

## ENCLOSURE A1.

N.Z. Meat Producers' Board,  
Wellington, 16th April, 1924.

W. D. Lysnar, Esq., Chairman of Directors, Poverty Bay Farmers' Meat Company (Limited),  
Gisborne.

DEAR SIR,—

I am in receipt of your telegram of the 8th instant, covering certain general charges against the New Zealand Meat Producers' Board in connection with the Poverty Bay Farmers' Meat Company (Limited), and the s.s. "Admiral Codrington," and the general policy of the Board; also stating your intention to move in the House that I be removed from the Board.

When you refer to the Board favouring "big trusts and combines" you appear to have overlooked the fact that when freezing companies' directors open negotiations for the sale of the works, &c., to outside interests these interests naturally approach the Board to see in what light the Board views the suggested transactions. This puts us in possession of information that we have not the slightest intention of giving to the public as long as it is treated by the other parties as a commercial transaction, but if the question is moved into the political arena by one of the parties, then I shall have no hesitation in disclosing all the facts in order that the public may come to a sound conclusion. The first thing one expects when he is accused of selling to trusts and combines is that his accuser should have clean hands.

In what light you view Messrs. Armours and Vesteys can be judged by the following extracts from your speeches in the House :—

*Hansard*, Vol. 189, page 56 : "Vestey Bros. is undoubtedly a dangerous firm. It is not associated with the 'Big Five,' but it is, in my opinion, more dangerous than the 'Big Five.'"

*Hansard*, Vol. 188, page 851 : "I regret that any member of this House should advocate that Armour and Co., or any of the big combines, be allowed to operate in the Dominion."

In spite of this, you approached me, as Chairman of the Board, to see whether the Board would agree to Messrs. Armour and Co. lending your company over £300,000 to enable you to carry on. I refused on the grounds that this loan, if granted, would make Armour and Co. virtually, and if complications occurred actually, owners of the works, and if the Board consented to the suggested transaction Armour and Co. could say, "We are in possession with the consent of the Board."

You then offered, in writing, to sell your works and ship to Messrs. Armour and Co., subject to the consent of your shareholders. The price and particulars are on record, and Messrs. Armour and Co. made a valuation of your works. I was aware of the offer shortly after it was made.

It is interesting to note the dialogue that took place between yourself and Mr. Nosworthy on the latter's visit to Gisborne in December last :—

"*Mr. Nosworthy* : He had been informed that at one time the company was negotiating to sell to Armours.

"*Mr. Lysnar* : That is wrong.

"*Mr. Nosworthy* : I said I had been informed to that effect; I do not know that it is true.

"*Mr. Lysnar* : It is wrong. What happened was that a representative of Armours told me that if his hands were not tied he would give £125,000 more than Vesteys did for the works."

Later you have admitted that you offered the works to Vesteys. Some of your directors also approached Vesteys, and the difference between you was not one of principle, but of price and terms.

You say that my Board prejudged the matter, and came to a decision without giving your company a chance of being heard. I would remind you that you spent the greater part of an afternoon going into the whole position, and later, in the evening, with two of your directors (Messrs. Witters and Coop) and Mr. Jessep. It was apparent that the financial position of your company was hopeless, and the bank had refused further assistance. The only question for the Board to decide was, "Would the interests of the producers be prejudiced if Vestey Bros. purchased the works and closed down and dismantled their own works, which were out of date and required rebuilding?" The Board was of opinion that two works were quite sufficient in the district. You agreed with this view, for on the 25th August, 1923, you wrote to Messrs. Vesteys' representative :—

"My directors feel very strongly there is no room for three large works in the Gisborne district, and if your company builds another large freezing-works there to replace your Taruheru works, as contemplated, it will only allow a struggling existence for the three works, and the overhead charges on the whole three would be saddled on the sheep-farmers of the district."

You agree that two works are sufficient, you also offered to sell to Vestey and Co., and also to Armour and Co.

The bank lent its money to your company in good faith, and you gave certain securities. My Board could not refuse the right to realize these securities unless there were grave reasons prejudicing the interests of the producers of the Dominion. Such reasons did not exist, and subsequent events have more than justified the action of the Board.

Referring to the s.s. "Admiral Codrington," I have had the title to this vessel searched, and find that she belongs not to a separate company, but to the Poverty Bay Farmers' Meat Company (Limited), and is part of the assets of that company, and if a sale were made that realized more than the Bank of Scotland's mortgage the amount would go to reduce the company's indebtedness to the bank.

You say that the Board shut the s.s. "Admiral Codrington" out of the freight contract. This is not correct. I previously stated that you told me in September, 1923, that the vessel was to be sold. This you have since denied. The proof that I was right is found in the fact that you had been then advised that the Bank of Scotland had intimated that unless arrangements were made to their satisfaction before the 30th September they would foreclose their mortgage on the vessel.