

of that has been collated, and Mr. Grounds will bring the matter up and show the position from a Dominion point of view. I do say that the co-operative interests of Otago are overwhelmingly in favour of the Bill. I would like to say that our butter company is really a Farmers' Union butter company—that is to say, the Farmers' Union and our company are practically one. Every branch meeting of the Farmers' Union has discussed this matter, and there has not been one discordant note. At a dairy conference that was held recently in Otago this Bill was carried unanimously. There is only one other question that has been raised here a good deal, and that is the question of these pay-outs. I heard a lot of evidence, and it made me feel, so to speak, very ill afterwards, and it seemed to me that there were a lot of points stressed that do not count at all. Now, gentlemen, the whole point at issue is the question of the overrun between the co-operative companies and the proprietary companies in the past, and because that overrun is a thing that the average dairyman could not get that is one reason why we in the South had to form our own co-operative dairy company. The point of view is this: If you have your butterfat or cream and send it in and they give you a test on it, it does not matter what they decide to pay you at per pound if they do not give you the full number of pounds of butterfat. The pay-out is a gag in many cases, and you can make the pay-out as high as you like. You can give a man more per pound if you credit him with less pounds of butterfat, and it is through that method that the proprietary companies have built up their strength, and the proprietary companies to-day are going into the cheese-factory districts. I submit that a cheese-factory is the best asset that any country can have. The position to-day is that the proprietary companies are running their lorries into those cheese-factory districts and weaning away the supporters of the co-operative companies, and in consequence strengthening their own big factories in the towns at the expense of the co-operative factories in the country. There is no getting away from this, gentlemen: that the opposition against this Bill is coming directly from the proprietary interests, and they are shrewd enough at times to push forward a certain number of co-operative companies, but in the opinion of many of us they are standing in their own light, which they have a perfect right to do.

7. *Mr. Forbes.*] You said that the opposition to the Bill comes almost entirely from the proprietary interests, and that the Bill is supported by the co-operative interests—that is practically the way it is divided?—To my mind it is a clear-cut distinction.

8. You have informed us that there is a certain amount of opposition with respect to the supply of milk as between the proprietary interests and the dairy interests?—They always compete.

9. If they got this Bill into law and they all enjoyed the same price, would it be objectionable so far as the whole of the produce is concerned—do you think there would be any difficulty with respect to one company as against another?—I do not think there is a great deal in that. The only thing I can see is that we have been fighting the proprietary interests down our way for the last two years, and we now find that they are against this Bill. Exactly why they are against it we do not know. The only conclusion is that they must be making a lot of money, and they are frightened that if this Bill comes into law they will not be able to do what they formerly did.

10. The proprietary interests may, owing to their better organization and the better disposal of the product, be able to give better prices than the co-operative concerns?—But we know that that is not so.

11. Why should they be opposing it in that case?—Sir, I do not know why they are opposing it.

12. You do not think that the proprietary interests are getting more out of the milk than the co-operative concerns?—They could not honestly.

13. Are they more successful in their operations?—No, sir, I do not think so.

14. You think, then, that the co-operative factories are as equally successful as the proprietary concerns?—I am sure of it.

15. You do not see any reason why the proprietary interests should feel alarmed at the passing of this Bill?—If they are working squarely all along the line there is nothing to fear.

16. Yet you say they are strongly opposed to it?—They are spending a good deal of money for the purpose of blocking it.

17. *Mr. Field.*] You say that the suppliers to the proprietary factories do not get a fair deal, and that the proprietary concerns make undue profits?—There is plenty of evidence to that effect in the South Island, and, moreover, that was one of the reasons why we formed our own co-operative companies.

18. I understood you to say that that was due mainly to the overrun question?—Yes, I think so, sir.

19. Is dairy-farming increasing in Otago and Southland?—Undoubtedly it is, sir.

20. More people are going in for dairy-farming every year?—It will never get to the stage that it is in the North. It is purely dairying in the South. Everybody now keeps cows. Even sheep-farmers, who formerly thought it was *infra dig* to keep cows, now keep half a dozen.

21. Are you in a position to tell the Committee how many factories—that is, co-operative factories and proprietary factories—in Southland are for and against the Bill?—Those in favour of the Bill are: Waikouaiti, Henley, Momona, Stirling, Mosgiel, Maungatua, Kelso, and Wairuna, and those against the Bill are: Patetai, Kaitangata, Milton, Goodwood, and Merton. It will be seen, therefore, that there are eight cheese-factories for the Bill and five against it. I have put down Goodwood and Merton as against the Bill because I know the directors of those concerns, and they have not even reconsidered the matter since last year—in fact, they are what may be termed “sitting on it,” and in consequence the people interested have not had the slightest chance of saying whether or not they are in favour of the Bill. There are half a dozen directors in those factories who have signed a “joint-and-several,” and whatever they say goes.