58. *Mr. Powdrell.*] You contend it is perfectly legitimate to put in the value of the land as its present-day value, because you could sell that land at £140 and get 6 per cent. on the money: therefore you consider it is a legitimate thing to charge that, although you paid £65 an acre for it?—Yes; it is the only right course, or you would have a false position.

59. *The Chairman.*] At the start you were blaming some people for putting some farmers in the position they were in. On the other hand, you say the farmer is entitled to everything in the farm if he retires, and then it becomes the other fellow's funeral who follows him?—Yes, that is so. You have to stand by the rise or fall: if it goes down no one will help you out.

60. *Mr. McCombs.*] And behind that man the consumers' funeral, who are expected to pay not on the cost of the land at £64 per acre, but on £140?—Yes.

61. You first produced an accurate return in which you showed the loss on cattle to be £166?—Yes.

62. Then in the return which you say is an estimate and in which the figures are not accurate you show the loss at £75?—Yes.

63. Then the £166 for loss was quite abnormal?—Yes; but I have taken a conservative view on the debit side of the estimate.

64. The actual cost of production when you included the £166 was 1s. 8¼d. per pound of butterfat?—I had to show everything. The cost is 2s. 3½d.

65. But even after putting in what you believed was an extraordinary loss it cost you 1s. 8¼d. to produce butterfat?—Yes.

66. You can only build up this 2s. 10½d. as the cost of production by assuming a profit in six years on the cost of your land at £5,320?—Yes, that is so.

67. *Mr. Powdrell.*] In your statement you showed the deaths but do not show any depreciation in your herd?—I had no cause to show depreciation in the herd for the simple reason that I keep a cattle account which shows it. It would be a very difficult thing to show that. You have heifers and young cattle coming in, and you change a lot of the cows out. When I came to the end of the year I found I had lost £166. I was keeping my herd up to standard.

68. *Mr. J. R. Hamilton.*] In that accurate balance-sheet what do you allow yourself for wages?—I allowed myself £200—that is, 6d. per hour—less £74 4s. 9d. which I had to take out of my capital account, so that I really only got £130.

69. You do not think you should be compelled to work for 6d. an hour?—Certainly not. I think that is a fair wage that I have put down in the estimate, and to receive that wage we must have 2s. 10½d. per pound for butterfat.

70. You think you are entitled to as much as the wharf labourer per hour?—I think I am entitled to a jolly sight more, because when I work I work.

71. *The Chairman.*] The only redeeming feature of the whole farm from your point of view is the unearned increment?—I am not taking any unearned increment. Will you say that in five years I will be able to get that price of £140 per acre?

72. Assuming you would?—Well, assuming you would, would you take shares in a company if they had not a substantial reserve fund? Well, why should not the farmer have a reserve fund?

73. *Mr. McCombs.*] If you had succeeded in selling the farm at what you think it is worth, and you got £200 a year during the whole of the six years, then you would get £5,620 for the period?—I will not admit that at all, because if a man is in a town getting a salary of £300 a year and he buys mining shares at £5 and they go up to £300 and he sells, what then? You have no right to bring in the cost of production—it is speculative.

74. *The Chairman.*] In your estimate of the cost of production you have taken the price of butterfat for the coming year at 2s. 10½d.?—Yes, that is the estimate of the cost of production.

75. *Mr. Hockly.*] Will you admit that the increased price of land must mean an increased cost of production?—Yes, it must; but there are also so many other things that cause it.

76. If a man pays more for the land he must make it produce more?—Yes.

77. And the natural result is that we are going to have increased production?—Not unless the farmer has more capital. I am afraid you will not get more production unless he has. He must have more intense culture.

78. *Mr. Powdrell.*] Is it not a fact that the farmers are working on more scientific lines to-day on the £100-per-acre land than they were on the land when it was £12 an acre?—The farmer is not farming properly at all, because he has not the money to do it.

79. *Mr. McCombs.*] Then, because the farmer has not enough capital to work the land because he paid too much for it, he is not working it to its full capacity?—Yes, that is so.

80. High prices do not stand for increased production?—The cost of labour is so high. You may put in crops, and when they are ripe you cannot get the labour to attend to them. I asked one man to dig potatoes for me and asked him what it would cost, and he said, "Give me a bag for every bag I dig."

Witness put in the following:—

Profit and Loss Account, Season ending 30th June, 1920

Dr.	£	s.	d.	*Cr.*	£	s.	d.
To Interest on mortgages..	160	10	6	By Butterfat	712	16	4
Interest on Government lease in perpetuity	36	8	0	Estimated bonus	70	0	0
Interest on capital invested (£2,000) ..	120	0	0	Underestimated bonus, 1918–19 ..	6	12	6
Wages	114	0	0	Interest in war bond	4	5	0
Bank charges	1	10	6	Discounts and commissions	14	15	5
Rates	7	14	0	Market-garden	64	2	10
Insurance	4	12	6	Net loss	74	14	9
Insurance (life)	10	0	0				
Cattle account	166	10	0				
Depreciation, machinery and implements (£250 at 10 per cent.)	25	0	0				
Repairs and maintenance	44	12	0				
General expenses, including oil	56	9	4				
A. Latham—private account	200	0	0				
	£947	6	10		£947	6	10