

WEDNESDAY, 22ND SEPTEMBER, 1920.

JAMES MILNE examined. (No. 16.)

*The Chairman:* I understand that you have a statement which you wish to make to the Committee, Mr. Milne?—Yes. I understand that the Committee desires some information as to the extent to which by-products are utilized in the New Zealand freezing-works. I did not expect to be able to attend to-day because I anticipated having to go to Australia, so I prepared a statement, which I will read: The successful development of the by-products of any industry depends upon the demand for these by-products at a price which will pay the cost of manufacture and transportation to the consuming market. In the case of the frozen-meat industry a large proportion of the by-products consist of edible portions of the offal from the carcass, and while these can be readily transported in a frozen state, any delay in marketing means loss of quality owing to the fact that these goods deteriorate if kept in store for any considerable period. In comparing the efficiency of the by-products departments of a New Zealand freezing-works with a similar industry in another country the peculiar conditions under which the industry is conducted in each country must be taken into consideration. If, for example, we take the packing industry of the United States of America for the purpose of comparison, we find that surrounding the large packing-houses in Chicago there is an industrial population of many millions, drawn from all countries of the world, with their national taste for classes and mixtures of flesh foods which the average Englishman would refuse. Beyond the radius of this industrial population an excellent system of railways places the whole of the consuming population of the United States within easy reach of the centre of America's meat industry. In the case of New Zealand, the principal market for our goods is twelve thousand miles away, involving careful preparation of the goods by refrigeration or other means, and costly transport, and with the added risk, in the case of goods on consignment, of market fluctuations during the period of shipment. Notwithstanding these disabilities, however, it will be found on referring to the following list of by-products manufactured in the average New Zealand works that very little, if anything, goes to waste. By-products from sheep and lambs: Frozen mutton; frozen lamb; slipe wool; pickled pelts; edible and inedible tallow; mutton premier jus; mutton oleo; edible offal (kidneys, tongues, livers, brains, hearts, sweetbreads); canned meat; meat-extract; neatsfoot-oil; dried blood; fertilizer; casings; lambs' vells (occasionally). By-products from cattle: Frozen beef; canned beef; boneless beef; hides; suet; premier jus; beef oleo; horns; hoofs; fertilizer; neatsfoot-oil; edible offal (consisting of tongues, sweetbreads, tails, kidneys, hearts, tripe, livers, skirts); meat-extract; bones (flat and round, for manufacture of novelties, &c.); edible and inedible tallow; green bone for fertilizer; hide-pieces; casings; dried blood; hair. It must be remembered that New Zealand specializes in the production of sheep, and I am able to state that the method of handling skins in a New Zealand freezing-works compares very favourably with that adopted in America, a detailed description of the system in force in a large American packing-house having lately been sent to me. In the case of beef, the average daily "kill" in a New Zealand works would not exceed 100 per day. This is about an hour's work in a large American packing-house, and it is possible that the greater turnover would help to reduce operating-costs. The by-products obtained, however, are practically identical, except that, whereas New Zealand meat is exported in frozen quarters, the American beef is distributed in a number of cuts, the coarser qualities being made into various varieties of sausages, for which there seems to be an unlimited demand. I have here [produced] a diagram prepared by Morris and Co., showing in detail the by-products extracted from cattle, and comparing this with our own I think there is very little difference. In addition to the list of products given above, there are several which might be termed pharmaceutical products, such as, for instance, pepsin, which could be saved if the demand warranted their preparation, but the value of these per carcass is so small that they need not be taken into consideration in this statement. To sum up, I should say that the freezing-works in the Dominion will compare favourably with similar works in any other country. The industry generally is enterprising and prosperous, and no opportunity is lost of investigating and adopting, where commercially successful, any new methods of working. I might add to that statement that the preparation of by-products depends entirely upon the market. I have already made that statement, but to confirm it I would point out that at the present time it would not be of much use saving ox-hearts and ox-tripes for shipment to England: they would not pay the cost of freight. I have a cable to that effect from our London office asking us not to ship, as the spot market value is less than freight. So that while we are prepared to utilize any by-products as long as there is a market for them, we are entirely dependent upon the market. In regard to the other statement—the method of handling skins through the American market—some time ago I received a letter from an American firm stating that they were prepared to deal with our skins. I wrote to that firm and they sent me full details, and asked me to send them some consideration for the information if the idea was adopted. Comparing their system with the system in vogue in the New Zealand works, I may say that I favour our present system under our present conditions. Apparently there is nothing to be gained in the cost of operating, and I think our system is really the better, for it produces the better article. In proof of that I may say that the New Zealand pelts rank in America as high as any pelts from any part of the world.

*Mr. Lysnar:* As far as you are aware, complete advantage is taken of the by-products in New Zealand—there is no waste?—Yes, that is so.

Any one who states that the by-products are being thrown away does not know anything about the matter?—There is no by-product thrown away if there is a market for it. If the market is not available it would be useless to keep those hearts in storage six or twelve months. That is the only circumstance under which that by-product is not made use of.

*Mr. Jennings:* Mr. Chairman, may I ask Mr. Milne a question arising out of the statement which I made in regard to the allegation of Mr. Corrigan? I desire to do so because Mr. Milne was the manager of a freezing-works. Mr. Corrigan said that because he had bought ahead of other buyers who supplied the freezing-works—Borthwick's and the Gear Company—he was practically boycotted by these freezing companies, and if the Inlay Company had not come to his rescue he would have been ruined. Do you know of any man being told that his stock could not be frozen at your works because some dispute had arisen between the buyers and himself?—Absolutely, no. I do not remember Mr. Corrigan ever applying to the Taranaki Farmers' Meat Company. He is a shareholder, and every farmer has the right to get his share of the space. I am quite sure that he would have got his share of the space if he had applied to that company.