

MINUTES OF EVIDENCE.

FRIDAY, 17TH SEPTEMBER, 1920.

ARTHUR RICHARD STONE examined. (No. 1.)

1. *The Chairman.*] What are you?—Accountant in the Department of Agriculture.

2. You have some information to give to the Committee in regard to the subject of our inquiry?—Yes. The Department wished to get some information from typical producers, and a letter was sent out to them prescribing the form, and asking if they would send in the information desired, the statement being made that, as far as their identity was concerned, it would be regarded as confidential.

3. *Right Hon. Mr. Massey.*] Will you give the Committee the dates of the letters you sent out?—Yes. I have just received the statements, in most cases without the letters attached to them. The letters have been collected by Mr. Singleton. They are only confidential so far as the names are concerned.

4. You could give the Committee the names of the districts?—Yes. The information is from various districts—namely, Helensville, Waikato, Taranaki, Palmerston North, Canterbury, and Otautau. The information is deemed by the suppliers to be accurate, but in some cases it is based on estimates, and, of course, I have not had any opportunity of investigating the information supplied.

5. That is for this last season?—Practically all for the season just ended.

6. *Mr. Powdrell.*] Is that the cost of manufacture?—Yes, the cost of production of butterfat. The cases involved are twenty-four altogether. We received more information, but it was not in a form that could be reasonably taken, so I just dropped it out of consideration altogether. I have taken first of all the expenditure, and deducted from the expenditure the value of all by-products in order to make possible a comparison between the cost of production of butterfat itself as against the price obtained from the creamery or the dairy factory. In most cases the land is set out, as far as I can ascertain, at the present market value. In some cases it has been given at the purchase price, which is sometimes only one-third of what is claimed to be the market value at the present time.

7. *Right Hon. Mr. Massey.*] That is the land purchased some years ago?—Yes, that is so; but to make the information quite satisfactory you would really need to take present values as the basis of valuation. If that is not done it would be unfair to those who purchased recently.

8. But you have not got that in every case, have you?—No. Some are based on one valuation and some on another. On the information available the gross cost of production is 2s. 5d. per pound; the gross income per pound of butterfat is 2s. 2½d., leaving a loss of 2¾d. on butterfat only.

9. *Mr. Powdrell.*] Is that the average of all you have taken?—Yes, that is the gross average of the twenty-four cases. Deducting the by-product revenue from the expenditure, it gives the cost of production at 2s. 1½d., and the actual revenue from the dairy factories 1s. 10½d. The difference is the same in each case, 2¾d. per pound of butterfat, the interest in most cases being taken at 6 per cent. In some cases the land-value has been put in at £10—that is land purchased a number of years ago—and it is claimed it is now worth £35 per acre. Those would be southern cases.

Mr. Hockley: The only safe basis is to arrive at the value of the land necessary to run a cow.

The Chairman: That is so. At the present time they are all in that position. Take the position of the soldiers on the land now. You have to take it on the present cost of the land.

Right Hon. Mr. Massey: That is the proper method of valuing dairy land.

10. *Mr. Powdrell.*] We are selling butter at to-day's value, and we want to-day's cost of production. (To witness:) I suppose the labour of the family is counted in all those cases you have?—Yes. The basis of the cost of labour varied in some cases from 6d. an hour to 1s. 6d., and in some cases 2s.

11. *Mr. Hawken.*] What would be the average?—I should say, probably 1s. 6d., but I could not speak with certainty on that point.

12. *Right Hon. Mr. Massey.*] Do you mean 1s. 6d. per hour for adults?—Yes, or the equivalent of adult work. They may have put a junior in at 1s. 6d. if doing the equivalent work of an adult.

13. Is the time counted simply while engaged in dairying operations, or so-many hours per day?—During the season they seem to put it at eleven hours a day. As far as labour is concerned, the question of cultivation cost comes in. Some of the time would have been taken up in cultivation, and it has not been altogether clear whether the time put down is for milking only or also for cultivation, but they would have put the whole lot in the return under the heading of "cultivation cost" or the heading of "milking." In some cases no rate is given. They have simply put down what they valued the labour at for the year.

14. *Right Hon. Mr. Massey.*] Six days a week, or seven?—Seven days a week.

15. That would be the number of hours the family worked, whether haymaking or butter-making?—Yes. They are simply working for themselves—it is not employed labour.

16. *Mr. Powdrell.*] It is generally share milking, and that is easy to get at. If you take one-third of certain milk receipts for the year, you have got the average hours they are working, and if you divide it you will find it is about 7d. an hour—that is, the family and all?—There is only one share-milking return included. There is one other point—where the land had been valued at the price at which it was purchased a number of years ago. I have worked out what the cost of production would be if the present-day values were taken. In one case the rate of production works out at 1s. 6d. on the purchase price of the land, and on the present market value of the land the rate is 2s. Other cases work out on the value of the land and the purchase price as follows: 1s. 7½d. to 1s. 11d., 1s. 8d. to 2s. 5d., 2s. to 2s. 5d., 3s. 2d. to 3s. 6d., and 1s. 1d. to 1s. 9d. I have not got the average production per cow, but it would run somewhere near 230 lb. The twenty-four cases taken show a gross loss of £2,348, the gross expenditure being £25,349 and the gross revenue £23,001.