

in its entirety, exceeding our expectations. To give a concrete example of what happened recently in our case I might mention that New Zealand butter recently slumped badly, and as there was practically no sale in London we sold the bulk of our stuff to the United States, Canada, and other markets during December and January, and we had practically nothing in London. It was not for some weeks after the slump set in that heavy shipments of our produce commenced to arrive in London. As soon as a quantity of produce arriving Home began to make its weight felt on the London market our London manager at once put the scheme in operation by fixing the price slightly ahead of the market price. The lowest price we received during the recent slump was 144s., and to-day the price is fixed at 160s. Many other shipments from other places, and I believe the great bulk of the New Zealand stuff, during the worst part of the slump was sold at from 136s. to 138s. I have received cable information from London that the Mapole Dairy Company recently purchased 1,000 tons of New Zealand butter at from 136s. to 138s., which is from 6s. to 8s. less than our organization was paid for butter during the worst period of the recent slump. The effect of this meant a loss to every producer, because the Mapole Dairy Company immediately placed the butter in their retail shops at 1s. 4d. per pound, and as they have six hundred shops the result is that the retail price is being held down, and probably will continue to be held down until those 1,000 tons are sold. Our price (London) has been recently fixed at 160s., which is equivalent to 1s. 5d. wholesale. Our buyers state that the price is too high, because the Maypole Dairy Company referred to is retailing through its six hundred shops first-grade New Zealand butter at 1s. 4d. per pound. So if the 1s. 5d. wholesale is too high it means, if they have to sell in competition with the Mapole company, that they have to sell at a loss. That is only one instance of what is going on all the time, and is one of the big disabilities of the existing system. In considering the advisability of introducing some legislation on these important matters, the promoters of the Bill have given very careful consideration to what is being done in other countries in order to improve marketing conditions. Every producing country is faced with difficulty in connection with the sale of its products, and to quote what is being done in Denmark, or Canada, or any other country, and apply the systems adopted by any of those countries to this Dominion, in our opinion would not necessarily be successful. I have been in Denmark several times, and conferred with a member of the Danish Committee, and I am satisfied that, although the Danish system of selling is a first-class system for Denmark, it would be quite useless in New Zealand, because Denmark is only forty-eight hours from the English market, whereas New Zealand is twelve thousand miles distant, and it takes two months to put our produce on the market. The distance in time—not necessarily in mileage—is such that, if we sold our produce on an f.o.b. basis, as in Denmark or Canada, the result would be to increase the speculative element. I can give a concrete example of this. Some months ago we wanted to sell produce to New York merchants. They were quite frank about the matter, and stated that unless they could see 2d. a pound clear profit they were not going to send their money out to New Zealand and buy goods many months ahead. They said, "You send to New York a consignment, and we will take delivery ex-ship, and pay you the market price." Their argument was that if they were going to purchase goods in advance, f.o.b. New Zealand, there was an element of risk about the transaction, and that in order to cover the risk they would have to have a fairly large margin of profit. The existing method of selling through the Tooley Street merchants has proved scrupulously satisfactory. The Tooley Street merchants themselves are famed all over the world as being the ablest men in the business, and we believe as a very large company that nothing is to be gained by going outside them. The Tooley Street organization has been built up over practically a century, and is the best it is possible to obtain, provided some form of control is established. The main thing required to put the business on an improved basis will be, first of all, to eliminate speculation, and, secondly, to co-ordinate all selling agencies. This could be done in this way: (a) Regulation of supplies; (b) fixing minimum prices; (c) obtaining daily account sales; (d) auditing accounts monthly; (e) by a system of national advertising. If the Dairy Export Control Bill becomes law there is not the slightest doubt that by national control we will be able to extend and develop other markets, which would be almost impossible to develop under the existing conditions. Our own organization is doing a great deal of pioneering work in that direction. We have agents in the East, and are shipping regular quantities to China, the Straits Settlements, Manila, and a number of islands in the Pacific. But in order to successfully compete with our rivals it is necessary to spend quite a large sum of money in advertising, and, after all, it seems only a fair thing that this should be done nationally rather than by one particular firm. With regard to marketing and finance, those are two points regarding which a great deal of nonsense has been talked. A lot of reference has been made to the difficulties connected with the financing of the produce under the control scheme; but it appears to me that there is no difficulty whatever, as the existing system must continue. Under it the merchants establish a credit, and against that credit the banker advances to the factory, and the factory advances to the supplier. There has been some suggestion that the Dairy-produce Export Control Board might conduct its own finance through the Associated Banks, but to my way of thinking that is not practicable. It would be unsound, and such a scheme could not be put into operation unless the Board had first of all very substantial reserve funds, or considerable capital, to fall back on. Several of these merchant concerns have a capital running into millions, and there is not the slightest doubt that the local banks are making advances now largely on the financial backing of the firms that are establishing credit in Britain. So they depend not only on the value of the produce, but very largely on the financial standing and stability obtaining behind the credit. Another important point overlooked by most parties is that if the Dairy Export Control Board did decide to ship produce through the Associated Banks, in that case the merchants in Tooley Street would be under no financial obligation to market