

New Zealand produce in the Old Country. We would get equality of treatment amongst the dairy factories, and would be able to store, regulate, feed, and stabilize the market, which would enable us to get the best possible prices within reason. A good deal has been said by opponents of the movement about the losses made by concerns with which the promoters are connected with, the Marketing Association being one of these. There are few concerns, co-operative or proprietary, that have not suffered from the aftermath of the war. As to the Marketing Association, I think that every move that has been made by the producers in the direction of better marketing has been beneficial. One such move was made twelve or thirteen years ago. The National Dairy Association selected four firms, with the intention that the association should send goods on indent to those firms. The result was that it was arranged that those firms were to reduce their rates of commission by $\frac{1}{2}$ per cent., and that was done. We struck very strong opposition from the rest of the Tooley Street firms, who, to combat those with whom we had made the compact, reduced their own rates of commission by $\frac{1}{2}$ per cent. That means that for the last twelve years we have been paying $2\frac{1}{2}$ per cent., whereas previously we had been paying 3 per cent. That alone was a saving to the dairy companies of New Zealand of £85,000 on the basis of present prices. I say that the Marketing Association has been an unqualified success. It has been in operation for three years. It has handled on the average over 6,000 tons of produce a year, and we have been able to get as good a price as the average Tooley Street firms in handling our produce—in a great many cases better prices. On top of that we have been responsible for bringing about a reduction in the charges at Home. When we started, our landing charges were £1 per ton, while others were paying 27s. 6d. and 30s., and in many cases higher rates. To-day the majority are down to £1. That means that the Marketing Association has effected a saving to the factories in New Zealand of from £50,000 to £60,000 a year. I am satisfied that when this year's results come out it will be found that few Tooley Street firms are able to come up to them. It says a good deal when we can get as good results as firms established for fifty years and more. I look upon this proposition as another step in co-operation. Let me refer for a little to what has been done in other countries. In some of the States of America there is united provision for the handling and marketing of dairy-produce, and they claim that they are not only able to market at higher rates through concentration, but they are able to reduce the cost of handling and marketing to 25 per cent. of what it cost them previously. Then, take Holland: I and others made a trip through that country, and we found that the Dutch pool their output of cheese. They manufacture in large quantities what they call a Gowder cheese. It is about 10 lb. in weight, and is round in shape, with no edges on it. It is cured by salting in brine, with no bandages. The cheese is taken out of the brine after five days, and put on shelves after being wiped, and there it remains for a fortnight. Then it is taken to their associations—I saw about seven associations. The one I visited had forty-seven dairy-factory members—all large factories. These associations hold the cheese for a considerable period—they held it for four or six months during the war period. The associations have staffs which attend to the work of turning and wiping all the cheeses in store. After the cheeses become dry on the outside they are oiled with a vegetable oil, and a certain quantity of them are painted with a reddish dye. This entails a tremendous amount of work. There must be 150 men, I should say, employed by the association whose stores I saw. The associations then pack and market the cheese, deduct the cost of handling, and pay over the proceeds to the factory. I should say that that is as near pooling as anything I know of. With regard to financing, they have their co-operative banks, or, as we should call them, agricultural banks. The bank finances the association on the security of the produce, the security of the assets of the association, a security over the factories, and also over the farms. We could not in New Zealand finance ourselves for one month with all the securities we could offer. Then I come to the Danes. The easiest way of explaining the Danish method will be to read the notes I made while dealing with that country. Many people, especially among the agents, have told us that the Danes have no price-fixing committee. I was pleased to read in the Taranaki papers about a fortnight ago a statement from the Minister of Agriculture stating what takes place in Denmark. I think that after I have read my notes you will see that I practically reiterate what the Minister stated. While in London Mr. Ellison and I had an interview with Mr. Faber, who was the Danish representative there. I quote the following to prove that price-fixing committees do exist in Copenhagen:—

At one time the Danes manufactured butter in large dairies up to 200 cows. They made contracts for six months' butter at a time. This was not found to be satisfactory, and if the market rose the dairymen would sell quantities outside the contract. In the "seventies" there was a Danish merchant who used to publish the market quotations weekly. These quotations were later looked upon as the market values, and contracts were being made on this basis, until the Danes realized that this was too great a power to be in the hands of a merchant. Then a committee was appointed to fix the minimum price weekly at which butter would be sold, the price usually fixed being a low one. Many dairies were able to obtain a higher rate, which was called overprice. The overprice was only paid where necessary, consequently many dairymen were contented with the committee's quotation, while others were receiving considerably more. The overprice gradually grew until 1884, when it reached 19 kroner, and the market broke. In 1894 the farmers demanded two votes on the committee. Later on the merchants and dairymen separated, and formed a committee each, the price and quality being now more uniform. In order to judge the market the farmers' committee got the factories to send in weekly the price received, so as to be a guide in the fixing of the following week's quotation, and consequently the overprice from then on did not fluctuate to any extent. The dairy companies' and merchants' committees each issue a quotation, and as a rule the farmers' quote is a little higher than that of the merchants' committee.

Merchants.		Farmers.		Over.
110	..	112	..	0
108	..	108	..	20
106	..	106	..	20
107	..	107	..	40
109	..	110	..	32
107	..	108

(If sales grow slow, reduce price.) The greater part of Danish butter is sold f.o.b., but if there is a surplus it may be sent on consignment.