

have been £2,249,365 less. Interest on this at $6\frac{1}{2}$ per cent., the present bank rate, is equal to £14,645, and would be equivalent to a levy of $\frac{1}{4}$ d. per pound of butter. It may be that some members of the Council have in their minds some financial arrangement which will put this argument out of Court, but if so they have not divulged it to us. I brought this question up at the Auckland conference, when the companies were addressed on the subject. I also brought it up three weeks later at Palmerston, and on no occasion did I get a full reply to my question. No arrangements seem to have been made—nothing definite. Besides advances on produce, there are some other minor points connected with finance which are very important to us though they take a minor place in comparison with advances. The first one is (2) exchange on London: At present the banks are charging us $1\frac{1}{2}$ per cent. on our drafts, equal to a charge of about $\frac{1}{4}$ d. per pound of the butter. My company have been able to make certain arrangements for getting out of that charge. We have avoided a good part of it this year, and we hope in the future by certain arrangements to avoid a greater portion, if not the whole of it. (3.) Interest on agent's advances: This is paid either in London or in the Dominion. If it is paid in London, the rate is at the bank rate in London. It was 5 per cent. this past season. In the Dominion it was $6\frac{1}{2}$ per cent. We have been able to arrange for any interest we have to pay to be paid in London, and during the past season we saved $1\frac{1}{2}$ per cent. on £138,477. (4.) Final settlement each season: When the season is closed and the whole of the butter is sold the accounts are made up and a final payment usually called a bonus is paid out to the suppliers in proportion to the butterfat they sent in. No information has been given to us on this point. At present the companies are able, on cabled advice of the sale of the last of the season's output, to calculate and pay out the final payment in the spring months—August, September, or October—when funds are usually badly needed by the farming community. It is very important that this payment should be made as early as possible. The passing of the Bill would take these three matters—exchange, interest, and final payment—out of the companies' hands. The position we have built up in regard to our finance after long and painful years would be smashed at one blow, and we would be entirely in the Board's hands as to how much we could pay out to our farmers. You can see, gentlemen, that it is a very serious position in which we should be placed, and I am afraid it would mean, in my district at least, a good many thousand farmers going out of business altogether if they could only get 66 per cent. of the value of the butter advanced on monthly account. I have endeavoured to ascertain what the possible gains and losses would be under this Bill if it became law. Dealing with the gains first, we should look for an increased return for our produce. The average difference between the prices of Danish and New Zealand butter during the past season has been 10s. 4d. per hundredweight, or slightly over 1d. per pound. It is not likely that control would raise our price to a higher level than the Danes get. Assuming that it raised it to the Danish level, it would gain for us slightly over 1d. per pound, and that would only be done at the cost of holding over a portion of our output for sale during the off-season. As to the reduction of shipping-charges, it is difficult to see how this Board would be in any better position than the National Dairy Association has been in in the past. The association has acted as shipper for practically the whole of the produce. But even allowing that it would be able to make some better arrangement, a 10-per-cent. reduction—which would be a big thing—would only amount to $\frac{1}{8}$ d. per pound of butter. There is thus a possible gain of $1\frac{1}{8}$ d. per pound of butter.

1. *Mr. Hawken.*] How much would that be on the total amount?—I have not worked that out, but it would mean about £6,000 to my company. Against this possible gain there are probable losses. In the first place there is the interest on the difference in advances, as mentioned in paragraph 1. There is interest on any butter held over for the off-season. To regulate the supply through the whole season it would be necessary to hold over half of our output for six months. I believe that the export value of the produce last season was £16,000,000. That would be bank rate of interest on £8,000,000 for half a year. There would also be interest on delayed final payments, and loss on exchange, which is at present more or less avoided by most companies; and, finally, there is the levy authorized by the Bill— $\frac{1}{4}$ d. I cannot give exact figures for these items, because they would vary under different circumstances; but, as far as I can see, the gains and losses about balance each other. It appears to us, however, that the probable losses are more certain to take place than the possible gains. One of our complaints is that all along there has been a great paucity of information as regards the financing of this Bill. I have asked for information repeatedly and have failed to get it. I do not blame the chairman, Mr. Grounds, for that, because Mr. Grounds has been attending to the general principles of the Bill; but I do think that some other member of the Council might have attended to this important matter of finance and placed a definite scheme before us. The chairman of the Council, Mr. Grounds, has said that the chairman of the Associated Banks told him that "there should be no difficulty about finance." That is practically all we have had to go on, and it is really too vague and uncertain for anything. We feel that a much more definite indication of financing arrangements could and should have been forthcoming before any of the dairy companies were asked to consider this Bill. My directors consider that they have a mandate from the shareholders and suppliers to manufacture and market the company's produce, and they cannot agree to that control passing from their hands until they are satisfied that the financial arrangements are going to be at least as favourable to the farmers as they are at present.

2. Do you think it is necessary that the Board should change the finance? What grounds have you for supposing that the Board would change the present finance in any way?—They have not said what they are going to do. Under the Bill as it stands at present I do not see how they could get an advance of 90 per cent. If they can show us definitely how they are going to get it I shall be satisfied; but after twenty-five years' experience in the mercantile world I cannot see how they are going to get it. As the Bill gives the Board power to take our produce, it cuts our financial arrange-