

14. *Mr. Witty.*] You said there was only one share held in New Zealand by Armour and Co., the chairman holds one and the solicitor one?—I do not know what the shares held are, but there are five shareholders in it.

15. By their methods they are able to evade legitimate taxation, are they not?—Unquestionably.

16. Would an English combination not be less likely to evade taxation than an American one?—If their ultimate profit is made there they could, I presume, be bound to declare that profit.

17. And therefore it would not be lost to the British nation?—Quite true. What I mean is that the profits of their New Zealand operations would have to be shown in London.

18. There could be reciprocity between New Zealand and Great Britain so far as taxation is concerned where there could not be between New Zealand and America?—Yes.

19. *Mr. Forbes.*] I think you said that the operators had forced up the prices, which meant a loss of something like £250,000?—Yes.

20. Did your company feel the competition?—We have lost. We have paid away more money than I expect we shall get back; but it is very difficult to say how the ultimate realization will open out. We have never had such enormous stocks as we hold at the present time unrealized, and we do not know what the fate of them will be; but, taking the position as at present, and considering what is a fair margin, practically the year has not shown a profit. To illustrate what I mean: the market for any of our products, except meat, which has been commandeered, may turn in any direction; the Imperial Government has intervened and fixed the price of meat without our having a say in the matter, and the realizable value of the stocks we hold under similar conditions might involve us in further losses.

21. What particular stocks do you refer to?—Tallow and pelts, but not meat. Meat is not paid for until it is f.o.b.

22. But there can be no alteration in that price—no loss?—No, but that is not the biggest value of the whole animal.

23. Last year the shipping companies had a very profitable year, did they not?—Yes.

24. And during war-time the freezing companies' profits have been higher than in previous years?—Not necessarily, because as the prices went up the freezing companies have had to follow them, and it means that the "value" is the price we have to pay.

25. The effect of the American competition, or the competition whether American or not, has not made the freezing companies' operations more profitable within the last few years than the competition operating prior to the new competitor coming on the market?—I do not think one can attribute any serious differences to these companies in the last year or two, but as the question turns a good deal upon your reference to profits made by companies during the last year I might say that the profits made by the companies last year were entirely unexpected. They were due to sudden enormous rises in certain directions of stuff we had free for the market. We were all greatly surprised. Take, for instance, sheep-pelts: they went up 100 per cent. in value at a time when nearly every company had pretty well the whole of their year's output unsold. Tallow went up nearly double, but both pelts and tallow are now shivering, and are falling.

26. Practically you have felt the harmful effect brought about by the operations of the Meat Trust?—This year we have, because we have had to buy close up. We have paid too much according to our estimate. We are not able to provide in our estimates what I consider is a safe margin for the risks we run.

27. *Mr. Anderson.*] I understand that the buyers in New Zealand for these companies we are referring to are prepared on occasions to pay more than the Government price for the meat: is that so?—My buyers are not.

28. I am asking about the American buyers?—I really do not know: we hear all sorts of stories, but I do not pay very much attention to them.

29. Is it a fact, then, that lamb can be tagged for certain firms at Home?—Yes, that is so. It was so arranged, and was considered a good thing in the beginning. When the war commenced, of course, we were all anxious as to what was going to happen to our business connection, and it was thought desirable that the regular selling agents should have surplus meat placed in their hands by the Imperial Government for sale at fixed maximum prices on behalf of the Imperial Government. At that time most people thought the war was going to be over in a short time, but it has continued, and the trouble that has arisen with us is that dealers (Armour and Co., for instance) have bought and shipped a considerable quantity of stock, and as Armour and Co. are their own selling agents in London they receive the surplus New Zealand meat for sale on behalf of the Imperial Government, with the brand of Armour and Co. on it. The same thing applies to Borthwick and Co., who are operating here. Then, Sims, Cooper, and Co. are very large operators: they have their London house, and they, of course, get their own marks. Fletcher's and Vestey's also get their own brands, and so it goes on. Therefore you see that there are certain companies trading here—and not Americans only—who are able out of the profits between the wholesaler (themselves) and the retailer (also themselves) and the consumer to pay more money than a company which is trading only in New Zealand, and whose surplus stuff goes into the hands of their regular agents on behalf of the Imperial Government.

30. Is that prejudicial to the local companies and the farmer, or is it an advantage to the farmer that these companies I am referring to are able to pay more for the stock than they otherwise would do?—Well, on the transaction itself they are on no better wicket than anybody else, but when you realize that they have their own nominee for the surplus at Home they have a guarantee of a supply at a fixed price. It is not distributed, as in the case of lamb: there is pretty well from 9d. to 1s. per pound profit as between the wholesale price and the consumers; and as they have their own shops it is conceivable that they can stand quite a substantial loss on their cost here and make it up from there. In the South Island Armour and Co., I understand, do that.