

a rough estimate of the probable loss to the country that was suffered through that hold-up of the shipment of cheese during last season. It will be remembered that prices went up to as high as 156s. for cheese, when the normal level was something about 125s. During a period of some four or five shipments prices went so high as a result of the fact that there was nothing like an adequate supply of cheese upon the British market. And after that there came the reaction, and prices went down to as low as 83s. I have estimated the probable gain to New Zealand on the shipments which reached the market during those high prices, and I find that, estimating the probable gain on those shipments at 20s. per hundredweight we gained £257,000. I have estimated what we probably lost owing to the collapsed market which followed through that unevenness of supply, and I found that, estimating upon a basis of 30s. of loss for the earlier shipments—that was when the prices went down to as low as 83s., and the London houses said that if the supply had been maintained steadily they would never have gone below 125s.—it amounted altogether to £781,000. We lost altogether, as a result of that slump, a matter of £781,000. So that, taking into account what was gained during the period when the high prices operated, the New Zealand cheese-producers have suffered a net loss of £523,900. Sir, if we group all these figures together we get a fair estimate of the probable gain, which Mr. Dear did not allow for in dealing with his profit and loss account. If we group all these figures that I have enumerated—there is the £796,000 loss on the comparative levels of the Danish and New Zealand prices in butter, there is the £419,460 representing $\frac{3}{4}$ d. per pound upon shipping and there is the £523,900 the estimated loss to the industry through the hold-up of the cheese—grouping all these together we have a total of £1,739,360—approximately a million and three-quarters, which can be quite honestly submitted as the other side of Mr. Dear's balance-sheet—as the estimated gains of the establishment of the Control Board on the basis of our exports for last year.

8. *Mr. Masters.*] You are basing your figures on what you think you ought to get in the matter of freight, not on what you will get?—Well, I think I have shown that the $\frac{3}{4}$ d. per pound which Mr. Dear submitted as a possible gain is not what we have legitimate grounds for anticipating. I think we can legitimately anticipate much more than Mr. Dear has calculated on.

9. You are basing your losses on what you anticipate you can get?—We are basing the losses upon a comparison of what we think is a fair basis, and what has been submitted to the shipping companies at the present time as a fair basis to charge freight on our produce. Well, against that there is the question of the exchanges, which I have already shown you is just a ridiculously small item. To equalize supplies we know will involve storage. We recognize that you cannot hold butter in cold storage without incurring certain expenses. The whole thing is a purely business proposition. Mr. Dear said that our quality depreciates to such an extent that it is impossible to maintain a supply all the year round. I maintain that is quite fallacious. I maintain that the technical side of the business in New Zealand has overcome the question of distance. At the recent Palmerston Show butter that had been shut up in cool store for over three months was opened up and graded from 94 to 96 points. When butter that has been over three months in the cool-store can open up and grade like that, I maintain that the technical side has overcome the question of distance, and that we can supply a good quality of butter all the year round. I quite recognize that we cannot handle cheese by exactly the same methods as we handle butter, but the same intelligence can be applied to the cheese position, and that is all that we are asking for—that we can apply intelligent methods to the handling and the marketing end of the business. Interest will, of course, have to be paid, and storage will have to be paid; but you will remember that Mr. Goodfellow, in his evidence, maintained that they had been able to pay £50,000 more to their suppliers as the result of their storing. As a further evidence of the value of storing I submit to you, sir, the following letter which was sent to the secretary of the National Dairy Association from the Dairy Division of the Agricultural Department on the 10th March, 1923:—

"DEAR SIR,—We have to pass on to you the following extract from a report of the 10th January last from Mr. Wright, the Inspector of Dairy Produce in London, which we believe will be of interest to you:—

"Mr. Adams, the principal of one of the leading firms in the potteries district, has for a number of years been in the habit of buying sufficient New Zealand butter to enable him to stock it regularly throughout the season. You can understand that to enable him to do this it must mean a considerable outlay of money and cost for cold storage during the period in which our butters are not available here, and he stressed the point that he considers that if the producers in New Zealand would arrange their business so as to enable a continuity of supplies in this country it would facilitate and encourage the development of the general retail trade through the United Kingdom.

"He stated that he has been forced to adopt this method of cold storage so as to maintain a regular supply of an article of uniform quality to his customers the year round. If it were otherwise he stated he would have great difficulty in retaining his trade, because the character of butters from other countries is so variable in quality and so unlike the New Zealand article."

Now, sir, I maintain that that in itself is a complete answer to any of the misgivings regarding either the economic value of storing or to their misgivings regarding the quality of the butter. I think that the letter I have just quoted is sufficient proof with respect to the value of storage, and it is interesting from a business point of view. Mr. Dear said that he recognized his case would break down if it could be proved that we could make satisfactory advances, and I maintain that in consequence of the figures I have quoted to you it is clear that we are in a stronger position with the consolidated interests of the Dairy Meat Board than without it. Now, a counter proposal was made by the opposition that a Producers Board should be established to deal with shipping, and, I think, with advertising.

10. *Mr. Masters.*] I do not think that that was included, Mr. Grounds?—At any rate, it does not matter very much. Then I would urge, sir, the absolute importance of doing one thing with the other, and we maintain that they are inseparable, and that you cannot do one successfully without, to some extent, handling the other branches too. Take the question of shipping, for instance: how are you going to effectually handle shipping if you do not control the goods? If a company maintains its right to market and handle its own goods, what, then, can be done if it decides to