

proposal to me himself in this way: "We are prepared to advance you money to double your works—all you require—on whatever terms you like. Having done that, then we want the right of putting through 250,000 sheep a year at least. We will pay you the charges, but we will come in then as a partner in your business." Before confirming this he saw Mr. Cooper in Australia, and Mr. Cooper came over and put these proposals in effect to my board, telling us at the same time that if we did not agree with them they would make other arrangements, but they would have control of a works in the North Island. We did not agree with the proposal, and a short time afterwards the Wanganui works were built. Last year, which was the first year in which Sims, Cooper, and Co. had absolutely a free works to put their stuff through, they did make the pace. They began, first of all, by buying up all the store stock they could get. Their works were ready for operation about January. Up to the end of December we had made a profit, but after that we began to lose money, and I think I handled our business as carefully and in as conservative a manner as possible; but we were losing about 5s. per head for January, February, March, and April; we could not get up to it at all. I met the competition by knocking off one board of butchers out of two, reducing the killing from just under twenty thousand a week to about eleven thousand a week. Of course, by doing that I was in this position, that we cut our losses in half, and I was also able to refuse stuff where I found it outrageously high. We set out to lose not more than £20,000, and we lost it. We would not lose more. That was the result of a single year's operations; and when I say £20,000, I am satisfied that our losses were less than anybody else's. Of course, mind you, we lose in addition to that the whole of our earnings in the factory as well.

5. And the loss of connection?—I do not think so. We have lost, but if the pace was kept up, which fortunately it could not be because the storage is not available, then we would have lost our connection. It only meant another year or two and we would have had to capitulate under the stress of such competition as that.

6. *Mr. Reed.*] Which works are you referring to?—I am referring to the Masterton works—not Taranaki. In Taranaki we had no reserves to lose—it was our first year. I simply called the directors together and said, "Here is the highest price I can afford to pay for the stuff; we are making no money out of it, but we are giving the settler everything"; and a certain percentage of the settlers were sufficiently loyal to keep the thing running. Our balance-sheet shows a loss of £333 in Taranaki, and in that we do not allow for depreciation. The year's trading has shown a small trading loss, and at that the settlers supplying the stock were doing so at £2 or £3 per head less on cattle than other people were prepared to pay. It was due to the loyalty of the settlers in Taranaki that the works were able to carry on at all. In Masterton we did not ask that, because we were in a position to face a certain amount of loss.

7. And in the Wairarapa the competitors were taking the stock right through to Wanganui?—Yes, and paying considerably more for the stock than we were paying, and our business showed a loss.

8. *Mr. Scott.*] Have you formed any opinion as to what remedial measures could be taken?—Well, a temporary remedial measure is easily got at—that is, by a Proclamation compelling everybody to sell their stock on the hooks to the various works, the Government, of course, being the buyer, the companies merely acting as agent for taking delivery of the stock on behalf of the Government. That would, of course, very easily eliminate not only the competitors you do not want, but the competitors who have been here and been active men in the trade for many years past. It would eliminate the lot. That would get over the difficulty while the war is on, and the only cure for it after the war is over. First of all, an attempt might be made by Government regulation. If that is not practicable, then there is only one thing, and that is Government control. These American meat companies, I may say, in the Old Country have been escaping taxation almost entirely up to now by forming small companies, such as the London Produce Company, and having the meat charged up at a price which cannot make a profit. They have shown no profit at Home, and have paid no income-tax. The British Government were proposing to get over that by assuming an income of 5 per cent. in the way of profit and taxing them accordingly, but up to that they had paid nothing. It was manifestly unfair to the British competitors. If something of the kind were done in New Zealand it would probably help.

9. *Mr. W. H. Field.*] Do you think they are growing in the advantage they have obtained in England?—Yes. It is only a question of time when they will have the lot. So impressed was I with the position at Home that to do our little bit in the matter I immediately cabled our board asking them to send a member of our staff to take charge of our business, and his instructions are that all nominations he received have to go to British firms, and British firms only.

10. Even then it is difficult to say what are British firms?—We have to leave it to him to use his discrimination, but you can tell pretty well. His instructions are to get as near the retail connection as possible.

11. I suppose you hold the opinion that it would be absolutely necessary in order to deal effectually with the menace to get the Imperial Government's co-operation?—I do not see how you can deal effectually with the menace without their co-operation. Unless the Imperial Government takes the matter up at Home you have only the one end of the business.

12. Did you judge from what you saw and heard in England that it would be very difficult for the Imperial Government to step in and assist us as we should like?—Yes, it is a difficult matter, because not only have the American firms got control of the American trade, but as far as I can see they have even got charge of the British trade. The biggest owners of the Irish stock I saw in Glasgow were Morris and Co., so that they have largely got control of the trade at Home as well.

13. It would be impossible to exclude the foreign meat from the British market?—You could not do that, because at the present time the Dominions of the Empire are not producing sufficient to enable us to do that. A return I have here shows that four American firms alone are sending in 313,000 tons out of a total importation into the United Kingdom of 534,000 tons. That