

of marketing and distribution? If a factory cannot accept any offer—is not to be allowed to do so—surely that is interference. And who is to be the judge of who is the speculative manipulator? I think the outcome of the position may possibly be, if it means anything at all, that the present channels of distribution will be reduced to a favoured few. Again, at New Plymouth last October Mr. Grounds said, “Prices must be arranged with the selling agent in London . . . Advances could always be arranged even if there was a hitch in negotiations with the big firms.” Mr. Morton at the same place said, “One of the great merits in connection with the scheme was that the produce would be sold as New Zealand produce irrespective of brand or factory.” Mr. Grounds further said, in North Canterbury, “The only sound course could be based on equal price for equal grade.” Sir Thomas Clement was most emphatic in stating that elimination of brands would be fatal to our industry; and in the same connection Mr. Goodfellow says, “Universal brand—sell according to grade only.” Further, Mr. Grounds at Stratford said, in reply to questions, that “the ideal to be worked up to ultimately was a uniform brand, and one control of marketing.” I think, gentlemen, I have said sufficient, without labouring the question, to show to any reasonable body of men that this scheme has been gone into hastily, without anything like the consideration due to it, and that the result has been to cause its promoters to be constantly amplyfying, curtailing, and remodelling, just as the case demanded. There is one point I would touch on which strikes our suppliers very pertinently, and on which they have expressed themselves very forcibly. That is the method of financing, as set out by the promoters. There is no doubt that a good deal of support was obtained for the Bill—at least for the shipping aspect—on the assurance given by the promoters that there would be no difficulty in regard to finance. Both in the North and the South Island the Chairman and Mr. Grounds at various centres gave the assurance. I might quote one instance that occurred at Leeston, where, according to the *Ellesmere Guardian* of the 9th June, Mr. Grounds said: “As a result of inquiries made by himself and other members of the Council from the Associated Banks they had been assured that there would be no difficulty in arranging the Board’s finance through the Associated Banks.” Mr. Grounds, at Stratford, according to the *Taranaki Daily News* of the 16th June, said: “The Associated Banks have been interviewed by members of the Council and they were of the opinion that satisfactory finance could be arranged.” In addressing a meeting held under the auspices of the North Canterbury Farmers’ Union Executive Mr. Grounds used the identical words I have quoted, and in answer—

*Mr. Burnett*: Could not the witness confine himself to expressing his own ideas on the subject?

*The Acting-Chairman*: I do not think I should bar him from supporting his own views by these quotations.

*Witness*: I am verifying the statements I have made from the reports of meetings addressed by Mr. Grounds, but I do not need to adduce evidence in support of my own suppliers’ opinions. I speak for them. In addressing the meeting referred to, in answer to a question on the matter of advances, Mr. Grounds said: “It would not be less than 80 per cent., unless it is found desirable in the interests of the industry that a certain portion should be stored to secure continuous supplies, as advocated by the leaders of the industry in London, when the advances would be smaller—say, 70 or 75 per cent.” I submit that nothing could be much clearer, or more definite, than these statements, and many who were in doubt as to the effect of control on finance have on the strength of them voted for the Bill. Now, what happened? The bubble burst in the shape of an announcement in the Press which stated that “the question of finance for a dairy pool has not been discussed or considered by the Associated Banks, and no undertaking has been given or can be given until they have had an opportunity of discussing the pool.” It is a most interesting situation, and, may I add, a very regrettable and pitiable situation, that the great industry we have built up here—New Zealand’s premier industry—should be landed in a position like this, and it is in fact almost outside the bounds of parliamentary language to describe it. Mr. Grounds later on made this statement: “If we are going to work with Tooley Street houses there should be no difficulty about finance.” That is a very strange and contradictory assertion from the point of view I have quoted. Further on again, at Stratford, on the 15th June, Mr. Grounds said: “They had recognized there were disabilities in financing through the London houses, and consequently inquiries had been made and satisfactory arrangements could be made through the Associated Banks.” The Associated Banks being buyers, there was a possibility of financing through the London houses, and as the individual buyers were working with the London houses there would be no difficulty. At Leeston Mr. Grounds had previously stated, “It had never been said that finance was to be arranged by letters of credit set up by the London merchants.” At Stratford another member of the Council, at a meeting on the 24th May, rather elaborately went into the scheme of financing by letters of credit, which would be handed in by the Tooley Street merchants to the Board, and in turn passed on to the different factories—the finance would be established from that. In the face of this I asked Mr. Grounds whether he was giving his own personal opinion, or whether he was speaking as the mouthpiece of the Council, and he replied to the effect that he was giving his personal opinion, and anything he said would be endorsed by the Council as a body. I drew his attention to the remarks made by Mr. Corrigan, who was a member of the Council, but Mr. Grounds did not vouchsafe to make any reply. Speaking generally, it would appear that in the body of men already set up to determine this matter apparently there is a wide divergence of views, and it would be, to say the least, very unwise to commit to their hands such a vast business as the control of our industry, representing, we have been told, a value of £16,000,000 annually. A statement has been handed in by a previous witness as to the factories for and against the Bill. This statement is not guaranteed. And further, at the Stratford meeting on the 24th May the proposal was carried by a very clear majority that the question be postponed for a month, and that the Taranaki factories should vote on it. I may say that the return of this voting has never been sent in. A circular was sent out asking that the votes should be