

station or nearest port. It is practically the same as we are asking for the coming year. We offer the suggestion for your consideration. We would prefer the 1½d. per pound to the 1½d. for the work of distribution. In the summer months we draw our supplies from the Wellington Province, and possibly do not have to go more than a hundred miles from Wellington, but when we get into the autumn and winter we have to go right up to Auckland and New Plymouth. I do not know whether the Committee will have time to go very closely into these things, but under the Government control we have found it becoming very difficult to keep up an efficient service and carry it out in the best possible manner. For instance, at the present time the stocks in Wellington are exhausted, and we are drawing supplies from New Plymouth. We have a very infrequent service by steamer from that part of the country.

4. Is that Government butter?—Yes. When we draw from New Plymouth to-day we have to pay 3d. railway freight, and if we get the butter down by boat we save nearly ½d. per pound, but the service is so infrequent that we do not care to bring sufficient in any one boat, because we could not serve the butter out to our clients in the best possible condition. I think that covers the evidence I wish to give.

5. *Mr. J. R. Hamilton.*] In connection with the cost of distribution, do you think the cost has gone up in New Zealand to what it was twenty years ago?—Yes, everything has gone up.

6. Do you think the credit and delivery system in New Zealand is an important factor in the rise of the price?—Not nearly so important as other factors.

7. Do you not think there is a tendency on the part of the consumers to-day to want even a tin of pepper delivered at the door?—Well, I think the grocers' representatives could give you more information on that point than I can.

STATEMENT COVERING DISTRIBUTION OF BUTTER IN WELLINGTON.

Extract from Board of Trade report, 11th October, 1916: "The average cost of preparing the butter from bulk to pounds, including patting, wrappers, collection from railways, deliveries to grocers, booking, travellers' expenses, and bad debts was ¾d. to 7d. per pound."

This margin did not cover railage, which brought the distributing allowance up to 1d. per pound.

Since 1916 the only increase in distributor's margin has been to make price "ex store" instead of delivered to the "retailer."

In June, 1920, margin increased to 1½d. per pound.

On 16th August railage advanced considerably. (Example: Butter ex New Plymouth prior to 16th August cost 0·184d. per pound railage; under new tariff 0·363d.—an increase of 0·179d. per pound.)

Margin asked for under new contract 1½d. per pound if distributors are to continue buying at factory-door, or 1½d. per pound delivered Wellington rail.

Statement showing increase in distribution costs since 1916 is attached.

In Australia, under present conditions, distributor's margin is 1·27d. per pound, ex railway-station, main centres.

Statement showing Increase in Distribution since Board of Trade Report, October, 1916, to September, 1920.—Cartage from rail, 55 per cent.; factory wages, packers and storemen, 45 per cent.; office salaries, 50 per cent.; railage, 140 per cent.; parchment and wrappers, 125 per cent.; second-hand boxes, 100 per cent.

ARTHUR LATHAM examined. (No. 7.)

1. *The Chairman.*] What are you?—A farmer at Kauwhata, near Palmerston North.

2. You supplied to the Agricultural Department a statement of the cost of production of butterfat?—Yes.

3. I understand you have made out a further statement?—Yes.

4. Do you wish to speak to the first statement you made, or to the new one?—I wish to deal with the information in both.

5. In your second statement you take the land at £140 per acre, and in the first statement at the price of £64 per acre?—Yes. The statement I produce to-day is only an estimate, but the figures contained in the first statement are correct, based on what I gave for the land, and show all the items of receipts and expenditure.

6. *Mr. Hawken.*] You are debiting yourself with the interest you paid and the interest on the capital account?—Yes. There is the interest on mortgages. [Statement put in and explained.]

7. *Mr. Powdrell.*] How do you arrive at the wages for work in connection with the cows?—Day labour, £114. I have shown the cattle account at £166 10s. deficiency. Of course, that expenditure was heavy. There is depreciation in machinery and implements at 10 per cent. on £250, which makes £25; repairs and maintenance, £44 12s.; general expenses, including oil, £56 9s. 4d.; and A. Latham, private account, £200.

8. What is that amount?—What I have drawn for myself for my labour on the farm.

9. Is that the living-expenses for the house?—Yes.

10. Have you not allowed anything at all for your own wages?—That amount is my wages: I have drawn £200 out.

11. *The Chairman.*] Does that provide for the food you buy for the men whom you employ?—No.

12. Does that come out of the £200?—No. Except my family I have only day labour, which I have not to feed.

13. You received no wages except the food for the family?—I received £200 and kept the family out of that. On the credit side of my statement there is "Butterfat, £712 16s. 4d.; estimated bonus, £70; underestimated bonus, 1918–19, £6 12s. 6d.; interest on war bonds, £4 5s.; discounts and commissions, £14 15s. 5d.; market-garden, £64 2s. 10d.: net loss, £74 14s. 9d.

14. *Mr. McCombs.*] What profit did you make in addition to wages—what is the difference between the receipts and expenditure after allowing for wages?—I made £74 14s. 9d. of a loss,