

27. You know the effect of the resolution?—Yes, but it is not a surprise to me.

28. They have not carried out the instructions of that committee?—No.

29. Therefore they are not able to speak on behalf of the working farmers in that particular district?—Not at all.

30. You know the experience we have had in Taranaki of the administration of these gentlemen regarding the Rennet Company?—Unfortunately.

31. You also recall the experience we have had regarding the loss made by the Bacon Company?—Unfortunately, I do.

32. You have also a recollection of the large losses made by the industry in connection with the Smart Road Freezing-works?—I do.

33. Those are the gentlemen who are at the back of this Bill?—Yes.

34. *Mr. Langstone.*] You say that your factories are opposed to the Bill?—Yes.

35. Do you say they took a vote on the proposal?—A vote was taken of the suppliers—one man one vote—and it was unanimous.

36. Do you think that by the establishment of a dairy pool there would be any chance of eliminating the overhead charges of running your factory?—Under the pool they do not propose to interfere with the factory. All the pool promoters will do is to leave us to milk the cow and make the butter, and then they will come in and sell the manufactured article.

WILLIAM GOODFELLOW examined. (No. 8.)

1. *The Chairman.*] Do you wish to make a statement?—Yes. I have come to give evidence on behalf of the New Zealand Co-operative Dairy Company, of which I am the managing director, although I also represent the farmers and settlers. The company I represent controls approximately one-fourth of the total butterfat output of this country. Last year we exported over 19,000 tons of butter, 3,500 tons of cheese, besides a large quantity of milk products and casein, the whole representing an approximate selling-value of £4,500,000. We have fifty factories. I speak with some experience of marketing dairy-produce. I have personally visited every country in the world that imports our goods. I have been twice to Europe, three times to America, besides visits to the Orient and the Pacific islands. I state emphatically that the greatest problem facing the dairy industry in New Zealand to-day is the question of marketing the produce. The difficulty is accentuated owing to the tremendous increase in the quantity of butter and cheese available for export. Ten years ago the quantity of butter available for export was approximately 18,000 tons. Last year, ending 30th June, 1923, over 60,000 tons was available for export. If the increase continues as at present, and as during the past two years, it is quite obvious to all those studying the marketing aspect that some improved system must be applied to the marketing of our produce. The position is further complicated by the economic position in Europe, and further by the fact that Siberia has dropped out of production. The consequence is that the weight of production is now in the Southern Hemisphere instead of in the Northern as previously. This shifting of the weight of production from the Northern Hemisphere to the Southern has dislocated markets, and the result is that it is more difficult to effectively market the produce of this Dominion to-day than ever in the past. The phenomenal expansion of the dairy industry in connection with butter in New Zealand, Australia, and the Argentine has resulted in enormous shipments of butter arriving simultaneously on the London market during the British winter season. This fact creates periodically an unwarranted depression in the market owing to the fact that there is no systematic regulating of supplies. If this is allowed to continue, and the expansion continues, there is not the slightest doubt but that chaos will be the ultimate result. The present system has been tried and found wanting. It has been proved by experience that under the existing system the New Zealand factories are competing with each other for the buyers. There are only a limited number of buyers, and under the existing system the factories are competing with each other for the disposal of their goods. There is no system regulating the quantities to be sold from day to day, or week to week. Irregularity of deliveries causes speculation, and results in enormous national loss to this country. These difficulties have been overcome partially by some of the large concerns, and despite the remarks which have been made to the contrary I say here, and without fear of contradiction—I can prove it—that the control established by the New Zealand Dairy Company fortunately has been an unqualified success, and has resulted in the producers of butter in this country receiving tens of thousands of pounds in money more than they would otherwise have obtained. Realizing the difficulty, and owing to the fact that my organization exports about one-third of the total butter sent from this country, we have recently appointed a London manager, a man acquainted with the London business, and fully competent for the position. We arranged to ship equal quantities each year of the total produce to four different agents. We packed the whole of the butter under three brands, standardized in thirteen large central factories, according to quality—“superfine,” “first quality,” “second quality.” Equal quantities of each brand are shipped by boat to each agent in London. The minimum prices are fixed by our London manager, and the fact of fixing the minimum prices ultimately decides the volume of business to be transacted. If the price is fixed low the sales increase; if the price is fixed high the sales fall off. In addition, the manager has to obtain from the agents daily account sales, so that there can be no juggling. We have our consignment accounts audited every month, and in that way we have eliminated speculation, and the producers whom we represent have now some measure of control in connection with the sale of their produce in the United Kingdom. We find the scheme to work exceedingly well; the four consigning agents are doing their duty, and we have not had the slightest friction, the scheme is,