

controls the market at Home, but controls shipping as well, in order to make the organization perfect. We have proof that even the retail shops are organized. Individual men are supposed to be owning from ten to one thousand shops. The only way in which we could possibly organize to overthrow or compete against such an organization would be for the British Empire to take it up. I believe the time will come when we shall have to take some such step, organizing in regard to the produce of the various countries. There are only three or four exporting countries, and England is their market. The only hope for successful competition with Tooley Street would be for us to organize to control the bulk of the export. I feel confident that Mr. Grounds and the other promoters of the Bill saw all that. They saw what they were up against.

3. Do not the Tooley Street merchants both buy butter direct and sell on consignment?—Yes.

4. *Mr. Masters.*] Have you any authority for your statement that it is the intention to keep the National Dairy Association in existence if this Bill is passed?—I heard remarks by various men at Palmerston North. If I made a misstatement I did so unconsciously, and I would be willing to withdraw it. But I was told definitely by men who were supposed to know—by leading men on the opposition side—that it was the intention of the Board to continue the National Dairy Association, but that it would resolve itself into a limited-liability company, dealing with merchandize and other kinds of goods—factory accessories and the like, I take it. That is the only ground I have for the statement.

5. You said also that Mr. Grounds had stated that they intended still to put produce through certain Tooley Street firms?—Yes.

6. Did he name the firms?—I have not the names with me. I saw that in the Press. I have no doubt that Mr. Grounds, if he made that statement, would still stick to it. I saw it in print a few days before I left Auckland.

7. You also stated that the cows in the Waikato carry in mortgages more than their actual value?—Some of the cows.

8. What is the cause of that?—In many instances reckless expenditure on behalf of the dairy-farmers of this country.

9. In what way?—In regard to milk-powder factories. You will remember the great boon in milk-powder factories. Representatives of a large body of dairy-farmers in the Waikato stumped the country and told the farmers what a beautiful thing milk-powder was going to be for the dairy-farmer—3s. 6d. or 4s. a pound for butterfat. Farmers were going to milk sovereigns into the bucket. The result was that we all rushed milk-powder. I am very pleased now that they did not come to us. We are not carrying those loads. We have now dried-milk factories in various parts of the Waikato, which, in my opinion, are millstones round the necks of the farmers. As you know, the bottom has fallen practically out of milk-powder. While the promoters of that movement may have been honest in their intentions—while they may have really believed that the thing was all right—the fact remains that they went into it without investigating it as they should have done. I understand that some Taranaki people, before going into the matter, sent a couple of men to America to make inquiries, and found that the bottom was about to fall out of the milk-powder business—that it was overdone—and they came back and reported accordingly, therefore the Taranaki people did not go into the venture.

10. Then, though there has been a heavy capital expenditure on dried-milk factories, they are not to-day a payable proposition?—That is so.

11. And there has been a charge on the farmers to meet the interest on the capital expenditure on those factories?—Yes.

12. Can you say whether the gentlemen who recommended the Waikato farmers to go in for those factories are supporters of this Bill, or are they opposing it?—They are supporters of the Bill. They want to get on the farmer again, I presume. That is one of the reasons why, while the Bill may be all right, we are distrustful. If it is put on the statute-book I hope, for the sake of the farmers, that it will be a success. Notwithstanding that I am opposing it. If, however, it becomes law, I will do all I can to make it a success.

13. You stated that the National Dairy Association could bring about all the reforms that are proposed in this Bill?—Yes, that is my opinion.

14. Without any legislation?—Yes.

15. Then why have they not done it?—Well, that is exactly what I want to know. And those men are asking us to place further powers in their hands. They failed when they had the opportunity.

16. Have they had time?—They have had twenty-two years.

17. What do you think—is it incompetency on their part?—I think so. I have been told that they have got it in such a way that it is difficult to pass them over.

18. What will be their functions if they still stay in power as a national dairy association?—Selling rubber, perhaps, and drawing big salaries.

19. *Hon. Mr. Ngata.*] You are really in favour of some form of control, are you not?—I am in favour of any system of organization.

20. You do not like the form suggested in the Bill?—No.

21. What is your own proposal?—We have not gone definitely into that side of the question. I believe that if those interested got together with an honest intention of placing the dairy-farmers in a better position we could bring about an organization, and when that was done I would not care whether we were tied or not.

22. Do you think the farmer is capable of voluntary association to bring about what it appears to be quite evident is the trouble with the industry?—That is a big question. While on our side many