

16. We have the same thing with regard to education, where a lot of people opposed compulsory education in the first instance, but it is now found to be a good thing. Is that not so?—It is a good thing. We do not think it is universally agreed to, but where it has been enforced, as the grading is, it has no doubt proved beneficial.

17. Even in such matters as this is it necessary?—In respect to the Government of a country it is.

18. Of course everything is getting highly organized to-day, is it not?—Yes, and there have been some disastrous results from over-organization.

19. You do not think the Bill should be made in any form compulsory?—No. I agree with other speakers in regard to shipping, wherein something must be done, but I think that can be done quite easily voluntarily. Our industry represents such a large number of units that it is a most difficult matter to arrange to carry it on under a pooling scheme. Regarding the Government nominee, the question has been raised of whether that would be necessary if the Bill passed. Such a provision looks as though we could not look after our own affairs; but I am inclined to view it in a different light to some people, and accept the provision if we have to have the pool.

20. *The Acting-Chairman.*] Do you wish to add anything?—No. I have to thank you for the courteous hearing we have received. We recognize the difficulties you have in this matter, and again I thank you.

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ARTHUR MORTON examined. (No. 15.)

1. *The Chairman.*] Do you wish to make a statement?—Yes. I am the president of the National Dairy Association, and I wish to contravert a great many of the statements made in connection with that organization, particularly in regard to shipping questions, and contracts which have always been entered into by our association and the South Island Dairy Association with the shipping companies for the carriage of butter and cheese from New Zealand to London. Those contracts have been loyally supported by those in the industry, but I believe it has been suggested on behalf of the opponents of this Bill that the association has full power to bind the industry, and has sufficient control over it to enable it to make contracts binding on it accordingly.

*Mr. Masters:* That has not been said, Mr. Morton.

*Witness:* If not, then I withdraw that statement, and leave it. The statement I will deal with, however, is that the two associations have sufficient power to make contracts on behalf of the industry which would be binding. That is not so; and, although we have had good support from the industry throughout the Dominion, the contracts we make cannot be enforced upon any dairy company against its wish. In every case where the company has agreed to the contract it has been supplied with a copy of the same, and has signed it. That was the case in the early days of the contracts, but of late that practice has not been carried on, and the dairy companies have not been asked to sign contracts, although there is a clause in them suggesting that the association should get the signatures of the members of the companies affected. The great weakness of the association in this matter is that they are practically bound to make contracts with companies that are trading to New Zealand. It is practically impossible for them to offer a contract to or endeavour to bring an outside firm of shipowners here, because the association has not got the control of the stuff. We cannot treat with a shipping line if we have not got the produce absolutely under our control.

2. *Mr. Forbes.*] Could you go outside if you had control?—Yes. If the two associations had the control of the whole of the dairy-produce of New Zealand they would find it perhaps to their advantage to approach a shipping line that is not trading to New Zealand, and to say to them, "We have this stuff for which we are prepared to make a contract for its carriage to London, or elsewhere." But we are not in that position to-day. Supposing the association went so far with an outside shipping firm as to ask them whether they were prepared to carry dairy-produce from New Zealand the question asked would be, "Have you the control of that produce, and the right to make a contract for the carriage of the whole of it, and if such a contract is made can it be enforced on the whole of the people wanting that produce shipped away?" And I am afraid the answer would be "No, we have not the power to make a contract of that nature." If negotiations were entered into with another shipping line outside the present lines the negotiations could be broken up immediately by the present companies carrying our goods, or by any other company coming in and quoting a lower price, because we have not the power to bind; and the present shipping companies know we have not the control of the stuff. It has been suggested that the association should have made, and could have made, better arrangements with the shipping companies, and could have insisted on better terms with them. I can only say in that respect that the association for years past have done the utmost it could to make arrangements with shipping companies for the carriage of dairy produce. But we have been up against this fact—that there is no competition to-day for the carriage of dairy-produce from New Zealand, the whole business being in the hands of three firms who are in combination the one with the other. The business is practically under the control of one man, Lord Inchcape, and we cannot get outside competition because of that fact. I do not say that the shipping companies have not done a great deal to meet us, because I must admit they have done a great deal in that respect; and they have done as much occasionally as they possibly could under most difficult conditions. They have not yet been able to get back to pre-war conditions. It is true that they were not then carrying anything like the quantity of stuff they are to-day, as our production then was comparatively small. At the present time they are asked to carry a largely increased quantity of produce, and they are still labouring under the difficulty of conditions which arose in the war period, and which have not yet disappeared, and consequently are unable to conform to the old conditions respecting the