the stuff, and the competition forced prices up.

293. You say that the general competition forced the prices up?—That is so.

294. We have evidence that they were very much higher than in New Zealand then?—Yes.

295. Then you said that the coming of Armour's into the Argentine had not done any harm to the producers there, and that the prices there were as good as those in New Zealand now?—That is my opinion.

296. But you stated that as a fact?—Did I say it was a fact?

297. You made the statement that the prices to the producer in Argentine were just as good as, if not better than, those now being obtained by the New Zealand producer?—If I said that I referred to some time ago. I have no knowledge of the present position in the Argentine.

298. You see the prices of special bullocks in the Argentine have been running from £14 to £16, and of good bullocks from £8 10s. to £10 10s.?—But what class of bullocks?

299. Well, you know that the bullocks in the Argentine are better bred and of better weights than those in this country?—Yes, that is so.

300. And these prices are not much more than half what we are getting in New Zealand?—That is so.

301. Does not that show that the policy of the Meat Trust is to reduce the prices to the producer as soon as they get control of the market?—Not at all

302. How is it, then, that these prices exist when, as you probably are aware, the Argentine meat companies are able to get better prices for their meat from the War Office than are allowed to the New Zealand producer; and how is it that in spite of this the price of stock in the Argentine is about half what it is in New Zealand to-day?—I do not know anything about that.

303. You said previously that you did?—I was speaking about my knowledge of some years ago.

304. The forcing-up of prices was years ago, but you said that the present prices were higher in the Argentine?—In my opinion they are.

305. You have made a statement that you are out to deal fairly with the producer, and to keep prices up to a fair market level?—Yes, sir.

306. Is it not a fact that the effect of the operations of the Meat Trust in North America and in the Argentine has been to reduce the price of stock to the producer?—I do not know, sir.

307. You do not know? I think the Committee know. Has not your company got authority to do it in New Zealand?—No, sir.

308. Is it not a fact that the president of the Armour Company, Mr. J. Ogden Armour, owns all the shares in the New Zealand company?—He is not a director. The directors control the company's business in New Zealand.

309. But he makes the directors, does he not?—He can shift both directors if he wishes.

310. And he can shift the policy of the company?—I am perfectly certain he will never shift the policy of the company.

311. Is that what they did in America?—We are talking about New Zealand now.

312. We must go on what the trust have done in other countries?—I say that we have nothing to do with other countries. Mr. J. Ogden Armour is not a director of our company, and he does not conduct the policy of our company.

313. But you say he has entire control of it?—He has control of it in this way, that he finances it.

*Mr. Lee:* He can liquidate the company to-morrow.

314. *Mr. Pearce.*] Have you not to do what he tells you as regards policy?—Why will he not do this here?—Because it is not his way of doing business.

315. It is proved that he does it in other countries?—I do not think that is so.

316. Well, in North America they were so satisfied of it that they set up a Commission to inquire into it?—And did they find out anything? They absolutely found no trust, or sign of a trust, existing.

317. Is it not a fact that I put before you about Argentine—that your company has a free run there, and that now at least the prices paid to the producers are less than they are in New Zealand? Is this not a proof that this is their method?—I think you are just as good a judge of that as I am. I am not a judge of what has happened in South America.

318. You have told us about Armour and Co. of London, but you do not send your meat to them: it goes to McLean and Laurenson. Do they get the profit?—Yes.

319. Have they any retail shops?—I do not know.

320. And you send your meat to them?—Yes.

321. And yet you do not know whether they have any shops: that is rather an extraordinary thing for the director of a company to say?—Oh, I do not know.

322. *Mr. Anstey.*] In making out your income-tax forms do you deduct from your profits the interest you pay to J. Ogden Armour?—We have not been in business a year yet, and we have not yet made out our income-tax. We will not do so until the 31st October.

323. Do you anticipate doing so?—I do not know. I have not seen an income-tax form. The question has never been brought to my mind before.

324. Is this money lent to Armour and Co. of New Zealand by J. Ogden Armour?—No, he does not put up the money at all.

325. But J. Ogden Armour has given the £20,000 with which this company is established: I am not talking about the credit at all?—I see.

326. J. Ogden Armour has lent the firm of Armour and Co. in New Zealand a certain amount of money to start business: do you think you will be able to deduct from your profit the interest paid on that money?—I should not think so.

327. *Mr. Anderson.*] I am going to ask the witness if Mr. J. Ogden Armour has the same controlling interest in the London business that he apparently has in the New Zealand company?—I think he has.

328. Does Mr. J. Ogden Armour profit by the increase in the prices of lamb in the English prices as compared with those paid in New Zealand by Armour and Co. here and sold by this other firm you have told us of?—I should say not.

329. What I cannot get over, Mr. Chairman, is that in business, whatever he may be privately, this Mr. Armour never appears to be a philanthrophist. Now, from what this witness tells us he is a philanthrophist. What business profit does he get from all these concerns?—I should say the dividend on the money he lends out—the dividend on the money he gives us to put into the business.

330. This £20,000?—Yes, sir.

331. *Mr. Talbot.*] I understand from what you say that Armour and Co. of America thought it advisable to open here in order to get the profit previously going to people they were buying from at Home, and yet you now state that your company does not sell to Armour and Co. in London, but to other people?—We have only been organized since the war, and the Imperial Government have had all the meat, so that we have not really had a chance of getting back into normal conditions. We could sell to our own people or to anybody; it would not make any difference to whom we sold.

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.

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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

meat and trust organizations in order to cloak up the identity of the real owners. In the 19th July, 1917, issue of *Cold Storage*, published in London, on pages 153 to 155, it reports a rather interesting case that came before the Commercial Court of the King's Bench Division of the High Court of Justice in England, concerning a claim that was made by Vestey Bros. against the Union Insurance Society of Canton (Limited) in connection with a claim for partial damage to cargo of poultry valued at £132,600 that was shipped from Hankow to the United Kingdom on s.s. "Brodvale," of the Blue Star Line. It turns out in evidence that Vestey Bros. not only owned the poultry but also the Blue Star line of steamers, for on page 54, under cross-examination, Mr. W. G. Bundy, manager for Vestey Bros. (Limited), said that the "Brodvale" was owned by the Blue Star Line (Limited), which had a capital of £92,000 in £1 shares. Of these shares Messrs. Vestey Bros. (Limited) held 91,998, the two remaining shares being held by their nominees. There were no directors, but only a manager. The Blue Star Line were in a "protection club." He was not aware that on a subsequent voyage fifty-four bottles of gas were used. You will therefore observe that Vestey Bros. are carrying on business in this way in England, and you will notice they are steamship-owners as well as meat-owners.

If it is necessary for your Committee I would be quite prepared to make a declaration embodying the statements I have made, for submission to your Committee, or if you think it necessary I would be pleased to attend personally and give evidence on the lines of this letter. It is possible, however, that you have sufficient before you to warrant your acting in the direction I suggest without further evidence; but if you require same and think I can assist you I will be pleased to make it convenient to come to Wellington at any date you may fix.

Yours respectfully,
W. Douglas Lysnar.

E. P. Lee, Esq., Chairman Trust Committee, Wellington.

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*The Chairman* produced a letter, dated 27th September, from Mr. John Cooper, manager for Mr. M. M. Morrison, Pokaka, Taihape, which the Committee desired should be recorded in the evidence.

Following is the letter:—

Taihape, 27th September, 1917.

Last January I had two thousand shorn lambs for sale. I wanted 21s. each for them, but the best offer I could get was 20s. Finally the offer was increased to 20s. 6d. This was made privately when I was at the Taihape sale early in January. Sims-Cooper's buyer saw the man who made the above offer talking to me, and afterwards came up to me and said, "How much did So-and-so offer you for your lambs?" I replied, "22s." He then said, "I will give you 22s. 6d." I replied, "I will accept that." The lambs were delivered to Sims, Cooper, and Co. the first week in February. I did not shear them until the middle of January. Before delivery Sims, Cooper, and Co. offered me £400 to cry off the deal, but I refused this and insisted on their taking them. They reoffered them for sale in the Feilding sale-yards in March, but could only get an offer of 15s. 6d. for the best of them. They were finally trucked over to Hawke's Bay and sold there. Sims, Cooper, and Co. made a loss of £800 on the line. They only offered me a higher price to beat the other buyer. This is the system they are working on, trying to eliminate all other competition. I believe if I had said the other buyer had offered 25s. they would have offered 25s. 6d.

Yours faithfully,
John Cooper,
Manager for M. M. Morrison.

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Robert Albert Anderson examined. (No. 31.)

1. *The Chairman.*] You are the managing director of J. G. Ward and Co. (Limited), Invercargill?—Yes.

2. Are you acquainted with the objects of the investigation of this Committee, generally speaking?—Not fully. I just understand you are inquiring into trust matters, trying to find the Meat Trust, if there is one.

3. Have you any general statement you would like to make on the subject of the trust operating in New Zealand now, or the prospect of it operating detrimentally to the meat trade in any way?—No. I saw there was a statement made by Mr. Grigg, I think it was, who said that as long as the freezing companies were owned by farmers or New Zealand people we did not need to fear the operations of the trusts. Personally I do not agree with that. I think that in nearly every district in New Zealand we have more than one freezing company, and that it is quite possible for a large combination, such as a trust, to purchase very largely in a district, put all its purchases into one works, and so be able, I will not say to get control, but at least be able to handle so much meat as to dictate terms to a company. I think that is just as big a danger as the trust owning the works. I have no particular statement to make, because we are not, as far as we know, operating with the trust. Armour and Co. are not dealing with us: they are dealing with the other company in Southland.

4. *Mr. Pearce.*] What company is that?—The Southland Frozen Meat Company.

5. Is that the Ocean Beach works?—No. We have the Ocean Beach works.

6. Is the other company a farmers' company?—Farmers and private people who own the shares.

7. I understand that J. G. Ward and Co. do not own these works: they are merely acting as agents for some one else?—Yes.

8. Who are the owners?—The Federal Steam Navigation Company. That is a London firm.

9. Have not Birt and Co. (Australasia) something to do with it?—Birt and Co. have offices in Sydney, and are the attorneys for Australia of the Federal Steam Navigation Company.

10. The Ocean Beach works belong to the shipping company?—Yes.

11. Are you aware that Birt and Co. are the agents in Australia for Armour and Co., of Chicago?—No, I have no knowledge of that.

12. It has been stated before the Committee that this is a well-known fact. If Birt and Co. are agents for your business it seems rather peculiar that you do not know of the relationship between Birt and Co. and Armour and Co.—whether Birt and Co. are Armour's agents or not?—I do not know of my own knowledge. I have heard statements made. I do not know whether it is a fact or not. We are not agents for Armour's in Invercargill. We have neither bought from nor sold to them.

13. Do not Birt and Co. have anything to do with instructing you as regards running these works?—I have had instructions from no one, certainly for nine years. I was at Home nine years ago, and I saw Mr. Allan Hughes, who was chairman of the Federal Steam Navigation Company. I have not had letters or instructions of any kind. Mr. Hughes said to me in effect, "If you return me so-much you can do what you like."

14. What do you mean by "so-much"?—So-much interest on the invested capital. We have treated the works as if they were our own. We have endeavoured to do as much business as we could.

15. Whom do you ship to in London?—Any meat we have control of ourselves we ship to Gordon, Woodroffe, and Co.

16. What proportion is that of the meat from your works?—It is a small percentage. So long as we can get enough to keep us going we do not bother much about purchasing ourselves.

17. Who are the principal shippers from your works?—The firm who do most with us is J. H. Kirk and Co., a local firm in Invercargill.

18. They ship on their own account?—Yes.

19. You have no control as to where they ship?—No.

20. You absolutely deny that Birt and Co. have control of these Ocean Beach works?—Birt and Co. have never given me any instructions as to what we should do, whether in buying or selling or anything else. We deal with the works exactly as if they were our own.

21. The Committee have had evidence here from various men interested in the business that Birt and Co. were the owners of these works, and that they were agents for Armour and Co., of Chicago. In confirmation of that we have Armour and Co.'s pamphlet stating that they own a freezing plant in New Zealand. That statement is made in their pamphlet issued in 1917. In the face of this evidence do you still say these works do not belong to them?—Yes; I have no knowledge of it. The title, I believe, is in the name of the Federal Steam Navigation Company. The siding rights and everything are in the name of that company. If Armour's were interested in these works at all they would freeze there.

22. You are alluding to the New Zealand Company—Armour and Co. (Australasia) (Limited)?—Yes.

23. They declare that they are not connected with the other company represented by Birt and Co. Do you know what firm Kirk's ship to in London?—Yes. They ship to James Morrison and Co. Their business is selling; they sell to London firms; they do not consign. They try to sell c.i.f. They also sell to Gordon, Woodroffe, and Co. and to F. J. Walker and Co.

24. You say that the Ocean Beach works belong to the Federal Steam Navigation Company: have they any representative in New Zealand, any office or representative who would make arrangements with you regarding the works?—They have no representative here. The Federal line itself has an office here. The African Steamship Company represents them as regards shipping.

25. Whom do you deal with as regards the works? Have you a lease or something of that kind?—We receive a salary for managing the works. We send our returns once a year through to Sydney to be remitted to London.

26. Whom do you send to?—Birt and Co., of Sydney.

27. They do act as agents, then?—They never make any reference to us in connection with the works. They receive the papers, acknowledge them, and say that they are passing them on.

28. They represent the firm in Sydney?—They represent the Federal Steam Navigation Company there.

29. How do you know they are not representing Armour and Co.?—I do not know.

30. Then they may be representing Armour and Co.?—I do not know. I have heard the statements that are being made.

31. *The Chairman.*] Then your company, J. G. Ward and Co., have no interest in these works or the business except as managers at a fixed remuneration?—That is so.

32. The whole of the business, as far as you know, is the business of the Federal Steam Navigation Company?—Yes.

33. The title of the land is in the name of that company?—Yes, I understand so; I have not seen the title. The sidings and everything are in the name of the Federal Steam Navigation Company.

34. Are you paid a fixed amount, or does the remuneration vary according to profit?—We are paid a fixed amount.

35. To conduct their business?—Yes.

36. Have you always reported to the Federal Steam Navigation Company through Birt and Co., of Sydney?—Yes, we have always sent our report through Birt and Co. (Limited), Sydney.

37. Who arranged the original contract by which you carry on the business for this company: did Birt and Co. arrange it?—The original works were owned by Nelson Bros. I think it was about seventeen years ago the works were on the market, and the shipping company then bought them.

38. The Federal Company?—I would not be quite sure. Mr. Birt, who was largely interested in the Federal Steam Navigation Company, came over here and saw the works himself. He made the arrangement. It was not made with me. The manager for Nelson Bros. continued to manage for the new purchasers under us.

39. Then Mr. Birt made the arrangement?—Yes. He came out here. He has been out of the firm for a good many years now; in fact, I believe he is dead.

40. Do you get instructions direct from the Federal Company at Home or through Birt and Co.?—We have had no instructions at all. We get acknowledgments of reports and remittances from Birt and Co.

41. Do you get any communications from the Federal Steam Navigation Company, or is it all through Birt and Co.?—I have had one or two letters from Mr. Hughes himself. He is chairman of the Federal Company. He seldom writes letters, and he is a difficult man to get anything out of.

42. Do you get considerable correspondence from Birt and Co.?—No.

43. You have it all in your own hands?—Entirely.

44. *Mr. Anstey.*] Have J. G. Ward and Co. any proprietary interest in the works?—None.

45. Do they own no shares?—No, none at all.

46. Does that apply to the Federal Steam Navigation Company?—We have no shares in any overseas steamship company at all.

47. Do Armour and Co. operate and freeze in Southland?—Yes.

48. Do they put all their meat through the rival works?—Yes. The other company has two works, at Mataura and Makarewa.

49. They have never put any sheep into the Ocean Beach works?—No.

50. Have Vestey and Co. or Fletchers dealt with you?—They do not deal with us.

51. Are Sims, Cooper, and Co. operating there?—Yes; they are freezing through the Ocean Beach works.

52. *Dr. Newman.*] Are you freezing for Swift and Co.?—No.

53. Who owns the Federal Line now?—I understand the shares are held by the New Zealand Shipping Company.

54. That is the P. and O.?—Yes.

55. Do you know anything about Birt and Co. and their works at Brisbane in connection with Armour and Co.?—No; I have never been over there.

56. You know nothing of any connection that may or may not exist?—No, I do not.

57. *Mr. G. J. Anderson.*] Do you think that the American Meat Trust is working in New Zealand?—I think they are. Of course, Armour's are working openly.

58. Have you ever heard of Swift's being connected with Birt and Co. on "the other side"?—No.

59. Have you any suggestion you could make on the subject of controlling the Meat Trust?—I think if you can wipe it out you should do so.

60. That is, wipe Armour's out?—I do not care what trust it is.

61. Do you think that a British trust might be as bad for the farmers as an American trust?—I think any trust in a position to exercise control would be bad for the farmers.

62. Do you think that in going into this matter this Committee should take into consideration shipping companies as well as freezing companies and exporters?—Of course, that is a pretty wide subject. If you are going to legislate for the control of shipping it might mean opening State lines.

63. You think that if a shipping company got a preponderating interest in a freezing-works it might be prejudicial to the producers? Your company is in the hands of the Federal Steam Navigation Company. Supposing this big shipping ring obtained a controlling interest in other freezing companies, would it be prejudicial to the producers?—It might be. I should be sorry to see any concern getting a controlling interest of the freezing companies in New Zealand, no matter what it was.

64. So far you have not seen any prejudicial effects from the operations of the trusts?—No, except that I think prices have been forced up.

65. Do you think that has happened through Armour's?—I think that Armour's have been paying bigger prices than are warranted.

66. What about Sims, Cooper, and Co.?—We have not found Sims, Cooper, and Co. any trouble. They are not big suppliers to our works.

67. *The Chairman.*] Do you buy?—We buy small lots. We do not bother much about it so long as we keep the works going.

68. Do you give rebates?—We have an arrangement with the Southland Freezing Company so that we may not be shot at by any person trying to put one company against the other. We give a small rebate on freezing-charges only on certain quantities—so-much up to 20,000, and slightly more up to 40,000. This is done for the purpose of preventing any firm coming to us and saying that if we do not give them a rebate on freezing-charges they will go to the other company. The two companies work under an arrangement as regards freezing-rates only, so that we shall not have people coming and saying that they can get a certain rate from the other company. We work on similar rates and on a quantity scale. We compete without any arrangement regarding prices for buying.

69. *Mr. G. J. Anderson.*] Do you give the same to everybody?—Yes, on freezing-rates.

70. *Mr. Anstey.*] Are the freezing-prices the same for everybody?—Yes.

71. You are working together to keep up the price of freezing?—We cannot do that, because we have competitors alongside of us. But we do not want to be shot at by the big speculators, and the freezing-rates of both companies turned into a loss.

72. *Mr. Reed.*] I understand that your company had a sale and an agreement with your purchasers—a sale of your works, and an agreement by which you carried on the management?—I do not quite know what you refer to.

73. The Ocean Beach works were sold—they were sold by J. G. Ward and Co.?—No; they were bought from Nelson Bros., who sold to the Federal Steam Navigation Company through Mr. Birt.

74. Then what was your position in regard to Nelson Bros.?—We have had nothing to do with them. When the Federal Company bought from Nelson Bros. they made an arrangement with us to take charge on their account.

75. Have J. G. Ward and Co. never been the owners?—No. Sir Joseph Ward originally built the works, and they were then sold to Nelson Bros. It was from Nelson Bros. that the works passed to their present owners, the Federal Steam Navigation Company.

76. Were J. G. Ward and Co. managing for Nelson Bros. originally?—No; Nelson Bros. had their own manager. When the Federal Company bought the works from Nelson Bros. the manager came over to us when we were appointed agents.

77. After the sale from Nelson Bros. to the Federal Company you were employed as managing agents for the Federal Company?—Yes, for the works—that is so.

78. Your agreement is with the Federal Company?—Yes.

79. For how long?—No time at all.

80. Have you had any correspondence with Birt and Co., of Australia?—Not other than that in reference to accounts.

81. But you have had correspondence?—Yes.

82. Have you noticed the heading of their note-paper in which they state that they are the owners of the Ocean Beach works?—Yes, I have seen that. They advertise themselves also on their note-paper as managing agents for the Federal Company.

83. On their note-paper they advertise themselves as managing agents in Australasia for Armour and Co., do they not?—I have never seen that on their paper.

84. I would not be quite certain about it, but I think it was on a letter produced to the Committee?—I have never seen it stated on any letter-paper that comes to us that they are agents for Armour's.

85. Who are the owners of the Federal Shipping Company—do you know?—It is a London company.

86. Are not Birt and Co. very big owners of the Federal Company?—I do not know.

87. Have they not pretty well a controlling interest?—I do not know who holds the shares. The only man in the concern that I have met at all is Mr. Hughes, the chairman of the company.

88. *Mr. W. H. Field.*] Do you freeze only, or are you buyers?—We freeze.

89. You do not buy?—We may buy a few for ourselves, but the quantity is small. The works do not buy, but freeze for farmers or anybody who comes along.

90. You would be content to confine your operations to freezing purely and simply?—Yes.

91. When you freeze for men supplying large quantities do you allow rebates?—Yes, on the freezing-rates, but they are very small.

92. Can you give us any suggestions as to how to cope with this Meat Trust?—I cannot at the moment suggest any practical way; but there is another matter about which I wished to speak to the Committee: it is about another trust. [Reporting stopped by order of the Chairman.]

*Witness:* I would suggest that no new business in connection with the primary products of this company should be allowed to be established by any foreign concern during the currency of the war, and for, say, twelve months afterwards.

93. *Mr. G. J. Anderson.*] You mean, of course, new foreign business?—Yes.

94. *The Chairman.*] I want to clear up one matter. When Mr. Pearce was asking you a question or two at the start you replied to him to the effect that as long as you paid interest to the Federal Company they were satisfied. Mr. Pearce took that to mean that you had all the profits of the company, and that you simply paid them interest on their capital?—No, that is not so. I made it clear to you that we get remuneration, but no share in the profits. What I said was this: that Mr. Hughes was satisfied to leave us a free hand in managing the company if he got his interest and depreciation. Of course, we quite understand that if we cannot make the company pay we would not hold the agency.

95. *Mr. Anstey.*] Would not the profits of this company be declared in England?—We submit a balance-sheet to the taxing Department here, and we pay taxes as a New Zealand company. We pay on the profits of the works.

96. How do you define the profits on the meat that goes to London: the profits are made in London?—Our company is not a buying company. Our business is purely a freezing business.

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FRIDAY, 19TH OCTOBER, 1917.

Right Hon. Sir J. G. WARD examined. (No. 32.)

1. *The Chairman.*] The Ocean Beach Freezing-works, near the Bluff, are managed by J. G. Ward and Co. (Limited)?—Yes.

2. Who are the owners of the works?—The Federal Steamship Company of England. It is a purely British Company.

3. We have been told by Mr. Anderson, your managing director, that the Federal Steamship Company's agents in Australasia are Birt and Co. (Limited)?—Yes; they are the attorneys for the Federal Steamship Company. There are no attorneys in New Zealand for either the Federal Company or Birt and Co.

4. When dealing between your company, J. G. Ward and Co., and the Federal Steamship Company, you deal with their attorneys in Australia?—The returns of the working of the Ocean Beach works are sent to them.

5. As attorneys?—Yes; but they do not take part in the management or control of the works in any respect, or interfere in any way with the management—neither they nor anybody else. The works are under the sole control of J. G. Ward and Co. (Limited), who have no shares and no interest, and never have had, in either the Federal Steamship Company, Ocean Beach Freezing Company, or Birt and Co.; and none of them has any shares or interest in J. G.

Ward and Co. (Limited); nor am I or any one else connected with the firm interested, and never have been, as a shareholder or debenture-holder in any overseas steamship company trading to or from this country. I may be permitted to state here that when last in England there was a rumour current among the meat companies there that some of the American meat companies had acquired an interest in the Ocean Beach Freezing-works, or that some of them had purchased the works. The statement was made by some that the works had been purchased outright. I went to the headquarters of the Federal Steamship Company as a result of the rumour and asked if there was any truth in it, and was assured that there was not. I was also informed that none of the American people had any interest in the Ocean Beach Freezing Company whatever. I asked, in the event of an intended sale of the Ocean Beach works, that J. G. Ward and Co., who had worked them on the whole successfully, should have the first refusal—that is, the option of purchasing them. I was told it was not contemplated to sell them, but if it was so decided we would have the first refusal. So that it is quite clear that these rumours, which are very often circulated by commercial opponents and sometimes by scandalmongers, have no foundation in fact; in addition to which no American meat trust, or company, or firm, nor any representative, has ever done a single line of business with the Ocean Beach Company. They have neither frozen in the company nor bought from the company—nor with J. G. Ward and Co.—and we have had no transactions of any sort or kind with any of them. They do their business, as a matter of fact, with the opposing freezing company in Southland. Of course, I take no exception to that, because any company is entitled to do its business where and with whom it pleases, and there is nothing wrong in that. If they had offered to do business with the Ocean Beach Company we would have been very glad to do business with them on commercial lines. The Ocean Beach Company is a freezing company entirely. It has never exported or owned meat at any time. All persons doing business with the Ocean Beach Freezing Company have the same rates on the same quantities, and the same rebates are given without exception; and if any one came along who wanted to purchase meat or to freeze meat through that company the company would, as a matter of business, take it if the space was available, whether it was an American or a Chinese company trading legitimately in this country. I want to make it clear that I do not in any way suggest that I agree with the entry into this country of any large American meat trust or combine, because I do not. I am opposed to trusts of all kinds. Here is a fact that I wish to put on record. Last evening I telegraphed to Mr. Anderson to ask him how many sheep and lambs had passed through the Ocean Beach works this year, and his reply, received this morning, is, "Ocean Beach killed 49,594 sheep, 52,984 lambs, total 102,578. These are the figures for this season now closed." Mr. Anderson also sent me side by side with that telegram this message: "During latter part of season Armour's company were giving prices which other buyers could not look at. Hence our total railings this season are much below what we should have secured." I want to say that it is within my own knowledge why the Ocean Beach works were acquired by the present owners. It was not for the purpose of meat speculation, because neither the Federal Shipping Company nor Birt and Co. speculate in meat through the Ocean Beach works. They have never provided money to purchase sheep or lambs, and they have not, so far as my knowledge goes, directly or indirectly had any interest in the sheep passing through the Ocean Beach works. As to the men who do business with the Ocean Beach works, there are a number of farmers who send sheep and lambs to the works, and these are sold by J. G. Ward and Co. to different shippers, of whom we have several. We have also the business of regular fairly large local operators. The whole of that meat goes to opposing firms in England of the American meat trusts. Anything done by my own firm, which speculates very little and only when it requires to do so on behalf of farmer clients, goes to a firm in London called Gordon Woodruff and Co. If they send out a buying order to us, or if any one else sends out a buying order to us, we would buy and ship for them, and we do so, but we have never had a buying order from any American meat company or their representatives. Personally I have not speculated in meat for nearly twenty years, and neither J. G. Ward and Co. nor the Ocean Beach Company are—nor have they ever been—traders in foodstuffs consumed by any one in this country. We never consign any meat to London or elsewhere: it is too risky. We always sell either f.o.b. or c.i.f. Those works were secured originally by Mr. Birt, of Birt, Potter, and Hughes (Limited), London—not by Birt and Co. (Limited), Sydney—for the purpose of enabling them to get freight from Southland for the Federal line of steamers. At that time the only works in existence there had an agreement to give their shipping business to other lines of steamers, and no other shipping line could go into the port of Bluff with refrigerating plant unless it could get sheep. That was the reason for the acquirement of the works. They are not used by the owners for meat-purchasing or speculation. That 102,578 sheep and lambs I have referred to is the quantity put through the Ocean Beach Freezing-works this season, and on the face of it it indicates that there are no very large operators working through it. If any American meat trust, or company, or representative were proprietors or part-proprietors in the Ocean Beach works it is obvious to any person that they would have done their business with it, and it certainly would have attained much greater dimensions. But they never have done business with it. As I have stated, if they had offered to do business, as a matter of business we would have been glad to take it. The other company were no doubt glad to take it, and in my opinion they did quite right to take it. Birt and Co. (Limited) have no money in the Ocean Beach Freezing-works, and J. G. Ward and Co. have no money in the works. We are large shippers of everything produced in Southland. We came in in that respect as an important factor from the point of view of the owners of the freezing-works, because, as is well known in Southland, we have the largest private company's business with farmers in Southland—fully 95 per cent. of it is done with farmers. We are large controllers of freight independently of the Ocean Beach works, and I am egotistical enough to say that any shipping company would be glad for that reason to have our shipping business. On the other hand, in a business such as we have—a very large business—we are glad to be the managing agents of a freezing-works. J. G. Ward and

Co. (Limited) get a salary as managers of the freezing-works, but our business, from the point of view of income, comes chiefly from the commissions on the shipments of general freight and on meat freights by any steamers we ship by. We get no larger commissions than any other shipping agent receives, nor do we get any concession in freights. As a matter of fact, if the Ocean Beach Freezing-works went from us to-morrow, our large farming connection with sheepowners would not leave us, and we would then require to make the best freezing arrangements we could. We are the agents in that port of the Federal steamers. We are not the New Zealand agents of the Federal Shipping Company, but we are the Invercargill agents; and we are not the New Zealand agents of Birt and Co., but the Invercargill agents. We have very few opportunities of doing business with Australia in the lines of Southland produce we export. We trade principally with London or to any country that from time to time offers the most favourable markets. I repeat, we only sell; we never consign. The tariffs in Australia are against our country, and the chief lines we would export from Southland to Australia would be grain. We do not consign to Australia, and any business we do there is by actual sale. We would sell to any firm or company. We have never at any time bought or speculated in meat beyond New Zealand, and we have not operated with any Australian, English, or American firms on joint account. I know, of course, that all kinds of rumours have been floating about this country as to American meat trusts having an interest in different works, and, as I have already said, a rumour was also circulated about the Ocean Beach works. I heard it in London while I was there. As a matter of fact, the Ocean Beach Company and J. G. Ward and Co. and myself are as anxious that the future of the sheep-market in this country should remain free, and not become the monopoly of any trusts, either American or of any other country, as any one in New Zealand. If any buyer was able to continue to give higher prices than other buyers and centred their freezing business in any one freezing company in any district, some works would have to close up. That, in my opinion, is quite sure. The problem you are engaged in inquiring into—the future of the meat business—is, in my opinion, a most important one, and a very grave and most complicated one from the point of view of the future of the meat trade of this country. How to try and meet it is another matter, and I will express my opinion on that point. I do not think we can prevent American citizens or those of any other friendly Power from buying meat, wool, or anything else we produce in New Zealand; nor can any rational man expect the producers not to sell the products of their hard-earned labour to the highest buyer. That it is difficult to meet the position is beyond all question. Both the Right Hon. Mr. Massey and myself met representatives of all the leading firms at Home who are doing business in New Zealand meat in London, and I did not meet one of them, without exception, including the Christchurch Meat Company, which is now the New Zealand Refrigerating Company, who was not anxious that something should be done, if possible, to prevent American companies or meat trusts from getting a monopoly in this country, because they look upon it as calculated in the long-run to seriously affect their position in London. They recognize that the great control those American companies—who are reported to do their business well—have is due to their practical control of the beef trade of the world, or, at least, of the Argentine and the United States, and it is largely owing to their being able to control the beef trade in London that gives them a superior position there in the matter of giving higher prices for sheep and lamb, both here and there. My opinion is that is where they have an enormous advantage, and are able to give higher prices in New Zealand at present than are obtained under the British Government contracts. Personally I have thought over the matter, as many other men have, and I do not see daylight, or, I should say, a practical working way out of the difficulty. It is a most intricate and, as I have said, a very difficult proposition to effect a solution of. I think there is no business man in New Zealand connected with the farming interests—and my company's business is almost entirely made up of farming interests, and a large business it is at that—who would blame a sheepowner to-day for taking the highest price he can get for his mutton and lamb. No salesman in any town who is operating as a seller for a farmer could conscientiously refuse to take the highest price he can get from any buyer for the farmer's meat. It is the problem of the future rather than the problem of the present that presents the difficulty. If great, powerful, financial concerns get a monopoly of the meat trade in New Zealand they can then do what they like. How far the country would stand by and permit even huge financial concerns to do what they liked in the way of regulating prices to suit their own interests should they become the controllers in the meat trade it is difficult at this juncture to judge, but this country would, I am sure, do what is possible to protect the settlers. Referring again to the Ocean Beach Freezing-works and to the suggestion which I understand has been made as to its packing meat for American buyers, there has never been a packing plant there at any time, and it has not one now. It is as certain as I am speaking here that, if any large buyer was operating through anybody in the Ocean Beach works, Mr. Anderson, of my firm, who ably directs the Ocean Beach works, would be almost bound to know, and I would be certain to know from him. The fact remains that last season 102,578 sheep and lambs went through those works, which is a mere bagatelle from the standpoint of the country's exports. The Ocean Beach works require to put through about 100,000 carcases to pay its way after providing for depreciation, and the Ocean Beach works from the very inception as a freezing company has never paid a high dividend on the capital invested in it, and some bad years, after providing for depreciation, it has paid nothing by way of dividends. I know that great commercial rivalry in the purchase and sale of sheep and lambs in ordinary peace-times exists; that, I think, is a good thing and quite legitimate; but I wish to repeat that the rumours that an American company has something to do as proprietors or part-proprietors of the Ocean Beach Freezing-works are absolutely baseless. If there is any other point that the Committee wishes information upon I will be glad to give it if I can.

6. *Mr. Anstey.*] Mr. Anderson said that J. G. Ward and Co. has no proprietary interest in the Ocean Beach works, and you confirm that statement?—Yes. I built the works originally.

There is no reason why I should not give the history briefly. I was a director of the Southland Frozen Meat Company in its early days over twenty years ago. I resigned from that board because in my own business there were a number of comparatively small farmers trading with my firm—men owning from a hundred up to five hundred sheep—who could not get space allocated to them in the company of which I was a director in the ordinary way, for the reason that there were men representing large sheep interests to whom the bulk of the space was allocated at the beginning of the season to those who were prepared to take it up. Those who took it up had an advantage under that system over the small sheepowner. The second season that was done I said I would resign unless it was abolished and the works made free. I did resign. What was happening was that numbers of the small men trading with me and others could not get their own space in the works, and they had to sell to the controlling men, who then became practically monopolists of the sheep business. It was not fair to the small men. That is why I resigned and embarked on what turned out to be a difficult undertaking in establishing the Ocean Beach works. That system with the other company soon stopped, and the management of the present company has carried on a perfectly free and fair business to every one. I afterwards sold the Ocean Beach Freezing-works to Nelson Bros., who later on sold to or through Mr. Birt, of Birt, Potter, and Hughes, London. Mr. Birt came to New Zealand to establish or purchase freezing-works to get freight for the Federal Steamship line of steamers. As a matter of fact, I understood at the time the works were bought on behalf of the Federal Steamship Company, and they have been held by them as owners for a good many years. Mr. Birt, who came to New Zealand, retired a few years afterwards from business, and has been dead for some years. That, shortly, was the origin and the start of the Ocean Beach Freezing-works. I did not go into the establishment of the Ocean Beach Freezing-works from any sentimental or rash motive, as some people may have thought and may have said. I went in almost from necessity, because a large farming clientele of my own in Southland felt that they were not getting equal treatment with some of the large men. Most of those men have long since passed away, and in what I am saying I am not reflecting upon them. They were all perfectly honourable men, but their position in those days gave them a distinct advantage. I am only stating the facts.

7. Who has the controlling interest in the Federal Steamship Company? It has been stated that the controlling interest was acquired by the New Zealand Shipping Company, which is now the P. and O.?—I do not know of my own knowledge, and can only give you what I have been told. The New Zealand Shipping Company and the Federal Steamship Company, I was informed in London, came together because some other large steamship companies were endeavouring to buy up the shares in both companies in order to become the controllers of the two companies, and to prevent that result the two companies came together, and now a majority of the shares in each company is held by the other company, so as to make it impossible for any other outside shipping company either in England or elsewhere securing and holding a majority of the shares in either company, which, if they succeeded in doing, would, of course, change the ownership.

8. Are they not held by the P. and O.?—I do not know anything as to the actual position with the P. and O. Company, as I have not heard anything whatever as to the details. I know that the P. and O., which is admittedly a great British and Indian company, and they have merged, but I have no knowledge of the details excepting what I have seen published, and I also know that since then the Union Steamship Company has also merged or been purchased by them. I heard nothing whatever about the possibility or intention of the Union Company joining in with them when I was in England, nor do I know anything of the reasons for their doing so. I saw Sir James Mills only once, at the end of a meeting I addressed at a large club in London—Mr. Holdsworth was with him—and neither of them mentioned to me that the Union Company was likely to be merged with another company, and I heard nothing regarding it from any one else.

9. You say that when the Federal Steamship Company acquired the works it was to get a cut into what was then a shipping ring?—I do not know if there was a shipping ring, but there is no doubt about the position that existed at that time, and I thought it was necessary to take the action I did in building another freezing-works.

10. The other shipping companies controlled the output?—At that time the position was that the refrigerating-steamers required to have contracts over a period of years, and the freezing companies, to enable them to effectively carry on the continuity of their business, to have contracts with them. No outside steamers with refrigerating machinery would or could with advantage come into the country unless they could get sheep.

11. That was the reason why the Federal Steamship Company bought the works?—Yes. As a matter of fact, I know of my own knowledge that it did not buy for speculative purposes in sheep. If so, it would have provided the money, but it has never provided money to speculate in sheep, nor have Birt and Co. Some of the other shipping lines have interests in other works in New Zealand in order to secure freight, but those shipping lines are not meat speculators or operators so far as I know.

12. *Mr. W. H. Field.*] I think we ought to tell Sir Joseph Ward that whatever remarks may have reached his ears no remarks came to us as a Committee, and no statements were made to us which reflected on his patriotism and integrity?—No, I do not suggest that; but all sorts of unfounded rumours have been circulated regarding the Ocean Beach works.

13. I should judge that in buying the Ocean Beach works for the purpose of obtaining freight the Federal Steamship Company was really conferring a benefit upon the farmers of Southland. It brought about competition, and therefore a reduction of freights?—I think it has proved a good thing for the farmers of Southland. There is no jealousy or envy between the two freezing concerns now operating there. Both do their best to secure trade. The other company do their work well, so far as I know, and have a large clientele among the farmers and shareholders. So does the Ocean Beach works do its work well. There was at the time I refer to room and need for a second works, and the Ocean Beach works have served a useful and beneficial purpose to the

growers. There is no monopoly in Southland. Neither the Southland Company nor the Ocean Beach Company has ever entered into any arrangement for the prices of meat, and I do not think they ever will. They agree on the freezing-charges and on the rebates to those who freeze with them. There are other freezing-works comparatively close, too, in neighbouring districts. There are the Balclutha works and the refrigerating-works at Burnside. As a matter of fact, in the freezing-charges, if the two Southland companies had run a riot of opposition over freezing-rates, both would have lost on the freezing, and for that reason they charged the same rates and gave the same rebate, which was and is open to everybody. The freezing-rates are reasonable. There is no monopoly of any kind about either company.

14. The fact that there were two shipping companies doing business in Southland would in itself be a benefit to the farmers?—Yes, it was, in my opinion, a great benefit.

15. I understand from Mr. Anderson's reply to your telegram that your business this season has been considerably reduced below normal?—He gives the actual figures—49,594 sheep and 52,984 lambs—and he gives the reason for the small quantity put through. It is because higher prices were being given by an American meat-buyer.

16. What would be your normal business?—Under ordinary circumstances over 200,000 carcases. I cannot from memory state the exact quantity.

17. Owing to the operation of those outside buyers your business was reduced by one-half?—There can be no doubt that the total number of sheep and lambs put through the Ocean Beach works this year is very much smaller than it ought to be, and it is partly due to the reason Mr. Anderson states in his wire.

18. *Mr. Anderson.*] There have been buyers from Christchurch too, have there not?—I cannot say positively, but I think that is very likely; they frequently buy in Southland. The whole of the details are within the knowledge of Mr. Anderson, the managing director of my company. It is recognized that the works have been well managed, and Mr. Anderson is responsible for the working. He does not even under active competition want to run them at a loss with his eyes open.

19. *Mr. W. H. Field.*] Our main difficulty was that Birt and Co. said they were the agents for Armour and Co. for Australasia, and Australasia includes New Zealand?—Personally I know nothing about Birt and Co.'s Australian business. We have no interest of any kind in their business there. They are attorneys for a powerful shipping company, and would be unbusinesslike if they did not secure all the shipping freightage they could either from Armour's or any other company. Any shipping company would, I have no doubt, do the same if they could get the business.

20. They might have used the term possibly with the intention of doing business some time in New Zealand?—I have never heard of and know nothing whatever as to Birt and Co. buying largely in New Zealand for Armour and Co. or any other American company.

21. They have no meat business here?—I do not know. I have never heard of their buying here for American meat companies. They could, of course, do so entirely without my either hearing or knowing about it. I do know that neither Birt and Co., nor the Federal Steamship Company, nor the Ocean Beach Freezing Company, nor J. G. Ward and Co. have purchased for or sold meat to any American buyers or through American buyers in the Ocean Beach Freezing-works. There is no reason why they should not do so if they wished; the fact is that they have not up to now done so.

22. You have given the meat question a good deal of thought: can you tell us anything as a remedy for the menace we have against us?—My own belief is that the principal way in which an effort can be made is to prevent trusts and combines of any kind from operating in this country. If the Government owned all the freezing-works—to put it briefly—and owned all the refrigerating-steamers trading from this country, that, in my opinion, would be no solution; and if they were to say that no American companies were to ship or buy here that would be no solution, first, because you cannot stop Americans from trading in or with New Zealand, and, second, supposing you could stop them, so long as an American company wants to have New Zealand sheep or mutton for sale in Great Britain it has only to give a higher price there on its own account through its own company or through a British firm. You cannot stop them from operating in England, neither can you, in my judgment, stop them from operating here. If you attempted to do so it would raise an international question straight away, and if any movement of the kind assumed definite action it would have to come before the Governments of the countries concerned for settlement. There is no doubt the respective Governments would have to settle the matter, and clearly, if we stopped the people of a friendly Power from trading here, they could with equal justification stop British people from trading in the United States of America. We undoubtedly have the right to control and prevent monopolies and combines here. I believe the principal and most effective thing to do is to prevent monopolies and combines. The theory put forth that if we had our own meat-shops in Great Britain, in addition to owning the steamers and also all the refrigerating-works in this country, is not going to overcome the difficulty. I am positive it would not. It would, if you could control a large proportion of the beef that the American meat companies, under their organization in America and the Argentine, have the command and, indeed, the control of at the present time. On going into the matter in England at the Conference with the British Government representatives I got all the information I could. The fact was stated there that last year four American meat companies used 250 millions sterling in their business for one year's operations. That was the turnover. The figures are stupendous. Four American meat-buying firms handled 250 millions sterling worth of meat. It is truly a prodigious sum. It is quite clear they are not buying the meat here to sell in New Zealand or Australia, but to operate in the British Isles, and possibly partly for the Continent. Clearly, if they are handling 250 million pounds' worth of meat and shipping enormous quantities of it to England—they, of course, sell largely in their own country, too—if we had our own meat-shops all over England, if we could not provide a much larger propor-

tion of beef than sheep and lambs for those shops there we could not compete on equal terms with the American companies. These same American meat companies, ever since the start of the war, have been large contractors with the British Government for the supply of beef to that Government for our troops chiefly, and that alone shows they are great factors to be considered in regard to the supply of beef in England.

23. Our difficulty would be at the other end. If the Government owned or controlled the freezing-works and the ships, and also bought stock here, it would be possible to control matters at this end, would it not?—You could control them at this end beyond all question if the Government owned all the refrigerating-steamers and all the freezing-works, and allowed no one else to build works in the future in New Zealand, and could also prevent any other refrigerating-steamers trading to New Zealand, and establishing their own freezing-works; but the control of the Government would cease on the meat being landed in London.

24. *Mr. Anderson.*] You could control them until the meat was landed in London?—Yes; and beyond that you could not, in my opinion, hope to control them with any degree of success.

25. *Mr. W. H. Field.*] But if there was sincere co-operation between the British Government and our Government?—If the British Government and the Government of New Zealand became the buyers and sellers of all New Zealand mutton and lamb, and made up their minds to be the sole buyers and sellers of all the beef imported into London, and then owned meat-selling shops throughout England—by that I mean the British Isles—you could no doubt do it; but the British Government would have to stop the American meat companies trading to or in Great Britain. But my opinion is that neither the New Zealand Government nor the British Government in combination will be able to control the American beef trade with Great Britain in peace-times. That is one of the difficulties that everybody is up against. I had information before me in London, of which I will give an outline. A number of farmers in the United States—beef-growers—offered land free to one of these big American companies to go there and establish freezing and packing works. That was said to have occurred not many months before we got to England. That fact implies that in the United States, which is the home of these enormous meat organizations, if the British Government and the New Zealand Government tried to grip the American meat trusts as regards beef, and said that no one was to sell Argentine and American beef in Great Britain except the British Government to the people in the British Islands, I cannot help thinking we would be up against a great international problem. I personally cannot see the end of the settlement of such a problem. In my own business we never consign any produce and do not send a hoof to England on consignment, and we never advise farmers, when our opinion or advice is asked, to do it, for the reason that the fluctuations are so great, and powerful financial organizations, through the large meat operators, can depress the market if they wish to do so. As a result, if a farmer sent his one lot of his season's sheep or lambs and made a loss he could not recover the loss that year. It is different with the big speculator. If he loses on one lot he may have fifty chances or more during the season of recouping his loss and making an average profit over the lot at the end of the year. That is where they have the advantage against the smaller man.

26. It is the power of money?—Yes, and of a wonderful organization which is able to sustain a loss on any lot and, by having such large quantities, able to make up the loss and come out with a profit at the end of the season. In this country in the last fifteen years fully half, if not more, of the local meat speculators have gone out of business because they could not live under the fighting competitive system. Some of the large freezing companies which have their own representative and their own house or branch in London do consign, but you will not find many men operating here at present except they can buy on order for somebody in England. They will not run the risk of consigning it. If they do they are very unwise men.

27. We have been told that an American meat company would have more difficulty in obtaining control here than they would have in the Argentine, because we have so many small meat companies?—I think if you can prevent the big organizations establishing freezing-works in competition with the smaller ones, the smaller ones would be a great source of strength, if they were, according to their capacity and business, strong financially, because they are under the immediate eye and control of the owners, who, generally speaking, have an interest both in the sheep and their works; but I expect they would also find it necessary to sell their sheep and lambs to the best buyer on behalf of settlers who froze sheep and lambs with them.

28. What do you think of the intentions of the American people? We are told they will be satisfied to come here and get a share of the business and not a monopoly. Do you think the position is grave?—If the control of the sheep of this country was centred in any one great organization, or even in two or three of them, they would become in practice the controllers of the sheep trade, and that is where I think the future problem is a very difficult and intricate one. What their policy is, or what their proportion of satisfaction would be in trading here, I cannot even conjecture. I have never heard from any of them what their ideas as to policy are. I have only met one of their men, who was a New-Zealander, and that was in Wellington, since American meat operations have been started in New Zealand, and no information was furnished to me as to their policy, methods, or intentions that would be any guide whatever either to me or to you.

29. You have knowledge that their operations are on an increasing scale here?—It is publicly stated that one of them has established a company in New Zealand, with the head office in Christchurch. I have never seen any actual transaction in the way of sale-notes, or purchase-notes, or anything of that kind. Unless sent to me by some one I would not see it. I cannot say whether their operations are on an increased scale or not; it is quite likely they are. I have no knowledge myself as to the extent of their operations.

30. Do you know anything of their operations in Australia?—No, except what I have heard and read of in the Press. It is understood they are operating largely in beef in Queensland, and that some of them own their own freezing-works there.

# EXHIBITS.

## EXHIBIT 1.

LIST OF NEW ZEALAND MEAT-EXPORTERS.

| | |
|---|---|
| Angliss, W., and Co., Proprietary (Limited) | Christchurch. |
| Armour and Co. (Limited), Hereford Street | Christchurch. |
| Burns, P., and Co. (R. Brown, Agent) | Auckland. |
| Bayly Bros. | Wanganui. |
| Clarkson, W. B., and Sons | Christchurch. |
| Curry, Elliott, and Co. | Auckland. |
| Cameron, Peter | Dunedin. |
| Dominion Meat Company | Timaru. |
| De Pelichet, McLeod, and Co. | Hastings. |
| Farmers' Co-operative Auctioneering Company (Limited) | Hamilton. |
| Fraser, A., 117 Caversham Valley Road | Dunedin. |
| Fairey, F. W. | Nelson. |
| Fraser, A. | Palmerston North. |
| Greenslade and Sons (Limited) | Nelson. |
| Kaye and Carter (Limited) | Christchurch. |
| Kemp and Co., Victoria Arcade | Auckland. |
| Kirk, J. H., and C. (Limited) | Invercargill. |
| Mellsop, Elliott, and Co. | Palmerston North. |
| Meat-exporters (Limited) | Hamilton. |
| McKenzie, R. A. | Palmerston North. |
| Nicoll Bros. | Ashburton. |
| Nevanas, S. V., and Co. Proprietary (Limited) | Wellington. |
| New Zealand Loan and Mercantile Agency Company (Limited) | Auckland. |
| Patterson, A. S., and Co. | Auckland. |
| Paterson, A. S., and Co. | Wellington. |
| Richmond, W. | Hastings. |
| Sims, Cooper, and Co. | Christchurch. |
| Turnbull, A. H., and Co. | Christchurch. |
| Thomson, T. (representing The Bristol and Dominions Producers' Association) | Wellington. |
| Thorn, W. | Nelson. |
| Wallis, R. and F. | Gore. |

## EXHIBIT 2.

DISTRICTS OPERATED IN BY NEW ZEALAND MEAT-EXPORTERS.

*Auckland.*

| | |
|---|---|
| Armour and Co. (Australasia), (Limited) | Christchurch. |
| Burns, P., and Co. (R. Brown, Agent) | Auckland. |
| Curry, Elliott, and Co. | Auckland. |
| Fraser, A. | Dunedin. |
| Farmers' Co-operative Auctioneering Company (Limited) | Hamilton. |
| Mellsop, Elliott, and Co. (Limited) | Palmerston North. |
| Nevanas, S. V., and Co. (Limited) | Wellington. |
| Paterson, A. S., and Co. (Limited) | Auckland. |
| Richmond, W. | Hastings. |
| Sims, Cooper, and Co (Limited) | Christchurch. |
| Turnbull, A. H., and Co. (Limited) | Christchurch. |
| Wallis, R. and F. | Gore. |
| Meat-exporters (Limited) | Hamilton. |
| New Zealand Loan and Mercantile Agency Company (Limited) | Auckland. |

*Poverty Bay.*

| | |
|---|---|
| Angliss, W., and Co. Proprietary (Limited) | Christchurch. |
| Nevanas, S. V., and Co. Proprietary (Limited) | Wellington. |
| Nicoll Bros. | Ashburton. |
| Sims, Cooper, and Co. | Christchurch. |
| Turnbull, A. H., and Co. | Christchurch. |
| Thomson, T. (representing the Bristol and Dominions Producers' Association) | Wellington. |

*Hawke's Bay.*

| | |
|---|---|
| Armour and Co. | Christchurch. |
| Angliss and Co... | Christchurch. |
| DePelichet, McLeod, and Co. | Hastings. |
| Mellsop, Elliott, and Co. | Palmerston North. |
| Nevanas, S. V., and Co. Proprietary (Limited) | Wellington. |
| Sims, Cooper, and Co. | Christchurch. |
| Richmond, W. | Hastings. |

*Taranaki.*

| | |
|---|---|
| Sims, Cooper, and Co. | Christchurch. |

*Wellington.*

| | |
|---|---|
| Angliss and Co. | Christchurch. |
| Armour and Co. | Christchurch. |
| Bayly Bros. | Wanganui. |
| Fraser, A. | Palmerston North. |
| Kemp and Co., Victoria Arcade | Auckland. |
| Mellsop, Elliott, and Co. | Palmerston North. |
| McKenzie, R. A. | Palmerston North. |
| Nevanas, S. V., and Co., Proprietary (Limited) | Wellington. |
| Sims, Cooper, and Co. | Christchurch. |
| Walker, F. J., and Co. | Wellington. |

*Nelson.*

| | |
|---|---|
| Fairey, F. W. | Nelson. |
| Greenslade, F., and Sons (Limited) | Nelson. |
| Thorn, W. | |

*Canterbury.*

| | |
|---|---|
| Angliss, W., and Co. | Christchurch. |
| Armour and Co. | Christchurch. |
| Cameron, Peter | Dunedin. |
| Clarkson, W. B., and Sons | Christchurch |
| Dominion Meat Company | Timaru. |
| Kaye and Carter | Christchurch. |
| Nicoll Bros. | Ashburton. |
| Sims, Cooper, and Co. | Christchurch. |

*Otago.*

| | |
|---|---|
| Armour and Co. (Limited) | Christchurch. |
| Cameron, Peter | Dunedin. |
| Dominion Meat and Produce Company (Limited) | Timaru. |
| Kaye and Carter (Limited) | Christchurch. |
| Kirk, J. H., and Co. (Limited) | Invercargill. |
| Sims, Cooper, and Co. (Limited) | Christchurch. |
| Wallis, R. and F. (Limited) | Gore. |

*Southland.*

| | |
|---|---|
| Kirk, J. H., and Co. | Invercargill. |
| Sims, Cooper, and Co. (Limited) | Christchurch. |
| Wallis, R. and F. (Limited) | Gore. |

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## EXHIBIT 3.

MEMORANDUM OF ASSOCIATION OF ARMOUR AND COMPANY OF AUSTRALASIA (LIMITED).

1. THE name of the company is "Armour and Company of Australasia (Limited)."
2. The company is a private company.
4. The objects of the company are—
   (1.) To carry on in the Dominion of New Zealand and the Commonwealth of Australia or elsewhere the business of meat-exporters in all its branches.
   (2.) To buy and sell by wholesale or retail colonial produce of all descriptions; to import and export all kinds of meat, live cattle, sheep, and pigs; and to deal in cattle, sheep, and pigs generally.
   (3.) To be cold-storage proprietors; to preserve, cure, or prepare for sale or export, by means of the refrigerating process or any other process of preserving or curing that may be now known or hereafter invented and brought into use, cattle, sheep, pigs, rabbits, poultry, game, fish, milk, butter, cheese, eggs, vegetables, fruit, and other products of a like kind, and to carry on a trade in the sale or export to any part of the world of such articles when so prepared.

(4.) To produce, make, manufacture, or prepare for sale or export meat of every description, frozen or preserved; butter, cheese, and all kinds of dairy-produce; tallow, fat, skins, pelts, hides, horns, wool, bones, oleo, hams, bacon, soap, glue, starch, candles, artificial manures, and all or any by-products of any material and matter, waste, and otherwise of sheep, cattle, pigs, and other animals.

(5.) To purchase and also to breed, raise, fatten, and keep cattle, sheep, pigs, poultry, and other live-stock for the purpose of so preparing or exporting them as aforesaid, or of manufacturing or preparing any of the articles aforesaid, or to sell or resell the same without so preparing them, and generally to deal in such animals or live-stock.

(6.) To acquire by purchase, lease, or otherwise sheep-farms, cattle-runs, estancias, and ranches, and to carry on the trade or business of cattle-rearers, sheep-farmers, and graziers, fellmongering, tanning, wool-scouring, butchering, curing, tallow-refining, boiling-down, bone-crushing, and also to carry on the business of farming of every description.

(9.) To act as wool brokers and merchants, grain and seed merchants, flax-merchants, timber-merchants, wholesale and retail shipping and general merchants, ship-owners, general importers and exporters, general indentors, shipping agents, Customhouse agents, carriers, and bonded warehouseman, stock, station, and general commission agents, and financiers' agents for insurance companies and underwriters.

(10.) To purchase or lease, erect, and build abattoirs, freezing-works, cold stores, tanneries, fellmongeries, flax-mills, sawmills, factories, warehouses, stores, sheds, and other buildings necessary or expedient for the purposes of the company.

(14.) To acquire and undertake the whole or any part of the business, property, and liabilities of any person or company carrying on business which the company is authorized to carry on, or possessed of property suitable for the purposes of this company.

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## EXHIBIT 4.

MEMORANDUM OF ASSOCIATION OF W. AND R. FLETCHER (N.Z.), (LIMITED).

1. THE name of the company is "W. and R. Fletcher (N.Z.), (Limited)."
2. The company is a private company.
3. The objects for which the company is established are—

(1.) To carry on the business of buying, selling, importing, exporting, slaughtering, refrigerating, storing, preserving, by cooling, canning, or any other process, and generally handling and dealing in stock and produce (it being hereby declared that the word "stock" wherever used throughout this memorandum of association includes cattle, sheep, pigs, other animals, poultry, and other edible birds, or carcases thereof respectively, or any parts of any such carcases, and that the word "produce" wherever used throughout this memorandum of association includes milk, cream, butter, cheese, eggs, fruit, and other farm-produce; also fish, and generally all articles of food or other articles capable of being preserved or rendered fit for export or sale by refrigeration, canning, or any similar process).

(2.) To acquire by purchase or otherwise cattle-runs and sheep-farms, and to carry on the business of cattle-rearing, sheep-farming, fellmongers, tanning, warehouse and cold-store proprietors, preserved and concentrated meat manufacturers, and manufacture and making merchantable of and buying, selling, exporting, importing, and generally dealing in wool, hides, butter, cheese, fat, tallow, grease, offal, manures, and all other products or by-products of the stock and produce handled by the company or capable or being conveniently manufactured and dealt in in conjunction with the handling of such stock and produce.

(3.) To act as agents for the investment, loan, payment, transmission, and collection of money, and for the purchase, sale, and improvement, development, and management of real and personal property of every kind, including *inter alia* companies and other business concerns and undertakings, and generally to transact all kinds of agency business whether in respect of agricultural, commercial, or financial matters.

(4.) To erect and build abattoirs, freezing-works, warehouses, sheds, and other buildings, plant, and machinery of all kinds necessary or expedient for the purposes of the company.

(5.) To purchase, charter, hire, build, or otherwise acquire steam and other ships or vessels, and to employ the same in the conveyance of passengers, mails, and merchandise of all kinds, and to carry on the business of shipowners, barge-owners, and lighterman in all its branches, and to buy and sell merchandise for freighting any vessels of the company.

(6.) To carry on the businesses of fruiterers, greengrocers, bakers, corn and flour merchants, general provision merchants, and dealers in general merchandise of whatever sort or kind, including in particular groceries, drapery, ironmongery, boots, and any other articles usually sold in a general store; also foods and other preparations suitable for horses, dogs, cattle, sheep, goats, or poultry, and plant and machinery of all kinds used by farmers.

(7.) To purchase or by other means acquire any freehold, leasehold, or other property, or any estate or interests whatever, and any rights, privileges, or easements over or in respect of any property, and any buildings, factories, mills, works, wharves, roads, railways, tramways, machinery, engines, rolling-stock, plant, live and dead stock, barges, vessels, or things which may be necessary for or may be conveniently used with or may enhance the value of and other property of the company.

(8.) To carry on in connection with the above such other businesses as may be conveniently or profitably carried on therewith or may usefully employ or turn to account or enhance the value of any of the company's property.

(11.) To acquire and undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the company is authorized to carry on, and, as part of the consideration for such acquisition, to undertake all or any of the liabilities of such person, firm, or company, or to acquire an interest in and amalgamate with or enter into any arrangement for sharing profits or for co-operation, or for limiting competition, or for mutual assistance with any such person, firm, or company, and to give or accept by way of consideration for any of the acts or things aforesaid, or for any property acquired, any shares, debentures, or securities that may be agreed upon, and to hold and retain or sell, mortgage, and deal with any shares, debentures, or securities so received.

(13.) To search for, get, win, work, raise, make marketable, and use, sell, and dispose of coal, oil, iron, clay, precious and other metals, minerals, and other substances or products on, within, or under any property of the company, and to grant prospecting and mining and other licenses, rights, or privileges for such purposes.

(16.) To lend and advance money or give credit to such persons and on such terms as may be thought fit, and in particular to customers and persons dealing with the company, and to give guarantees or become security for any such persons.

(21.) To enter into any arrangements with any Government or authority, supreme, municipal, or local, or otherwise, or any corporation, company, or person, that may seem conducive to any of the objects of the company, and to obtain from any such Government, authority, corporation, company, or persons any charters, contracts, decrees, rights, privileges, and concessions which may be conducive to any of the objects of the company, and to accept, make payments under, carry out, exercise, and comply with any such charters, contracts, decrees, rights, privileges, and concessions.

(26.) To procure the company to be registered or recognized in the United Kingdom or in any colony or dependency thereof, and in any foreign country or place.

5. The capital of the company is £1,000, divided into 1,000 shares of £1 each.

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## EXHIBIT 5.

### Meat-export Companies in New Zealand.

Those marked * are buying companies.

| Company. | Works. |
|---|---|
| Auckland Farmers' Freezing Company (Limited), Auckland .. | Southdown, Auckland; Horotiu, Hamilton. |
| Ocean Beach Freezing-works (J. G. Ward and Co., managing agents), Invercargill .. .. .. .. .. | Ocean Beach, Bluff. |
| *Borthwick, Thomas, and Sons (Australasia), (Limited), Christchurch .. .. .. .. .. .. | Waitara; Pakipaki, Hastings; Belfast, Christchurch. |
| Canterbury Frozen Meat Company (Limited), Christchurch .. | Belfast, Christchurch; Fairfield, Ashburton; Pareora, Timaru. |
| East Coast Co-operative Freezing Company (Limited), Tauranga | Whakatane (nearing completion). |
| *Feilding Farmers' Freezing Company (Limited), Feilding .. | Aorangi, Feilding. |
| *Fletcher, W. and R. (Limited), Auckland .. .. .. | Westfield, Auckland; Whangarei Heads, Whangarei. |
| *Gear Meat Preserving and Freezing Company (Limited), Wellington .. .. .. .. .. .. | Petone. |
| Gisborne Sheep-farmers' Frozen Meat Company (Limited), Gisborne .. .. .. .. .. .. | Kaiti, Gisborne. |
| Green, T. H., and Co. (Limited), Christchurch .. .. | Riccarton (bacon-curing only). |
| Hawke's Bay Farmers' Meat Company (Limited), Hastings .. | Whakatu, Hastings. |
| Hellaby, R. and W. (Limited), Auckland .. .. .. | Westfield, Auckland. |
| *National Mortgage and Agency Company of New Zealand (Limited), Dunedin .. .. .. .. .. | Longburn, Palmerston North. |
| *Nelson Bros. (Limited), Tomoana, Hastings .. .. | Tomoana, Hastings; Tarnheru, Gisborne. |
| Nelson Freezing Company (Limited), Nelson .. .. | Stoke, Nelson. |
| New Zealand Farmers Co-operative Bacon and Meat Packing Company (Limited), Wellington .. .. .. | Eltham. |

| Company. | Works. |
|---|---|
| *New Zealand Refrigerating Company (Limited), Christchurch | Imlay, Wanganui; Picton; Islington, Christchurch; Smithfield, Timaru; Pukeuri, Oamaru; Burnside, Dunedin. |
| *North British and Hawke's Bay Freezing Company (Limited), Napier | Westshore, Napier. |
| North Canterbury Sheep-farmers' Co-operative Freezing Company (Limited), Christchurch | Kaiapoi. |
| Otaihape Farmers' Meat Company (Limited), Taihape | Winiata, Taihape. |
| *Patea Farmers' Co-operative Freezing Company (Limited), Patea | Patea. |
| Poverty Bay Farmers' Meat Company (Limited), Gisborne | Kaiteratahi, Gisborne. |
| Southland Frozen Meat Company (Limited), Invercargill | Mataura; Makarewa, Invercargill; cold store also at Bluff. |
| South Otago Freezing Company (Limited), Balclutha | Finegand, Balclutha. |
| Tait, W. E., Invercargill | Woodlands (canning-works). |
| Taranaki Farners' Meat Company (Limited), New Plymouth | Smart Road, New Plymouth. |
| Tokomaru Sheep-farmers' Freezing Company (Limited), Tokomaru Bay | Tokomaru Bay. |
| Wairoa Farmers' Co-operative Meat Company (Limited), Wairoa | Wairoa. |
| *Wanganui Meat-freezing Company (Limited), Wanganui | Castlecliff, Wanganui. |
| *Wellington Farmers' Meat Company (Limited), Masterton | Waingawa, Masterton. |
| *Wellington Meat Export Company (Limited), Wellington | Ngahauranga, Wellington; Kakariki, Marton (under construction). |

## EXHIBIT 6.

*Re* W. AND R. FLETCHER.

THE shareholders of Messrs. W. and R. Fletcher (N.Z.), (Limited), are—

| | |
|---|---|
| Stanley George Chambers, public accountant, Auckland | 950 shares. |
| Ralph Lionel Ziman, solicitor, Auckland | 50 shares. |

The shares are £1 each. The capital of the company is £1,000.

## EXHIBIT 7.

RETURN OF 225 WETHERS KILLED AT FEILDING FARMERS' FREEZING-WORKS, 1ST FEBRUARY, 1917.

| | £ | s. | d. |
|---|---|---|---|
| *Cost.* | | | |
| 191 carcases prime, 10,705 lb. at 6½d. | 289 | 18 | 6 |
| 19 carcases overs, 1,525 lb. at 6¼d. | 39 | 14 | 3 |
| 15 carcases seconds, 908 lb. at 6¼d. | 23 | 12 | 11 |
| | £353 | 5 | 8 |
| *Return.* | | | |
| 191 carcases prime, 10,705 lb. at 5⅜d. | 239 | 14 | 11 |
| 17 carcases overs, 1,337 lb. at 5⅛d. | 28 | 11 | 0 |
| 2 carcases extra heavy, 188 lb. at 4⅞d. | 3 | 16 | 4 |
| 15 carcases seconds, 908 lb. at 5⅛d. | 19 | 7 | 10 |
| | 291 | 10 | 1 |
| Fat, 839 lb. at 2d. | 6 | 19 | 10 |
| Clothing-wool, 198 lb. at 1s. 1d. (£ 10 14 6) | | | |
| Less felling, 225 skins at 2½d. (2 6 10) | | | |
| (8 7 8) | | | |
| Less packs, railage, cartage, dumping, &c., 198 lb. at 5d. (0 8 3) | | | |
| | 7 | 19 | 5 |
| Pelts, 225 at 5s. 9d. (64 13 9) | | | |
| Less curing, railage, cartage, &c., 225 at 4·15d. (3 17 10) | | | |
| | 60 | 15 | 11 |
| | 367 | 5 | 3 |
| Less killing, freezing, and cost of putting f.o.b., 13,138 lb. at 0·625d. | 34 | 4 | 3 |
| | £333 | 1 | 0 |

Loss, £20 4s. 8d., or 1s. 9d. per head (not including interest).

## EXHIBIT 8.

RETURN OF 232 EWES KILLED AT FEILDING FARMERS' FREEZING-WORKS ON 2ND FEBRUARY, 1917.

| | | £ s. d. |
|---|---|---|
| | *Cost.* | |
| 182 prime, 11,092 lb. at 6d. | | 277 6 0 |
| 12 overs, 941 lb. at 5¾d. | | 22 10 11 |
| 38 seconds, 2,142 lb. at 5¾d. | | 51 6 5 |
| | | £351 3 4 |
| | *Return.* | |
| 182 prime, 11,092 lb. at 4⅞d. | | 225 6 1 |
| 12 overs, 941 lb. at 4⅝d. | | 18 2 9 |
| 38 seconds, 2,142 lb. at 4⅝d. | | 41 5 7 |
| | | 284 14 5 |
| Fat, 1,019 lb. at 2d. | | 8 9 10 |
| | £ s. d. | |
| Clothing-wool, 209 lb. at 1s. 1d. | 11 6 5 | |
| Less felling, 232 skins at 2½d. | 2 8 4 | |
| | 8 18 1 | |
| Less packs, railage, cartage, dumping, &c., 209 at 5d. | 0 8 9 | |
| | | 8 9 4 |
| Pelts, 232 at 5s. 9d. | 66 14 0 | |
| Less curing, railage, cartage, &c., 232 at 4·15d. | 4 0 3 | |
| | | 62 13 9 |
| | | 364 7 4 |
| Less killing, freezing, and cost of putting f.o.b., 14,175 lb. at 0·625d. | | 36 18 3 |
| | | £327 9 1 |

Loss, £23 14s. 3d., or 2s. 0½d. per head (not including interest).

## EXHIBIT 9.

RETURNS FROM 241 WOOLLY LAMBS KILLED AT FEILDING WORKS, 29TH JANUARY, 1917.
(W/N 492; average, 30·8 lb.)

| Meat— | | £ s. d. |
|---|---|---|
| | *Credits.* | |
| 7 lambs, 232 lb. at 6½d. | | 6 5 8 |
| 91 lambs, 3,000 lb. at 6⅝d. | | 79 13 9 |
| 143 lambs, 4,195 lb. at 6⅛d. | | 107 1 2 |
| 241 7,427 lb. | | 193 0 7 |
| Less charges, 7,427 lb. at 0·67d. | | 20 14 8 |
| | | 172 5 11 |
| Fat, 261 lb. at 2d. | | 2 3 6 |
| Pelts, 241 at 3s. 4d. each | | 40 3 4 |
| Wool, 241 at 2⅛ lb. 3s. 6d. | | 42 3 6 |
| | | 256 16 3 |
| Value | | 256 16 3 |
| | *Cost.* £ s. d. | |
| 98 lambs, 3,232 lb. at 8½d. | 114 9 4 | |
| 143 lambs, 4,195 lb. at 8¼d. | 144 4 4 | |
| | | 258 13 8 |
| Loss | | £1 17 5 |

RETURN FROM 230 LAMBS, KILLED 24TH JANUARY, 1917, AT FEILDING WORKS.
(W/N 450; average, 33·5 lb.)

| | | | £ s. d. |
|---|---|---|---|
| Meat— | *Credits.* | | |
| 51 lambs, 1,866 lb. at 6½d. | | | 50 10 9 |
| 159 lambs, 5,324 lb. at 6⅝d. | | | 141 8 9 |
| 20 lambs, 610 lb. at 6¼d. | | | 15 11 4 |
| 230 lambs, 7,800 lb. | | | 207 10 5 |
| Less freezing, 7,800 lb. at 0·67d. | | | 21 15 6 |
| | | | 185 14 11 |
| | s. d. | | |
| Pelts | 3 8 | | |
| Less curing, 3d.; cask, 1d. | 0 4 | | |
| 230 at | 3 4 | | 38 6 8 |
| Wool, 2·7 lb. at 1s. 10d. | 5 0 | | |
| Less working, &c. | 0 6 | | |
| 230 at | 4 6 | | 51 15 0 |
| Fat, 280 lb. at 2d. | | | 2 6 8 |
| | | | 278 2 11 |
| | *Cost.* | | |
| 210 carcases, 7,190 lb. at 8½d. | | | |
| 20 carcases, 610 lb. at 8¼d. | | | |
| 7,800 lb. | | | 275 12 4 |
| Gain (= 2½d. per head) | | | £2 10 7 |

(Less insurance and interest.)

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RETURN FROM 455 LAMBS, KILLED 25TH JANUARY, 1917, AT FEILDING WORKS
(W/N 459; average, 36·3 lb.)

| | | | £ s. d. |
|---|---|---|---|
| Meat— | *Credits.* | | |
| 135 lambs, 5,090 lb. at 6½d. | | | 137 17 11 |
| 266 lambs, 9,453 lb. at 6⅝d. | | | 251 1 1 |
| 54 lambs, 1,973 lb. at 6¼d. | | | 50 7 0 |
| 455 lambs, 16,516 lb. | | | 439 6 0 |
| Freezing-charges, 16,516 lb. at 0·67d. | | | 46 2 2 |
| | | | 393 3 10 |
| | s. d. | | |
| Pelts, 455 at | 3 8 | | |
| Less working and casks | 0 4 | | |
| 455 at | 3 4 | | 75 16 8 |
| Wool, 2⅛ lb. at 1s. 8d. | 3 11 | | |
| Less working | 0 5 | | |
| 455 at | 3 6 | | 79 12 6 |
| Fat, 700 lb. at 2d. | | | 5 16 8 |
| | | | 554 9 8 |
| | *Cost.* | | |
| 401 carcases, 14,543 lb. at 8½d. | | | |
| 54 carcases, 1,973 lb. at 8¼d. | | | |
| 16,516 lb. | | | 583 7 10 |
| Loss (= 1s. 2d. per head) | | | £28 18 2 |

(Plus insurance and interest.)

## EXHIBIT 10.

RETURN OF 700 LB. OX AT FEILDING, 29TH JANUARY, 1917.

| | £ | s. | d. |
|---|---|---|---|
| Meat, 700 lb. at 5d. | 14 | 11 | 8 |
| Hide (say) 50 lb. at 1s. 1d. | 2 | 14 | 2 |
| Fat, 50 lb. at 3d. | 0 | 12 | 6 |
| Tongue and tail | 0 | 2 | 0 |
| | 18 | 0 | 4 |
| Less— | | | |
| Freezing, &c., 700 lb. at $\frac{5}{8}$d. | 1 | 16 | 6 |
| Salting, hide | 0 | 1 | 6 |
| Railage hide | 0 | 1 | 0 |
| Fire insurance, two months | 0 | 1 | 6 |
| | 2 | 0 | 6 |
| | £16 | 0 | 0 |

(Equal to £2 5s. 9d. per 100 lb.)

## EXHIBIT 11.

VALUE OF BEEF AT WANGANUI MEAT-FREEZING COMPANY'S WORKS ON GOVERNMENT SCHEDULE PRICES, 1916–17.

*Ox Beef.*

| | £ | s. | d. | £ | s. | d. |
|---|---|---|---|---|---|---|
| 750 lb. meat at 5d. | | | | 15 | 12 | 6 |
| Hide, 55 lb. at 1s. 1d. | 2 | 19 | 7 | | | |
| Less salting and f.o.b. charges | 0 | 3 | 7 | | | |
| | | | | 2 | 16 | 0 |
| Fat, 45 lb. at 2d. | | | | 0 | 7 | 6 |
| Tongue and tail | | | | 0 | 1 | 9 |
| | | | | 18 | 17 | 9 |
| Less freezing-charges, 750 lb. at 0·51d. | | | | 1 | 11 | 11 |
| | | | | £17 | 5 | 10 |

(Equal to 46s. 1d. per 100 lb.)

*Cow Beef.*

| | £ | s. | d. | £ | s. | d. |
|---|---|---|---|---|---|---|
| 500 lb. meat at 4¾d. | | | | 9 | 17 | 11 |
| Hide, 40 lb. at 1s. | 2 | 0 | 0 | | | |
| Less salting and f.o.b. charges | 0 | 3 | 6 | | | |
| | | | | 1 | 16 | 6 |
| Fat, 30 lb. at 2d. | | | | 0 | 5 | 0 |
| Tongue and tail | | | | 0 | 1 | 9 |
| | | | | 12 | 1 | 2 |
| Less freezing-charges, 500 lb. at 0·51d. | | | | 1 | 1 | 3 |
| | | | | £10 | 19 | 11 |

(Equal to 44s. per 100 lb.)
(Not including interest and insurance.)

## EXHIBIT 12.

VALUE OF BEEF AT LONGBURN FREEZING-WORKS ON GOVERNMENT SCHEDULE PRICES, 1916-17.

*Ox Beef.*

| | £ | s. | d. | £ | s. | d. |
|---|---|---|---|---|---|---|
| 750 lb. meat at 5d. | | | | 15 | 12 | 6 |
| Hide, 55 lb. at 1s. 1d. | 2 | 19 | 7 | | | |
| Less salting and f.o.b. charges | 0 | 3 | 7 | | | |
| | | | | 2 | 16 | 0 |
| Fat, 45 lb. at 2d. | | | | 0 | 7 | 6 |
| Tongue and tail | | | | 0 | 2 | 1 |
| | | | | 18 | 18 | 1 |
| Less freezing-charges, 750 lb. at 0·67d. | | | | 2 | 1 | 11 |
| | | | | £16 | 16 | 2 |

(Equal to 44s. 10d. per 100 lb.)

*Cow Beef.*

| | £ s. d. | £ s. d. |
|---|---|---|
| 500 lb. meat at 4¾d. | | 9 17 11 |
| Hide, 40 lb. at 1s. | 2 0 0 | |
| Less salting and f.o.b. charges | 0 3 6 | |
| | | 1 16 6 |
| Fat, 30 lb. at 2d. | | 0 5 0 |
| Tongue and tail | | 0 1 10 |
| | | 12 1 3 |
| Less freezing-charges, 500 lb. at 0·67d. | | 1 7 11 |
| | | £10 13 4 |

(Equal to 42s. 8d. per 100 lb.)

(Not including interest and insurance.)

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## EXHIBIT 13.

SOUTHDOWN WORKS, AUCKLAND.—STATEMENT SHOWING APOROXIMATE NET RETURNS FROM STOCK SOLD THROUGH THE COMPANY AT GOVERNMENT PRICES.

*700 lb. Bullock.*

| CREDITS. | £ s. d. |
|---|---|
| Meat, 700 lb. at 5d. | 14 11 8 |
| Hide (say) 50 lb. at 11¾d. | 2 8 11 |
| Fat, 45 lb. at 2d. | 0 7 6 |
| Tongue and tail | 0 2 6 |
| | 17 10 7 |

| CHARGES. | £ s. d. | £ s. d. |
|---|---|---|
| Killing, freezing, and putting f.o.b. 700 lb. at 0·47d. | 1 7 5 | |
| Salting hide | 0 1 0 | |
| Condemned-stock insurance premium | 0 1 0 | |
| Fire insurance, one month | 0 0 9 | |
| | | 1 10 2 |
| | | £16 0 5 |

(Equal to £2 5s. 9d. per 100 lb.)

*600 lb. Cow.*

| CREDITS. | £ s. d. |
|---|---|
| Meat, 600 lb. at 4¾d. | 11 17 6 |
| Hide (say) 40 lb. at 11¼d. | 1 17 6 |
| Fat (say) 36 lb. at 2d. | 0 6 0 |
| Tongue and tail | 0 2 6 |
| | 14 3 6 |

| CHARGES. | £ s d. | £ s. d. |
|---|---|---|
| Killing, freezing, and putting f.o.b. 600 lb. at 0·47d. | 1 3 6 | |
| Salting hide | 0 1 0 | |
| Condemned-stock insurance premium | 0 1 6 | |
| Fire insurance | 0 0 7 | |
| | | 1 6 7 |
| | | £12 16 11 |

(Equal to £2 2s. 10d. per 100 lb.)

*34 lb. Prime Woolly Lamb.*

| CREDITS. | £ | s. | d. |
|---|---|---|---|
| Meat at 6⅜d. per pound | 0 | 18 | 0 |
| December skins (say) | 0 | 4 | 6 |
| Fat, 1¾ lb. at 2d. | 0 | 0 | 3½ |
| | 1 | 2 | 9½ |

| CHARGES. | £ | s. | d. | | | |
|---|---|---|---|---|---|---|
| Killing, freezing, and putting f.o.b. at 0·535d. per pound | 0 | 1 | 6 | | | |
| Fire insurance (say one month) | 0 | 0 | 0½ | | | |
| | | | | 0 | 1 | 6½ |
| Net per head | | | | £1 | 1 | 3 |

(Equal to 7½d. per pound.)

Skins: The estimate given above is for December. They will, of course, be worth more as season progresses.

*60 lb. Prime Wether (Shorn).*

| CREDITS. | £ | s. | d. |
|---|---|---|---|
| Meat at 5⅜d. per pound | 1 | 6 | 10 |
| Skin, recently shorn sheep (pelt only) | 0 | 3 | 9 |
| Fat, 4½ lb. at 2d. | 0 | 0 | 9 |
| | 1 | 11 | 4 |

| CHARGES. | £ | s. | d. | | | |
|---|---|---|---|---|---|---|
| Killing, freezing, and putting f.o.b. at 0·47d. per pound | 0 | 2 | 4 | | | |
| Fire insurance (say one month) | 0 | 0 | 1 | | | |
| | | | | 0 | 2 | 5 |
| | | | | £1 | 8 | 11 |

(Equal for shorn sheep to 5¾d. per pound.)

(The estimated value of skin given above is for pelt only.)

NOTE.—Interest is not taken into account. Calculations are based on the assumption that stock would be prime.

The company's charges for killing, freezing, and putting f.o.b. are—For beef, 0·47d. per pound; for mutton, 0·47d. per pound; for lamb, 0·535d. per pound; salting hides, 1s. each; felling wool, 1d. per pound, minimum 2½d. per skin, packs extra; curing pelts, 3d. each, casks extra; fire insurance, 5s. per cent. per month.

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## EXHIBIT 14.

COMPARISON OF CONSOLIDATED RATES FOR FREEZING AND PUTTING BEEF, MUTTON, AND LAMB F.O.B. OF VARIOUS FREEZING COMPANIES.

| | Beef. | Mutton. | Lamb. |
|---|---|---|---|
| Wellington Meat Export Company | 0·500 | .. | .. |
| Wanganui | 0·510 | 0·472 | 0·537 |
| Longburn | 0·670 | 0·620 | 0·670 |
| Feilding | 0·625 | 0·625 | 0·688 |
| Southdown | 0·470 | 0·470 | 0·535 |
| Horotiu | 0·580 | 0·580 | 0·645 |
| Whakatu | 0·480 | 0·450 | 0·490 |

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## EXHIBIT 15.

MONOPOLIES, AND SUGGESTED MEASURES TO CONTROL.

THE competing-power of trusts and monopolies does not depend on their economy, but on special and unfair fighting-powers which their great size gives them.

Their aim is the destruction of competition—First, by attacking the independent works or producer; second, by controlling prices paid, and the amount to be marketed by the farmer, thus restricting production; third, by unfair market conditions and control of prices to the consumer without regard to supply and demand. This is obtained by special rebates to those who handle only their goods; local cutting of prices, selling goods below cost in rivals' territory, charging higher prices in other fields; cutting the price and underselling goods until they obtain control, but making excessive profits on their controlled goods.

To tolerate a monopoly is to vest in a few persons the power to tax the rest of the community. "Monopoly is that monopoly does," and the typical act that identifies this unlawful power is the crushing of rivals.

The law must protect to secure equal treatment to all. This can be done by State regulation rather than by State ownership.

By common law monopolies are contrary to the public interest, and must be definitely dealt with, as anything that restricts output of production and competition is not in the interests of the community as a whole.

It has been recognized that no foreign company or firm, or agents acting for or financed by a foreign company or firm, shall own or control any of the primary products of the country. The above shall apply to freezing-works and their subsidiary operations, as being linked up with the production of stock and the advancement of settlement and prosperity of the country.

Combination to limit the killing or export of stock shall be illegal. All freezing-works, wherever situated, shall be free to individual farmers or their agents for killing, freezing, and handling of stock, at current rates for freezing, felling, and freight. Freezing-charges shall be subject to revision by the Government at one common rate for the district in which the works are situated. Any rebates or secret commissions shall be illegal. Rates of freight shall be at one common rate available to every one throughout the Dominion without preference or secret rebates or concessions (not always practicable, as some companies grade to suit their trade connections in pre-war times). The whole output from each works shall carry the distinctive marks of the works. The grading and marks shall not be altered without the consent of the Government, but freezing-works can pool farmers' lots, with their consent, under a general number, for economical handling and selling.

Control of freights shall be in the hands of the Government, and regulated so that each district shall be free to make regular shipments: Wellington, Lyttelton—weekly; main ports—fortnightly; out-ports—monthly, as required.

Taxation of foreign firms shall be the same as is paid by British firms. Foreign firms, companies, or agents acting for foreign firms, shall not escape taxation on the plea that no profits are made in the country of trading. The fact that they are trading shall be taken that they are making the same profits as others. It shall be illegal for foreign firms, companies, or agents of the same to deduct from the profits, managerial expenses, capital, and other charges not incurred in the country. In the event of foreign firms, or agents for the same, not showing any profits or less than the British firms in the same class of business, the foreign firms shall then pay on the percentage of their turn-over such taxation as shall be equal to but not less than is paid by British firms.

No foreign firms shall enjoy the privileges of the protection afforded by the laws and administration of the country in which they desire to carry on the trade unless by paying adequate taxes.

## EXHIBIT 16.

MUTTON AND LAMB.

| Season. | Sales made by Head Office independent of London. | Sales made through London. | Total C.i.f. Sales (O.-book). | Total Sales ex Ship and ex Store. | Total Sales C.i.f. and ex Ship and ex Store. | Sales made to American Houses by London. | Percentage Column 2 bears to Column 6. | Percentage Column 7 bears to Column 6. | Percentage American Sales bear to Total London Sales. |
|---|---|---|---|---|---|---|---|---|---|
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. |
| 1908–9 | 144,560 | 325,060 | 469,620 | 89,691 | 559,311 | Nil. | 25·84 | Nil. | Nil. |
| 1909–10 | 105,900 | 491,290 | 597,190 | 93,491 | 690,491 | 4,416 | 15·33 | 0·63 | 0·75 |
| 1910–11 | 81,383 | 330,660 | 412,043 | 76,752 | 488,795 | 13,644 | 16·64 | 2·79 | 3·34 |
| 1911–12 | 115,160 | 331,050 | 446,210 | 49,945 | 496,155 | 699 | 23·21 | 0·14 | 0·18 |
| 1912–13 | 43,640 | 262,090 | 305,730 | 188,782 | 494,512 | 24,884 | 8·82 | 5·03 | 5·77 |
| 1913–14 | 63,250 | 184,465 | 247,715 | 259,651 | 507,366 | 7,590 | 12·46 | 1·49 | 1·71 |
| 1914–15 | 22,000 | 10,000 | 32,000 | 13,552 | 45,552 | Nil. | 48·29 | Nil. | Nil. |

Column 2 represents sales in O-book to W. W., A. L. J., G. W., F. J. W., W. S., S. C. Column 3 represents sales to C.M.C. in O-book.

## EXHIBIT 17.

SHEEP AND LAMBS KILLED AT ALL WORKS, SEASON 1916–17 (TO 16TH AUGUST).

| — | Islington. | Per-centage. | Smithfield. | Per-centage. | Pukeuri. | Per-centage. | Burnside. | Per-centage. | Picton. | Per-centage. | Imlay. | Per-centage. | Grand Total. | Per-centage. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company .. .. .. .. | 314,004 | 56·51 | 77,649 | 32·00 | 88,138 | 32·23 | 110,602 | 60·40 | 11,429 | 17·87 | 69,628 | 30·23 | 671,450 | 43·34 |
| Sims-Cooper .. .. .. .. | 134,211 | 24·16 | 95,283 | 39·25 | 59,923 | 21·90 | 28,879 | 15·78 | 12,304 | 19·23 | 160,693 | 69·77 | 491,293 | 31·70 |
| W. B. Clarkson .. .. .. | 60,426 | 10·86 | 3,614 | 1·49 | .. | .. | .. | .. | 11,437 | 17·88 | .. | .. | 75,477 | 4·88 |
| Nicoll Bros. .. .. .. .. | 15,214 | 2·74 | 18,034 | 7·43 | 7,427 | 2·71 | .. | .. | .. | .. | .. | .. | 40,675 | 2·62 |
| Armour and Co. .. .. .. | 18,222 | 3·28 | 6,066 | 2·50 | 23,150 | 8·46 | 31,193 | 17·04 | 8,342 | 13·04 | .. | .. | 86,973 | 5·62 |
| Dominion Meat Company .. .. | 3,351 | 0·60 | 17,197 | 7·08 | 34,003 | 12·43 | 989 | 0·54 | .. | .. | .. | .. | 55,540 | 3·58 |
| Kaye and Carter .. .. .. | 9,087 | 1·63 | 9,871 | 4·06 | 38,978 | 14·25 | 586 | 0·32 | 2,319 | 3·63 | .. | .. | 60,841 | 3·92 |
| Borthwick and Sons .. .. .. | .. | .. | 14,772 | 6·08 | 20,972 | 7·67 | 10,839 | 5·92 | 14,084 | 22·01 | .. | .. | 60,667 | 3·91 |
| Sundry clients .. .. .. | 1,268 | 0·22 | 265 | 0·11 | 969 | 0·35 | .. | .. | 4,055 | 6·34 | .. | .. | 6,557 | 0·43 |
| | 555,783 | 100·00 | 242,751 | 100·00 | 273,560 | 100·00 | 183,088 | 100·00 | 63,970 | 100·00 | 230,321 | 100·00 | 1,549,473 | 100·00 |



## EXHIBIT 18.

CATTLE KILLED, SEASON 1916–17.

| — | Islington. | Per-centage. | Smithfield. | Per-centage. | Burnside. | Per-centage. | Imlay. | Per-centage. | Picton. | Per-centage. | Total. | Per-centage. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company .. .. .. .. | 2,366 | 64·05 | 1,067 | 61·65 | 1,305 | 27·91 | 7,008 | 41·38 | 112 | 38·62 | 11,858 | 43·41 |
| Sims, Cooper, and Co. .. .. .. | 799 | 21·63 | 464 | 26·80 | 1,525 | 32·61 | 9,927 | 58·62 | 158 | 54·49 | 12,873 | 47·12 |
| W. B. Clarkson and Sons .. .. .. | 50 | 1·35 | .. | .. | .. | .. | .. | .. | .. | .. | 50 | 0·18 |
| T. Borthwick and Sons .. .. .. | .. | .. | 2 | 0·11 | 5 | 0·10 | .. | .. | .. | .. | 7 | 0·02 |
| Armour and Co. .. .. .. .. | 376 | 10·18 | 159 | 9·19 | 391 | 8·36 | .. | .. | 16 | 5·51 | 942 | 3·44 |
| Dominion Meat Company .. .. .. | 4 | 0·11 | 29 | 1·67 | 81 | 1·73 | .. | .. | .. | .. | 114 | 0·42 |
| P. Cameron .. .. .. .. | .. | .. | .. | .. | 1,084 | 23·18 | .. | .. | .. | .. | 1,084 | 3·96 |
| A. Fraser .. .. .. .. | .. | .. | .. | .. | 110 | 2·35 | .. | .. | .. | .. | 110 | 0·40 |
| Sundry clients .. .. .. .. | 99 | 2·68 | 10 | 0·58 | 176 | 3·76 | .. | .. | 4 | 1·38 | 289 | 1·05 |
| | 3,694 | 100·00 | 1,731 | 100·00 | 4,677 | 100·00 | 16,935 | 100·00 | 290 | 100·00 | 27,327 | 100·00 |

## EXHIBIT 19.

S. V. Nevanas and Co. (Limited).—Cow-beef Costs, Week ending

| *Dr.* | Cost. £ s. d. |
|---|---|
| One head, 4 quarters—650 lb. at 45s. | 14 12 6 |
| Freight, freezing, &c.—650 lb. at 0·47d. | 1 5 6 |
| Insurance on £13 at 4s. 3d. per cent. (four months) | 0 2 2 |
| Interest on £15 at 6 per cent. (four months) | 0 4 0 |
| | 16 4 2 |

| *Cr.* | £ s. d. | |
|---|---|---|
| Fat, 33 lb. at 3d. | 0 8 3 | |
| Tongues and tails—1 at 2s. 6d. | 0 2 6 | |
| Hides—1 at 33s. | 1 13 0 | |
| | | 2 3 9 |
| 650 export pounds—cost | | £14 0 5 |

Cost per pound—primes, 5·176d.; Government price, 4¾d. Loss, 19s. 6d. per head.

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## EXHIBIT 20.

S. V. Nevanas and Co. (Limited).—Ox-beef Costs, Week ending

| *Dr.* | Cost. £ s. d. |
|---|---|
| One head, 4 quarters—800 lb. at 47s. | 18 16 0 |
| Freight, freezing, &c.—800 lb. at 0·47d. | 1 11 4 |
| Insurance on £17 at 4s. 3d per cent. (four months) | 0 2 10 |
| Interest on £19 at 6 per cent. (four months) | 0 7 6 |
| | 20 17 8 |

| *Cr.* | £ s. d. | |
|---|---|---|
| Fat, 55 lb. at 3d. | 0 13 9 | |
| Tongues and tails—1 at 2s. 6d. | 0 2 6 | |
| Hides—1 at 55s. | 2 15 0 | |
| | | 3 11 3 |
| 800 export pounds—cost | | £17 6 5 |

Cost per pound—primes, 5·196d.; Government price, 5d. Loss, 13s. per head.

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## EXHIBIT 21.

Suggestions by Mr. Arlow, New Zealand Manager, Nevanas and Co.

1. Prevent elimination of competition in New Zealand by protecting the free exporter and the grower.
2. Adjust rail tariff whereby dead meat is carried at cheaper rate than live-stock.
3. Provide by graduated rail tariff against deliberate carriage of live-stock for freezing from one district to another so long as the existing works in the originating district can cope.
4. Prohibition of secret rebates by freezing companies to clients, or, if given, then to be given openly to all.
5. Register under license all fat-stock buyers in New Zealand on the undertaking not to knowingly sell to notified or black-listed trust houses, such buyers to disclose periodically their transactions if required.
6. Legislate to make it illegal for any company or individual interested in any shipping company carrying meat from New Zealand to be also an operator in frozen meat or live-stock for export from New Zealand.
7. That in connection with the sale of any freezing-works in New Zealand such sale to be first subject to the sanction of the authorities after full investigation into all the facts leading up to the sale.
8. Similar sanction to be also obtained in connection with the proposed leasing of any freezing-works.
9. Publish regularly throughout New Zealand the prices offered in Argentine, &c., by trust houses as against our free prices in New Zealand.

10. That legislation be passed giving the Government full powers over shares in freezing companies held under letters of trust.

11. That an independent Board be set up by the New Zealand Government in Wellington, the functions of which Board to be the pursuance of all matters relative to the Meat Trust: such Board, if possible, to act in conjunction with a similar Board in United Kingdom appointed by the British Government, and also one in Australia appointed by the Federal Government.

## EXHIBIT 22.

BIRT AND CO. (LIMITED).

*Refrigerators, Exporters, Shipping and Insurance Agents, and Meat Salesmen.*

Head office: No. 4 Bridge Street, Sydney.
Brisbane office: Stanley Street, South Brisbane.
New Zealand: Invercargill.
Freezing and chilling works: Musgrave Wharf, South Brisbane; Murrarie, Brisbane; and Ocean Beach Freezing-works, Bluff, New Zealand.

This company is now open to book dates throughout the ensuing season at their Murrarie works for the treatment, on growers' account, for export of sheep and [or] cattle.

Early application, giving quantities, is requested.

Terms, &c., on application at the company's Offices, Musgrave Wharf, South Brisbane, and No. 4 Bridge St, Sydney.

## EXHIBIT 23.

NUMBER OF STOCK SLAUGHTERED IN THE DOMINION (EXCEPTING THAT SLAUGHTERED BY FARMERS FOR SALE OR CONSUMPTION ON THE PREMISES) DURING THE YEARS 1913–16, INCLUSIVE (FOR THE TWELVE MONTHS ENDING 31ST DECEMBER).

| | 1913. | | 1914. | | 1915. | | 1916. | |
|---|---|---|---|---|---|---|---|---|
| | Number of Animals slaughtered. | Equivalent in 60 lb. Freight Carcases. | Number of Animals slaughtered. | Equivalent in 60 lb. Freight Carcases. | Number of Animals slaughtered. | Equivalent in 60 lb. Freight Carcases. | Number of Animals slaughtered. | Equivalent in 60 lb. Freight Carcases. |
| Large cattle .. | 256,000 | 3,072,000 | 325,202 | 3,902,424 | 340,382 | 4,084,584 | 383,935 | 4,607,220 |
| Calves .. | 20,109 | 40,218 | 26,911 | 53,822 | 33,093 | 66,186 | 28,500 | 57,000 |
| Sheep .. | 3,339,570 | 3,339,570 | 3,904,902 | 3,904,902 | 3,989,017 | 3,989,017 | 3,569,117 | 3,569,117 |
| Lambs .. | 3,906,458 | 2,604,305 | 4,191,479 | 2,794,320 | 4,387,308 | 2,924,872 | 3,348,618 | 2,232,412 |
| Pigs .. .. | 187,971 | .. | 210,373 | .. | 176,625 | .. | 176,257 | .. |

## EXHIBIT 24.

MEAT EXPORTED FROM NEW ZEALAND DURING THE YEARS 1913–16.

| | 1913. | | 1914. | | 1915. | | 1916. | |
|---|---|---|---|---|---|---|---|---|
| | Cwt. | Freight Carcases. | Cwt. | Freight Carcases. | Cwt. | Freight Carcases. | Cwt. | Freight Carcases. |
| Beef.. .. | 276,113 | 515,411 | 619,175 | 1,155,793 | 761,384 | 1,421,250 | 992,749 | 1,853,131 |
| Mutton .. | 1,111,212 | 2,074,262 | 1,353,289 | 2,526,139 | 1,497,514 | 2,795,359 | 1,276,237 | 2,382,309 |
| Lamb .. | 1,088,457 | 2,031,786 | 1,149,605 | 2,145,920 | 1,200,864 | 2,241,613 | 967,022 | 1,805,108 |
| Pork .. | 2,544 | 4,749 | 1,521 | 2,839 | 6,401 | 11,948 | 6,157 | 11,493 |
| Hams and bacon | 1,020 | 1,904 | 1,389 | 2,592 | 3,469 | 6,472 | 2,646 | 4,939 |
| Veal.. .. | 4,280 | 7,989 | 11,327 | 21,143 | 14,522 | 27,108 | 10,667 | 19,911 |
| | .. | 4,636,101 | .. | 5,854,426 | .. | 6,503,750 | .. | 6,076,891 |

## EXHIBIT 25.

SYNOPSIS OF REPORTS FROM CERTAIN INSPECTORS OF STOCK REGARDING THE OPERATIONS OF MESSRS. SIMS, COOPER, AND CO., RICHMOND, AND OTHERS, IN CONNECTION WITH THEIR ALLEGED MANIPULATION OF THE STORE-STOCK MARKET.

*Stock Inspector, Masterton.*—Inquiries made leave practically no doubt that Sims, Cooper, and Co.'s representative operated extensively throughout the district last season, and paid such exorbitant prices for both store and fat sheep as precluded other companies competing. It is too early to obtain definite information regarding this firm's operations for the coming season.

*Stock Inspector, New Plymouth.*—Sims, Cooper, and Co.'s buyers have certainly been operating in this district, but I cannot learn that they have been paying bigger prices than other firms. At the same time there is no doubt that during the past season the price paid for store sheep left little margin for fattening. It is difficult to obtain definite information.

*Stock Inspector, Woodville.*—Sims-Cooper (and others) operated extensively in all kinds of sheep, particularly in lines for forward delivery, during the past season, and their buyers advised farmers that they were prepared to give 1s. a head more for sheep than any other company, and they made no secret about it. This season they have not been buying on forward delivery.

*Stock Inspector, Hawera.*—Sims, Cooper, and Co. paid the highest prices for sheep of any one operating in the district, and with smallest percentage thrown out; in fact, they threw out no sheep at all. The company took delivery of all they purchased, and what were not fit for freezing they grazed, and disposed of them as store sheep all through the winter when prices suited; in fact, they have sold nothing as stores for less than they paid for fats. The sheep have been travelled all up and down the coast for sale. One firm disposed of four thousand of Sims-Cooper's reject fat sheep this season. If all one hears is only partially correct the firm are doing no good to help legitimate buyers for fattening. There is one thing clear: Sims-Cooper are always ready to buy lines from other dealers. It is safe to say that this firm is in the sheep-dealing line to a big extent, and this year already they are again offering 36s. for wethers after shearing; at least, farmers say they have been offered that price. In the cattle line the firm has just been like other people, their stuff going to the Imlay works. All freezing for Sims-Cooper from Taranaki was done there last year.

In regard to Richmond and Co., I have not heard of them operating in this district, but have heard of them on the east coast by repute. Some of the local dealers were buying cattle in the Waikato last season, and if what they say is true the firm of Richmond was always ready to purchase when cattle landed down the east coast, and pay the price. I have never heard their name mentioned in regard to sheep-dealing.

*Stock Inspector, Christchurch.*—I am certain there is not a particle of truth in the statements that certain individuals are forcing up the prices in the store-sheep market. The only store sheep purchased by Sims, Cooper, and Co. are lines of fat lambs with a fair percentage of store lambs among them. These are drafted and sent back to the store-pens. All the lamb-buyers are in the habit of doing this. If the accusations applied to the "fat" market, then I would certainly say that Sims-Cooper are making the price as hot as possible.

*Stock Inspector, Palmerston North.*—I cannot give any definite cases of such dealings as you state. I have made careful inquiries in several parts of my district. No one seems to be able to give any definite cases of such trading, although they all seem to be under the impression that a certain amount is going on. As you are no doubt aware, when stock of any description are fetching high prices there is seldom much margin between stores and fats, and at present among a number of stock-dealers there is the impression that stock will still further go up in price, and as a consequence these buyers operate freely. There is a good deal of speculative buying going on, but I have been unable to find out anything to positively show that the firms mentioned are dealing in any way different to others, further than to keep their prices slightly in advance.

*Stock Inspector, Hastings.*—There is certainly little margin between the prices obtainable for fat and store sheep at the present time. In my opinion the reasons for this are (1) the uncertainty of shipping; (2) the number of carcases in store at the meat-works; (3) the unwillingness of a great number of sheepowners to quit good strong store stock in view of the excellent conditions of pastures and the prospective luxuriant and abundant growths of forage in the coming spring; (4) the shortage of cattle (the depletion of the country of cattle during the drought years is still felt); (5) the essential necessity of store stock to keep the country in good order. The prospects of abundant pastures are this year even greater, hence the unwillingness to sell except at the inducement of high values. As stores would be more valuable in keeping the pastures in good grazing-order, it appears to me that, with the uncertainty of shipping, the price of stores would naturally almost approximate that of fats. Some of the big buyers, such as Fox, Rodgers, and Richmond, undoubtedly hold a great number of store sheep, but so far as I can gather they do not hold, or have not bought for forward delivery, in the aggregate anywhere near the number held in previous years. It must also be recognized that men like Richmond are extensive landowners, graziers, and fatteners, as well as buyers. Personally I do not think that the operations of these buyers have much bearing on the margin of profit between stores and fats, and that such conditions exist as a result of the state of affairs mentioned above.

## EXHIBIT 26.

LIST OF NAMES OF NEW ZEALAND MEAT-EXPORTERS AND THEIR AGENTS IN GREAT BRITAIN.

| Name of Exporter. | Address. | Name of Agent. | Address. |
|---|---|---|---|
| Angliss, W., and Co. Proprietary (Limited) | Christchurch .. | A. E. Pitt .. .. | 64 W. Smithfield, London. |
| Armour and Co. (Limited) } Joseph and Co. } | Hereford Street, Christchurch | McLean and Lawrenson .. | London and Liverpool. |
| Bayly Bros. .. .. | Wanganui .. | Colonial Consigning and Distributing Company (Limited) | 14 Dowgate Hill, London E.C. |
| Burns and Co. (R. Brown, agent) | Auckland .. | Brown, Douglas, and Co. .. | 20 Eastcheap, London E.C. |
| Cameron, Peter .. .. | Dunedin .. .. | W. Weddel and Co. .. | 17 St. Helens Place, London E.C. |
| Clarkson, W. B., and Sons .. | Christchurch .. | W. Weddel and Co. .. | 17 St. Helens Place, London E.C. |
| Common, Shelton, and Co. .. | Gisborne .. .. | R. T. Turnbull and Co. .. | 4 Lloyd's Avenue, London. |
| Curry, Elliot, and Co. .. | Auckland .. | F. A. Wills and Co. .. | Temple Street, Bristol. |
| | | Gilbert Anderson and Co. .. | Holborn Viaduct, London. |
| | | McKerrow Bros. (Limited) .. | Victoria Street, Liverpool. |
| Caithness, D. .. .. | Mataura .. .. | J. Morrison and Co. .. | London. |
| | | Gordon, Woodroffe, and Co. | London. |
| | | London Produce Company .. | London. |
| | | F. J. Walker and Co. .. | London. |
| Dalgety and Co. (Limited) .. | Timaru .. .. | Dalgety and Co. (Limited) .. | London. |
| De Pelichet, McLeod, and Co. | Hastings .. .. | Colonial Consignment Company | London. |
| | | London Produce Company .. | London. |
| | | Gordon, Woodroffe, and Co. | London. |
| Dominion Meat Company .. | Timaru .. .. | R. T. Turnbull and Co. (Limited) | 4 Lloyd's Avenue, London. |
| Eastmans Limited .. .. | Palmerston North.. | Eastmans Limited .. | London. |
| Fairey, F. W. .. .. | Nelson .. .. | Sanderson, Murray, and Co. | Gresham Buildings, London. |
| Fraser, A... .. .. | Dunedin .. .. | F. J. Walker and Co. .. | Terminus Chambers, Holburn Viaduct, London |
| | | Angus Fraser and Co. .. | Meat-market, Moore St, Glasgow. |
| Greenslade and Co. (Limited) | Nelson .. .. | Gilbert Anderson and Co. .. | Holborn Viaduct, London. |
| Henderson and Co. (Limited) | Invercargill .. | W. Weddel and Co. .. | 16 St. Helens Place, London. |
| Kaye and Carter (Limited) .. | Christchurch .. | Gilbert Anderson and Co. .. | Terminus Chambers, 6 Holborn Viaduct, London E C |
| Keeble, C. T. .. .. | Fitzherbert West, Palmerston | National Mortgage and Agency Company (Limited) | London. |
| Kemp and Co. .. .. | Victoria Arcade, Auckland | No recognized agent. | |
| Kirk, J. H., and Co. (Limited) | Invercargill .. | J. Morrison and Co. .. | London. |
| | | Gordon, Woodroffe, and Co. | London. |
| | | London Produce Company .. | London. |
| | | F. J. Walker and Co. .. | London. |
| Meat-exporters Limited .. | Hamilton .. | Gilbert Anderson and Co. (Limited) | London E.C. |
| Mellsop, Elliott, and Co. .. | Palmerston North | Gilbert Anderson and Co. (Limited) | London E.C. |
| McKenzie, R. A. .. .. | Palmerston North.. | Gilbert Anderson and Co. (Limited) | London E.C. |
| Nevanas, S. V., and Co. (Limited) | Wellington .. | Nevanas and Co. (Limited) .. | London. |
| New Zealand Loan and Mercantile Agency Company (Limited) | Auckland .. | New Zealand Loan and Mercantile Agency Company (Limited) | No. 1 Coleman St, London E.C. |
| New Zealand Farmers' Co-operative Association | Christchurch .. | New Zealand Farmers' Co-operative Association of Canterbury (Limited) | 110 Fenchurch Street, London E.C. |
| Nicoll Bros. .. .. | Ashburton .. | Gordon, Woodroffe, and Co. | Terminus Chambers, 6 Holborn Viaduct, London. |
| Paterson, A. S., and Co. .. | Wellington .. | James Morrison and Co. .. | 5 Fenchurch Street, London E.C. |
| | | Gilbert Anderson and Co. .. | Terminus Chambers, 6 Holborn Viaduct, London E.C. |
| | | McKerrow Bros. (Limited) .. | 33, 34 Produce Exchange Buildings, Victoria Street, Liverpool. |
| Pyne and Co. .. .. | Christchurch .. | Gordon, Woodroffe, and Co. | 9–13 King William Street, London E.C. |
| Richmond, W. .. .. | Hastings .. .. | Colonial Consigning and Distributing Company (Limited) | London. |
| | | H. S. Fitter and Co. .. | London. |
| Sims, Cooper, and Co. .. | Christchurch .. | London Produce Company .. | London. |
| Southland Farmers' Co-operative Association (Limited) | Invercargill .. | .. | .. |
| Taylor, John .. .. | Mataura .. .. | D. Mann and Co. .. .. | 365 Central Meat Market, Smithfield, London E.C. |
| Thomson, T. .. .. | Dixon Street, Gisborne | Bristol and Dominions Producers' Association (Limited) | 4 St. Stephen's Avenue, Bristol. |
| Thorn, W. .. .. | Richmond .. | Gilbert Anderson and Co. .. | London. |
| Turnbull, A. H., and Co. (Limited) | Christchurch .. | W. Weddel and Co. .. | 17 St. Helens Place, London E.C. |
| Wallis, R. and F. .. .. | Gore .. .. | D. Mann and Co. (Limited).. | 365 Central Markets, London. |
| Walker, F. J., and Co. .. | Wellington .. | F. J. Walker and Co. .. | London. |
| Wright, Stephenson, and Co. (Limited) | Invercargill .. | Wright, Stephenson, and Co. (Limited) | 31 Walbrook, London E.C. |

## EXHIBIT 27.

NEW ZEALAND MEAT-EXPORTERS.

*Auckland.*

| | |
|---|---|
| Armour and Co., Australia (Limited) | Christchurch. |
| Burns, P., and Co. (R. Brown, agent) | Auckland. |
| Curry, Elliott, and Co. | |
| Fraser, A. | Dunedin. |
| Farmers' Co-operative Auctioneering Company (Limited) | Hamilton. |
| Mellsop, Elliott, and Co. (Limited) | Palmerston North. |
| Nevanas, S. V., and Co. (Limited) | Wellington. |
| Paterson, A. S., and Co. (Limited) | Auckland. |
| Richmond, W. | Hastings. |
| Sims, Cooper, and Co. (Limited) | Christchurch. |
| Turnbull, A. H., and Co. (Limited) | Christchurch. |
| Wallis, R. and F. | Gore. |
| Meat-exporters (Limited) | Hamilton. |
| New Zealand Loan and Mercantile Agency Company (Limited) | Auckland. |

*Poverty Bay.*

| | |
|---|---|
| Angliss, W., and Co. Proprietary (Limited) | Christchurch. |
| Common, Shelton, and Co. | Gisborne. |
| Nevanas, S. V., and Co. Proprietary (Limited) | Wellington. |
| Nicoll Bros. | Ashburton. |
| Sims, Cooper, and Co. | Christchurch. |
| Turnbull, A. H., and Co. | Christchurch. |
| Thomson, T. (representing The Bristol and Dominions Producers' Association | Wellington. |

*Hawke's Bay.*

| | |
|---|---|
| Armour and Co. | Christchurch. |
| Angliss and Co. | Christchurch. |
| De Pelichet, McLeod, and Co. | Hastings. |
| Mellsopp, Elliott, and Co. | Palmerston North. |
| Nevanas, S. V., and Co. Proprietary (Limited) | Wellington. |
| Sims, Cooper, and Co. | Christchurch. |
| Richmond, W. | Hastings. |

*Taranaki.*

| | |
|---|---|
| Sims, Cooper, and Co. | Christchurch. |

*Wellington.*

| | |
|---|---|
| Angliss and Co. | Christchurch. |
| Armour and Co. | Christchurch. |
| Bayly Bros. | Wanganui. |
| Fraser, A. | Palmerston North. |
| Kemp and Co., Victoria Arcade | Auckland. |
| Mellsopp, Elliott, and Co. | Palmerston North. |
| McKenzie, R. A. | Palmerston North. |
| Nevanas, S. V., and Co., Proprietary (Limited) | Wellington. |
| Sims, Cooper, and Co. | Christchurch. |
| Walker, F. J., and Co. | Wellington. |

*Nelson.*

| | |
|---|---|
| Fairey, F. W. | Nelson. |
| Greenslade, F., and Sons (Limited) | Nelson. |
| Thorn, W. | |

*Canterbury.*

| | |
|---|---|
| Angliss, W., and Co. | Christchurch. |
| Armour and Co. | Christchurch. |
| Cameron, Peter | Dunedin. |
| Clarkson, W. B., and Sons | Christchurch. |
| Dominion Meat Company | Timaru. |
| Kaye and Carter | Christchurch. |
| Nicoll Bros. | Ashburton. |
| Sims, Cooper, and Co. | Christchurch |

*Otago.*

| | |
|---|---|
| Armour and Co. (Limited) | Christchurch. |
| Cameron, Peter | Dunedin. |
| Dominion Meat and Produce Company (Limited) | Timaru. |
| Kaye and Carter (Limited) | Christchurch. |
| Kirk, J. H., and Co. (Limited) | Invercargill. |
| Sims, Cooper, and Co. (Limited) | Christchurch. |
| Wallis, R. and F., (Limited) | Gore. |

*Southland.*

| | |
|---|---|
| Caithness, D. | Mataura. |
| Henderson and Co. | Invercargill. |
| Kirk, J. H., and Co. | Invercargill. |
| Sims, Cooper, and Co. (Limited) | Christchurch. |
| Southland Farmers' Co-operative Association | Gore. |
| Taylor, John | Mataura. |
| Wallis, R. and F., (Limited) | Gore. |
| Wright, Stpehenson, and Co. | Invercargill. |

## EXHIBIT 28.

GENERAL VIEW OF THE SOURCES OF THE WORLD'S OUTPUT OF FROZEN AND CHILLED MEAT DURING THE PAST FOUR YEARS, SHOWING ALSO THE PROPORTION THEREOF IMPORTED INTO THE UNITED KINGDOM AND THE QUANTITY HANDLED BY FOUR NORTH AMERICAN FIRMS.

(Compiled by Messrs. W. Waddel and Co., London.)

| Year. | Australian Output. | New Zealand Output. | Canadian Output. | South African Output. | Total Output of Overseas Dominions. | | South American Output. | United States of America and other Foreign Countries' Output. | Total Foreign Output. | | Total Output of the World. | Importations into United Kingdom. | | Quantity handled by Four North American Firms in River Plate. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Percentage of World's Output. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Percentage of World's Output. | Thousands of Tons. | Thousands of Tons. | Percentage of World's Output. | Thousands of Tons. | Percentage of World's Output. |
| 1913 | 179 | 124 | .. | .. | 303 | 40 | 464 | .. | 464 | 60 | 767 | 721 | 94 | 212 | 28 |
| 1914 | 171 | 147 | .. | .. | 318 | 40 | 478 | 5 | 483 | 60 | 801 | 694 | 87 | 213 | 26 |
| 1915 | 133 | 158 | 6 | 3 | 300 | 34 | 471 | 111 | 582 | 66 | 882 | 664 | 75 | 300 | 34 |
| 1916 | 104 | 158 | 15 | 8 | 285 | 31 | 535 | 96 | 631 | 69 | 916 | 534 | 58 | 313 | 34 |

## EXHIBIT 29.

SUPPLIES OF MEAT IN RELATION TO POPULATION AND LIVE-STOCK.

(Compiled by Messrs. W. Waddel and Co., London.)

| Year. | Population of United Kingdom. | Number of Cattle. | Number of Sheep. | Home Production of Meat. | Imported Meat. | Total Meat consumed. | Per Head of Population. | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Home. | Import. | Total. |
| | | | | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | lb. | lb. | lb. |
| 1871 | 31,800,000 | 9,345,000 | 31,400,000 | 962 | 118 | 1,080 | 68 | 8 | 76 |
| 1882 | 35,600,000 | 9,830,000 | 27,450,000 | 952 | 162 | 1,114 | 67 | 11 | 78 |
| 1901 | 42,000,000 | 11,480,000 | 30,800,000 | 1,099 | 575 | 1,674 | 59 | 30 | 89 |
| 1913 | 46,000,000 | 11,950,000 | 27,600,000 | 1,095 | 732 | 1,827 | 53 | 36 | 89 |

## EXHIBIT 30.

TABLE SHOWING THE VARIOUS SOURCES OF SUPPLY OF MEAT (BEEF, MUTTON, LAMB, LIVE CATTLE AND LIVE SHEEP) IMPORTED INTO THE UNITED KINGDOM SINCE 1900.
(Compiled by Messrs. W. Waddel and Co., London.)

| Year. | Australia. | New Zealand. | Canada. | South Africa. | Total Overseas Dominions. | South America. | United States and other Foreign Countries. | Total Foreign. | Percentage of Total Importation. | | Total Importation. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Overseas Dominions. | Foreign. | |
| | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Thousands of Tons. | Percentage. | Percentage. | Thousands of Tons. |
| 1901 | 38 | 86 | 31 | .. | 155 | 102 | 318 | 420 | 27 | 73 | 575 |
| 1906 | 33 | 99 | 53 | .. | 185 | 214 | 266 | 480 | 28 | 72 | 665 |
| 1911 | 100 | 112 | 14 | .. | 226 | 408 | 66 | 474 | 32 | 68 | 700 |
| 1912 | 94 | 121 | 3 | .. | 218 | 427 | 22 | 449 | 33 | 67 | 667 |
| 1913 | 151 | 122 | 1 | .. | 274 | 447 | 11 | 458 | 38 | 62 | 732 |
| 1914 | 144 | 142 | .. | .. | 286* | 404 | 13 | 417* | 41 | 59 | 703* |
| 1915 | 126 | 158 | 4 | 2 | 290* | 324 | 53 | 377* | 43 | 57 | 667* |
| 1916 | 52 | 158 | 6 | 2 | 218* | 267 | 49 | 316* | 41 | 59 | 534* |

* Plus large quantities diverted from the United Kingdom to the Continent for British Army purposes.

## EXHIBIT 31.

STATEMENT SHOWING QUANTITY AND VALUE OF MEAT HANDLED BY FREEZING COMPANIES ON BEHALF OF MEAT-EXPORTERS FOR THE YEAR ENDING 31ST JULY, 1917.

| Name of Exporter. | New Zealand Refrigerating Company (Limited). | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Islington. | | Imlay. | | Smithfield. | | Pukeuri. | | Burnside. | | Picton. | |
| | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. |
| | | £ | | £ | | £ | | £ | | £ | | £ |
| Sims, Cooper, and Co. .. | 92,889 | 110,363 | 215,396 | 96,431 | 65,699 | 67,438 | 41,344 | 28,722 | 36,263 | 33,413 | 9,590 | 11,100 |
| Armour and Co. .. .. | 15,011 | 8,542 | .. | .. | 5,486 | 4,031 | 14,925 | 7,139 | 24,804 | 9,128 | 6,984 | 9,101 |
| Nevanas and Co. .. .. | 755 | 995 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Dominion Meat Company .. | 1,879 | 704 | .. | .. | 11,230 | 7,964 | 20,826 | 7,227 | 1,577 | 1,448 | .. | .. |
| Kaye and Carter .. .. | *8,676 | 11,435 | .. | .. | 5,929 | 3,893 | 24,725 | 7,012 | 372 | 2 | 2,288 | *3,065 |
| Nicoll Bros. .. .. | 9,293 | 7,455 | .. | .. | 11,175 | 7,909 | 4,954 | 2,786 | .. | .. | .. | .. |
| Clarkson and Sons .. | 42,305 | 48,213 | .. | .. | 2,310 | 635 | .. | .. | .. | .. | 7,554 | 9,652 |
| Dalgety and Co. .. .. | .. | .. | .. | .. | *303 | 421 | .. | .. | .. | .. | .. | .. |
| Angliss and Co. .. .. | 853 | 1,124 | .. | .. | *239 | 332 | .. | .. | .. | .. | .. | .. |
| Joseph and Co. .. .. | *2,647 | 3,489 | .. | .. | .. | .. | *1,911 | 2,508 | *5,828 | 7,110 | *2,797 | 3,748 |
| Wright, Stephenson, and Co. | .. | .. | .. | .. | .. | .. | .. | .. | *110 | 134 | .. | .. |
| Cameron, P. .. .. | .. | .. | .. | .. | .. | .. | .. | .. | 3,342 | 2,953 | .. | .. |
| Fraser, A. .. .. | .. | .. | .. | .. | .. | .. | .. | .. | *781 | 953 | .. | .. |
| Turnbull and Co. .. | *930 | 1,226 | .. | .. | .. | .. | .. | .. | *3,960 | 4,831 | .. | .. |
| Pyne and Co. .. .. | *2,522 | 3,324 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| New Zealand Farmers .. | *1,767 | 2,329 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |

* Represents quantity and value of meat shipped to 31st July, 1917.

| Name of Exporter. | Birt and Co., Ocean Beach. | | Southland Frozen Meat Company. | | National Mortgage, Longburn. | |
|---|---|---|---|---|---|---|
| | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. |
| | | £ s. d. | | £ s. d. | | £ s. d. |
| Sims, Cooper, and Co. .. .. | 24,143 | 20,536 8 0 | .. | .. | 1,204 | 1,710 15 11 |
| Cameron, P. .. .. .. | 866 | 995 0 3 | 1,251 | 1,498 7 2 | .. | .. |
| Kirk and Co. .. .. .. | 62,696 | 64,238 19 6 | 25,800 | 33,938 2 10 | .. | .. |
| Armour and Co. .. .. .. | .. | .. | 57,340 | 78,235 6 9 | 915 | 1,143 12 7 |
| Wallis, R. and F. .. .. .. | 27,754 | 24,468 2 1 | 68,598 | 96,050 9 3 | .. | .. |
| Turnbull and Co. .. .. | 3,938 | 4,709 8 7 | .. | .. | .. | .. |
| Wright, Stephenson, and Co. .. .. | 2,564* | 3,006 17 8 | 25,468 | 33,097 0 1 | .. | .. |
| New Zealand Loan and Mercantile Agency Company (Limited) | 2,137* | 2,577 10 2 | 1,130 | 1,370 5 1 | .. | .. |
| Dalgety and Co. .. .. .. | 512* | 581 12 2 | .. | .. | .. | .. |
| Caithness, D. .. .. .. | .. | .. | 4,665 | 5,416 4 8 | .. | .. |
| Joseph, A. L., and Co. (Armour's) .. | .. | .. | 1,613 | 1,811 13 3 | .. | .. |
| Mellsop, Elliott, and Co. .. .. | .. | .. | .. | .. | 1,462 | 1,658 12 5 |

* Represents quantity and value of meat shipped to 31st July, 1917.

| Name of Exporter. | Wellington Farmers' Meat Company. | | Canterbury Frozen Meat Company. | | Tokomaru Sheep-farmers' Freezing Company. | | Westfield Freezing Company. | |
|---|---|---|---|---|---|---|---|---|
| | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. |
| | | £ s. d. | | £ s. d. | | £ s. d. | | £ s. d. |
| Mellsop, Elliott, and Co. .. | 9,650 | 8,535 3 9 | .. | .. | .. | .. | .. | .. |
| Armour and Co. .. .. | 41 | 53 12 10 | 68,016 | 36,787 5 11 | .. | .. | .. | .. |
| Angliss and Co. .. .. | .. | .. | 78,317 | 52,520 16 8 | .. | .. | .. | .. |
| Dominion Meat Company .. | .. | .. | 40,132 | 18,208 19 6 | .. | .. | .. | .. |
| W. B. Clarkson and Sons .. | .. | .. | 23,223 | 10,858 18 5 | .. | .. | .. | .. |
| Kaye and Carter .. .. | .. | .. | 46,448 | 26,365 11 6 | .. | .. | .. | .. |
| Nicoll Bros. .. .. | .. | .. | 38,012 | 16,874 15 0 | 4,442 | 3,457 7 10 | .. | .. |
| Sims, Cooper, and Co. .. | .. | .. | 65,126 | 17,324 17 7 | 8,192 | 3,783 7 4 | .. | .. |
| Turnbull and Co. .. .. | .. | .. | 5,073 | 4,627 10 11 | .. | .. | .. | .. |
| Cameron, P. .. .. | .. | .. | 1,832 | 1,907 1 11 | .. | .. | .. | .. |
| Fraser, A. .. .. .. | .. | .. | 2,078 | 2,099 9 11 | .. | .. | .. | .. |
| Wallis, R. and F. .. .. | .. | .. | 9,557 | 934 1 3 | .. | .. | .. | .. |
| Joseph, A. L., and Co. .. | .. | .. | .. | .. | 718 | 786 14 5 | .. | .. |
| Nevanas and Co. .. .. | .. | .. | .. | .. | 277 | .. | .. | .. |
| New Zealand Loan and Mercantile Agency Company (Limited) | .. | .. | .. | .. | .. | .. | 2,270 | 2,933 17 6 |
| Dalgety and Co. .. .. | .. | .. | .. | .. | .. | .. | 397 | 167 2 4 |

STATEMENT SHOWING QUANTITY AND VALUE OF MEAT HANDLED BY FREEZING COMPANIES ON BEHALF OF MEAT-EXPORTERS FOR THE YEAR ENDING 31ST JULY, 1917—*continued*.

| Name of Exporter. | South Otago Freezing Company. | | Poverty Bay Freezing Company. | | North Canterbury Freezing Company. | | Auckland Freezing Company. | |
|---|---|---|---|---|---|---|---|---|
| | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. |
| | | £ s. d. | | £ s. d. | | £ s. d. | | £ s. d. |
| Sims, Cooper, and Co. .. | 28,886 | 26,620 6 7 | 9,484 | 5,446 0 7 | .. | .. | 2,065 | 1,840 12 9 |
| Cameron, P. .. .. | 15,685 | 17,656 11 4 | .. | .. | 5,179 | 6,009 0 0 | .. | .. |
| Kirk and Co. .. .. | 11,314 | 12,706 4 7 | .. | .. | .. | .. | .. | .. |
| Armour and Co. .. .. | 21,308 | 19,533 16 1 | .. | .. | 3,225 | 170 0 0 | 35,786 | 23,581 1 11 |
| Fraser, A. .. .. | 1,507 | 1,513 5 5 | .. | .. | .. | .. | 1,456 | 1,509 18 0 |
| Wallis, R. and F. .. .. | 29,334 | 35,493 8 8 | .. | .. | .. | .. | 1,624 | 999 7 6 |
| Kaye and Carter .. .. | 7,659 | 5,520 4 8 | .. | .. | 2,321 | 1,421 0 0 | .. | .. |
| Dominion Meat Company .. | 7,628 | 5,173 2 2 | .. | .. | 9,587 | 2,281 0 0 | .. | .. |
| Thomson, T. .. .. | .. | .. | 12,203 | 9,951 1 10 | 70 | 66 0 0 | .. | .. |
| Turnbull and Co. .. .. | .. | .. | 9,804 | 3,909 15 9 | .. | .. | 21,096 | 19,038 15 4 |
| Nevanas and Co. .. .. | .. | .. | 1,915 | 538 10 11 | .. | .. | 11,451 | 7,360 17 11 |
| Angliss and Co. .. .. | .. | .. | 7,796 | 2,537 13 1 | 313 | .. | .. | .. |
| Nicoll Bros. .. .. | .. | .. | 1,574 | 1,365 15 6 | .. | .. | .. | .. |
| Clarkson and Son .. .. | .. | .. | .. | .. | 10,938 | 3,412 0 0 | .. | .. |
| New Zealand Loan and Mercantile Agency Company(Limited) | .. | .. | .. | .. | .. | .. | 563 | 702 16 4 |
| Meat Exporters (Limited) .. | .. | .. | .. | .. | .. | .. | 5,811 | 5,532 16 3 |
| Paterson, A. S., and Co. .. | .. | .. | .. | .. | .. | .. | 27,220 | 25,013 19 0 |
| Richmond, W. .. .. | .. | .. | .. | .. | .. | .. | 2,382 | .. |

| Name of Exporter. | Hawke's Bay Farmers' Meat Company. | | Otaihape Farmers' Meat Company. | | Wanganui Freezing Company. | |
|---|---|---|---|---|---|---|
| | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. | 60 lb. Carcases. | Value. |
| | | £ s. d. | | £ s. d. | | £ s. d. |
| Sims, Cooper, and Co. .. .. .. | 13,985 | 4,855 0 0 | 4,952 | 2,904 14 7 | .. | .. |
| Armour and Co. .. .. .. | 2,657 | 1,389 7 4 | .. | .. | .. | .. |
| Nevanas and Co. .. .. .. | 228 | 297 5 0 | .. | .. | .. | .. |
| Mellsop, Elliott, and Co. .. .. | 982 | 980 17 0 | 96 | .. | .. | .. |
| Bayley Bros. .. .. .. | .. | .. | .. | .. | 8,214 | 5,836 12 10 |

STATEMENT FROM NELSON BROS. SHOWING QUANTITY AND VALUE OF MEAT HANDLED BY FREEZING COMPANIES ON BEHALF OF MEAT-EXPORTERS FOR THE YEAR ENDED 19TH SEPTEMBER, 1917.

(NOTE.—This period is not in accordance with that supplied by other companies, but Messrs. Nelson Bros. pointed out that it would be extremely difficult for them to supply the return for the period asked for.)

| Name of Client. | Freight Carcases. | Value. |
|---|---|---|
| *Tomoana Works.* | | £ s. d. |
| Armour and Co. .. .. | 1,591 | .. |
| De Pelichet, McLeod, and Co. | 37,979 | 35,232 8 6 |
| W. Richmond .. .. | 90,586 | 79,137 15 1 |
| Te Mahanga Station .. .. | 11,009 | 15,331 11 5 |
| J. W. White .. .. | 525 | 713 14 3 |
| A. E. Griffiths .. .. | 105 | 138 16 4 |
| W. H. Burt .. .. | 71 | 83 2 1 |
| M. Sebley .. .. .. | 230 | 275 12 4 |
| C. W. B. Williams .. .. | 1,691 | 935 15 4 |
| L. Gordon .. .. .. | 1,052 | 1,330 14 0 |
| R. H. Trosser .. .. | 16 | 21 0 1 |
| J. H. Harris .. .. | 120 | 198 14 7 |
| M. S. Chambers .. .. | 2,053 | 2,159 16 10 |
| Kaponga Station .. .. | 151 | 201 3 2 |
| Kelly Bros. .. .. | 871 | 1,214 13 4 |
| F. L. Gordon .. .. | 912 | 1,430 2 4 |
| R. Evans .. .. .. | 167 | .. |
| L. Higgins .. .. .. | 1,446 | 1,368 11 3 |
| *Taruhera Works.* | | |
| Sims, Cooper, and Co. .. | 35,081 | 18,472 13 10 |
| Common, Shelton, and Co. .. | 7,309 | 2,111 3 10 |
| A. H. Turnbull and Co. .. | 5,673 | 4,638 9 9 |
| Nicoll Bros. .. .. | 2,759 | 2,302 1 8 |
| A. S. Nevanas .. .. | 5,505 | 2,000 5 4 |
| W. Angliss and Co. .. .. | 625 | 703 13 6 |
| T. Borthwick and Sons .. | 2,956 | 2,381 1 8 |
| T. Thomson .. .. | 921 | 672 19 7 |
| W. Richmond .. .. | 30,231 | 21,758 11 5 |
| A. Anderson .. .. | 170 | 117 7 6 |
| T. Baillie .. .. .. | 1,586 | 1,701 15 3 |
| A. C. Candy .. .. | 47 | .. |
| C. S. Corlett .. .. | 186 | 168 6 2 |
| A. J. Faulkner .. .. | 537 | 649 15 10 |
| N. M. Fulton .. .. | 1,350 | 880 6 0 |
| S. E. Gillingham .. .. | 852 | 1,088 10 5 |
| D. Gordon .. .. .. | 91 | .. |
| A. Hallon .. .. .. | 1,871 | 1,826 19 5 |

| Name of Client. | Freight Carcases. | Value. |
|---|---|---|
| *Taruhera Works*—continued. | | £ s. d. |
| J. Harrington .. .. | 259 | 249 15 1 |
| J. Hunt .. .. .. | 2,016 | 3,046 12 5 |
| G. S. Kemp .. .. | 906 | 796 10 0 |
| F. King .. .. .. | 173 | .. |
| C. Matthews .. .. | 859 | 120 16 2 |
| E. Murphy .. .. | 2,754 | 3,164 15 2 |
| J. R. Murphy .. .. | 24 | 29 13 9 |
| A. McIntosh .. .. | 48 | 89 19 2 |
| J. McIntosh .. .. | 1,044 | 1,114 13 11 |
| W. Pickin .. .. .. | 228 | 238 15 1 |
| Estate of late C. S. Pyke .. | 516 | 540 9 5 |
| J. Russell .. .. .. | 768 | 718 9 1 |
| O. V. Russell .. .. | 61 | .. |
| P. Richardson .. .. | 287 | .. |
| G. V. Smith .. .. | 444 | 402 19 7 |
| W. H. Smith .. .. | 208 | .. |
| W. Shank .. .. .. | 371 | 530 16 4 |
| W. Symes .. .. .. | 312 | 376 17 1 |
| F. A. Shanks .. .. | 456 | 558 12 11 |
| J. Tombleson .. .. | 218 | .. |
| F. W. Williams .. .. | 11,249 | 11,708 12 8 |
| H. B. Williams .. .. | 36 | 34 8 11 |
| F. S. Woodberry .. .. | 72 | 80 1 6 |
| J. D. Williamson .. .. | 1,964 | 2,025 6 11 |
| Williams Bros. .. .. | 792 | 1,069 19 2 |
| A. H. Wallis .. .. | 520 | .. |
| O. E. Bartram .. .. | 1,176 | 1,417 17 11 |
| W. Branson .. .. | 241 | .. |
| J. M. Ellis .. .. | 235 | .. |
| C. Gray .. .. .. | 685 | 622 8 6 |
| D. K. Hawkins .. .. | 356 | 120 7 5 |
| A. McSavency .. .. | 413 | .. |
| G. M. Reynolds .. .. | 194 | .. |
| T. Craill .. .. .. | 229 | .. |
| Craill Bros. .. .. | 166 | 20 5 7 |
| J. Hyland .. .. .. | 60 | .. |
| H. McKay .. .. .. | 269 | 23 0 8 |
| A. C. Steele .. .. | 497 | .. |

# APPENDICES.

## APPENDIX A.

COPY OF CABLEGRAM FROM THE HIGH COMMISSIONER, LONDON, TO THE PRIME MINISTER, DATED 3RD SEPTEMBER, 1917.

FOOD Controller has fixed maximum wholesale price of meat as follows: Home-killed beef, mutton, lamb, 1s. 1d. per pound; imported beef, mutton, lamb, 11½d. per pound. Retailers allowed to make 2½d. per pound or 20 per cent. profits, whichever is less, on their aggregate sales. It is proposed to raise wholesale price to butchers of New Zealand mutton from 9⅜d. to 10⅜d., and lamb from 10½d. to 11½d.; and one reason for this seems to be that it will justify continuance of high prices allowed to be charged for home-killed meat. The regulation still leaves it, in opinion of butchers, to make excessive profits on New Zealand and comparatively less on home-killed, thereby preventing public from benefiting from comparatively low prices wholesale New Zealand. Propose to approach Food Controller calling attention to this phase of question, and suggested that the order should be amended so as to be applicable to home-killed beef and to imported meat separately, and that not more than the 20-per-cent. or 2½d.-per-pound profit, as the case may be, should be made on either. Would submit for your consideration whether this should be done. MACKENZIE.

[Reply.]

COPY OF CABLEGRAM FROM THE RIGHT HON. THE PRIME MINISTER TO THE HIGH COMMISSIONER, DATED 13TH SEPTEMBER, 1917.

YOUR cable of 3rd instant regarding wholesale meat prices: Agree your proposal to approach Food Controller on lines suggested.

## APPENDIX B.

STATEMENT SHOWING PARTICULARS OF FROZEN MEAT PURCHASED ON BEHALF OF THE IMPERIAL GOVERNMENT AND SHIPPED DURING THE MONTHS OF APRIL, MAY, JUNE, AND JULY, 1917.

| Date of Departure. | Steamer. | Wether Mutton. | Ewe Mutton. | Lamb. | Beef. | Boneless Beef. | Mutton Pieces. |
|---|---|---|---|---|---|---|---|
| 1917. | | Carcases. | Carcases. | Carcases. | Quarters. | | |
| April 3 | Corinthic .. | 21,047 | 4,905 | 41,385 | 2,311 | .. | .. |
| ,, 5 | Waiwera .. | 13,750 | 10,993 | 19,915 | 4,251 | .. | .. |
| ,, 6 | Devon .. | 33,462 | 24,404 | 28,995 | 13,902 | 532 sacks | .. |
| ,, 7 | Arawa .. | 20,796 | 4,678 | 43,033 | 3,945 | 6 ,, | .. |
| ,, 21 | Leitrim .. | 25,383 | 17,111 | 19,870 | 16,711 | 713 pkgs. | .. |
| ,, 21 | Waimate .. | 26,049 | 1,086 | 418 | 7,998 | .. | .. |
| ,, 26 | Pakeha .. | 42,720 | 1,673 | 23,618 | 7,228 | .. | 427 cts. |
| ,, 26 | Turakina .. | 22,638 | 1,000 | 16,679 | 16,999 | .. | .. |
| | | 205,845 | 65,850 | 193,913 | 73,345 | 1,251 | 427 cts. |
| May 5 | Paparoa .. | 23,317 | 863 | 7,353 | 21,530 | 249 bags | .. |
| ,, 11 | Ionic .. .. | 17,881 | 7,142 | 20,136 | 10,625 | 127 ,, | .. |
| ,, 14 | Rimutaka .. | 2,806 | .. | .. | 28,493 | .. | 2,890 legs. |
| ,, 18 | Zealandic .. | 20,900 | 1,204 | 828 | 18,963 | .. | .. |
| | | 64,904 | 9,209 | 28,317 | 79,611 | 376 bags | 2,890 legs. |
| June 2 | Remuera .. | 37,116 | 10,387 | 26,007 | 15,761 | 73 bags | 1,320 legs. |
| ,, 7 | Kaikoura .. | 27,227 | 9,973 | 48,440 | 8,951 | 94 ,, | 65 bags. |
| ,, 12 | Whakatane .. | 21,582 | 9,189 | 18,843 | 14,070 | 8 pkgs. | .. |
| ,, 12 | Tahiti .. | 2,111 | .. | .. | .. | .. | .. |
| ,, 26 | Kumara .. | 13,983 | 9,040 | 375 | 19,556 | 591 bags | .. |
| | | 102,019 | 38,589 | 93,665 | 58,338 | 766 | 1,385 |
| July 13 | Port Lyttelton.. | 30,207 | 3,032 | 27,278 | 13,766 | 14 pkgs. | .. |
| ,, 16 | Athenic .. | 28,752 | 4,687 | 603 | 15,507 | 120 bags | 25 bags. |
| | | 58,959 | 7,719 | 27,881 | 29,273 | 134 | 25 bags. |
| | Grand totals.. | 431,727 | 121,367 | 343,776 | 240,567 | 2,527 | 4,727 |

Department of Imperial Government Supplies,
Wellington, N.Z., 31st August, 1917.

R. TRIGGS, Controller.

STATEMENT SHOWING PARTICULARS OF FROZEN MEAT PURCHASED ON BEHALF OF THE IMPERIAL GOVERNMENT AND SHIPPED PER S.S. "PORT CHALMERS," SAILED 14TH JANUARY, 1917.

| Date of Shipment. | Consignor. | Port. | Wether Mutton. | Ewe Mutton. | Lamb. | Beef. | Boneless Beef. | Mutton Pieces. |
|---|---|---|---|---|---|---|---|---|
| 1916. | | | Carcases. | Carcases. | Carcases. | Quarters. | Bags. | Bags. |
| Jan. 2 | Tokomaru Sheep-farmers' Freezing Company (Limited) | Tokomaru Bay | 7,408 | 1,784 | .. | 1,425 | .. | .. |
| ,, 6 | Gisborne Sheep-farmers' Frozen Meat Company | Gisborne | 6,865 | 3,965 | .. | 1,640 | .. | .. |
| ,, 3 | Poverty Bay Farmers' Meat Company .. | ,, | 1,443 | 1,770 | 2,291 | 144 | .. | .. |
| ,, 6 | Nelson Bros. (Limited) .. .. .. | ,, | 277 | .. | .. | 331 | .. | .. |
| ,, 6 | Ditto (a/c W. Richmond) .. .. .. | ,, | 648 | .. | .. | 233 | .. | .. |
| Dec. 28 | Hawke's Bay Farmers' Meat Company .. | Napier .. | 3,006 | 616 | .. | 285 | .. | .. |
| 1917. | | | | | | | | |
| Jan. 8 | Nelson Bros. (Limited) .. .. .. | ,, .. | 6,840 | 2 | .. | 95 | .. | .. |
| ,, 8 | Ditto (a/c W. Richmond) .. .. .. | ,, .. | 4,449 | .. | .. | 192 | .. | .. |
| ,, 6 | Thomas Borthwick and Sons (Limited) .. | ,, .. | 1,579 | .. | .. | 372 | .. | .. |
| 1916. | | | | | | | | |
| Dec. 22 | Patea Farmers' Co-operative Freezing Company | Wellington | .. | .. | .. | 364 | 286 | 82 |
| ,, 23 | Foilding Farmers' Freezing Company .. | ,, | 455 | .. | .. | 1,336 | .. | .. |
| 1917. | | | | | | | | |
| Jan. 12 | Wellington Meat Export Company .. .. | ,, | 4,000 | .. | 6,000 | .. | .. | .. |
| ,, 12 | Wellington Farmers' Meat Company .. | ,, | 4,471 | .. | .. | .. | .. | .. |
| ,, 13 | Gear Meat Preserving and Freezing Company (Limited) | ,, | 9,794 | 871 | .. | .. | .. | .. |
| | Totals .. .. | .. | 51,235 | 9,008 | 8,291 | 6,417 | 286 | 82 |

## APPENDIX C.

ADVERTISED STATEMENT OF THE POSITION OF W AND R. FLETCHER (NEW ZEALAND), (LIMITED) IN THE MEAT TRADE.

To Farmers of the North, and whom it may concern.

GENTLEMEN,—An effort is being made, we understand, to create the impression in the North that our company is associated with the American Meat Trust. To fair-minded people in the trade this requires no answer from us. Unfortunately, there are always some opponents who find such calumny useful; there are others who are thinking more of promoters' pickings than the true interest of the district or the real facts of the case. We rather welcome fair competition, but no one likes to lose his good name without the opportunity of replying, so we have set out below a few outstanding facts which we think will show clearly and conclusively that both the firm and everyone associated with it are British.

*Who are the Whangarei Freezing Company (Limited)?*—The Whangarei Freezing Company is a company formed to comply with the statutes of the Dominion by Messrs. W. and R. Fletcher (Limited), London, to take over from the liquidators of the old Whangarei Company the freezing-works at Whangarei Heads. The Whangarei Freezing-works is an open works which, after the war, will be available to all and sundry for the freezing and export of fat stock, exactly on the same lines as the farmers' freezing-works throughout the country. It is not possible to do this at the present time owing to the shortage of space and the difficulties of keeping the works running on so small an output.

*Who are W. and R. Fletcher (N.Z.) (Limited)?*—When it was found necessary to operate throughout the Auckland District in order to keep the Whangarei works going it was thought best to do so in Messrs. Fletchers' own name, so, as is usual in such cases, a local company was registered, styled as above.

*Who are "Fletchers"?*—We think this could best be explained by quoting from "A History of the Frozen Meat Trade," by Critchell and Raymond, published by Constable and Co. (Limited), London:—

Page 365.—"W. and R. Fletcher (Limited) is a company originally established as a private concern in the year 1888, which has grown continuously until it is now recognized as one of the most progressive and highly successful businesses in the frozen and chilled meat trade of the United Kingdom. It has . . . retail depots situated in the popular centres, besides wholesale establishments in London, Liverpool, Manchester, Bristol, Newcastle, Hull, Sheffield, Southampton, and Leeds. They are also owners of freezing-works at Geelong, Victoria. The managing directors are Mr. Samuel H. Fletcher (son of Mr. Robert Fletcher, founder of the company), Mr. W. J. Kempson, and Mr. William Blagburn, the manager of the retail shops. The two last-named gentlemen have been actively associated with the business since its inception. The head office of the company is situated at 19 and 20 King Street, West Smithfield, London E.C."

Page 108.—" Probably the first c.i.f. transaction on record, the authors learn on inquiry, was a sale in 1888 of 2,000 Dunedin sheep to Messrs. W. and R. Fletcher (Limited) . . . ."

Page 209.—" . . . The multiple-shop system has been, and is still more likely to be, such an important factor in the retailing of frozen meat. . . . It is interesting to note the turnover of one of the large shop companies' business; the figures appear colossal. One learns from particulars recently published that Messrs. W. and R. Fletcher (Limited) turned over £1,482,000 in 1910. . . . The big turnover of the multiple-shop owner is done on a very small margin, sometimes as low as ½ per cent., and the business, to admit of success, demands a keen expert knowledge of markets and men."

Page 366.—" In February, 1912, a public company entitled the 'Proprietors of Fletchers' Meat-importers (Limited)' was formed to acquire the share-capital interest of Messrs. Fletchers' business. The largest shareholder in this rearrangement was the Union Cold Storage Company (Limited); but the company went on just as before, and under the same management.

*Who are the Union Cold Storage Company (Limited)?*—" A History of the Frozen Meat Trade," page 170: " The group of cold stores owned by the Union Cold Storage Company (Limited) is world-wide in its ramifications. There are stores in London, Liverpool, Manchester, Hull, Glasgow, as far as the United Kingdom is concerned, and in connection with the Russian-Siberian butter-export business the Union Company has opened large cold stores at St. Petersburg, Riga, Kosloff, and Kourgan. The combined capacities of the Union Company's cold stores run into millions of carcases, and, according to the company's statement, would comfortably hold at any time more than a year's total shipments of mutton from New Zealand. Indeed, the Union cold stores grapple with a storing business which is by far the largest of anything of this nature in the world—a notable instance of the pre-eminence of British enterprise. . . . The company began operations in 1893 in Liverpool; in 1896 their first London store was started, at Blackfriars; and by rapid strides, as the result of the closest study of all the problems connected with the new industry, the Union cold stores grew to their present far-reaching establishment. . . . There are now about six thousand shareholders in the Union Cold Storage Company (Limited). . . . Of late years extension of the Union Company's enterprise has for the most part been abroad, except in the direction of taking over existing cold stores in England which had been erected by public authorities and others. Amongst these were, about 1898, the cold stores of the Colonial Consignment and Distributing Company, under Cannon Street Station, London E.C., and later the cold stores of the North Eastern Railway Company, at Hull, and the cold stores of the Scottish Cold Storage and Ice Company (Limited), at Glasgow. During 1910 the Union Company acquired the large cold stores and ice-factory on the Albert Dock belonging to the Liverpool Riverside Cold Storage Company (Limited)."

*Who are Vestey Bros.?*—Sir William Vestey, Bart., is director, and Messrs. Samuel Vestey and John J. Vestey are managing directors, of the Union Cold Storage Company (Limited).

The thought probably arises, Have these companies any connection with the American Meat Trust? The answer is, None whatever. Every one in the trade knows that they are British enterprises directly opposed to the Americans wherever they are established. Our opponents have used the fact that the Union Cold Storage Company is building a large cold store in New York as evidence against us; it is the very best evidence of the capability of British enterprise to meet the trust on its own ground. There is expected to be importation of frozen meat into the United States after the war, and British firms are laying themselves out to get a share of it. They cannot succeed without a free and cheap cold-storage establishment such as is provided by the Union throughout the British Isles. Given in this way a fair field and no favour, British enterprise will live with all comers.

We cannot in a letter such as this give all the information available: in justice to yourselves and to us, we court the very fullest inquiry.

Be British, and do not accept reports circulated by business competitors without first giving us an opportunity of supplying you with all the facts.

Yours faithfully,
W. AND R. FLETCHER (N.Z.) (LIMITED):
A. ROWLANDS, General Manager.

## APPENDIX D.

EXTRACT FORM STATEMENT SHOWING PAYMENTS MADE BY THE DEPARTMENT OF IMPERIAL GOVERNMENT SUPPLIES IN CONNECTION WITH THE PURCHASE OF FROZEN MEAT ON BEHALF OF THE IMPERIAL GOVERNMENT FROM THE INCEPTION OF THE SCHEME UP TO AND INCLUDING THE 23RD AUGUST, 1917.

| | £ | s. | d. |
|---|---|---|---|
| Auckland Farmers' Freezing Company, Auckland | 535,456 | 3 | 0 |
| Armour and Co. (Australasia), (Limited), Christchurch | 74,571 | 6 | 7 |
| Bristol and Dominions Producers' Association, Wellington | 28,683 | 9 | 3 |
| Birt and Co. (Limited), Invercargill | 385,142 | 13 | 11 |
| Borthwick and Sons (Australasia), (Limited), Christchurch | 1,606,302 | 4 | 9 |
| Cameron, Peter, Dunedin | 22,016 | 5 | 11 |
| Canterbury Frozen Meat Company (Limited), Christchurch | 1,795,315 | 15 | 5 |
| Clarkson, W. B., and Co., Christchurch | 23,743 | 10 | 3 |
| Feilding Farmers' Freezing Company (Limited), Feilding | 46,455 | 10 | 2 |
| Gisborne Sheep-farmers' Frozen Meat Company, Gisborne | 505,420 | 10 | 5 |
| Gear Meat Preserving and Freezing Company (Limited), Wellington | 1,811,871 | 1 | 3 |
| Hawke's Bay Farmers' Meat Company (Limited), Hastings | 392,330 | 0 | 7 |
| Joseph, A. L., and Co. (Estate of), Christchurch | 45,171 | 10 | 5 |
| Joseph, A. L., and Co., Christchurch | 41,330 | 6 | 0 |
| Kirk, J. H., and Co. (Limited), Invercargill | 36,574 | 16 | 11 |
| Lysnar, W. D., Gisborne | 23,085 | 18 | 5 |
| Mellsop, Eliott, and Co., Palmerston North | 98,000 | 10 | 11 |
| North Canterbury Sheep-farmers' Co-operative, Christchurch | 46,770 | 18 | 1 |
| New Zealand Farmers' Co-operative Bacon and Meat Company, Wellington | 35,516 | 10 | 4 |
| Nicoll Bros., Ashburton | 55,096 | 18 | 2 |
| Nevanas, S. V., Proprietary (Limited) Wellington | 57,256 | 3 | 0 |
| National Mortgage and Agency (Limited), Longburn | 322,807 | 0 | 10 |
| Nelson Bros. (Limited), Tomoana, Hawke's Bay | 759,722 | 17 | 9 |
| Nelson Freezing Company (Limited), Nelson | 86,066 | 18 | 8 |
| New Zealand Refrigerating Company (Limited), Christchurch | 3,312,348 | 3 | 0 |
| North British and Hawke's Bay Freezing Company, Napier | 231,640 | 14 | 4 |
| Otaihape Farmers' Meat and Produce Company, Taihape | 82,496 | 3 | 2 |
| Poverty Bay Farmers' Meat Company (Limited), Gisborne | 151,313 | 6 | 0 |
| Patea Farmers' Co-operative Freezing Company (Limited), Patea | 253,790 | 15 | 11 |
| Paterson, A. S., and Co., Wellington | 10,251 | 2 | 10 |
| Paterson, A. S., and Co., Auckland | 40,893 | 3 | 10 |
| Richmond, W., Hastings | 444,599 | 3 | 0 |
| Sims, Cooper, and Co. (New Zealand), (Limited), Christchurch | 437,891 | 10 | 4 |
| South Otago Freezing Company (Limited), Balclutha | 92,014 | 16 | 0 |
| Southland Frozen Meat Company (Limited), Invercargill | 521,567 | 1 | 3 |
| Taranaki Farmers' Meat Company (Limited), New Plymouth | 47,654 | 15 | 6 |
| Tokomaru Sheep-farmers' Freezing Company (Limited), Tokomaru Bay | 237,457 | 14 | 1 |
| Turnbull, A. H., and Co., Christchurch | 96,292 | 3 | 8 |
| Wright, Stephenson, and Co. (Limited), Gore and Edendale | 31,380 | 14 | 9 |
| Wallis, R. and F. (Limited), Gore | 295,766 | 14 | 0 |
| Whangarei Freezing-works (W. and R. Fletcher (New Zealand) Limited), Auckland | 301,981 | 15 | 0 |
| Westfield Freezing Company (Limited), (W. and R. Fletcher (New Zealand), (Limited), Auckland | 181,582 | 17 | 5 |
| Wellington Meat Export Company (Limited), Wellington | 993,996 | 18 | 4 |
| Wellington Farmers' Meat Company (Limited), Masterton | 755,881 | 9 | 10 |
| Wanganui Meat-freezing Company (Limited), Wanganui | 499,890 | 4 | 5 |

*Approximate Cost of Paper.*—Preparation, not given; printing (1,000 copies), £165.

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