

I shall be glad to know if it is part of their duty to act as advisers on questions of business, and especially on questions in which two companies are concerned, as in the present case. I do not now raise the question of the value of their opinions and judgment in such matters. I hope to find that I need not discuss their competence or otherwise to act as business advisers.

Requesting the favour of reply at your first convenience.

J. A. Kinsella, Esq., Dairy Commissioner,  
Department of Agriculture, Wellington.

I am, &c.,  
WESLEY SPRAGG,  
Managing Director.

DEAR SIR,—

Onewhero, 24th August, 1906.

Yours of the 21st instant to hand, and contents noted *re* Mr. Thornton. Messrs. Thornton and Shirley came into our district for the purpose, so they said, of acquainting our milk-suppliers of a proposed winter show and conference to be held in Auckland some time next winter. They had a look over our factory, and a chat with Mr. Brown and, I think, Mr. Cathcart also. Several other suppliers, in passing, called in, and evidently the conversation between our people and Messrs. Thornton and Shirley was upon our intended amalgamation with your company. Mr. Glasgow, who has been all along opposed to selling and joining your company, brought the two gentlemen over to me. Mr. Thornton explained they had come for the purpose of having a chat with the suppliers about a winter show and conference, and wanted the settlers to feel interested. He had heard with regret that we were going to dispense with the services of Mr. Brown as manager, and then spoke at some length of the abilities of Mr. Brown as butter-maker. He also said he was sorry to learn that we thought about selling our concern and joining the New Zealand Dairy Association. He thought that would be a mistake, that we could do better the way we were. I told them I had gone into the whole matter, and was thoroughly convinced we would be much better in joining your company, and I was going to do my best to get our people to sell out. Mr. Shirley then took up the conversation, and said he was sure, if we would go into the matter, he could prove from figures that we could do better by remaining as we were. I then got down the *Dairyman*, and quoted to them the opinion of the Taranaki people of your company and the Taieri and Peninsula. I asked them what they thought of that, but they could not give me a reasonable reply. After further haggling, Mr. Shirley said he had noticed our percentages on the board were good, and would bet me 5s. that none of the New Zealand Dairy Association's creameries would register so high. I told him I would take him up, and would back Kihi Kihi to be as good, and they were about the same supply. I then explained to him that it was not a fair thing to quote any particular creamery for one month, or even two. The correct thing to do was to compare the two balance-sheets of the companies in question, and see what their average tests were for the season. I then produced a copy of your balance-sheet for the previous year, and noted the average percentage. I then found our balance-sheet, but, unfortunately, our average test for the year was not on it; but I quoted from memory, and Mr. Glasgow agreed with me, and it showed your average percentage to be the highest by a little. That settled that point. I asked them to stay and have some lunch, and after lunch I was willing to go into the whole matter. But they could not stay, as they had promised Mr. Brown to go there to lunch, and they wanted to get back in time for the train. Mr. Thornton at this stage said he wished it particularly understood that he was not antagonistic to Mr. Spragg or the New Zealand Dairy Association, and had not come to try and persuade me one way or the other. But there were things he could not say here, but would be at liberty to do so on the floor at the conference. He expressed a wish that I would go there and put my views, and he would be only too pleased to open his mind and tell us something we did not know. All this occupied about three-quarters of an hour. There were a number of other details gone into, but of no importance. In thinking the matter over a few days after, I came to the conclusion that they came up with the express purpose of putting in a word for Mr. Brown and putting in a word against the amalgamation. But the plan they took and the statements they made would, I believe, exonerate them, although personally I did not like their method of procedure. I do not think they carried any weight, or were the means of turning any of the suppliers from voting against the amalgamation. This is all I can think of that took place between us. If it is of any use to you, you are quite at liberty to use it as you think best.

Mr. Pacey, Secretary, New Zealand Dairy Association.

I am, &c.,  
JAS. MILLER.

DEAR SIR,—

Auckland, 25th September, 1906.

Following mine of yesterday's date, I have to advise you that I have since then received the promised extract from the memo. addressed by you to the Secretary for Agriculture. I am sorry to say that it does not convey much information to me, excepting that I understand from it that you are not satisfied with the replies given by Messrs. Thornton and Shirley to some questions submitted to them. I further gather from the extract that even in communicating for your information, where they had every reason to carefully exercise their utmost discretion, you are of opinion that they showed a lack of judgment. I submit that if this is so, the ordinary judgment which they may exercise, as in the case which I have reported, is likely to be of a quality which will not advance the dairying industry of this district.

Judging from the broken report which I have received, I infer that these men have said that in the present case they were asked questions in "meeting the public." Such a statement would not be in accordance with the information which I have received. On the contrary, I understand