

heru works, as contemplated, it will only allow a struggling existence for the three works, and the overhead charges of the whole three would be saddled on the sheep-farmers of the district, to their loss. Consequently they consider that it would be in the best interests of everybody for the other two companies and the sheep-farmers of the district to form a company for the purpose of buying out your firm's works, and to liquidate and dispose of same. In this way the sheep-farmers would only have the cost of two works to maintain, instead of three as at present. Two would be ample for the requirements of the district, and at the same time enable the killing to be done at a cheaper rate.

The quantities of stock available for killing in the district for the last two seasons show the need of this course, as practically all the three local works have been working at about half capacity, and with the increasing demand from outside districts for the Poverty Bay ewes and store stock it emphasizes the possibility of sufficient stock for killing not being available for some years to come to even keep the present works fully employed without increasing their capacity whatever. When we obtain a reply from you my directors suggest that the Gisborne Sheep-farmers' Company and our company should call a meeting of all the stockowners of the district and see what could be done in the matter. I have already mentioned the matter to the chairman of the Gisborne Sheep-farmers' Company. Please reply to me at Gisborne, as I shall be returning there next week.

And Mr. Lysnar relies upon this letter as indicating that he had all along discussed this question.

Mr. Rowlands says that he did not take this proposal seriously, and he says, at page 223—

I looked upon this talk at the later meetings about the buying of our works as something to save your face. I knew it was not a practicable proposition. I pointed out to you how useless it would be for me to put forward offers which I could not recommend.

In connection with the proposal that Mr. Lysnar's company, with or without others, should buy the Taruheru works, this is further mentioned by Mr. Rowlands at the top of page 195. He there said—

I did not treat the matter seriously, but I afterwards received a letter from Mr. Lysnar on the same subject. In the meantime he had stated that he had some possibility of co-operation from the Gisborne Farmers' Co-operative Freezing Company. I happened to meet the chairman of that company, and asked him if there was any possibility of this, and he said there was not the slightest possibility of their considering anything of the kind.

Mr. Jolly was asked, on page 606—

A matter which seems important to the Commission is this: what you thought about Mr. Lysnar's proposals for his company to buy out Vestey's works. There are two or three points of view, and we want to know about it?—My candid opinion is that Mr. Lysnar was either putting up a bluff to gain time and trying to lead me to change my position so far as selling the works was concerned, or, alternatively, that it was a drowning man grasping at a straw.

Supposing that it was not bluff, can you help us to know where the finance was to come from?—Mr. Lysnar had no idea himself, Mr. Chairman.

Was there any serious discussion with you?—He brought me the copy of his letter, and I said, "Have you written this to Vestey's?" and he said, "Yes." "Well," I said, "you have put yourself into their hands." "Oh, well," he said, "it will not do any harm; we will see what comes of it." I said, "Something more may come of it than you anticipate." His proposal was an impossible one.

Mr. Cedarwall's opinion that it was not possible to obtain the money at that particular time is mentioned in another part of the report.

INDIVIDUAL EFFORTS ON PART OF DIRECTORS.

Mr. Lysnar has on various occasions through the inquiry referred to these negotiations as individual directors' efforts. At page 121 he says—

Regarding the matter of Vestey's: now, there again it is quite true some individual directors had, on their own initiative and without any authority of the directors of the company or the shareholders, discussed with a representative of Vestey's the question of their buying the works.

Mr. Lysnar has also stressed the fact, as appears on page 398. The following appears:—

Mr. Johnston: At that interview Mr. Rowlands suggested that you should offer them your works for sale?—We never offered them at any time for sale to Vestey's. I certainly did not. There was no authority from the directors to offer them.

Sir John Findlay: But you did discuss the price?—Not at this meeting.

But at any time?—Yes, we did discuss the value, and there was one director who was prepared and was anxious to sell.

Who was that?—Mr. Matthews.