

31. *The Chairman.*] In referring to the suppliers and the Board of Trade prices, you mentioned that the supply went on. Are those producers bound to the City Council for those periods under any written contract?—No. They were at the commencement. Our difficulty is that whether the price is fair or not we have to take into account that every farm will produce more in summer-time than in winter, and when we started in business our policy was that everybody must remain in business. We have only come along to regulate it, not to cut it out, and therefore we said to the farmer that “We want first of all to encourage winter milking. We will take at the full price 50 per cent. more milk in the summer-time than you can supply in winter-time, and after that we will pay you at a reduced scale.” So that the nearer they can get to their full supply in winter-time the higher they will receive for their summer milk. That contract ran its term. I was absent from New Zealand when it ran out, and in my absence other negotiations were entered into, omitting that entirely. The Board of Trade was then called in, and I believe the Board of Trade would have been pleased to have left the whole thing between the farmers and ourselves. However, the Board of Trade has come in, and now it is not an open question of negotiation between ourselves and the farmers except at our own factory at Rahui, where we fix a price higher than that paid by any butter or cheese factory within seventy-miles radius. The farmers get the inducement, and we get it at approximately the right cost.

32. Are they bound for any stated period?—No, in no case.

33. All we wanted to get at was the increase in the cost of supply and delivery, and you will supply that in your statement?—Yes.

34. Would you care to make any statement in regard to the question of the regulation of the price of butter?—I do not object to do it up to a certain point. Anything this Committee does or the Government does in connection with the price of butter is bound to affect the department which I am so anxious to protect. Therefore it is of vital importance to me just what you are going to do with butter. I do not think it is sound to pick out any particular form of our produce and tax it for export. If something can be done to regulate the cost of butter in New Zealand while the fancy prices are available in all other parts of the world, then I think it is a matter that the Committee must take into its very serious consideration; but I do think, if they do it at all, they should not attack butter only, but all the products of the farm. It seems to me it is so easy to turn the farm over from the supply of milk-products to the supply of meat and other things that you cannot single out any particular one. On the other hand, if there is to be a tax, of which butter is thought to be a particular department that is going to be regulated and others are not, I think the question of a tax on the whole of the other products should be taken into consideration, because it would represent a very small fraction on the total, and the farmer supplying for local requirements milk and butter must be protected and even encouraged over the other man. When I was in New York recently a very high official of the Health Department there said that the one thing that was giving them trouble to-day was that the milk products were being made up into all kinds of preparations and sent abroad. The food of New York was being interfered with so seriously that the Government was going to set up a special committee to inquire fully into it, and there was not the slightest doubt that the Government would regulate the export of milk. It represented so much in the life of the nation that they would have to do it. However, as I say, I do not think it is commercially sound. It is regrettable to have to interfere in any way with the commercial system; but if these abnormal prices that are being given in other parts of the world—and we will not say in England alone—are capable of being used to produce a better condition in this country, it is for the Committee and the Government to say to what extent we can make our affairs here proper and sound. Now, I want to tell you concerning my own experience, and this is a thing that has come under my notice. We took over the Rahui Co-operative Factory, in which there was a large number of suppliers. I did not know what was going on, but we were carrying out our terms of the arrangement with them. Everything went on all right till I returned from Home. I found there was dissatisfaction there, and when I arrived there I was met by an entirely different set of men to what I had met before. I do not think there were half a dozen of the old settlers left in the district. They put up a very reasonable side for themselves, but I am satisfied that the great majority of them are scarcely doing a good thing for themselves on the prices they are getting. The old men who were there were in quite a different position—the original suppliers; but nearly all of them had disappeared, and those who had taken their places at high prices, not being able to finance the farms, have had to borrow money at a high rate of interest, plus the cost of the land and the cost of labour. Many of them have got herds of cows that they thought were perfectly good, but they found the first year that they had to cull out a certain percentage of their cows. I am very sorry for some of those men, and I bring it before the Committee because you may be able to do something, as it cannot be sound and permanently good for the country.

35. *Mr. Powdrell.*] Your idea is that every change on that farm tends to lessen production and affect the herd?—Yes. I was speaking to a man who told me that a certain farm was only worth a certain amount taking it at its maximum productivity, and, speaking in regard to the changes of ownership that have taken place all over New Zealand, he said it would be useful if a return were prepared showing the number of these changes that had taken place.

36. Do you think the increased price of land is the cause of the increased price of butter, or the price on the world's markets?—I think the abnormal conditions at Home, the lack of supplies, has run up the price of butter. The landowner is able to say that his stock is worth so much more than it was before the rise. He sells it, and the man he sells to is unable to pay the whole amount in cash, and substantial interest is charged on the balance. He is not able to work it in the most economical sense, and probably he could do with a great deal of fresh stock and a rearrangement of the whole farm, but he cannot afford it; he has spent the whole of the money he can get hold of in making the approach to the farm. The load on that man is not merely £150 an acre, but if you look into that particular man's way of financing it he has got a very serious hurdle no matter what the cost of production is.

37. Do you not think the high prices of land are caused by the opportunity which is given by the man who is selling off to the man with a family to get on to the land with a little capital—that the man is buying the opportunity as well as the land?—That is one factor only, unquestionably; and perhaps in normal times if we created the condition under which a man was to