Now, taking the forty weeks, this still involves the shipment fortnightly of equal quantities, a levelling-off of all the flush quantities of butter and cheese so as to make up the shortage in slack periods. The would-be controllers try to delude the producers with bald statements, such as that the shipping is the worst possible, that the shipping companies are alone to blame, and, by inference, that change is necessarily improvement. So far from change such as suggested being necessarily improvement, it may, if brought about, spell disaster, especially so if in the hands of those who have proved their incapacity to handle small adventures on the commercial side of our industry. Their scheme includes the equalizing of shipments they cannot now get out of, for it is the very essence of the whole thing, and they have again and again by precise statements recorded, and by inference made it clear, and, indeed, without it the whole thing tumbles down.

Spreading the whole of our produce equally over forty weeks involves the costs and consequences of (*a*) storage, (*b*) shrinkage, (*c*) depreciation, and (*d*) interest. One of the main factors of the success and rapid expansion of the dairying industry in this country, so that it has become the premier, the most stable, and the most productive of wealth, is our grading system, which ensures reliance as to quality and weight for purposes of marketing, both by direct sales to merchants and resale by them, or sale on our account through them to the retailer. This again is the foundation of our easy and reliable system of finance. With assurance as to quality and weight, we can, when selling f.o.b. (on the boat sailing) get immediate and final settlement, thus closing each transaction at once. When consigning, we can secure without trouble an advance to close on full value; and, as no question is left open as to quality or weight, we know ahead that the account sales will return us the net market value for the original quality and weight. These are the present conditions, and very excellent and desirable ones they are, which it would be nothing but madness to imperil. During war-time, when produce was stored for longer and shorter periods, deterioration of quality of both butter and cheese took place in varying degree from little to a great deal, also with cheese-shrinkage, which took place up to the extent of a reported 7 per cent. As has been pointed out, carrying over from flush quantities to equalize shipments entails not only cost in interest and storage, but also an unknown degree of depreciation of quality, and an unknown amount of shrinkage, with the result that our present excellent system of marketing and finance will be wrecked, and the whole business of our industry thrown into confusion, and the excellent reputation of our produce destroyed. On the other hand, whilst we desire all improvement that is possible in the shipping of our produce, we contend that the facts do not warrant the granting of control, and do not display anything like the disadvantage to or disregard of our interests that have been claimed and made much of to gather support for control by the promoters.

Taking the past season, for instance, it has been stated in contention of great loss and injury suffered under the present system that large quantities of our produce have, inferentially owing to the fault of the shipping companies, been dumped on the London market at one time or in a short period, and so depressed the market to our loss. This contention, though it has been used to gain—or rather retain—much support for the Bill, is not borne out by fact. I wish particularly to emphasize this point in proof of our statement that genuine endeavour has not been made by our present representatives to improve conditions. The fault did not lie with the shipping people, but with the Dairy Association. Taking the instance made much of by Mr. Grounds at many places as a glaring instance—viz., that 455,394 boxes of butter were dumped on the London market during the period from the 2nd December, 1922, to the 13th January, 1923, with the result that the producers lost a sum of £296,000, as compared with the price obtained for Danish: The facts are—(1) the space was applied for by the dairy associations, the goods were offered to the shipping, and no endeavour was made or appeared to prevent shipment of over quantity, and therefore the fault, if any, was the dairy associations' (the accompanying statements show the position clearly); and (2), whilst the market did fall at the time of the first arrival ("Paparoa," with 55,824 boxes), it immediately recovered, rising during the arrival of 93,670, 98,296, and 101,283 boxes up to the same figure as at beginning, although there were heavy arrivals in prospect. Now, the "Paparoa" arrived on the 8th December. The High Commissioner only gave the market price as 170 to 176. There was a sharp fall, but it was down for three days only, and I cannot trace an instance where New Zealand produce was sold at that time. But I have account sales of 180 to 185 by one firm, as against 170 in the High Commissioner's cable, and from another firm 182 to 187. The "Paparoa" shipment sold at from 180 to 185; the next, the "Orari," at from 184 to 188, and from 185 to 190; and Mr. Grounds's last date, the 13th January, evidently refers to the shipments by the "Mahia" and "Tainui," which sold at from 198 to 202. At the commencement the sales were from 180 to 182. On the recapitulation, the fault was with our dairy associations.

4. *Mr. Forbes.*] You do not give the Danish figures at that time?—At the time of the "Paparoa's" arrival the Danish figure was 202, and it went up to 212 on the 13th January. The contention advanced by the promoters that arrivals of quantities of our produce in a short period causes in itself a fall in the market is wrong, and based on a fallacy. The fallacy is the assumption that quantity of arrivals is the main factor in market fluctuations. Large or small arrivals may be a factor on occasions if concurrent with similar arrivals from other countries, but the main factor is supply in sight and prospective from all sources—in store, arriving, on the water, and in prospect—but dependent on many factors, such as whether the price ruling has tended to increase or diminish consumption, short- or over-production, and even, as during the past year, the rates of exchange. Drought, for instance, with its attendant prospective shortage of production, had a much greater influence at once on the market than any fluctuations in arrivals could have. On the other hand, a keeping-back of supplies is every bit as likely to cause the goods kept back to hit a lower market or a higher or even as good a one.