1920.
NEW ZEALAND.

BUTTER-PRICES INQUIRY COMMITTEE.

(MR. J. A. NASH, M.P., CHAIRMAN.)

Report brought up 13th October, 1920, together with Minutes of Proceedings, Minutes of Evidence, and Appendices.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

THURSDAY, THE 9TH DAY OF SEPTEMBER, 1920.

Ordered, "That Standing Order No. 219 be suspended, and that a Select Committee be appointed, consisting of eleven members, to inquire into and report upon the present and future prices of butter in the Dominion, especially with regard to the probability of the present exportable surplus being purchased by the Imperial Government at a considerable increase in price as compared with last season's output; the Committee to report within three weeks from this date, and to have power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Atmore, Mr. J. R. Hamilton, Mr. Hawken, Mr. Hockly, Mr. Kellett, Mr. McCombs, Mr. McLeod, Mr. Nash, Mr. Poland, Mr. Powdrell, and the mover."—(Right Hon. Mr. MASSEY.)

TUESDAY, THE 21ST DAY OF SEPTEMBER, 1920.

Ordered, "That the petitions of I. H. Reid and others, the New Zealand Co-operative Association of Canterbury (Limited) and others, and eight similar petitions, be referred to the Butter-prices Inquiry Committee for consideration and report."—(Mr. HUNTER.)

REPORT.

THE Butter Prices Inquiry Committee, to which was referred the question of the present and future prices of butter in the Dominion, has the honour to report—

(1.) That, in view of the fact that no restriction has been placed on the prices of wool and other products of the Dominion, it is of opinion that the dairy-farmers are entitled to the full benefit of the market price of butter, and recommends that a sufficient quantity of butter (to be taken from the whole Dominion) should be requisitioned for the requirements of the population at 2s. 6d. per pound f.o.b., this being the amount of the Imperial Government's offer.

(2.) Having carefully considered the price to be charged to the consumer, the Committee recommends that the retail price be fixed, to the 31st day of March, 1921, at 2s. 3d. per pound for cash, and 2s. 5d. booked. (NOTE: The estimated cost of fixing the price on this basis will be £600,000.)

(3.) The Committee does not recommend an export tax on butter.

(4.) And, having considered the question of the introduction of margarine, the Committee resolved to make no recommendation thereon.

J. A. NASH, Chairman.

13th October, 1920.

MINUTES OF PROCEEDINGS.

WEDNESDAY, 15TH SEPTEMBER, 1920.

THE Committee, pursuant to notice, met at 10.15 a.m.

Present: Mr. Atmore, Mr. Hawken, Mr. Kellett, Right Hon. Mr. Massey, Mr. McCombs, Mr. Nash, Mr. Poland, Mr. Powdrell.

The order of reference having been read by the Clerk, it was resolved, on the motion of the Right Hon. Mr. Massey, seconded by Mr. Hockly, That Mr. Nash be Chairman of the Committee.

The Chairman, in returning thanks for the honour conferred on him, emphasized the importance of the Committee that had been set up.

It was resolved, firstly, to acquaint the Agriculture Department that the Committee had been set up, with a view to official evidence being brought before the Committee; and, secondly, to communicate with the National Dairy Association and to invite the representatives of that association to give evidence.

Resolved, That the next meeting of the Committee be held on Friday, the 17th September, 1920, at 10 o'clock.

The meeting then adjourned.

FRIDAY, 17TH SEPTEMBER, 1920

The Committee, pursuant to notice, met at 10 a.m.

Present: Mr. Atmore, Mr. J. R. Hamilton, Mr. Hawken, Mr. Hockly, Mr. Kellett, Right Hon. Mr. Massey, Mr. McCombs, Mr. McLeod, Mr. Nash (in the chair), Mr. Poland, Mr. Powdrell.

In attendance: Dr. Reakes and Messrs. Stone and Singleton, of the Department of Agriculture.

Letters were read from Mr. Neil Campbell, of Kauwhata, and Hugh C. Aickin, hon. secretary of the Auckland Butter Merchants' Association.

It was decided to permit the Press to attend Committee meetings except during the periods of deliberation.

It was resolved that evidence be taken in the following order: (1) Department's evidence, (2) producers' evidence, (3) consumers' evidence, (4) factories evidence, (5) distributors' evidence, (6) retailers' evidence.

Resolved, on motion of Mr. Poland, That the Glaxo Company be asked to submit evidence relative to the cost of production.

Mr. Stone, Accountant of the Agriculture Department, submitted evidence showing the cost of production of butterfat. Basing the figures on twenty-four cases submitted to the Department, it was shown that the average gross cost per pound butterfat was 2s. 5d., the average gross revenue per pound 2s. $2\frac{1}{4}$d., leaving an average net loss of $2\frac{3}{4}$d. The twenty-four cases covered the districts of Helensville, Waikato, Taranaki, Palmerston North, Canterbury, and Otautau.

Mr. Singleton, of the Dairy Division, Department of Agriculture, then submitted figures showing the estimated production and consumption of butter in the Dominion.

Evidence was then submitted by Mr. D. K. Haberfield, President of the Master Grocers' Association, Christchurch, representing the retailers of that city.

It was resolved to hold further meetings of the Committee on Tuesday, the 21st, and Friday, the 24th September, 1920, at 10 o'clock.

TUESDAY, 21ST SEPTEMBER, 1920.

The Committee, pursuant to notice, met at 10 a.m.

Present: Mr. J. R. Hamilton, Mr. Hawken, Mr. Hockly, Mr. McCombs, Mr. McLeod, Mr. Nash (in the chair), Mr. Powdrell.

In attendance: Mr. Singleton, of the Department of Agriculture.

The minutes of the previous meeting were read and confirmed.

A communication was read, dated the 9th instant, from the New Zealand National Council of Women, Wellington Branch, relative to the price of butter.

The evidence of Miss Coad, President of the New Zealand National Council of Women, was then taken, with a view to ascertaining the consumer's point of view.

Councillor Norwood, Chairman of the Wellington Milk-supply Committee, gave evidence regarding the price of milk and the probable effect of an increase in the price of butter on the price of milk.

The Committee then called upon Mr. J. B. McEwan, of Messrs. J. B. McEwan and Co. (Limited), to give evidence from the distributor's point of view. Witness submitted figures giving details of the increased cost of distribution of butter.

Mr. Latham, of Kauwhata, gave evidence as to the cost of production of butterfat.

On motion of Mr. McCombs, it was resolved to request the attendance of Mr. Tunnicliffe, of Kauwhata, and Mr. Burnett, of Otautau (both of whom had submitted to the Agriculture Department statements showing the cost of production of butterfat). It was also resolved to request the attendance of producers who had submitted to that Department statements showing the cost of production of butterfat, numbered 15 and 17 in the Agriculture Department's file (Ag. 11/251/100).

The next meeting of the Committee was arranged for Thursday, the 23rd instant, at 10.30 a.m.

FRIDAY, 24TH SEPTEMBER, 1920.

The Committee, pursuant to notice, met at 10 a.m.

Present: Mr. Atmore, Mr. J. R. Hamilton, Mr. Hawken, Mr. Hockly, Mr. Kellett, Mr. McCombs, Mr. Nash (in the chair), Mr. Poland, Mr. Powdrell.

In attendance: Mr. Singleton, of the Department of Agriculture.

The minutes of the previous meeting were read and confirmed.

The following communications were read:—

(1.) From the New Zealand Alliance of Labour, Wellington, dated 21st September, 1920, stating, in reply to an invitation to submit evidence to the Committee, that they considered the time was not yet ripe for the Alliance to take action on the matter.

(2.) From the Secretary, Otago Labour Council, dated 20th September, 1920, stating that it would not be possible for a representative of that Council to appear before the Committee on the day named.

(3.) From Mr. Frank Colbeck, Morrinsville, dated 19th September, 1920, submitting statements showing comparison of wages paid to miners, carpenters, and common labourers on the one hand, and to dairy-farmers on the other hand.

Mr. Harkness, Secretary of the National Dairy Association, submitted, on behalf of Messrs. Motion and Morton, statements showing cost of production of butterfat. After discussion it was resolved to request the attendance of Messrs. Motion and Morton so as to give them an opportunity of personally supporting the figures contained in their statements.

Mr. Mackay Campbell, Secretary of the Trades and Labour Council, Wellington, gave evidence on behalf of the consumer.

Mr. Worrall, representative of the Canterbury Trades and Labour Council, gave evidence as from the consumer's standpoint.

It was resolved that Mr. Thomas Parsons, of Eketahuna, and Mr. S. Knight, of Ongarue, be requested to give evidence before the Committee.

Next meeting of the Committee was arranged for Wednesday, the 29th September, 1920.

WEDNESDAY, 29TH SEPTEMBER, 1920.

The Committee, pursuant to notice, met at 10 a.m.

Present: Mr. Atmore, Mr. J. R. Hamilton, Mr. Hawken, Mr. Hockly, Mr. Kellett, Mr. McCombs, Mr. Nash (in the chair), Mr. Poland, Mr. Powdrell.

In attendance: Mr. Singleton, of the Department of Agriculture.

The minutes of the previous meeting were read and confirmed

A communication from Mr. M. Alpass, Konini, Pahiatua, in connection with the manufacture of butter in the Dominion, was read.

Mr. H. D. Bennett, representing the retailers and master grocers' associations of the Dominion, then gave evidence.

Mr. Usher, of Usher and Son, Nelson, also gave evidence on behalf of the retailers.

Evidence in regard to the cost of production of butterfat was then given by the following dairy-farmers: Mr. Tunnicliffe, of Kauwhata; Mr. Peter Hansen, of Kauwhata; Mr. Samuel Knight, Ongarue; Mr. Thomas, of Rototuna; Mr. Blackmore, of Washing Downs, Hamilton; Mr. James Jamieson, of Horotiu; Mr. Thomas Parsons, of Eketahuna.

Mr. A. W. Page, of Auckland, and Mr. Petrie, manager of Smeetons Limited, Auckland, gave evidence on behalf of the retailers, such evidence being supplementary to that furnished by Mr. H. D. Bennett.

Mr. Powdrell, M.P., at the desire of some members of the Committee, presented several balance-sheets of dairy-farmers in the Dominion.

It was resolved to hold the next meeting of the Committee after consideration of the printed evidence.

WEDNESDAY, 13TH OCTOBER, 1920.

THE Committee, pursuant to notice, met at 10 a.m.

Present: Mr. J. R. Hamilton, Mr. Hawken, Mr. Hockly, Mr. Kellett, Mr. McCombs, Mr. McLeod, Right Hon. Mr. Massey, Mr. Nash (in the chair), Mr. Poland, Mr. Powdrell.

Mr. Singleton, of the Department of Agriculture, and Colonel Esson, of the Treasury Department, were in attendance.

Minutes of the previous meeting were read and confirmed.

Right Hon. Mr. Massey, having explained that subject to the passing of certain legislation relating to finance the Government would be in a position to find the sum of, approximately, £600,000 towards a reduction in the price of butter, stated that the price to the consumer—after having paid the dairy-farmer 2s. 6d. per pound—could therefore be reduced by 6d. per pound. This would bring the price to the consumer at 2s. per pound, to which would have to be added the cost of distribution and profit in order to arrive at the selling-price to the consumer.

Mr. J. R. Hamilton moved: "That the retail price of butter be fixed at 2s. 3d. per pound for cash and 2s. 5d. per pound for booked orders."

Mr. McCombs proposed the following amendment: "That the retail price of butter over the counter be 1s. 9d. booked, or booked and delivered 1s. 10d., and that an Equalization Fund be created by a levy of 5 per cent. addition to land and income tax and an increase in stamp and death duties calculated to produce the equivalent of 5 per cent. on the total stamp and death duties."

The amendment having being put, it was resolved in the negative, the names being taken down as follows—*Ayes:* Mr. Kellett, Mr. McCombs, Mr. Poland. *Noes:* Mr. J. R. Hamilton, Mr. Hawken, Mr. McLeod, Mr. Nash, Mr. Powdrell.

The motion was then put and resolved in the affirmative, the names being taken down as follows—*Ayes:* Mr. J. R. Hamilton, Mr. Hawken, Mr. McLeod, Mr. Nash, Mr. Powdrell. *Noes:* Mr. Kellett, Mr. McCombs, Mr. Poland.

The Committee then considered the petition of the New Zealand Farmers' Co-operative Association of Canterbury, Limited, and others and eight similar petitions, praying for relief in connection with the cost of handling butter—these petitions having been read at the commencement of the proceedings. It was resolved, in view of the fact that the Committee had already fixed the price to be charged to the consumer and the margin to cover both profit and expenses that no recommendation be made.

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. 2¼d., 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. 1¼d., 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. Hockly: 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 it 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.

17. *Right Hon. Mr. Massey.*] Does that mean that it took £25,000 worth of labour to produce £23,000 worth of butterfat?—Yes, that is the cost of production. The extra cost of production in the cases just mentioned, if the present-day value of the land were taken, would run from 3½d. up to 11½d. That is practically the whole of the information that has been taken out.

18. You had better place some of the details of those instances on record?—Yes, and I will put in the statement before the Committee.

19. *Mr. Powdrell.*] Have you any Palmerston North examples?—Yes. The following is a Palmerston case:—

Area of land, 71 acres (freehold).

Value of land at £64 per acre, £4,544; value of stock and plant, £1,279: total capital value, £5,823.

Interest, £317; labour, £114 (there are no cultivation charges specified in the account); sundry expenses, £305: total expenditure, £736.

Revenue from butterfat, £783; revenue from sundries, £79: total revenue, £862.

Butterfat production, 7,800 lb.; cost of production, 1s. 8¼d. per pound; revenue from butterfat, 2s. per pound.

Number of cows, 41; butterfat average per cow, 237 lb.; labour per cow, £3.

The labour charge per cow, compared with the average, is very low, because the average works out at practically £8 per cow for labour. That particular instance shows a profit of 3¾d.; but it is necessary to bear in mind that no cultivation charges are stated, and the wages are considered to be low. Some of the labour may have been included in "sundries." The "sundry" charges are—repairs and maintenance, £46; and the owner puts the labour down at 6d. per hour. The labour charges for the season are £114.

20. *Mr. Poland.*] Did he milk his cows by machine?—I suppose it would include milking-machines, because there is an item for plant and milking-machines.

21. *The Chairman.*] Will you give the Committee another case?—Yes. This is a case in the Otautau district:—

Area of land, 200 acres (freehold).

Value of land at £9 per acre, £1,800; value of stock, plant, &c., £1,465: total capital value, £3,265.

Interest charges, £196; labour, £210; sundries, £413: total expenditure, £819.

In this case the value placed on the land is the rate paid in 1882.

Total revenue, £875.

Butterfat production, 6,976 lb.; cost of production, 1s. 8d. per pound; revenue from butterfat, 1s. 10d. per pound.

Number of cows, 40; butterfat per cow, 174 lb.; labour per cow, £5.

22. *Mr. Hockly.*] Is anything allowed for deaths of stock?—Yes; there is provision for depreciation not only for assets like buildings, plant, and milking-machines, but for loss of stock as well.

23. *Mr. J. R. Hamilton.*] A man with 200 acres of land would have other things on his farm besides cows, which he puts down at forty: how does he make provision for his revenue?—He also has pigs. In the case I have just quoted there are no pigs on the farm. Taking the present-day value of the land, the cost of production would be 2s. 5d. instead of 1s. 10d. To get the correct figures it would be necessary to get the exact revenue, and I have not got that. He has got £180 down as the product of calves sold, and £56 as the value of the farm-products used by the family and the employees. The value of the land is given now at £30, as against £9 in 1882.

24. *Right Hon. Mr. Massey.*] Does he show whether it was improved or unimproved in 1882?—No.

25. Have you any Taranaki case?—Yes. A Taranaki case is as follows:—

Area of land, 66 acres (freehold).

Value of land at £35 per acre, £2,310 (in 1911); value of stock, £1,345: total capital value, £3,655.

Expenditure: Interest, £219; labour, £118; sundries, £354: total expenditure, £691.

Revenue from butterfat, £679; sundry revenue, £146: total revenue, £825.

Butterfat production, 7,014 lb.; butterfat cost, 1s. 6½d. per pound; revenue, 1s. 11¼d. per pound.

Number of cows, 29; butterfat per cow, 242 lb.; labour per cow, £4.

26. *Mr. Poland.*] What is the value of the land to-day?—I do not know: it has not been stated. The labour per cow, stated at £4, would be well under the average. There is another Taranaki case. In the case just stated the cost is put down at 1s. 6½d. and the revenue at 1s. 11¼d., and in the other Taranaki case the cost is set down at 2s. 5d. and the revenue 2s. 0¾d. The latter land is valued at £160, and the labour £10 per cow, which is above the average. There were thirty cows. Then there is a Waikato case, as follows:—

Area of land, 240 acres (freehold).

Value of land at £55 per acre, £13,200; value of stock, £2,400: total capital value, £15,600.

Interest charges, £936; labour, £806; sundries, £381: total expenditure, £2,123.

Revenue from butterfat, £2,287.

Butterfat production, 20,327 lb.; cost per pound, 2s. 1d.; revenue per pound, 2s. 3d.

Number of cows, 85: butterfat per cow, 239 lb.

The price for land there, £55, is the selling-price to-day. It has just changed hands at that figure. The labour per cow, £9, is rather over the average. Then there is a case at Awahuri, as follows:—

Area of land, 62 acres (freehold).

Value of land at £100 per acre, £6,200; value of stock, &c., £860: total capital value, £7,060.

Interest charges, £423; labour, £554; sundries, £164: total expenditure, £1,141.

Revenue: Butterfat, £567; sundries, £112: total revenue, £679.

Butterfat production, 6,397 lb.; production cost, 3s. 3d. per pound; revenue, 1s. 9¼d. per pound.

The following is a case at Helensville:—

Area of land, 209 acres.

Value of land at £55 per acre, £11,495; value of stock, &c., £2,242: total value, £13,737.

Expenditure: Interest, £685; labour, £545; sundries, £515: total, £1,745.

Revenue: Butterfat, £1,221; sundries, £212: total revenue, £1,433.

Butterfat production, 14,125 lb.; cost per pound, 2s. 2d.; revenue per pound, 1s. 8¾d.

Number of cows, 65; butterfat per cow, 217 lb.; labour per cow, £8.

That is about the average from that district, and we have three different instances.

27. *Mr. McCombs.*] Can you tell me how long ago those returns were prepared?—They were prepared in the last few days. It is about ten days ago that the information was asked for. It is understood the details referred to last season. In some instances that was not stated, but it is all recent information.

28. Did you send out a circular letter?—Yes. It was no use sending it out to very many. We got names from the dairy factories of those who it was thought could give accurate information, and we communicated with a few of them.

29. How many did you communicate with?—I only communicated with seven or eight, but Mr. Singleton collected some through his representatives outside.

30. How many were approached?—There are twenty-four cases on this file which I have taken into consideration, and there are eight others from which information could be got, but it was not deemed sufficiently reliable to place before the Committee.

31. You have put the information in such a form that the Committee can follow it?—Yes.

32. There are eight more cases?—Yes, on a separate statement; but they have not been put before the Committee.

33. Might the Committee have those?—Yes.

34. *Mr. Hockly.*] How are the interest charges made up?—Generally 6 per cent.

35. Against the whole farm?—Yes, the whole capital value.

36. There would be some other sources of revenue in the cases you have mentioned?—They were asked to give the whole of the revenue of the farm. In asking for the areas we asked for the dairying-area. Sometimes there might be a larger area, only portion of the farm being used for dairying.

37. We may take it that the revenue returns are not entirely from butter —No; in one instance the butter was £639 and the value from calves £180. There is one thing—namely, the value of the dwelling—that is an asset. They live rent-free.

38. In any of your returns have you the cost of growing the necessary feed for the stock?—We asked for information regarding cultivation, manures, seeds, and wages. Where there is a big variation in wages it may possibly be that it is due to the fact that the cultivation wages and milking wages have been put together.

39. The cost of production on a farm where you have to grow food is very much greater than where you are depending on grass alone all the year round?—Yes.

40. *Mr. J. R. Hamilton.*] How do the North and South Islands compare?—The land-values seem to be a good deal lower in the South.

41. That would make up for the cost of growing winter feed?—Yes.

42. *Mr. McCombs.*] Is the 6 per cent. on the value of everything—stock, implements, &c.?—Yes.

43. The ordinary business man puts in his home when estimating the percentage on capital. He has got it invested in the business. In these cases the home is included as well as the business?—Yes; I have not got any information to the contrary. There is one case where a manager is employed. In that case the inclusion of the home would be reasonable, but in most of the cases the men are working their own farms.

44. There is a reference to cultivation wages and milking wages. Where it was cultivation for the purpose of producing food for the milking-cows, that is a fair charge, of course; but do you think there is a possibility of mixing up the cultivation wages where there were returns from, say, grain?—They no doubt put in everything, but they were asked to state all the revenue they got from the land: for instance, they were asked to state the value of the produce raised on the farm for the purpose of the family or the employees.

45. If there were grain returns they should be included?—Yes. There would not be grain for sale on 64 acres.

46. When you were asking for the returns were you sufficiently specific to ask that all returns should be included?—Anything they raised. The form on which the information was to be supplied is set out on the statement produced before the Committee. It was expected that everything raised on the dairying-area would be stated as the revenue from the farm.

47. *Mr. J. R. Hamilton.*] The principal comparisons could only be got from a farm practically used for nothing else but dairying?—Yes.

WINNARD MILTON SINGLETON examined. (No. 2.)

1. *The Chairman.*] What is your position?—I am Assistant Director of the Dairy Division.

2. Will you make your statement to the Committee?—Yes. Dr. Reakes asked me to get for the Committee the figures indicating the estimated amount of butter produced. The figures are 28,000 tons, the local consumption being estimated at 11,000 tons for the twelve months. That is not necessarily all factory butter: some of it includes farm butter. We exported last year 14,000 tons, and we would have available for export somewhere about 17,000 tons. There was more left over at the end of the season. I thought it might interest the Committee to know that the amount of butter graded during the last four seasons has been receding. The figures are—1916–17 season, 469,377 cwt.; 1917–18 season, 432,269 cwt.; 1918–19 season, 393,399 cwt.; 1919–20 season, 380,051 cwt. Cheese has increased during that period, the figures being—1916–17 season, 1,011,956 cwt.; 1917–18 season, 1,080,309 cwt.; 1918–19 season, 1,120,457 cwt.; 1919–20

season, 1,268,571 cwt. My suggestion is that the British Government did not pay a price for butter on a parity with the price for cheese, and that our milk-supply was being diverted from the making of butter to cheese to such an extent that our butter graded has shown the reduction evidenced by the figures.

3. *Right Hon. Mr. Massey.*] The production of dried milk would cut into butter, would it not?—Yes, to some extent.

4. *Mr. McCombs.*] Have you the figures in support of the statement that a parity was not paid?—Yes, you could easily get that.

5. *Right Hon. Mr. Massey.*] I think it ought to be explained that the demand for cheese was on account of the fact that cheese was the army ration during the war, while butter was not? —Yes, that is so. In addition, there is the statement that the increased price which the British Government is offering this season is due to the fact that they wish to encourage the production of butter. The retail price of the imported butter in England is, I understand, 3s. per pound. The Home make was 3s. 6d. in June last; and Sydney (New South Wales) butter, 2s. 10d. cash over the counter, and 2s. 11d. booked and delivered. I expected to have the prices from Montreal and New York this morning, but some delay has taken place in getting them. The matter of the cost of production is one in which I have been interested since we started the cow-testing associations. I wish to say that in 1917 the Chicago Milk Commission made an investigation into the price of milk for the supply of Chicago. That investigation showed that the farmers were receiving 2 dollars 60 cents per 100 lb. when the cost of production was 3 dollars 28 cents. The Commission determined that the dairy-farmer was not only entitled to interest on his investment and the value of his labour and all costs, but that he was also entitled to 10 per cent. profit on his costs as recompense for his venture. Mr. Stone has given the Committee a lot of figures with regard to particular dairy farms. I have been in touch with that evidence, or the data on which Mr. Stone gave his evidence. I may state that many of those dairy-farmers which Mr. Stone's figures referred to are men who are producing butterfat at a less cost than a lot of others from whom I could not get figures. We could only get the figures from a number of the men who were written to for balance-sheets. We communicated with the secretaries of the dairy companies asking them to give us the names of a number of those likely to be able to supply figures, and it was through that channel that we got the names of the men who supplied the figures. Now, I have been going into the question of the cost of cow-keep for some years. I have a table here which is an estimate made out on the basis of certain farm figures, and it was checked from district to district by the experience of prominent dairymen in the district as to what they consider would be the rate for their own district. I am only submitting this table as an estimate of about the average conditions. I have taken the figures for the 1914–15 season and the 1919–20 season, the latter being based on the cost of the land bought during the last two years. Then I have shown the cost of keeping the average dairy cow in 1914, the charges for a number of items which the dairy-farmer has to buy, and in 1919–20 the charges and the increases. Taking the figures which have been submitted by me, I have shown the increase in wages is estimated at 66 per cent. In regard to the labour item in each of the statements, I have allowed 8d. an hour for labour in the 1914 season, and 1s. per hour for the 1920 season—an increase of 50 per cent. as against the 66 per cent. which the farmer has to pay. The price of land has increased since 1914–15. A man had then to invest about £90 in land per cow, and during the last few seasons for a cow of the average production he has to invest about £150.

6. *Mr. McCombs.*] What would you show the interest as in the one case?—I showed the interest as £5 8s. on the £90, and £9 on the other. There is an increase of 66 per cent. in labour, and an increase of 66 per cent. in the price of land according to the figures I have prepared. Then, for casual labour the returns which I have received show 1s. per hour in 1914 as against 2s. 6d. in 1920. Now, I would like to point out that this table of the cost of cow-keep cannot be taken as applying to cows with productions which are very much above what I have indicated. I have gone up to 220 lb. of butterfat per cow. When you get up to 250 lb. per cow the aggregate cost of cow-keep will be higher, because it is necessary to have better land. I have in my comparison taken the cow at 180 lb. For all cows, in milk and dry, 180 lb. is perhaps a liberal estimate for the production per annum. The estimated cost of producing a pound of butter in the 1914–15 season was 16·5d. per pound, and the factory paid 13·5d. per pound, showing a loss of 3d. per pound. That is the average pay-out at quite a number of the butter-factories, and for the last season the average price received from the factory was 19·4d., and the estimated cost of producing butterfat from the 180 lb. cow was 2s. 4d. per pound. The farmer was actually losing more money last season than in 1914 on those figures. The complete statement I have prepared is as follows:—

APPROXIMATE ANNUAL COST OF KEEPING AND MILKING A COW; THE RESULTANT COST OF PRODUCING BUTTERFAT IN NEW ZEALAND: SEASON 1914–15.

	£ s. d.	£ s. d.
Labour—		
Per cow per annum—say, 150 hours at 8d.	..	5 0 0
Feed—		
Grass from £90 worth of land per cow—rent or interest at 6 per cent. ..	5 8 0	
Extra winter feed—food for two horses, and regrassing and artificial fertilizers (per cow)	1 2 6	
Rates and taxes on land grazing one cow, varying in districts to 15s. (say) ..	0 10 0	
		7 0 6
Herd upkeep—		
Interest on cow worth £8 10s. at 6 per cent.	0 10 2	
Loss from deaths and diseases	0 12 4	
		1 2 6
Milk-delivery—		
Interest on money invested in horse, cart, and harness; depreciation, repairs, and renewals on same; horse-shoeing and upkeep of tinware—for average-sized herd of 30 cows, £11 10s. .. .. Per cow	..	0 7 8

	£ s. d.	£ s. d.
Keep of bull—		
Interest, depreciation, and feed, £10 10s. For 30-cow herd, per cow ..	..	0 7 0
Buildings—		
Depreciation and maintenance on buildings valued at £500, at 5 per cent.	25 0 0	
Insurance on same ..	1 10 0	
For 30-cow herd ..	26 10 0	
Per cow ..	..	0 17 8
Sundry items—		
Wire staples, nails, cow-covers, leg-ropes; upkeep windmills, pumps, tanks, &c.—say ..	..	0 9 2
		£15 5 0
Less revenue—say—		
50 per cent. calves reared, at £1 11s. 3d. .. Per cow	0 15 9	
One pig to four cows—pig at £2 14s. .. ,,	0 13 6	
Value of house £350: at 8 per cent. = £28 .. ,,	0 18 8	
Value of farm produce used in house ..	0 10 0	
		2 17 10
Net cost of keeping a cow ..	..	£12 7 2

If herd averages 160 lb. fat per cow, cost producing 1 lb. fat = 18·5d.
,, 180 lb. ,, ,, 16·5d.
,, 200 lb. ,, ,, 14·8d.
,, 220 lb. ,, ,, 13·5d.
Average price paid by butter-factories per 1 lb. fat = 13·56d.

The Chicago Milk Commissioner of 1917 concluded that the dairy-farmer was entitled to a 10-per-cent. profit on the cost of production as a recompense for his business venture.

Estimate Approximate Cost of keeping a Dairy Cow in 1919–20 Season to a Dairy-farmer purchasing Land within Two Years.

	£ s. d.	Per Cow. £ s. d.
Feed—		
Grass or other feed from £150 worth of land—interest at 6 per cent. ..	9 0 0	
Rates and taxes (per cow) ..	1 0 0	
Topdressing and regrassing ..	0 18 0	
Hay, roots, and green crops ..	1 7 4	
		12 5 4
Labour—		
Per annum per cow—say, 150 hours at 1s. per hour ..	..	7 10 0
Herd upkeep—		
Interest on cow worth £20 ..	1 4 0	
Losses by death and disease, at 10 per cent. ..	2 0 0	
		3 4 0
Milk-delivery—		
Interest on money invested in horses, wagon, harness, cans, &c.; depreciation and renewals on wagon, harness, cans, &c.—for 30 cows, £19.		
Per cow ..	..	0 12 8
Bull—		
Interest, depreciation, and feed (say) £10 10s. For 30 cows, per cow ..	..	0 7 0
Buildings—		
Depreciation and maintenance on buildings valued at £750, at 5 per cent...	37 10 0	
Insurance on same ..	2 10 0	
For 30 cows ..	40 0 0	
Per cow ..	..	1 6 8
Sundries—		
Horse-shoeing, leg-ropes, repairs, tanks, pumps, &c., wire staples, nails, &c.	..	1 4 4
		£26 10 0
Less revenue—say—		
50 per cent. of calves reared, at £3 3s. 6d. .. Per cow	1 11 9	
33⅓ per cent. of calves skinned, at 6s. .. ,,	0 2 0	
Say, one pig to four cows—pig at £5 8s. .. ,,	1 7 0	
Value of house £500: at 8 per cent. = £40 .. ,,	1 6 8	
Value of farm produce used in house = £30 ..	1 0 0	
		5 7 5
Net cost ..	..	£21 2 7

If herd averages 160 lb. butterfat per cow, cost producing 1 lb. fat = 31·7d.
,, 180 lb. ,, ,, 28·2d.
,, 200 lb. ,, ,, 25·3d.

Average price paid by butter-factories per 1 lb. fat = 19·4d.

LIST OF PRICES AND PERCENTAGE INCREASES.

	1914. £ s. d.	1920. £ s. d.	Increace. Per Cent
Cows (per head)	8 10 0	20 0 0	135·3
Milk-cans, 20-gallon	1 10 0	3 15 0	150·0
Fertilizers (per ton)	6 11 8	13 16 8	110·0
Benzine (per case)	0 16 0	1 18 0	137·5
Casual labour (per hour)	0 1 0	0 2 6	150·0
Labour and upkeep (per week)	2 7 0	3 18 0	66·0
Interest on land	5 8 0	9 0 0	66·0
Milk-wagons	47 10 0	82 15 0	74·2
Separators	..	..	60·0
Grass-seeds	..	..	94·4
Pollard (per 200 lb.)	0 14 6	1 4 0	65·5
Calf-foods (per 100 lb.)	1 0 0	1 12 0	60·0
Fencing-wire	10 0 0	55 0 0	450·0
Galvanized ir n	18 0 0	70 0 0	288·8
Cement (per bag)	0 3 6	0 7 9	121·4
Boilers	40 10 0	80 0 0	97·5
Milking-machines, four-cow plant	233 5 0	250 0 0	7·2
Railway freight on Br 50 miles	0 10 2	1 4 5	140·0
Estimated cost producing 1 lb. fat from cow yielding 180 lb. fat	16·5d.	28·2d.	71·0
Payment for 1 lb. fat, 1914–15, from butter-factories	13·5d.	19·4d.	43·7
Loss on producing 1 lb. fat	3·0d.	8·8d.	193·3

7. *Mr. McCombs.*] The land was increasing in price in spite of the farmer's losses?—Yes. Land and labour increased. The explanation is that the average dairy-farmer is not an accountant; and I have been convinced for years that if you put an accountant on the books, or if the farm records were kept, it would be shown that the cost of production to the farmers would be greater than their income.

8. *Right Hon. Mr. Massey.*] That is, counting the labour of the man's family?—Yes, and counting interest on all the money invested.

9. *Mr. J. R. Hamilton.*] In many cases they would not be getting interest and would have to strike off the labour?—Yes. If they charge up the interest first they do not get the current rates for labour, and if they charge up the labour they do not get the current rates for interest.

10. *Mr. Powdrell.*] But is it not a fact that when a man has been on a farm for two years he finds he has not got the profit he expected when he counts his labour—he finds there is not so much in it, and he sells out?—Yes.

11. In other words, if he invested his money at interest and went out to work at the current rate of pay he would be better off at the end of the year?—Yes.

12. *Right Hon. Mr. Massey.*] It simply means this in many cases: that the man is not getting sufficient or a fair rate of interest on his own capital which he has invested, and his family are not getting the average rate of wages for the work they do in connection with the production of dairy-produce?—That is exactly the position. Following out those figures I have given, you see the increase in the cost of production for those two years, 1914–15 and 1919–20, is 69·7 per cent., and the increase in the price of butterfat received from the factories is 43·7 per cent.

13. *The Chairman.*] Can you say whether in your experience you find that the herd or the cow is improving in quality on the farms in the matter of the production of butterfat?—I believe we are improving, but it is difficult to get figures based on the total cows in the country to always bear that out. It depends on the class of season on which the figures are based. As a result of the figures which we got out for the 1918–19 season, the average cow did not produce up to 160 lb. of butterfat.

14. With the advent of the milking-machine, do you think from your experience that the farmer is getting as much as he would be if milking by hand, taking into consideration the fact that the cost of milking by hand is greater—would the use of the milking-machine compensate him?—I have not got definite figures to prove that.

15. *Mr. McCombs.*] According to your statement the butter only contained 81·½ per cent. of butterfat. I understood the law provided that there should be only 16 per cent. of moisture?—There is the salt and the curd which makes up the difference.

16. *Mr. Powdrell.*] It is true that while a man may be making a loss of 3d. with a poor herd, or the first year of starting, his neighbour who has a herd which is getting 40 lb. or 50 lb. more fat per cow would be making a profit?—Yes.

17. So that we must take into consideration the difference in the production of the herds in arriving at the cost of production per pound?—Yes.

18. *Mr. Poland.*] Is it not a fact that in order to get this herd which would produce the 40 lb. or 50 lb. extra of butterfat it is necessary for the farmer year after year to cull out from his herd those cows that are not producing a reasonable amount of butterfat?—Yes, it takes time.

19. And there is a lot attached to it?—Yes, very often. That is one point brought out in connection with some of the balance-sheets Mr. Stone was referring to. Those statements came to me, and I was struck with the fact that where those people had indicated the price at which they bought the land some years ago there has been no increase in the capital value due to improvements they have put on the land in the meantime.

DAVID KERLE HABERFIELD examined. (No. 3.)

1. *The Chairman.*] Are you representing by resolution or by agreement the retailers of Christchurch, or do you come independently?—I am the president of the Master Grocers' Association.

2. Have they had a meeting to consider the matter of the price of butter?—Several.

3. And have they arrived at any conclusion?—Yes.

4. What we have to consider from the retailers' point of view is what the profits are on the sales in selling for cash, booking, bad debts, and so forth?—Well, of course, our experience in the butter business, Mr. Chairman, is that during the pre-war period prior to 1914 we were selling butter at 1s. 3d. which was costing us 1s. 1d. Of course, discounts were given after that by the retailers to the customers. The custom of the trade carried on in Christchurch was not a net cash business. We gave a discount of 2½ per cent. to our clients off the 1s. 3d., and in some cases up to 5 per cent. for cash. At that period the minimum wage of the assistant was £2 10s. Later in the year 1914 war broke out. A little later the Government fixed the maximum price of butter at 1s. 8d. which cost us 1s. 6d. That was in 1916. The margin of profit there was still 2d. per pound. Wages were on the increase all the time until we got up to June of this year, when butter was raised again, costing us 1s. 7d. and retailing at 1s. 9d. The minimum wages to-day are £4 7s. 6d. a week, showing an increase in the wages of 1914 of 75 per cent., and a lower percentage of profit on that turnover. There is also another factor in regard to the cost of handling, and that is paper and twine. They have increased in price at least 300 per cent. over the price obtaining in 1914. That, of course, goes into the cost of handling. You do not get anything for your paper. The grocers of Christchurch feel that during the strenuous war period they had to take their share of the burden the same as anybody else, and they did not kick against this low margin of profit; but seeing that adjustments are now taking place they think they should be considered—in fact, they think they have a right to be considered with others in regard to the profit when you are fixing the price. I might tell you that in the August number of the Australian *Grocer* the prices of the Australian butter were published. The figures are in the region of 2s. 2d. per pound in bulk, in pats 2s. 3d.; and the price fixed for prints or pats was 2s. 7d. net cash retail, and if booked or delivered ½d. per pound increase, giving them 2s. 8d. per pound on butter booked and delivered. There is another factor also in regard to the shop-assistants: they are working shorter hours and get more holidays. That possibly means an increase of staff. In referring to the wages of the assistant, I desire to say that we do not contend that it is too much. Lord knows it is little enough to-day for a man if he has a family; but something has got to be done to enable us to meet them.

5. What do you consider should be the profit on the sale of butter, assuming that butter is worth 2s. 6d. per pound wholesale?—It should be 4d. per pound; if booked and delivered, 5d. per pound.

6. Before the war the prices were 1s. 1d. and 1s. 3d.: did you consider that a reasonable profit at that time?—Yes. But there is the increased cost of handling it now, and increased wages, and double the profit is not giving you the same revenue as previously.

7. What about bad debts?—That would be one of the costs of handling, and goes into the cost of running a business. In Christchurch to-day our working-expenses on the turnover is about 17 per cent. I think the Wellington grocers are under rather a greater expense than that: they say it is 20 per cent.

8. *Mr. Hawken.*] Do they average that?—Yes.

9. That is, taking the average of the businesses?—Yes, the average of the businesses. Butter is such a large proportion of our turnover—it is one-seventh of our turnover.

10. *The Chairman.*] Do you use any home-made butter at all?—Farm butter?

11. Yes?—Yes.

12. What is the average profit on that?—About 2d. to 3d. per pound. We get different grades. Some of it we have to sell to the pastrycooks at a profit of 1d. per pound.

13. *Mr. Hockly.*] How do you obtain your supplies—weekly, fortnightly, or monthly—from the factory?—From the factory, daily.

14. And it is a class of stock on which you do not lose anything by deterioration?—We do not.

15. Then the capital invested in the business in this particular line is turned over six times every week?—Yes, or at least five.

16. Could you give us any indication as to the average consumption of butter in a family per week?—It all depends on the price. When butter is cheap there is more used than when it is expensive.

17. Would you say that the consumption is 1 lb. per week per head of the population in New Zealand?—I would not think it was as high as that.

18. *The Chairman.*] Whom do you buy from—from the distributor, or direct from the factory?—We buy direct from the factory. There are no distributors in Christchurch.

19. *Mr. Hawken.*] Do you find that the price makes a very considerable difference?—I would not say that. We have not got that far yet to be able to say. Next month might tell us that. Butter has gone up from 1s. 3d. in 1914 to 1s. 9d., but when it reaches the figure which is talked of it will certainly make a material difference. That is my opinion. I cannot speak from past experience because it has never been that high.

TUESDAY, 21ST SEPTEMBER, 1920.

NELLIE EUPHEMIA COAD examined. (No. 4.)

1. *The Chairman.*] Whom do you represent?—I represent the New Zealand Women's National Council.

2. Will you make a statement to the Committee?—Yes. The evidence I have to give to the Committee is on the same lines as the letter which was forwarded by my Council and which has been read to the Committee. My Council is of opinion that butter is a necessity of life. High prices for these necessities often cause demands for higher wages and salaries; they cause industrial disputes and a disturbed frame of mind among the masses of the people. The high value of land, which is said partly to cause the high price of butter, is, after all, a community-created value. For one thing, the Government entered the market on behalf of returned soldiers. The high land-values are not entirely caused by the producer, unless, of course, he has encouraged land speculation: they are due to social causes over which he has little or no control. My Council

therefore thinks that the whole community should not be penalized on account of these high values, but that it should have some share in the resultant prosperity in the way of cheaper butter—say, at 1s. 9d. or 1s. 10d. per pound. With this end in view we recommend a controlled price and an export tax. We admit the difficulties in the way: first, high prices in the Home market, and the apparent economic right of the producer to reap full benefit therefrom. Against the economic view my Council would place the human side of the situation—*i.e.*, insufficient supplies of butter and milk which the average person will be able to provide for his family at the world's price. Plentiful supplies of these commodities must be within the reach of all if New Zealand is to have a vigorous and healthy population. It is a well-known fact that the first thing necessary for a vigorous population is cheap food, and if prices are high the standard of living must go down even if salaries are raised. Though salaries have been raised (on account of the high prices of food necessaries) they have not advanced. Further, the majority of New Zealand people whose butter is on the spot will not understand the force of economic laws which increases prices to those ruling in the world's markets. Second, the importance of getting high values for our exports. Granted; but these high prices in the Home market are not incompatible with lower prices in the local market. They can still be maintained while butter in New Zealand is kept at a much lower figure. Finally, it is often stated that if an export tax is imposed the farmer will not produce. As farming is an important national service, and as producers have always shown themselves patriotic, my Council thinks that this can hardly be. An export tax which keeps butter for the local market at 1s. 9d. or 1s. 10d. should be able to yield to most patriotic farmers a very reasonable profit. Direct supplies between the producer and the consumer, the elimination of the middlemen, would be other means of cheapening butter. In Wellington a Direct Supplies Company sold butter at 1s. 6d. when shops charged 1s. 8d., and now sells it at 1s. 7d. when the shops charge 1s. 9d.

3. Do you know where the Direct Supplies Company you refer to get their supplies from?—No, I do not, but I have bought butter there.

4. Is it a store?—It is a small establishment at the back of some shops on Lambton Quay.

5. Do they only deal in butter?—And eggs, I think.

6. Of course, you know what the factories are receiving—1s. 7½d.?—Yes. I have bought butter at that price.

7. You think from the point of view of your Council that the only remedy is an export tax?—We do not say it is the only remedy.

8. That is one of the main remedies?—That is the one we think best economically.

9. If the price of butter is kept at 1s. 9d. per pound as suggested by you, you still think the farmer should get the full price for his product?—Do you mean the full Home price—the price ruling in the Home market?

10. Yes; or do you suggest he should make a loss? You suggest that he is patriotic?—I do not suggest that he should make a loss at all. I think he should get the Home price for the goods he exports.

11. Have your people taken any action in regard to the price of milk, which has gone up considerably?—It has gone up, but we consider that is partly on account of the price of butterfat going up. There are other considerations in connection with Wellington, but they are too lengthy and I will not go into them.

12. Do you think that, when butter was cheaper, before the war, the consumption was greater by the average family than it is now?—I should think it would be less now, because the tradesmen tell me that when the price goes up they do not sell so much.

13. What do you think a family would use per head, on an average, per week?—I should say a family of three would use about 2 lb., but, of course, it varies. I was told in one case where there is a family of four that they used 4 lb. or 5 lb. a week. Where there are children a great deal more is used, because butter is one of the things that children are supposed to eat.

14. *Mr. Hockly.*] Where children are going to school and taking their lunches, that takes a lot of butter?—Yes.

15. You are taking an interest in this matter, and I have no doubt you have read the statements made by Mr. Singleton and published in the papers last Saturday as to the loss the dairy-farmers were making?—Yes.

16. I suppose you accept his statement as correct?—I cannot say. I noticed one thing: there was a very small number of cases—only twenty-four.

17. Those are not Mr. Singleton's statements?—I have no means of ascertaining. I have to acquiesce in those statements.

18. He is a man of standing in the community, so that anything he says can be accepted, and he declares that even at the high prices that will be ruling in the future the dairy-farmer will not make any more than a reasonable profit, and that at 1s. 9d. per pound he is making a distinct loss. You said in your statement that you think any patriotic farmer would make a reasonable profit at 1s. 9d. in spite of the statements Mr. Singleton has made?—Yes. He based his remarks on the cost of production.

19. You are quite content that the people in England should pay 3s. per pound for their butter so long as the people here get it for 1s. 9d.?—We cannot legislate for the people of England. We are concerned with our own country.

20. You say you have no objection to the farmers getting the full market value for their produce in England, which is 3s., but you think that where the conditions of life are much better that the people should get it for 1s. 9d.?—Yes, because we want to keep our conditions of life better.

21. But your interests are all for the people here and not for the people at Home?—It would be impracticable for us to try and deal with the matter of legislation for England. I am quite willing that the farmers should get the price at Home, but I do not suggest that the people at Home should pay—perhaps the Government might assist.

22. *Mr. McLeod.*] You would advocate, Miss Coad, an export tax on cheese and butter?—Yes. I have not considered the question of cheese at all. It is a thing we would have to deal with separately. I should think you would have to, but cheese is not the necessity of life that butter is. We could do without cheese far more easily than we could do without butter.

23. How are you going to get over the difficulty when it is just as profitable for the farmer to turn his butterfat into cheese as into butter with the prices they get on the Home markets to-day? If you put an export tax against the farmer on butter, how are you going to prevent the farmer stopping the manufacture of butter altogether and manufacturing cheese?—I should think the remedy would come of itself automatically. If all the farmers stopped producing butter and produced cheese you would have a glut of cheese on the market, and cheese would become cheap and butter go up.

24. If you examined the position you would find that the quantity of cheese retained in this country is infinitesimal as compared wtih the world's requirements of cheese?—If all the farmers started producing cheese the action would come as a result of that.

25. We know from past experience that the placing of an export tax on a class of produce that can be dealt with and turned into another channel has had that effect. They knock off manufacturing that class and turn their farms to another form of production. I wanted a suggestion from you as to how we could overcome that. If we were going to tax the export of butter, would it not be fair to put the tax on the export of cheese to balance that?—I think so.

26. *Mr. McCombs.*] When they fixed the equalization fund in connection with the export of butter they levied it on butterfat, and that covered the cheese-factories as well as the butter-factories?—Yes.

27. Do you think that an equalization fund levied on all producers who were making war profits, and that which would press lightly, would be the best possible solution?—I said an export tax.

28. Have you had an opportunity of studying the twenty-four cases submitted?—Just from the Press. I read those through carefully.

29. You would not be surprised to learn that the cost of production, taken from the farmers' own statements as to what it costs to produce, ranges from 1s. 1d., 1s. 4d., 1s. 6d., up to 3s. 3d.?—That was on account of the different prices of land, I suppose. The land has gone up through community needs.

30. *Mr. J. R. Hamilton.*] Would you be in favour of giving the people who did the milking as good a wage as the people in the towns?—Yes.

31. How are you going to do it if you put an export tax on butter when they are not getting as good wages now?—They are not getting as good wages. Of course, in the country they can get commodities cheaper for which we have to pay very highly in the towns, and although they may not get so much in money they may be better off for that reason.

32. I suppose you believe in reciprocity?—Yes.

33. Do you not think that if the producers in the country gave the townspeople cheap butter they should give them something back in return?—I think it would eventually act in that way. If the producers met the people in the towns, the townspeople should meet them.

34. What would they give them back?—Perhaps they would ship their butter away without striking.

35. They would ship it away without it costing them 4s. an hour to handle it?—No. If you are going to pay 4s. an hour and raise the butter to an exorbitant degree you are not going to benefit.

36. Do you not think the enormous wages paid are the cause of the high prices?—Other people say that the high prices are the cause of the enormous wages.

37. Do you not think that has got just as much to do with the increased cost of production, or has more to do with it, than anything else?—I think the increased cost of the land has as much to do with it.

38. Seeing that only a small proportion of the people of New Zealand have sold their land or bought land, and that there are hundreds who have never sold their land, the high price of land makes no difference to them?—But they get the high prices for their products.

39. But the high price of land never makes any difference to the man who never sells his land?—But does he not get the benefit in the cost of the products which are higher? He is to get 2s. 10d. per pound for his butter.

40. Yes, but there is extra taxation?—Yes.

41. *Mr. Hawken.*] In what way would the price of land affect the price of butter?—I am going by the statements I have received that the price of land is included in the cost of production—the interest.

42. Is not the price of butter fixed in England?—Yes; but two blacks do not make a white: if it was fixed at a high rate there, there is no reason why it should be fixed at a high rate here.

43. The price of land has nothing to do with the price of butter in England?—No, but we are working on a different basis. No doubt the price of land in England has something to do with the price of butter there.

44. *The Chairman.*] I want to be clear about the answer you gave me in reference to the requirements of butter per head per week. You said a family of three: do you mean a husband, wife, and one child?—No, three adults. The amount varies, and that is a modest estimate.

45. A family of four may consume 4 lb.?—Yes.

46. And what for a family of six?—4 lb. or 5 lb. It all depends on the people.

CHARLES JOHN BOYD NORWOOD examined. (No. 5.)

1. *The Chairman.*] I understand you are chairman of the Milk Committee of the Wellington City Council?—Yes.

2. The object of the Committee is to get some indication from you as to what the increases in the price of milk have been compared with before the war, and the gradual rise there has been up to the present time?—Yes. I would have been pleased if time had permitted to have got some statement prepared that would be useful. I want to tell you, Mr. Chairman, that the question of the milk-supply for the City of Wellington has been a serious matter indeed quite apart from the prices, and it may become the duty of the Council as well as this Committee to deal with the

question to see in what way the public might be protected. I might state that the Council's committee has no power whatever in the matter of fixing the price of its milk. They are bound by the prices arranged between the Board of Trade and the farmers, who settle on the price we have to pay. The Act under which the City Council committee is brought into existence provides a fixed amount that has to be paid to the vendors for a term of only two years, and what price will be charged for distribution. Therefore, whatever price is fixed by the Board of Trade, there must be added to that the cost of transport to the city, and the cost of handling, pasteurizing, and all station charges. The prices fixed for this year are—from the 1st September to the 31st March, 1921, 1s. 4d. per gallon; from the 1st April to the 31st May, 1s. 6d. per gallon; and from the 1st June to the 31st August, 2s. per gallon. Those are the prices fixed by the Board that we must pay.

3. *Mr. Powdrell.*] Have you worked it out for the year?—Yes. We are going on the assumption that the public cannot afford to pay more for the milk in the winter-time than they can afford to pay for it in the summer-time, and we have accepted the policy that we should meet with a loss in the winter-time for the purpose of averaging up the exact charge for all the year round.

4. *The Chairman.*] You have a fixed price for the year to the consumer?—Yes, a fixed price of 8d. per quart for the year. That includes delivery in half-pints, pints, or quarts at the door of the consumer. I have here a statement of the changes that have taken place since 1915. In the year 1915–16 the wholesale price of milk was 10·25d. per gallon: that was the average price. In the year 1920–21, 18·33d. per gallon. That works out at an increase of 78·83 per cent. in the wholesale price. The retail price to the consumer was 19d. in 1915–16, and 32d. in 1920–21, making a rise of 68·42 per cent.; making a rise of 78·83 per cent. in the wholesale price as against a rise of 68·42 per cent. in the retail price. Members will see from that that the Council's committee has endeavoured in every possible way to reduce and keep down the price to the public. I should like to mention here that the actual prices fixed by the Board of Trade for Auckland for delivery to the people, which is not controlled by any Council system, are, to the householder, retail, 8d. per quart in the summer-time and 9d. per quart in the winter. That would represent a difference if in Wellington of something over £8,000 per annum. In connection with Wellington I would like to mention that all would admit that it will cost more to get the milk into our city, because it has all to come over the hill by rail long distances to the city. Your Committee will therefore see that so far as the Council's control of the supply is concerned, it has had the effect of slightly reducing the price as compared with what would have occurred. Unfortunately, I was only rung up late last night, and have not been able to prepare any statement for the Committee.

5. Could you prepare a statement and hand it into the Committee later on?—I would be only too pleased to let the Committee have it.

6. *Mr. McLeod.*] It would be interesting to this Committee to know the increase in the cost of distribution from 1915 to 1921?—Yes. I might tell you this: that the cost of distribution was fixed at a reasonably high price to provide a certain amount of compensation. The City Council had no power to pay compensation to the vendors who had been in business prior to this concern coming into operation. We estimated that the net cost of distribution at that time was 4½d. per gallon, and the price finally arranged at 7d. a gallon was to cover the compensation for two years. That would leave the Council free at the end of the second year to walk in and take over the control of the supply, in the meantime the vendor having been fully compensated. However, when that Bill came before the Bills Committee of the House they added another year, over which you will recognize we have no control whatever, so this cost of 7d. per gallon is not varied. As to the cost of distribution, it has not gone up with the cost of labour, because the Council has not moved in that matter. The vendor, however, will not make as much money as it was the purpose of the Committee he should have made to compensate him at the end of the time. Probably the extra year put on by Parliament will give him that extra money.

7. I had a statement from a man who had a fair-sized run which he has had for the last ten years, and he says the cost of distribution is now running over 70 per cent. above what it was in 1914, and that includes the upkeep of the business?—That is quite thinkable, because in these towns they go all over the place. There is a good deal of duplication, and probably even a single cart will traverse fifteen or twenty miles every day. There is the horse upkeep and the material, which has considerably increased. We have got that down to a minimum, and probably our cost would not increase in the same ratio. However, that they have increased there is no doubt.

8. You say the cost is now 2s. 8d. per gallon to the purchasers in the towns?—Yes, 8d. per quart.

9. There is an inclination to throw the whole responsibility of that increased cost on to the farmer; but has not the cost of distribution added very largely to that?—It has certainly not added anything in Wellington. It cost us in our first year's operations for transport and factory expenses 3·4d. per gallon, and there is a small fraction of addition in the cost this year. It is the purpose of the Council committee to put in a new station if the Parliament will permit it. By that we will reduce the cost again, because it will all be automatic from the time the milk runs in at one end until it runs into the bottles at the other. It will be sold in sealed containers, and the distribution will be much cheaper.

10. *Mr. Powdrell.*] The farmer knows what he gets for milk at the farm for butter or for cheese: what are you paying, net, for milk at the farm or at the factory?—We took over a co-operative dairy factory at Rahui, near Otaki. At that factory we guarantee the farmer ½d. per pound butterfat in excess of any factory within seventy-miles radius of that factory. To give his encouragement to have his farm registered as a dairy farm for the purpose of the city supply he is assured that we will take, first, all of his milk; second, that he will get ½d per pound for butterfat in excess of the price offered by any butter or cheese factory within seventy-miles radius of our factory, so that when you know the cost of butterfat you know that ½d. more is paid by us at Rahui.

11. *The Chairman.*] Then he has to work to supply in winter?—In the winter he gets the price fixed by the Board of Trade for Wellington. I do not know that I have anything further to add, but I shall be glad to answer any questions.

12. To start with, the object of the City Council was to supply practically pure milk to the public. Can you tell the Committee whether the cost of handling by the Council is cheaper or as cheap as when the former vendors of milk supplied it to the city? There was a man named Bodley in a big way, and have you made any comparison in regard to the cost?—Under Mr. Bodley's methods it was difficult to arrive at any exact cost. A committee of inquiry was set up to go into the problem. It was not possible the way things were lumped together to know what the various costs were to those people; but I am prepared to say this: that we would not increase our staff at the station if we pasteurized double the quantity of milk we are doing at present. On the other hand, if we halved it we would not be able to reduce the cost at the station. I mention that so that you will see that the chances are all against an individual pasteurizing a small quantity of milk at anything like the same cost as we can pasteurize the whole lot, quite apart from the more highly expert men that we happen to have associated with the pasteurizing as compared with the owner of a milk-round where he is pasteurizing his own milk.

13. *Mr. Hockly.*] That is to say, there is a minimum staff required independent of the milk going through?—Yes, absolutely.

14. *The Chairman.*] The unfortunate trouble with the City Council is that you started in war-time and cannot make a comparison with normal times?—Yes, that is so.

15. Has the City Council committee considered the question of the supply being made cheaper by running their own farm and producing their own milk?—That matter is under consideration now; but as it would cost something like £2,000,000 to put down a complete plant, with the necessary area required, and I suppose approximately seven thousand cows in order to have a reasonable number of stand-bys, it would need not only the immediate city but a good deal of the surrounding area. I suppose 14,000 or 15,000 acres would be essential to deal with the supply, in addition to the tremendous cost for cattle, so at present we have felt that while we are inquiring into the matter and getting everything down to as fine a point as business men should in regard to matters of policy, no recommendation of that kind is to be brought before the Council at present.

16. *Mr. Hawken.*] Do you think the dairymen should be paid the same rate of wages as the town dweller?—The proportionate same wage. Having regard to all the circumstances, he should stand in the same position.

17. In relation to overtime do you think he should be paid the same wage?—Well, in the city a man who starts work in the morning on the roads is working pretty hard all the time; but, although I am not a farmer, I understand that in farming a man may have a lot to do at about 4 o'clock in the morning, and very little to do until the afternoon when milking starts again, and I think perhaps the regulation of labour would not be quite the same.

18. You pay your men overtime, of course?—Absolutely.

19. Time and a half?—The award conditions and a little better. My staff is very happy, and there is no difficulty on that point.

20. What would be your average wage?—You are referring to the milk department?

21. Yes, the staff—I mean the men who handle the milk?—I am sorry to say I would not like to make a statement which would be a mere jump at it. The statement I will forward to the Committee will include that.

22. *Mr. McLeod.*] With regard to the question of the utilization of labour for the full time, we know it is stated that fourteen hours a day is not uncommon on farms, but you think it is not as strenuous as city work would be?—I always feel that that which shows in the health of the individual is not at all detrimental. It is not an inhuman thing to inflict. I believe conditions can be brought about on the farm that are quite human, whereas the same conditions in a city would be very improper.

23. Might not that arise by his not having enough time to spoil his health?—Probably there is something in what you say.

24. *Mr. Powdrell.*] Would you think that a farmer who owned a farm and managed it but did not do any of the actual work was entitled to claim for his management in assessing the cost of the production of butterfat?—Yes, just in the same sense as the man in the city who does not do much with his hands and yet is a big factor in the success of the business.

25. And also the farmer's wife who is looking after the family of milkers—she would be entitled to a wage in arriving at the cost of production of butterfat?—Well, not if the family of milkers are taken into account. Whether they be members of the family or otherwise it does not matter. If something is to be assessed for their time, then you cannot do it in two ways. You would not be able to allow the mother something because she fed the employees.

26. That would depend upon whether they got the full wage?—I do not think it would be sound to take it into consideration at all. I think all those employed must be taken into consideration, but side issues must be limited or else you would be in trouble in arriving at the price.

27. *Mr. J. R. Hamilton.*] You say you would not be in favour of paying the same overtime to milkers as you would be to a staff in town: do you think they are not entitled to the same? —What I say is with this reservation—that I have never been a milker, and sometimes a city man may get a certain mental picture of it; but I do think that there should be a difference, because the time between milkings is not that kind of time as exists where a man works for eight hours a day. If a man does honestly the usual form of toil provided in the cities it is a constant go all the time, and there is no relaxation; but there is, I understand, a relaxation between the times of milking, and that ought to account for something in fixing the hours which the milker should work.

28. If that is correct, how do you account for people rushing into the towns in preference to going on to farms milking?—I think, picture-shows and gaiety pure and simple.

29. *Mr. Powdrell.*] In working out the cost of production of butterfat, what would you say would be a fair interest to allow? When a man gets a little money he ceases to milk, and it is the poorer man with the family that goes on the farm and has to be financed on the land, having possibly five, six, and in some instances eleven mortgages on the place. In arriving at the cost of production, what would you say would be a fair rate of interest to allow?—I think a man is always entitled, for the use of his money, which is the use of his farm, to at least bank interest.

30. Really, for the average interest he pays on his cows, he should have that stated?—Yes.

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 lesson 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

be put on the land by pressure of Government help it would have the effect you suggest; but I think the principal thing is the abnormal price of products all over the world, owing to shortage. It is right down at the basis of the commercial system, and always has been, that overproduction creates cutting and underproduction creates profiteering. I do not mean to pick out any particular case when I say "profiteering." It is the careful farmer we find walking about to-day, and he is entitled to it. All of us take advantage of conditions.

38. That opportunity that is given to the man going on the farm with little means is a rightful charge upon the farmer—it is taking a risk?—Yes, absolutely a rightful charge.

39. *Mr. J. R. Hamilton.*] You say that you believe there should be some sort of export tax or some regulation over the whole of the products?—Yes, for the whole of the products.

40. Seeing that that is your opinion, do you not think when the farm-produce goes down below a payable price that he should be entitled to some protection?—Well, I suppose it should cut both ways in a sense, but I think it is a circumstance that will adjust itself in the commercial system. It always does.

41. It will adjust itself when prices go down and people will go out of it, but the farmer has to suffer when the prices go down and the consumer when the prices go up, but the consumer never sings out when the price is so low that the farmer is making nothing out of it?—That is right. If I had a clear mental picture I would be able to give an opinion on it. I see the point you raise, but it has never been present, to my knowledge.

42. If you were farming the same as we have done and came through the period we have come through you would see that any number of farmers have gone through the Court because prices have gone below payable prices. They have struggled for years without making anything, and eventually those who hung on were repaid, while others dropped out. Are you in favour of giving the producer some assistance when prices go down?—I am against any kind of interference with the commercial system. That means, let enterprise go on, and encourage it, because that is going to mean the greatest success in the end. At the same time, we are up against a very difficult situation to-day, and it is for the Committee to go into it very seriously. If I happened to be a member of the Committee, very reluctantly perhaps I should come to the conclusion that it was a proper thing to do to adjust this question so as to make the cost of living here in New Zealand just a little preferable to other parts of the world. It may even recoil to the benefit of the farmer that we should do that.

43. Do you think that the cost of living in New Zealand is cheaper than it is in other parts of the world?—Yes, I do. I have travelled the world and know what the position is. I would be very pleased if the world's eyes were turned on us to-morrow in the light of it being the cheapest and was going to continue the cheapest place to live in. It would be the best advertisement we could have, and you would as a result reap the benefit as farmers.

44. *Mr. Powdrell.*] You say it would be better to have a tax on products. How would it affect wool, even though the farmer is producing at less than the cost of production?—You are bound to come on to a particular point of the exchequer which one is not familiar with. My own impression is that there are certain surpluses held, but if certain markets were open the whole of the wool could be sent out and there would be an enormous demand for it, but the way it is concentrated in the trade to-day puts you in that position. I think it is sound notwithstanding that on wool the tax would be so small that I do not think the farmer would feel it.

45. *Mr. McLeod.*] As I follow your evidence, you believe that if an export tax is decided on it should be spread over all the products of the land?—Yes, absolutely.

46. You know that in the past an attempt to remedy the position has been to charge an amount to the Consolidated Fund?—Yes.

47. You believe that an export tax in the products of the land would be better?—Yes.

48. You will admit that on the average there are larger incomes derived from sources outside land than by those people working. Is there any reason why those people should not be taxed? —They are taxed pretty soundly in other ways.

49. Not in proportion to those on the land?—If there is a specific case you have I should be very pleased to give my opinion upon it.

50. Take, for argument's sake, a concern like the Midland Hotel in this city: it may be a very profitable concern, and might buy butter cheap and sell it to their fancy customers?—They are subject to control by the Board of Trade, which may look into their affairs and say, "You must charge so-much less." I take it that the internal trades dealing with the public are brought under the Board of Trade, and if any one has any complaint to make their affairs can be investigated and brought down to the proper thing.

51. *Mr. J. R. Hamilton.*] You are aware, I suppose, that they can pass their increases on to the general public?—Well, if the Board of Trade fixes the price and does it justly I would rather have no interference of that kind, because really the other fellow has to pay the export tax. It always amounts to that.

52. Will you agree with this: that the farmer cannot pass his increased cost on to anybody? —Well, I do not agree with that—not wholly. The total farming products are merely taxed for that portion in local consumption. I do not know what the proportion of local consumption would be. If the local consumption was two-thirds I may have a different view altogether, but my feeling is that the local consumption in the total exports is a very small fraction.

53. I will give you two different cases: A grocer buys his goods at a certain figure and places 10 or 30 per cent. on them, which is the recognized profit. Are you aware that the farmer is not able to do that—he has to take what the world's market will give him—he cannot put any percentage on?—Yes.

54. He has no means of placing a profit on his goods?—The difficulty with the farmers is the matter of accountancy, so that one can know exactly right through where they stand; but I believe the farmer is entitled to any commission or the conditions of commerce that any other business man is entitled to. I look on him as a business man pure and simple, and would credit to him everything I would credit to any other business man.

55. *Mr. Powdrell.*] Supposing I produced a balance-sheet over fifteen years of what is considered the best farm in the Taranaki Province, showing that with the rise in the value of the land, the farm having been sold six times, the farm did not return an investment of 6 per cent.

after allowing 1s. per hour for the people who worked there, would you still consider that the farmer should reduce the price of his butterfat?—No. If I felt satisfied with that return it would astonish me, and I might change my views entirely.

56. *The Chairman.*] You mentioned that it was your duty to conserve as far as possible the interests of the people over which you had control—that is, in regard to the milk-supply?—Yes.

57. The previous witness who gave evidence suggested that butter should still remain at 1s. 9d. or 1s. 10d. per pound. Do you suggest that some methods should be adopted to enable butter to remain at the price it is, or that the farmer should be paid really what it is worth, assuming that it is worth 2s. 6d., 2s. 8d., or 2s. 10d.?—As I have said before, I think it is entirely wrong to interfere with the commercial system, but the Committee is considering the abnormal conditions existing just now when there is a wave of trouble everywhere, and if I was sitting with you I might reluctantly come to the conclusion that we would have to do something of that kind. You will have figures before you which I have not, to show who will be hurt, and you will be able to judge; but I do think you must take into consideration seriously whether or not the circumstances do not demand that you should tide over the present abnormal conditions by what appears to be unfair in the first place; but you must make it in such a way that the man who supplies the butter does not lose. He is just in the same position as the man who sends his butter oversea and gets the full price for it.

58. Then your suggestion is that he should be recompensed out of the Consolidated Fund?—No, I do not think that is sound. I think an export tax is more sound, and the amount could be earmarked for a special purpose.

Witness subsequently forwarded the following statement:—

Percentage increases as from January, 1919, to August, 1920: Coal, 60 per cent. increase; benzene, 23·33 per cent. increase; general labour, 23 per cent. increase; engine-room staff, 17 per cent. increase; motor-drivers, 9·5 per cent. increase; first assistants, 26 per cent. increase.

The minimum wage paid at the Wellington City Corporation Milk Station is £4 1s. per week, and an allowance of 1 quart of milk per day.

When giving evidence the Chairman questioned me concerning the cost of the treatment of milk in our city station preparatory to its delivery to the public. This treatment, of course, is to assure the removal of the germs, if they exist, of typhoid, scarlet fever, diphtheria, and other more or less contageous diseases of which milk is the common carrier.

For the month of August past the net station charges, as separated from transport and other charges, amount to 0·907d.

JAMES BALLANTYNE MCEWAN examined. (No. 6.)

1. *The Chairman.*] I understand you represent the distributors?—Yes, of Wellington.

2. Are you aware of the object of this Committee?—Yes.

3. Will you make a statement to the Committee dealing with the question of the cost of production of butterfat to the producer, and the cost to the retailer and the consumer?—Yes. I have prepared a statement in connection with the cost of distribution, and it applies particularly to the City of Wellington and suburbs. I am speaking on behalf of the distributors in this city. I propose to read the statement, and then to hand it over to the Committee for future consideration. The statement will deal exclusively with the cost of distribution, but I wish to preface my statement with a few general remarks which I think are of importance. The system of the distribution of butter in Wellington and suburbs—and I believe it also applies to other centres in this country—represents one of the best services in the world for efficiency, economy, and results. The quality of the produce supplied to the consumers in New Zealand, the quality manufactured by our factories, and the equipment of our factories are surpassed in no other part of the world. Our factories to-day are, I believe, better equipped and more expensively equipped than any other factories in the world, not excluding Denmark. Then comes the distributor. He receives his supply from those factories. The service given to the grocer to-day, I think, is very hard to beat, there being a daily, or two-days, or three-days service, as the case may be, according to the conditions, representing a service in which the goods are supplied in the freshest possible condition. The grocers then would, to my mind, finish this chain of links by giving the consumers a first-class service either in the way of daily deliveries or two days, and always with the freshest possible goods, and we all know what that means in connection with butter. During 1916, when the Board of Trade had control of the local butter interests, they made certain investigations and came to certain decisions, which you have heard of, and, in the case of members of Parliament, created quite a political bone of contention. I wish to read the following extract from the Board of Trade report of the 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 ⅝d. to ⅞d. 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. Prior to the recent advance distributors were compelled to make their price ex store instead of delivered to grocers throughout the city and suburbs. "In June, 1920, margin increased to 1¼d. 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 1¼d. per pound delivered Wellington rail. Statement showing increase in distribution costs since 1916: 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." These worked out in detail show an approximate increase in the cost of handling every pound of butter sent out from the respective premises of the different distributors. I was recently in Sydney, and I found that under their control system the distributors are allowed 1·27d., or a fraction over 1¼d. per pound, for doing the same work as we do, on the basis that the butter is delivered at their nearest

* This is my statement, not an extract.

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 1¼d. 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 ⅜d. railway freight, and if we get the butter down by boat we save nearly ¼d. 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 ⅝d. to ⅞d. 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 1¼d. 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 1¼d. 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.

15. How did you arrive at 1s. 8¼d. as the cost of production and 2s. as the receipts?—I have to put in all expenditure. The cost of production is 2s. 8½d.

16. There should be a profit at the difference between 1s. 8¼d. and 2s.?—I have allowed 6 per cent. on my invested capital.

17. *The Chairman.*] Can you give the Committee some information in regard to the general work of a farmer, as to the rate of wages allowed per hour and what is paid for assistance?—I have been able to keep the cost of manufacture down to the point I have done simply by the miserable pittance taken for myself—namely, 6d. an hour. To take £200 out of the business I had to draw £74 out of my capital account.

18. What time do you start work in the morning?—At 5 o'clock, and I average about eleven hours a day.

19. How long does the milking take?—About a couple of hours, including going for cows and washing machine.

20. It has been suggested that the farmer has certain spare time on his hands: what do you do after finishing breakfast?—I finish milking and then go to breakfast. After that I go to the creamery, feed the calves, wash the cans, and at this time of the year go round every one of the cows, which may occupy some time, because some of the cows may be sick. It is very difficult to say what a farmer does from day to day.

21. Do you work during the whole of the day?—Yes, the whole day, and only stop for not more than half an hour for meals. There is ploughing and haymaking to be done, and the green crops for the cows to be attended to. It has been said that the high rate of late and the increased wages have caused the high price for butterfat; but there is one thing that has to be taken into consideration. Supposing a farm changes hands six times, out of that the land agent gets 15 per cent., the Government 6 per cent., and the lawyer 4 per cent.: that is 25 per cent., or a quarter of the capital value that has to be paid for out of the butter. That must be a big element in the cost of butterfat.

22. How would the farmer manage if he did not have the Government or the land agent to finance him?—The land agents do not finance him. I should like to make it known to the public that the farmer at the present time is working at a loss if he takes a proper wage for himself. There is no doubt about that. I would like representatives of the public and the members of this Committee to go round with me and I could show you a picture that would open your eyes. I will show you women far advanced in pregnancy, with other children in their arms, getting out of their beds at 4 o'clock in the morning, going to the bails, and milking fifteen or sixteen cows by hand; and also young children dragged out of their beds to milk cows and then have to walk long distances to school afterwards. Is the farmer to be blamed for this? I say emphatically he is not. He is compelled to do it to keep his head above water. There is a certain section of the community threatening to cripple our industry if we do not bring the price of butterfat down. My answer to those men is, let them do one hour's more work per day and they can have their bread buttered on both sides.

23. *Mr. Hawken.*] How many cows would one man milk?—Where a man does the thing properly one man with the machine could attend to sixty cows.

24. What is the average?—One man to one machine.

25. How many cows would a man milk with one machine?—The average is nine cows per hour.

26. *The Chairman.*] A farmer could not afford to provide a man for each machine?—No, and therefore you have to get the members of the family to help.

27. *Mr. Hawken.*] Under ordinary circumstances, with an ordinary herd, how many cows does each individual milk with the machine?—Well, that is according to the size of the herd. There should be one man to one machine, or one child to one machine.

28. *Mr. Powdrell.*] The average would be about twenty cows per child?—In two hours' milking.

29. What do you think the average number would be to each person—twenty? How many cows do you milk?—I milk about thirty-three, and there are three of us, two children and myself.

30. That works out at eleven cows each?—Yes, and that takes an hour and a quarter or an hour and a half.

31. *Mr. Hawken.*] You do not think a man could milk thirty-three cows and do justice to them?—Not with the machine. Not if he kept the machines going he could not.

32. He would take longer over it?—He could do it if he worked with a single plant, but what is the good of burning oil for a single plant?

33. *Mr. Hockly.*] I know one farmer who milks sixty-four cows himself and feeds the pigs?—I could milk a hundred cows by myself, with six lots of machines, if I did not strip them.

34. *Mr. Hawken.*] Could you give me any idea how much labour it takes to milk a cow? You have put down 150 hours per cow for the season: could you give the Committee some explanation as to how you get at that?—That is only the cows. It may take you two or three hours to milk the cows. I have thirty-three cows. I put the cups on and take them off, and the children do the stripping.

35. *Mr. Powdrell.*] You have averaged the hours you work on the farm and divided it by thirty-three cows?—No, I have not gone into those figures at all.

36. *Mr. J. R. Hamilton.*] By rights you have to do that, because all the other hours worked on the farm have a natural bearing on the milking of the cows?—Yes.

37. The cows would not be there if you did not do the other work?—Yes. When a man brings down a profit and loss account and a debit and credit statement it speaks for itself.

38. *Mr. McCombs.*] How long have you had your farm?—Six years.

39. And you paid £64 an acre?—Yes.

40. Do you know what the previous owner paid?—I think he made £600 or £700 out of it, but he sustained a loss.

41. He made a profit out of the land?—He made a profit in selling the land, but made a loss on the working of the farm.

42. Is not that the real cause of the hardship that the worker of the farm has to suffer to-day: he is loaded with more interest than he has any right to be loaded with? What is the value of

your farm to-day?—I suppose it is worth £140 an acre. The dairy industry is not a thing that will attract the capitalist, and the majority go on under the capitalist, and you know that in any commercial enterprise it is impossible to make a success of it if you go into it under the capitalist.

43. *Mr. J. R. Hamilton.*] But is it not the successful farmer who has been the means of putting up the value of the other man's land? Because one man does not make a "do" of it, if there are twenty successful men they know that that farm can be made just as successful under good management?—That is a difficult thing to say. A man will say he does very well out of his cows, but I would question that and say to the man, "You do not do very well out of the cows, but do very well out of your family."

44. *Mr. McCombs.*] What is the butterfat return per cow?—In my statement I have put down £782 16s. 4d. for the thirty-three cows, including by-products, casein, &c.

45. Have you not worked out the amount of butterfat per cow?—Yes, 237 lb. per cow.

46. We have had a return from a farmer who got a return of 234 lb. of butterfat per cow. He allowed £50 for depreciation and loss on stock, he took £228 for wages, £27 for farm products used by the family, and after allowing himself 6 per cent. interest on his capital invested he showed the cost of production to be 1s. 3d. per pound, and actually received 1s. 10d.—that is 7d. per pound—after paying wages and allowance for his family, which gave him a profit of £293. In the statement he gave he shows a total return of £735 per annum on butterfat at the rate of 1s. 10d. per pound. He has a farm at Feilding, and paid £10 an acre for it in 1904?—You cannot take that value of land.

47. If the incoming man paid £35 an acre he would have to struggle under the hardship inflicted on the small dairy-farmer by the land speculator and the land-dealer?—To a certain extent; but you must remember that if a man bought land for £10 an acre in 1904 he had to go on the land before there were any paddocks. If he has spent time in improving the farm, surely he is entitled to some consideration for that.

48. Yes, that would appear in the cost of his labour. You seem to have a grievance against somebody who was forcing the farmer to work his family. I put it to you that it is the man who sold his farm at such a rate that he had to work his family is the oppressor?—Would you mind telling me the acreage of that farm?

49. There are 80 acres, and he is milking forty-three cows?—I will give him £100 an acre for that farm to-morrow. For speculation it is worth £140.

50. Then we have another case, and the farmer says the records are accurate and are not estimates. He has only got 170 lb. of butterfat per cow. He charges 6 per cent. on the value of his capital invested, £246; depreciation of stock, £211; cultivation charges, £150; and milking-wages, £480. He then shows that he can make those allowances and then has a profit of £200 on top of that?—There has always been a discrepancy between one farmer and another in averaging his costs. One farmer may sustain more losses than another, and one farmer may have an exceptionally good season. Last season here the autumn growth was splendid, while in another district the farmers may have been burnt up. There is bound to be a big discrepancy between different farmers, but we can only deal with figures. I was asked to give this estimate of the prospective cost of butter, and I will defy any one to dispute the figures I have supplied. In my statement I have allowed for 250 lb. of butterfat per cow, which is a very liberal allowance; 6 per cent. interest on 70 acres of land at £140 per acre, £588; thirty-five cows at £25, £875; two horses, £50; milking plant, £200; farm implements, £100; cart, trap, and harness, £100. That comes to £1,325, and 8 per cent. on that is £106. Then there are rates and insurance, £14; depreciation on milking plant and farm implements at the rate of 10 per cent. on £400, £40; loss of stock, £75; repairs and maintenance, £40; general expenses, £40; and wages of one youth and keep, £134. I have provided for the owner to get 2s. an hour for eight hours, three hours at 3s., and six hours on Sundays at 3s.—£8 8s. per week—which comes to £436 16s., less £100 for house and wood. That gives a total of £1,373 16s. as the expenditure. Then, on the credit side there are thirty-five cows with an average of 250 lb. of butterfat per cow, which is 8,750 lb. at 3s. 1½d. per pound, making a total of £1,373 16s. Of the 3s. 1½d. per pound for butterfat has to come 3d. per pound for by-products, making the cost of production 2s. 10½d.; and that leaves a balance of £6 13s. 4d. as between the receipts and expenditure; and I will defy any person to dispute those figures.

51. *Mr. Powdrell.*] When you purchased your farm did you buy it on terms or pay cash?—I have £2,000 invested with my stock. Another point is that we allow no depreciation on the land. Any one could go over the land, which I consider is the best dairying-land in the Dominion, and you will find that where it is being used year after year the land is going back in production, and will not carry the same amount of stock if a man has not sufficient capital to top-dress. The result is that in a few years that land will carry three, or four, or five cows less; and surely he is entitled to depreciation off his land. I would like the members of the Committee to look at the statement I have prepared and see if there is anything unreasonable put down.

52. You consider that you cannot take a ton of milk out of the herd and off the land without depreciating the land; you contend it does not come out of the herd, and therefore it must come out of the land?—You cannot write cheques every day without putting something in the bank.

53. *Mr. McLeod.*] You are basing you statement on the value of your land at £140 per acre. It is the speculative value of the land which is causing the difficulty and making it difficult for the business to pay. If the land got back to its original value, would not that apply to the city property also?—Yes.

54. It would be as fair to say a Wellington City block should remain at £10 if you are calculating the profit you are making on a business?—Yes. One of the biggest factors is the Government and the land agents with the land changing hands so often.

55. *The Chairman.*] But you would not suggest that a man should be compelled to stay on his farm and not sell it?—No, not at all.

56. Do you suggest that he should sell it at the original price?—No, not at all.

57. You say he is entitled to everything in it?—Yes. Could any gentleman say to-day what we will get for this land in ten or fifteen years hence? It is speculative, the same as in regard to mining shares.

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

Cattle Account, 1918–19.

		£ s. d.			£ s. d.
June 30.	Thirty-three cows at £20, £660; five yearlings at £5, £25; one bull, £40	725 0 0	July 10.	Two cows sold	14 0 0
Jan. 10.	Five cows	136 0 0	Aug. 9.	One cow sold	5 10 0
April 14.	Three cows (one registered) ..	118 10 0	Oct. 24.	One cow sold	7 6 0
				Five yearlings..	26 0 0
			Feb. 12.	One cow (half allowance, Government)	1 10 0
			May 9.	Hides and calf-skins	8 14 0
			June 30.	Stock—thirty-four cows, six yearlings, one bull	750 0 0
				Transferred to Profit and Loss Account	166 10 0
		£979 10 0			£979 10 0

Hours worked, 4,380 = 6d. per hour. Vegetables and milk taken for house use only. Average butterfat per cow, 237 lb.; total butterfat, 7,800 lb.; cost to produce, 2s. 3½d. per pound. 71 acres purchased in 1914 at £64 an acre.

Estimate of Cost of Production of Butterfat for Season 1920–21, based on Present Price of Land, Stock, and Average Season.

Dr.	£ s. d.	£ s. d.	*Cr.*	£ s. d.
70 acres land at £140 per acre = £9,800 at 6 per cent. ..		588 0 0	Thirty-five cows, an average of 250 lb. of butterfat per cow = 8,750 lb. butterfat, at 3s. 1½d. per pound ..	1,367 3 9
Thirty-five cows at £25	875 0 0		Balance	6 12 3
Two horses at £25	50 0 0			
Milking plant	200 0 0			
Farm implements	100 0 0			
Cart, trap, and harness	100 0 0			
	£1,325 0 0			
£1,325 at 8 per cent.		106 0 0		
Rates and insurance		14 0 0		
Depreciation (£400 at 10 per cent.)		40 0 0		
Loss in stock		75 0 0		
Repairs and maintenance		40 0 0		
General expenses		40 0 0		
Wages (one youth)		104 0 0		
Keep		30 0 0		
Owner—Eight hours per day at 2s., three hours per day at 3s. (six days), £7 10s.; six hours per day on Sunday, at 3s., 18s.: total per week, £8 8s. = £436 16s. per year (less £100 for house and wood)		336 16 0		
		£1,373 16 0		£1,373 16 0

	s. d.
Butterfat	3 1½
Less 3d. per pound for by-products ...	0 3
Cost of production	2 10½

FRIDAY, 24TH SEPTEMBER, 1920.

JOSEPH GEORGE HARKNESS examined. (No. 8.)

1. *The Chairman.*] What is your position?—I am secretary of the National Dairy Association of New Zealand.

2. Are you prepared to give evidence before the Committee?—The reason of my appearance before the Committee this morning is to present to you certain statements drawn up by Mr. Morton, the chairman of the National Dairy Association, and by Mr. Motion, the chairman of the Dairy Association of Auckland. To those members of the Committee who may not understand the position I might point out that Mr. Morton is chairman of the executive of the National Dairy Association, which is a federation practically of all the dairy factories in the North Island and portion of the South Island. We are not engaged in the manufacture of butter or cheese, but we voice the opinions of the factories in connection with this business. On the other hand, Mr. Motion is chairman of directors of the largest manufacturing concern in New Zealand of butter and cheese—namely, the Dairy Association of Auckland. I am here to present their statements to the Committee. It was their intention to have given evidence before the Committee yesterday morning, but, unfortunately, unforeseen circumstances arose which prevented the Committee meeting. Mr. Morton is due at a meeting at Bull's to-day to address the farmers, the meeting having been put back from the previous day.

3. We shall be pleased to have the statements, and the Committee would like to know whether you are prepared to answer questions?—Yes. I am a farmer and am proud of the position, but I am not exactly engaged at the present moment in farming, though I am indirectly concerned. I shall be glad if it is in my power to answer any questions which you may submit to me. Mr. Morton's statement is as follows:—

"*Statement of Cost of Production of Butterfat.*

"The figures hereunder are based on the value or cost of the land required to carry one cow as being £120. It will be found, however, that in a great many of our principal dairying districts this amount is altogether too low, the prices now being paid being in many cases up to £250, and the average price to-day is probably at least £180 for the required area. It must also be borne in mind that this price of £120 is less than the prices paid for dairying-land by large numbers of returned soldiers who will have to depend solely for their living on the return they obtain from these farms.

"The average production of butterfat per cow is set down at 180 lb. per annum, although the official figures state it to be only 161 lb.

"The items of expenditure are all well within reason, and are not intended to cover extraordinary losses of stock caused by unduly severe climatic conditions, which sometimes wipe out as many as one-fourth of the whole herd, or from disease or from calving troubles. No allowance has been made for depreciation of farm buildings, or for repairs, painting, insurance, or any other cost relating thereto. No allowance is made for the annual expenditure incurred in keeping down noxious weeds, which in many of our dairying districts are the cause of largely increasing the cost of working the farms.

"For a farm to carry thirty-three cows and other necessary live-stock, the following would be the approximate capital expenditure:—

	£
Land (including buildings)	4,000
Thirty-three cows at £25	825
One bull	25
Two horses	60
Cart, harness, cans, and general farming implements	190
Total	£5,100

"Annual cost:—	£
Interest on capital cost at 6 per cent.	306
Rates and taxes	40
Manure and seeds	60
Fencing-material	35
Repairs and upkeep	25
Renewals of herd	80
Labour—one man at £3 10s. per week and £1 10s. for keep	260
One boy at £3 per week for forty weeks	120
	926
Less value of by-products (calves and pigs) at £4 per cow	132
Leaving net annual cost	£794

"The total annual production of the thirty-three cows at 180 lb. each would be 5,940 lb. of butterfat, and at the above figures this works out at a cost of 2s. 8d. per pound of butterfat."

I might mention that the amount put down for the item "Cart, harness, cans, and general farming implements"—namely, £190—is very low.

4. Do you know anything about the figures contained in the statement that would enable you to give evidence on behalf of Mr. Morton?—Those are Mr. Morton's figures, and they were typed in my office, but I know nothing beyond the figures.

5. *Mr. Powdrell.*] You can say that those figures represent Mr. Morton's experience of his own herd?—Absolutely.

6. *Mr. McCombs.*] Does that statement purport to be a balance-sheet in connection with a man's farm?—Yes, his own farm.

7. Everything is in round figures?—Well, from my knowledge of the cost to-day of material wanted for working on a farm I consider, although I am not farming myself except through my sons, that the estimates there given by Mr. Morton of the cost——

8. They are estimates?—The actual figures there put down by Mr. Morton are far below what would be the actual cost of those things.

9. *Mr. Kellett.*] But they are only estimates and not absolute figures in regard to the transactions?——

10. *Mr. J. R. Hamilton.*] Are those the actual figures of the cost of running his farm, or only estimates based on his experience?—I believe they are the actual cost of running his own farm.

11. *Mr. Powdrell.*] Is it not a fact that in assessing the value of cows a man can only assess them at £25? For instance, bulls vary?—I want to say in connection with that, that supposing, for instance, Mr. Morton has bred some of those cows he is milking to-day, would you say that is not the value of them if put into the market to-morrow if they brought £40? Before you put any questions to me, I just want to say this for the assurance of the Committee: that Mr. Morton is absolutely a straightforward and honourable man. I am only sorry that he is unable to be here this morning to back up his own figures. The figures he has given, I am convinced in my own mind, are absolutely accurate and his own working-expenses. In questioning me you will be asking me on that balance-sheet to criticize my chairman's figures.

12. *Mr. Kellett.*] We are not doubting his figures?—No.

13. *The Chairman.*] The point is that with your knowledge of farming and your knowledge of that statement, after conversation with Mr. Morton you may be able to answer any questions put to you by the Committee. If you would rather not you need not do so?—I quite understand that.

14. *Mr. Hockly.*] In regard to the charge of £3 a week for a boy, that includes his keep?—Yes. He distinguishes between the man who is paid £3 10s., and makes an allowance of £1 10s. for his keep, but with the boy he includes his keep in the £3.

15. *Mr. McCombs.*] The first statement is, "The figures hereunder are based on the value or cost of the land required to carry one cow as being £120." Will you tell us how many acres there are in connection with that farm?—That I could not answer. The position in connection with that is this: probably Mr. Morton may be taking that farm at a value of, we will say, £50 an acre. He says that practically 3 acres have to carry a cow, so that you have got to take three times fifty to make £150. He puts it down at £120. The best land in New Zealand to-day is selling at probably £160 an acre, and it will take an acre of that land to carry a cow all the year through.

16. *Mr. Poland.*] Mr. Morton says £250?—To carry one cow—not £250 an acre. He says, "It will be found, however, that in a great many of our principal dairying districts this amount is altogether too low, the prices now being paid being in many cases up to £250." It is not £250 an acre, but £250 a cow.

17. *Mr. McCombs.*] He first of all puts before us an estimate of the value of land at £120 to carry one cow, and on that basis it is to cost 2s. 8d. per pound to produce butterfat. If his second statement is correct that prices are now being paid in many cases up to £250—more than twice the amount—it would be interesting to know from you what you think it would actually cost to produce butterfat—something like 6s. Is the Committee to believe that there are some people in the Dominion who are paying such a price for land which would warrant 6s. per pound for butter?—No, it would not work out at that. I would point out to you that in giving the figures of his farm Mr. Morton values his land at £120 as being ample to carry a cow. He states that some other people are buying land to-day which he believes in some districts will take £250 to carry a cow. That is almost double; and double 2s. 8d. is not 6s., or it was not when I went to school. That is only charging up the interest on the land. It does not follow that all the other charges are proportionately high. I would say this, speaking from experience: that in working a small farm of 50 acres of good rich land the expenses are proportionately higher than they would be if you were working a 100-acre farm.

18. *The Chairman.*] The expenses would remain the same while the land might be more?—Yes.

Mr. Singleton: I might mention that where the £250 per acre has been paid for the land the yield of the cow would be greater on the average on the better land. It grows better grass and the cow gives a better yield.

19. *The Chairman.*] Then you have a statement from Mr. Motion?—Yes.

20. Is that statement prepared from actual experience in connection with his own farm?—I understand so. He prepared it while in Wellington. Mr. Motion's statement is as follows:—

"*Average Cost of Production of Butter in the Waikato.*

"(100-acre farm, fully improved, valued as a going concern.)

—	Capital Cost.	Depreciation at 10 per Cent.	Interest at 6 per Cent.
	£	£ s. d.	£
100 acres at £45	4,500	..	270
35 cows at £20	700	70 0 0	42
1 bull	20	2 0 0	} 13
7 pigs (say)	50	..	
2 horses at £30	60	6 0 0	
Spring dray and harness	45	4 10 0	
Separator	45	4 10 0	
Implements — S.F. ploughs, £7; disks and harrows, £15; harness, &c., £7	29	2 18 0	} 4
Top-dresser	30	3 0 0	
Sundries	21	2 2 0	
	5,500	95 0 0	329

"EXPENSES.

	£
Interest	329
Depreciation	95
Maintenance—Shoeing, £15; repairs, £5; repairs fences, £10; repairs, sundry, £10	40
Manures—8 tons at £10	80
Labour—One man at £3 10s. = £182; one lad at £2 10s. = £130	312
Rates and taxes	30
	886
Income to be deducted—Pigs	100
	£786

£786 for 6,300 lb. butterfat (35 cows at 180 lb. per year) = 29·9d. per pound.

" *Comparison of Prices, 1914 and 1920.*

Article.	1914.	1920.	Increase.
	£ s. d.	£ s. d.	£ s. d.
Manures—Slag ..	4 0 0	13 0 0	9 0 0
Superphosphate	4 2 6	11 10 0	7 7 6
Bonedust ..	8 0 0	22 0 0	14 0 0
Wire—No. 8 plain ..	12 10 0	65 0 0	52 10 0
Barb ..	17 0 0	73 0 0	56 0 0
Wages ..	1 5 0 and found	2 10 0 and found	1 5 0
Stock—Cows ..	7 0 0	20 0 0	13 0 0
Horses ..	15 0 0	30 0 0	15 0 0
Dray (new) and harness ..	25 0 0	45 0 0	20 0 0
Shoeing (per set) ..	0 6 0	0 12 6	0 6 6

" *Cheese* v. *Butter.*

" Low price of butter decreases output. Result: T.V. output, 1918–19—butter 150 tons increase, cheese 1,066 tons increase; 1919–20—butter 98 tons increase, cheese 1,004 tons increase.

" *Retail Prices of Butter.*

" Australia, 2s. 10d.; England, 3s. (controlled), 4s. 6d. to 5s. (local)."

21. *The Chairman.*] Would you care to give any evidence yourself from the producer's or seller's point of view?—I could only give evidence on general lines.

22. You are not actually engaged in the business at present?—I am not actually producing.

23. Have you anything to say on behalf of the National Dairy Association from the factory's point of view?—Well, more from the producer's point of view if I have to speak at all, but I am not actually engaged in the business. I did not come here with the idea of giving any evidence; it was only to personally present those statements.

JOHN MCKAY CAMPBELL examined. (No. 9.)

1. *The Chairman.*] What is your position?—I am secretary of the Wellington Trades and Labour Council. I wish to explain, Mr. Chairman and gentlemen, that I am only here in response to a telephone message from the clerk to the Committee. There has been no meeting of the Council, and therefore I have no mandate from the Council to attend myself, but being the Council's secretary I thought I might as well come down and see what was doing. I have read the Press reports of the proceedings of the Committee, and I find that all I would have to say has already been said. I am not going to weary you gentlemen with unnecessary reiteration of the same statements. But there is one question which concerns the working-class especially—of which, fortunately or unfortunately, I happen to be one—and that is this: while not decrying the farmer for asking the highest possible price for the products of his farm, which we recognize is a failing or possibly a virtue of humanity generally—we are all trying to get the most we can—it so happens that naturally the large majority of us fail to get what we conceive to be a fair share of the spoil. This, of course, you will recognize to be a fact, and this is what I was going to point out: that it is only reasonable for the farmer to ask that he should have the same price f.o.b. in Wellington that is offered on the English market. Given that, it follows that those who have to buy those products as necessities for their existence must have a relatively increased rise in their incomes. How that is to be brought about, of course, I would not care to advise such a Committee as this, who no doubt know so much more about the matter than I do. But the gravity of the situation which might arise must also be obvious. One discontended man is a nuisance, but a whole community of discontented people would mean that the result might be very grave. I have no doubt you will agree with me that the most trying situation conceivable is in the case of the man who is trying to get an adequate amount of food and clothing for his wife and children. Fortunately I can find plenty for my family to eat and drink, but I will go as far as this and say that I know that the average working-man in New Zealand to-day is living from hand to mouth. Certainly that is so in Wellington. I have heard Mr. Harkness tell the Committee that the average wages of the dairying labourer is £3 10s. per week and found. That would be equivalent in Wellington to, say, £5 a week. Board and lodging, I believe, cannot be got at less than £1 10s. per week. Under those circumstances it is somewhat of a mystery to me how the farmers find it difficult to get labour. I can confidently affirm that the average labourer in Wellington does not average £3 a week, and out of that he has to pay rent, which is low at £1 5s., and that leaves him only £1 15s. a week to provide him and his family with the necessaries of life. That is the position.

2. *Mr. Powdrell.*] You are not asserting that the waterside workers only get £3 a week?—They are only one class of workers. I am speaking of the average unskilled worker. I happen to be the secretary of a union of unskilled workers.

3. *The Chairman.*] That is, the labourer?—The unskilled labourer, such as employed by the City Council.

4. You are not referring to the drivers, because the City Council employs a large staff—you do not suggest they only get £3 a week?—I suggest that, and know of a case where one man, the father of a family of nine, had not been working for one week. The City Council pays £4 3s. 6d. a week, provided the man works the whole week, but there are men who only earn as much as £3 a week.

5. They do not pay them for the full week when it is wet weather?—They nominally pay them if they stand by, but they cannot stand by in the weather we have had here lately. The position with the general labourer is this: that I have had to remit six months' contributions to the men who could not meet the demands of the families. The contribution to the union is only 6d. per week. Now, think of how it is possible to live on £4 a week and pay one's way. I am sure you will all admit that the average labourer has nothing to spare now, and the average consumption of butter for the average family would be modestly put at 5 lb. a week. My family consists of my wife, myself, and three boys, and our minimum consumption is 5 lb. a week. If I have to do my utmost at present to meet my engagements on what I am receiving or what the labourer is receiving, I shall be 5s. a week short if butter advances 1s. per pound. Now, what would happen if the labourer is 5s. a week short in meeting his engagements?

6. *Mr. Powdrell.*] The annual consumption is estimated at ½ lb. per week per head?—You must take into consideration the meat. My family only touches meat once a day, and my boys do not eat jam. I am fully satisfied I could not live and pay my way decently or fairly on the average wages received by the unskilled worker. Now, this is the position: while admitting that the farmer is only just like ourselves—and there is no use decrying the other fellow—the position becomes very grave when members of the community find it impossible to supply their wives and families with adequate nourishment. I am sure that not even one member of this Committee would hesitate under those circumstances to commit a crime rather than see his wife and family go short of food. Now, if they are on the verge of starvation at the present time, what will happen if they have to meet engagements which will entail an extra expenditure of 5s. a week? This question is one of the gravest that can be thought of. If there is a rise in the price of butter, which I repeat is the very thing I would ask for if I were a farmer—I would suggest that even from the purely selfish viewpoint—it would behove the farmer, the merchant, and every one else in the community to consider the grave consequences which must inevitably result if you goad the population in such a way that they cannot find adequate nourishment for their wives and families. If this increase in butter does eventuate, as it appears to be likely, I would suggest that some provision should be made by which the community should be given an advance in their wages. That advance in the wages of the workers should synchronize with and be commensurate with the rise in the price of butter. If they have too much to do to-day to meet their liabilities, how much more would they have to do to meet the extra liability of 5s.! That is the most important matter I can put before you, and I do not think the gravity of the situation can be overestimated. Further than that, in making these statements, a few of the members of the Council point out to me that it would possibly not be a bad course to follow to impose an export tax on butter. At the present time we have to pay for our boots more than we care about simply because boots are protected. Well, surely the consumer has as much right to expect to be reasonably treated by the authorities as the importer or exporter. A substantial export duty might perhaps to an extent, although I do not know how far, alleviate the difficulty.

7. An export tax on butter?—Yes, on butter. I have not thought the matter out very clearly. However, what I did consider most seriously was the question of the men being goaded up as a result of being unable to provide sufficient for their wives and families. I am not speaking for myself individually. I am situated in such a way that I can manage to keep going, but we ought to think of the gravity of the situation before we act in the matter and make adequate provision for the man who has to buy butter after the price has been raised 1s. per pound. Another point I was asked to mention was that this Butter Committee should recommend that provision be made for an adequate amount of butter to be kept in this country to meet the needs of the population. Whether the price is raised or not, it is contended, and I think rightly so, that an amount sufficient to meet the needs of the population should be retained in the country. Of course, that is a purely local matter, and what happens in other countries we are not concerned with. We are immediately concerned with our own affairs; but whether there is a famine price ruling in England, it is contended that where there is such a plentiful supply of foodstuffs as in this country there should be no famine prices prevailing here.

8. *The Chairman.*] You made the statement that it did not matter about famine prices in the Old Country, and that that was really no concern of ours. On the other hand, you say the farmer is entitled to everything he can get. You suggest that we here should keep the price of butter down in New Zealand—that it does not matter whatever the surplus is it should be exported at that price, and that the people in the Old Country must pay the increased rate or solve the difficulty themselves. Is that the suggestion, that we are not concerned with what happens in the Old Country at all?—No, that is not the suggestion; but, to use an old adage, charity begins at home. We are concerned with ourselves before we are concerned with others. If a famine occurs, even in India, it is a man's duty to endeavour to relieve that famine, but not at the expense of his wife and family.

9. Another witness said that it was not our concern?—I would not hold with that. I think it is a concern of ours. The whole community is a concern of ours, but our primary concern is with our own people.

10. You suggested there should be an export tax on butter: do you not realize that if an export tax is put on butter the farmer would go out of the business at once and go in for the manufacture of cheese?—Put a relative tax on cheese.

11. How would you deal with wool: supposing the farmer went out of butter and cheese and went in for sheep?—He is making too much to go out of any of them. The statement of the farmer that he is making a loss has to be taken not only with a grain of salt but with a bushel of salt. The singular thing is that the farmer who tells us he is making a loss every year on his farm has a nice balance at his bank and buys his motor-car. I find that the larger the debit balance the more prosperous the farmer. I have a knowledge of mathematics, but that knowledge does not agree with the statements of the farmer.

12. You say that the wages of the workers should be raised commensurate with the increase in the price of butter?—Yes.

13. Do you know that butter is a fluctuating commodity?—Yes, and wages fluctuate.

14. No; wages do not, as a rule, go back?—Yes, they do; they fluctuate more than butter.

15. Supposing the difference was made up by the employers of this country increasing the wages by 5s. a week to meet the situation, would you suggest that if butter came down next year that wages should come down also?—Yes, I do. That is only fair. It could be called a butter bonus.

16. Taking into consideration the position of the worker to-day—and that is what we are giving our attention to primarily—if the price of butter was kept down at a low price for this season as suggested by you, do you suggest that everybody should have the full benefits of the butter at the same price?—That is a matter which would take more than a dull-witted man like myself to answer.

17. I do not think you are dull-witted?—I have not got the knowledge of members of Parliament. I am speaking for a certain class of the community.

18. I am only asking you the question whether you think it should be done or otherwise?—If I had my way and could find means of carrying it into effect I should certainly charge you gentlemen the extra 5s. a week.

19. Supposing the object was to relieve the unskilled labourer or working-man who only, as you say, averages £3 a week, what would you say to a recommendation for the introduction of a ration ticket to enable the worker to get butter at the cheaper price?—I really do not know that I can think very clearly on that matter. I do not think I would care about using a ration ticket. A ration ticket is revolting—it is too much like charity.

20. I am only asking you the question?—I would not like to give an answer offhand. I would not commit myself to any answer on the point. It is somewhat humiliating, and I think your object ought to be to raise the status of humanity and not to lower it.

21. It is not a suggestion from the Committee. We want to get over the difficulty the best way we can. If butter has got to be kept down for the man with a family, we have got to consider the position of the people as a whole?—Yes, probably.

22. *Mr. Hockly.*] In regard to the average consumption of butter, you have told us your own experience, and you will agree that your family is fairly heavy on butter?—I do not know; I expect we are. We are heavy because we do not eat much butcher's meat.

23. Would you not consider that a more reasonable estimate of the consumption of butter by the average family of five would be more like 3 lb.?—Yes; but I have already pointed out that I am speaking for a certain class. That certain class, the poorer they are usually the larger the families. The unskilled worker, the man who is usually at the bottom of the ladder, has an aptitude to get a larger family than the man with independent means. I think the reason of it is that they used to go to church very regularly, and that the parson used to tell them to keep the cradle full; but in the case of those who had plenty he never told them the same thing. The worker had enormous families—criminally high; and, assuming there were only five of us, it would be a fair estimate that the amount of butter consumed by that family was 5 lb. Butter is the staple food for that family, and must not the navvy's boy eat as much as the M.P.'s boy?

24. *The Chairman.*] The M.P.'s cannot afford 1 lb. per week per head?—No, because his digestive organs are impaired by high living.

25. *Mr. Hawken.*] You think there are two solutions, and one is to raise the wages of the workers?—Yes.

26. The other is to keep down the price?—Well, I do not know that I would put that forward as a solution, but only as a suggestion for you gentlemen to consider.

27. You think the country labourer is well paid?—Relatively very much better paid than the wharf lumper, assuming that those figures are correct at £250 per cow.

28. If you lower the price you give the farmer less for his produce?—Yes.

29. If you raise the wages the town employer must pay?—Yes.

30. Do you think it is a fair thing to ask the man who pay his men well to forgo portion of his profit in order that the man who does not pay his men well should get his men for less?—I should not think so.

31. That is the position. In effect you say that the country farmer should sell his produce at less in order that the town employer should pay his men less or get them cheaply?—Pardon me. I am afraid I have been quite misunderstood in this matter. I only stated facts which ought to be considered in arriving at your decision. What remedy is to be brought about I do not presume to suggest. How the matter is to be met I would not dare to suggest to you. I take it for granted that you fully recognize the main questions which I have brought forward. The gravity of the situation has had the effect of making the men desperate. I say this sincerely, gentlemen, and I have a better opportunity of seeing the average worker than you have. I say that things are becoming very, very grave, and when a man becomes desperate he ceases to be reasonable, and does things and thinks afterwards. It takes me all my time to make both ends meet, and I am sure my salary is twice what the average labourer gets.

32. *Mr. Poland.*] You say your earnings are double what the ordinary labour averages in Wellington, and yet it takes you all your time to make both ends meet?—Yes.

33. What do you suggest the ordinary labourer does?—I am glad you put the question. The unskilled labourer, together with his wife and family, are just subject to the same ailments as my wife and family. I have a wife who has had an ulcerated leg for twenty years. I am now paying £4 10s. a week for her to be cured by a specialist, which, thank Heaven, he is doing. If I was only getting £3 a week, what would happen to that wife of mine? Could I do that? I have spent thousands of pounds paying licensed quacks to cure her, and they have failed. Each left her worse than his predecessor. Now she is becoming as well as ever, and that woman is fifteen years younger than I am. You put yourself in this position, that you had a wife, and the circumstances were such that you could not send her to where you knew she would be cured: you would not be too jolly. In what position would the labourer be who gets £3 a week under such circumstances?

34. You say you get double the wages of the ordinary labourer?—Yes, I get £6 a week.

35. And you can only make both ends meet now?—Yes.

36. How can the man with £3 a week make both ends meet?—That is the gravity of the situation.

37. What is your idea of it? You are secretary of a union and know a good deal about these general labourers: how do they make both ends meet?—Neither I nor any one else can tell that. Only the man himself can do so.

38. An increase in the cost of butter to the extent of 1s. a pound is not going to help that man to make both ends meet?—No, he will go farther back and get more desperate.

39. What is the remedy?—The remedy is for the authorities to take the matter in hand. I would not suggest a remedy.

40. I suggest the remedy is for the employer to pay that man sufficient wages per week, including the time when off duty, to enable him to maintain that wife and family in reasonable comfort?—Yes; but how it is to be brought about is a matter for you gentlemen.

41. I would not believe that the average wage was only £3?—I would not be sure, but it is so near it that there would only be a trifling difference. I am referring to the Wellington builders' and general labourers.

42. *The Chairman.*] You are not referring to carpenters?—No. I said at the beginning that I was secretary to a union of unskilled workers. I referred to them, and I certainly would make no statement which my conscience did not approve of, and I find no fault with the farmer trying to get as much as he can—I would do the same thing myself; but I think it behoves the farmer to consider the consequence in time. When we were boys the agricultural labourer in England was a shade less intelligent than the Zulu in South Africa, but that is not the position now. The more you educate a man the more you have to take him into account, the more he thinks, and the more discontented he gets with his position. You would be surprised at the intelligence possessed by the members of the union of which I am the secretary. They may sometimes be a little hasty and say things which are not quite consistent with what should be, but I expect our legislators say that sometimes. The more intelligence the men possess the worse will be the upheaval, and come it will, because they are on the verge of upheaval now.

43. *Mr. Poland.*] You suggested an import tax; but does not an import tax increase the cost of living?—Yes, of course, it does. We are paying the other fellow for our boots and paying our own fellows for our butter.

44. You think the import tax should be taken off boots?—I would not go that far. I only took that as an illustration to show the increase it meant to us in boots.

45. In order to reduce the cost of living, do you not think the import tax should be taken off—that would reduce the price of boots?—I am not silly enough to suggest such a thing as that until some other mode of revenue is decided on.

46. What do you recommend?—I am not recommending anything, but simply stating facts.

47. You are recommending an export tax on butter?—No; it was suggested to me that I should mention that matter, and I said I did not know how it would act.

48. You do not recommend it yourself?—No, I am not speaking for or against it—I do not know.

49. *Mr. McCombs.*] It has been suggested to you this morning that a ration ticket might be issued to people with certain incomes and under to make a distinction between the consumers. You said it would be too much like charity?—Well, that is only my own opinion.

50. Yes, I agree with that?—I would not take a ration ticket myself; I would rather go without or on short rations.

51. *Mr. Atmore.*] When referring to the average wage being £3 a week, did you mean three pound notes, or were you measuring it by the 1914 standard?—I am glad you put the question. I should have said £1 10s. a week as compared with the 1914 standard.

52. And do you recognize that in the case of the farmer's butter, if he got 2s. or 3s. it is only half that value as compared with 1914? The actual money received by the farmer to-day has depreciated in purchasing-power exactly the same as the money in the hands of the labourer or the £3 per week man?—Yes, I assume that, because the relative difference is the same.

53. You know that there is a shortage of the goods manufactured in other countries for which we exchange our butter, and if there is a scarcity of those goods it will affect our purchasing-power or the exchange power?—Naturally.

54. Then if there is a shortage of goods in any of the countries from which we import, that would have some effect in the price of our butter?—It would have, but I do not admit that it should have in the country in which the butter is produced. For instance, I used to buy oranges at Oporto for a mere song, while in Edinburgh I would have to pay 1s. a dozen. I should say if you have to pay 2s. 10d. for butter in England you ought to be able to buy it here for 1s. 10d.

55. You would not say those two cases were analogous. For instance, there is a market for all the butter we could make throughout the whole world?—Yes.

56. You said that if you were a farmer you would expect the 1s. per pound more?—No—I merely said that if I were a farmer I assumed that I would try and get all I could, but that does not solve the problem.

57. The statement you made was that if you were a farmer you would consider yourself entitled to the increase of 1s. a pound?—Not entitled to it, but that I would try and get all I could. That is human nature. I mean to convey that if we admit the fact to ourselves, humanity is simply like a lot of vultures each fighting for a larger share of the carrion. The man who gets the smaller share is naturally in the big majority, and they whine at the men who get the biggest share. We want to get above that.

58. How would you deal with the farmer who in 1914 was producing sufficient butter each week in order to get a return of £5 profit? What would you say he was entitled to get now before he was on the same footing as then?—£10.

59. He would have to double the nominal price of his butter to get it?—Possibly; but when I admit that, then you must admit that the worker's wage ought to be doubled at the same time in order to meet the increased cost of the products.

60. There has been such a depreciation in the purchasing-power that it hits the man producing the butter?—Yes. Of course, we would need to ascertain the decrease before we admitted it.

61. *Mr. Kellett.*] You referred to an export tax. In which way would that benefit the consumer—how would you apply it?—I have already said that I only mentioned that in parrot-like fashion. I was told to mention it before the Committee.

62. There was something underlying it?—For my part, an export duty on butter could hardly be levied on a certain amount if not on the whole of it, and I am not disposed to uphold that. If there is a means of the farmer getting the price on the London market, it is only asking what I should ask for; but if that happens, then we have the consequences to consider.

63. My reason for asking the question is that we are after information?—Well, I am sorry I cannot put the matter more explicitly.

64. *Mr. Powdrell.*] You appear to favour an export tax?—No; I have repeatedly said that I have only been told to make the statement.

65. I suppose you are aware that if there was an export tax it would have to be paid by the share milker and the farmer in this country?—Certainly. It would keep the price of butter down to the level it is at at present; but, of course, there would be this advantage, that the revenue would go to the Government.

66. If it could be proved to you that the share milkers are earning considerably under 1s. an hour for their labour, would you still think it was a fair thing that there should be an export tax put on their butter, they being part owners in the butter by reason of working on the share system?—Before I would venture an opinion on that matter I would have to know what the share milker was getting.

67. We know because we are farmers; and supposing that was proved, would you still argue that it was a fair thing?—Well, I have not argued that it would be a fair thing at all. I have simply put the matter forward for what it is worth. It is not my suggestion. Some members of the Council thought I should put the matter forward as a point for the Committee to consider.

68. *The Chairman.*] You are merely carrying out an instruction?—That is so.

69. And you do not wish to comment upon it?—No.

70. *Mr. Powdrell.*] You say the wages of the men in the union you are connected with average about £3 a week?—Yes.

71. I suppose you are aware that the wages of carpenters at the present time are £1 a day; the freezing-works hands, 15s. 10d. a day plus overtime, and they are casuals; the men working in the foundries receive a minimum of 3s. an hour and a maximum of 4s. 6d.; so do you not think the dairyman is the lowest-paid in all the industries you know of?—If you are short of men I should be pleased to find plenty at 3s. an hour.

72. *Mr. J. R. Hamilton.*] You say that in your family of five you use 5 lb. of butter a week?—Yes.

73. And that you do not eat meat except once a day?—Yes.

74. Of course, if you are using that quantity of butter you are saving it in the cost of meat?—Yes, it cuts both ways.

75. If a person makes a whole meal on butter they save it in meat, jam, and other things, and that leaves more money to spend on butter?—Yes; but I have already pointed out that the average unskilled worker makes bread and butter his staple food, so the most important increase or decrease to him in any commodity that he puts on his table is in connection with butter.

76. The average consumption in New Zealand is ½ lb. per head per week?—Yes.

77. If you choose to use 1 lb. per head then nobody finds faults with you, but you must admit you are saving it in the other items of food, and therefore you are not any worse off?—Yes; but taking our domestic expenses as they stand, we may be saving on one thing but losing on another. I have already stated that the average worker cannot pay any more than he is paying at present, and an increase in the price of butter would be an increase in the household expenses which he can hardly meet now.

78. You will admit there is a great deal in the economy of housewives: some can make a dish out of very little, while others would take twice as much?—Yes.

79. Which means a good deal in connection with the poorer people?—I expect the poor people have learnt economy when the wealthy people do not need to.

80. I suppose you are aware that in connection with the people on the farms the price of their products is not fixed—they have to take the world's market price or the local market price. One year it may go up on account of circumstances over which nobody has any control, and the next year it may go down below a payable price. Do you not think that if you are going to take a little off him when the price is high, that when the price is below a payable one he is entitled to some protection?—I never questioned his right to protection.

81. Do you not think it cuts both ways?—I simply stated the position, and the remedy I leave in your hands.

82. You have never known of an instance in New Zealand where the farmer has been compensated where he has had to produce an article at below a payable price?—No. I have been thirty-five years in New Zealand, and during the whole of that period I have been used to the farmer telling me that the farm was not paying, and yet they became wealthy. I would not say but what the farmers were speaking the truth, but still I would say that I do not understand it.

83. You say the farmers are wealthy?—No, I do not.

84. Would you believe that only a portion of the farmers are wealthy, and that fully half the farmers in the country are just struggling along?—That has not been my experience.

85. The tradespeople have to sue a great many of them to get their money?—That is the same anywhere, but that is no criterion.

86. Do you not think it is accounted for by this: that there is a certain amount of brains required in all classes of industry and business, and that if one person has a little more it accounts for his making a little more money?—I am not quite clear as to what is understood by brains. I know men who are like blocks of wood and they have been very successful as farmers.

87. You say there is an import duty put on boots for the sake of revenue?—Yes, or for protecting the manufacturers in the country.

88. You said you would not be prepared to suggest anything else until there was some other means of getting that revenue?—Yes, I did say that.

89. Are you not aware that that duty is put on for the protection of the manufacturer here?—I am fully aware of that.

90. Not for the benefit of the manufacturer, but because a lot of people would be thrown out of employment?—Yes, I am fully aware of that.

91. You say you do not view very favourably the idea of rationing. Do you think it is right that the small dairy-farmer should supply butter cheap to the wealthy man of the town?—No, I do not.

92. How are you going to get away from that if you do not take up the rationing idea?—I do not know. I simply said I would go on short rations rather than take a ration ticket.

93. We are trying to solve this problem and naturally look to men like you to throw a little light on it. None of us want to provide the wealthy man with cheap butter, because we consider that the men making money out of the handling of the produce get a great deal more money out of it than the producer. We should not have to supply him with cheap butter, but we want some means whereby we can provide the poor man with cheap butter?—I will give a definite answer in regard to that. If that is suggested or recommended by this Committee, then those who choose to apply for a ration ticket can have it and those who do not need not take it. I would have no objection to the ration ticket on those lines. The only thing I said was that I would much rather do something else than apply for it. But there are any number of people in this town who would apply for a ration ticket, and many others who should not apply for it would apply.

94. Do you not think many men would be too proud to apply for a ration ticket?—I do not know that self-respect is pride.

95. You say that £3 10s. in the country is equal to £5 in the towns?—£3 10s. and found.

96. There was a case here the other day when a man was sued in the Court for debt. He was earning £5 a week, and the Magistrate would not make an order for the amount the man was sued for?—I should not think he would.

97. If you say a wage of £3 10s. in the country is worth £5, how is it that the people in the towns will not go into the country when they are so urgently required?—I will answer that. If Mr. Harkness, who made the statement, is prepared to find employment for, say, fifty men—efficient men—at £5 per week, I will guarantee to find them.

98. *The Chairman.*] That is, in the country, farming?—Yes.

99. *Mr. J. R. Hamilton.*] If you put an advertisement in the paper to-morrow for a clerk you would get a hundred applicants?—That is a poor lot, the clerk's.

100. Yet if he put an advertisement in the paper for a ploughman at £3 10s. a week and found you perhaps would not get one applicant. How do you account for it, when there is so much work in the country for the people? Why will the people not go out into the country?—Mr. Harkness made the statement that the wages paid by dairy-farmers was £3 10s. a week and keep, which is equivalent to £5 per week. If he wants fifty men, and assuming the labour is as short as he says, then I will find him fifty efficient men at that money.

101. *Mr. Powdrell.*] Milkers he was referring to?—Yes, milkers.

102. *Mr. J. R. Hamilton.*] One witness before the Committee said that if the people in the towns would work one hour longer a day they could have their bread buttered on both sides?—I do not take notice of such statements.

103. Seeing they work such a great deal longer hours in the country than in the towns, do you not think they could work an hour longer here?—I am not here to say. I work about twelve hours a day myself, and I leave the other fellow to do what he thinks right.

104. *Mr. Atmore.*] In speaking of the case of the dairy-farmer who in 1914 was producing sufficient butter so that he could average £5 a week, I think there was a slight misconception. I did not mean the price of the butter would have to be doubled, I meant that his money income on the same production of butter would have to be doubled before he was on the same footing as in 1914?—Quite so.

105. You quite agree with that?—Yes.

106. *The Chairman.*] The statement is made by the representative of the Agricultural Department to the effect that to-day the average payment per hour to the farmer is 1s.: do you consider that a reasonable price?—No, I do not.

107. You realize that the season is just commencing for the new season's supply of butter?—Yes.

108. You know there is a proposal for a contract with the Imperial Government to fix the price to the farmer and to the producer for the coming year?—Yes.

109. In your Council have you discussed the question of butter at all?—It has to be discussed next Thursday.

110. Do you think this is the right time to go into the question and arrive at a decision as to what is to be done for the future in regard to the price of butter for the coming year? Are we to act now, or should we wait till after the season has opened before doing anything?—Well, in my reply I would not care to be definite on the matter. A matter of that kind wants to be thought out. Notice should be given of the question, as you say in the House.

111. I am only asking you a simple question—I am not trying to trap you?—No, I understand that.

112. I will put it in another way: In a letter which has come back from one branch of several organizations of labour it states that the time is not ripe to deal with the question yet. Do you think it is or that it is not?—Well, I might modify my reply on more mature consideration, but I think this the most opportune time to consider it.

Henry Worrall examined. (No. 10.)

1. *The Chairman.*] What is your position?—I am the representative of the Canterbury Trades and Labour Council.

2. Has your Council had any opportunity of discussing the question of the price of butter?—We have generally considered the question of foodstuffs, and in regard to butter we were unanimously of the opinion that butter-prices should not rise. There is an idea in the minds of some men that the Arbitration Court could equalize matters, but we look at this question from a broader view than that. We realize there are other individuals, such as salaried men, pensioners, and various others who would be hit equally with us if there was any rise in the

price of butter and who would not have the compensating balance of the Arbitration Court award. I would like here to state at the outset that the Canterbury Trades Council, consisting as it does mainly if not solely of men and women engaged in the secondary industries, does not for a moment pose as an authority in regard to the dairying industry or in regard to land-values.

3. We do not want that—it is the consumers' point of view we want?—When there is the question of a rise in such an important article as buttter, then we do think we have a viewpoint to place before the Committee.

4. *Mr. Powdrell.*] What trades does your Council represent?—The Canterbury Trades and Labour Council consists of the representatives of practically all the organized industries—the employees. We are decidedly of the opinion that in dealing with this particular question of the dairying industry and the proposed rise in the price of butter, we have got to look at it not from any narrow class point of view, but from the national point of view. We wish to draw your attention to the fact that in the past the community, through their members of Parliament, have fostered and encouraged and strengthened the dairying industry in this country. Those engaged in the industry have been provided with experts and assisted in regard to grading; the Government has imported and bred suitable stock; they have been assisted financially by the Government both in the securing of cold storage and the acquiring of refrigerating plant, and the acquiring of space in refrigerating-steamers. All those things have been done out of the general finances of the community to assist the dairying industry, and to make it possible for them to take advantage of the Home market by being able to land their butter on the market in a marketable condition. We contend that it is due to the operations of the country and not to the action of the dairy-farmers that they are in that position to-day. If that is so, then we say that famine prices have no right to rule here. If there is a famine in Europe there is no legitimate reason for charging famine prices to the working class or to the community here in New Zealand. Then there are other things that might be taken into consideration by the Government. Probably you may say we place too much importance on them, but we do consider that the gambling that is taking place in land is a very important factor, and one which should be taken into consideration by this Committee. I was looking through the latest Abstract of Statistics, and I notice that in 1918–19 the number of mortgages registered in regard to the amount over those lifted was something like £10,000,000, but in 1919–20 the amount of the mortgages registered over and above those discharged amounted to £30,000,000. Now, we are not practical land experts or dairy experts, but there is something there which we think this Committee might take into its serious consideration and see what can be done. This is the way we consider it: that the farmer has been placed in such a position that he can pay (taking that £30,000,000 at 6 per cent. in the form of rent or interest) a matter of £1,800,000 more in interest then he was doing before. I am merely suggesting to the Committee the points of view which strike us. I do not say we can eliminate them, but we do think they are important matters. Then there is another factor, the land agents, who do not add, in our opinion, anything at all to the value of the land, but who add considerably to its cost, and that is added to its cost before the farmer can say whether the farm is going to pay him, and he says the land must declare interest of so-much. We say you must take into consideration the operations of the land agents. We have in Christchurch—and I suppose Christchurch might be taken as a good criterion of the whole of New Zealand—something like 110 land agencies. We could safely say they employ on an average five hands each, which makes over five hundred individuals with something like one hundred motor-cars between them. What are they doing to add to the true value of the land?

5. *The Chairman.*] They are not all engaged in land?—No, land and houses.

6. No, they have other work?—I am referring to the house and land agencies alone who are solely engaged in the business or spend a large amount of time in it. We would like you to take into consideration the extra cost loaded on to the land on which interest has to be paid before the farmer considers his work is paying him. We also believe that these men are a danger in more respects than one, and that it is a very serious proposition. Supposing butter rises to 2s. 9d. per pound, immediately your land-values go up. The land agents will get busy amongst the farmers and say, "Now is your time to sell; the produce of your farm will bring you in such an amount which will give you interest on far more money invested in the land, and why not sell out?" Then he goes to a likely purchaser to sell the farm and tries to bring both together, or convinces the probable purchaser of the advisability of settling his son on it. When these deals are carried out the cost of the land has gone up but the value of it has not altered one iota. Take as an illustration land which the first man paid £40 for, and sold for £50. The second tenant takes it in hand, and before he can say whether it is going to pay him he has to strike 6 per cent. on the £50, whereas the man before him had to strike 6 per cent. on £40. Those are factors which should also be taken into consideration; and we are firmly convinced in our opinion that the price of the produce determines the value of the land, not the value of the land determines the price of the produce; that according as the price of the produce goes up or down so the land rises or falls in value. We say that if there is any object for which a country or a nation selects its representatives and places them in Parliament, that object is to look after the health and well-being of the people. We say that if butter-prices go up milk-prices must also go up, and consequently the people who perform the useful service in the country, and who are down at bedrock in the matter of finance, are going to suffer. It is largely the aged and the sick who are going to suffer by the increases, and we say that undoubtedly you should not under any conditions allow the price of butter to go higher than what it is to-day. That is the view held by the Labour people as far as Christchurch is concerned, and that is the main reason why I have been requested to come before this Committee to-day.

7. Have you any suggestion to make to the Committee as to how it is possible to make arrangements to keep the price down?—There is the question of an export tax on butter, and you might utilize the revenue gained from that to equalize the amount short in connection with the price. Then there is the question of a tax on incomes—say, a tax on all incomes over £300 or £350, or a tax on land-values.

8. You have told the Committee how the man with the land is advised that directly the price of produce goes up he should take every penny out of it by the enhanced value of the cost of the produce?—I wished to show how the gambling instinct is played to by the land agents.

9. Is there not another phase to it? Take the flax-worker who earns a good wage: when the price of flax goes up does he not say, "The owners are getting an enhanced price, we are going to have it too"?—You mean the employee?

10. Yes; does he not adopt the same attitude?—Yes, but that is a factor operating in his case. That is a levelling-up of wages. He cannot go much above what the standard level of wages is or else the flax-miller is besieged with men seeking employment.

11. But when the price of flax goes up the employee demands that he should have a share of that, and I am not saying he should not. You have given us a nice picture this morning, but there is the other side of the picture?—But I cannot see how the flax-milling is the other side of the dairy-farmer.

12. We were speaking in general terms?—Yes.

13. Now, in regard to the export of butter, you suggested that there should be an export tax?—No, I do not wish to be misunderstood. We are laymen and perhaps do not understand these things, but those are the methods that appeal to us. Either place a special tax on incomes or a tax on the butter going out of the country, or place a special tax on land-values. Those are the methods that strike us.

14. Assuming we put a tax on butter, what about cheese, meat, and wool? Would you suggest that it should go on the whole lot?—Are you not opening a larger question than the one which the Committee was brought together for.

15. No, we are not?—You are opening up the whole question of the private ownership of land.

16. You say you are speaking from a layman's point of view; you are not engaged in the industry; and if a tax were put on butter to-morrow the bulk of the people producing butter would go out of the manufacture of butter into the manufacture of cheese?—Yes. At the present moment there is an exceedingly high demand for butter in the Old Country, and that is why butter is going up, because there is not the same demand for cheese.

17. Cheese is bringing a better price?—Then why do not they get the better price? I am told—and you practical men will know whether the statement is correct or not—that one pound of butterfat will make two pounds of cheese. Of course those things will operate against a man going in for one thing as compared with the other.

18. The contracts have already been made, and the price of cheese pays the farmer better than the price of butter. Then another industry has started—namely, Glaxo—which is better still; but there are conditions in regard to supplying different lines. For instance, the cheese man does not get the skim-milk, which the dairy-farmer does. The dairy-farmer will probably raise so-many calves. Cannot you see that if you put a tax on butter the farmer would say, "I am not going to sell any more butter, I am going into cheese"?—But if Parliament was sincerely desirous of conserving the health and well-being of the people as a whole they would follow that up with a tax on cheese.

19. Would your Council favour a tax on all farm products or on butter only?—When we are considering questions of this description we are all practically in the secondary industries, and we lack the necessary information that we should get.

20. Then you cannot say?—No.

21. You heard the question put to the previous witness that possibly a ration ticket could be given to enable the people of the working class to get butter at a reasonable price?—Mr. Chairman, the idea of ration tickets would never be accepted in this country unless ration tickets were given to everybody regardless of who they were. Your system of ration tickets would mean that the man of money could purchase any amount of butter, when the true meaning of rationing is not in it. The true meaning would be that regardless of wealth each family would get so-much according to the number.

22. The question I put to the previous witness was whether he favoured such a system being introduced, and he said he did not agree with it; but if it was introduced and the Government saw that the worker got a ration ticket and that the man who could afford it should pay the proper price, would you favour it?—No, I do not agree with it. It is lowering the dignity of labour, and I do not think the dignity of labour should be lowered at all.

23. You say emphatically that the introduction of a ration ticket for butter for the worker would never be accepted?—Yes, that is my opinion.

24. Realizing that this is the time for the export of butter and for the contract with the Imperial Government, in your opinion is this the time for the Committee to deal with the matter, or should we wait till later?—I want to understand that. This waiting till later; does that mean that the butter will remain at the same price?

25. No, the season is commencing at the end of this month. Supposing the price of butter was put up, should the Government or the Committee settle the price of butter immediately, or wait till later and see what is going to happen in the matter of price?—I cannot see what is going to alter your view in the future.

26. The Committee has received from the Alliance of Labour a letter to the effect that they do not think the time is ripe?—If you are face to face with the question of fixing the price of butter to-day, then I think you should to-day deal with it.

27. What do you think is the average consumption of butter per head?—I could not say.

28. *Mr. Hockly.*] How do you reconcile your statement that the fees which the land agents earn in the sale of land increases the cost of land when it is the seller who has to pay out the commission and not the purchaser?—Well, when a man is selling and is fixing the price he will sell at he will take into consideration all the payments he has to make in the transfer of that land, which, if I am correctly informed, includes 5 per cent. on the first £500, 2½ per cent. up to £1,000, and 1½ per cent. upwards: he will take all those things into consideration when he sells.

29. You will admit it is the selling-value that gets the price, and he can only get that selling-value, and he has to pay the charges to the land agent above that?—Yes; but in fixing what he will sell at he must take into consideration what it is going to cost him. Supposing it would pay him to sell at £47 10s. an acre, and he knew that the charges altogether would run to £2 10s. per acre, he would fix the price at £50.

30. Do you consider it a fair and right thing to ask the struggling dairy-farmer—because there are very many of them—to supply butter at below actual value to the wealthy class of the community?—I do not think it is right to ask any man to do anything of that description, but the point that appears to me to be an important factor is this: that when you rise the price of a commodity like this you do not finally and ultimately assist the man you are describing, but assist the man who is farming the farmer, and that is the man who has got something.

31. If you pay the farmer 2s. 6d. per pound you will assist him?—You are paying the man farming the farmer who is behind him.

32. *Mr. Hawken.*] You have told us a good deal about land. You admit, of course, that the price of land has nothing to do with the price of butter?—No, I do not.

33. I mean to say that if land is £200 an acre, or even if a man has it for nothing at all, he still gets the same price for his butter?—Yes, if I understand you rightly.

34. He gets the market price for his butter?—Yes.

35. And it is not fixed by the price of the land at all?—I say that the price of the products determines the price of land finally.

36. And the land has nothing to do with the price of the butter?—Well, I gave my statement.

37. Do you think there are any substitutes that can be used reasonably instead of butter?—No, I do not—not without injury to the health and well-being of the people. I think the worker is equally entitled to the best. It is good enough for him. Those who perform useful service should get the best.

38. You find that in practice no substitutes are satisfactorily used in New Zealand?—I do not think so. In my opinion there is no substitute to equal it.

39. I mean there are no substitutes used in New Zealand?—Not that I know of, except that many people have to do without it and substitute half a pound where they ought to have a pound, or substitute mutton-fat for butter; but I do not think there has been any use of margarine like there has been in the older countries.

40. In regard to the question of the ration tickets, do you think it would be a good thing for the man with a family with butter at the present price—do you think he would take advantage of it? Take a man with a family who does not pay income-tax, do you think he would use such a ticket if it was supplied to him?—Force of circumstances might compel him to, but side by side with that would be a reduction in his manhood and self-respect. If you are aiming at the wealthy man who is able to pay it, then tax him.

41. The point is this: that an increase of 1d. per pound means £100,000, and 10d. increase means £1,000,000—that is, if we lowered the price on what we use in New Zealand. We could help the family man to a very large extent by, say, allocating half a million for that purpose, but it would go a very little way when spread over the whole of the population. All we could do would probably amount to 3d. or 4d. per pound; but if it was allocated to one class of men on whom the cost of living is pressing very heavily, the man with the family, he would get very substantial help?—You do not propose to give it to him whether he is in a position to buy it or not; you are not rationing in the way that every man should get what he needs, but he must be able to purchase it.

42. You do not think it is right?—No. Get at the other person in some other way. I say the system of rationing is degrading to the manhood of a man. Help him to keep up his self-respect.

43. *Mr. McCombs.*] You do not want charity?—No.

44. *Mr. Hawken.*] The only way would be to raise a man's wages or reduce the price of butter?—That does not operate fairly. It operates fairly in the case of those in a union which keeps wages up by means of the Arbitration Court, but there are thousands of people who are not in a union and who do not get any benefit, such as old-age pensioners and salaried people. You do not help them by that. You are only helping the people who can go to the Court.

45. Your only solution is to decrease the price of butter?—I say you should keep the price of butter down to the same price as it is at present, and that you are not justified in taking advantage of the world's conditions and famine prices in the Old Country and Europe.

46. *Mr. Poland.*] You do not suggest that the dairy-farmer who is producing the butter should be the man selected amongst all the farmers in New Zealand to bear this burden of keeping the price of butter down in order to assist the whole community, and that the dairy-farmer who is supplying cheese should escape scot-free, or that the wealthy farmer who is not going to be bothered with the labour of producing butter or cheese and goes in for the growing of wool and fat beef should also escape? You do not think the one dairy-farmer who is producing butter should be selected?—No. I suggested there was one of three ways—to take in the whole of the farmers, the man who grows wheat, mutton, cheese, or butter—each pays his share towards it.

47. That is general taxation?—Yes, on the land.

48. Then one of your suggestions is that it should be met by a general increase in land taxation?—Yes.

49. But you would not advocate that the butter-producer should be selected as the man who should make the sacrifice for the benefit purely of the other people of the community?—No; one of the suggestions was that you tax the whole lot.

50. You also made the suggestion that the price of butter should be kept down to its present price?—Yes.

51. Would not that involve a sacrifice on the part of a special class who are producing the butter?—It, of course, depends upon how you interpret the word "sacrifice."

52. It is a sacrifice when anybody sells his products at less than what they can get in the market?—There is an important factor that you are losing sight of. Those engaged in the dairy industry have had the general support of this community which has put them in the position that they can now put their butter in a marketable condition in the Old Country. They could not have done that without the assistance which has been given by the whole community, and now they are going to penalize us for doing so. Surely after the Government has spent money in importing stock and the breeding of stock——

53. *The Chairman.*] But the farmer has had to pay for it?—The whole country has had to pay for it in the shape of taxation. You have subsidized steamers with refrigerating-space, and lend money for cold storage.

54. *Mr. Hawken.*] No, that is not correct?—The dairy-farmer does not stand on his own bottom in arriving at his present position.

55. *Mr. Poland.*] Any expenditure that the Government has incurred in assisting the farming community should be paid for, you think, by the farmers themselves, but you would not advocate that it should be paid for by the butter-producer: he is only one of the classes engaged in farming. Do you want to single out the dairy-farmer?—The dairy-farmer is to get the enhanced price for the butter sold in the Old Country—he alone is going to get it.

56. And also the chesse-farmer and the butterfat-producer?—The whole of those men might be taxed.

57. Nearly all the farmers in Taranaki are producing cheese and not butter, and why should they escape?—That is a question you should be able to answer better than I can, as members of Parliament entrusted with the country's welfare.

58. You are giving the point of view of the consumer?—Yes, I am trying to.

59. And that the price should be kept down?—Yes, in the interests of the community.

60. *Mr. McCombs.*] You would be interested in the statement made here this morning that the price of land has nothing whatever to do with the price of butter, and in every balance-sheet the Committee has had before it there is a first charge made of interest on the land. You suggested there might be an export tax, a land-tax, or an income-tax. Might not all those taxes be imposed for the purpose of providing an equalization fund?—Yes, if necessary, most decidedly so.

61. Then it would press lightly on all of them?—Yes.

62. Then the wealthy man who got butter at a low price would more than pay for what he saved through the tax he would have to pay?—Yes, that would get him. According to his wealth he would pay more.

63. *Mr. Atmore.*] In regard to the price of land and the interest on it that has to be earned, is not the price of land made up by the price of the products?—I believe I stated that. In my opinion the price of the produce determines the price of the land, not the price of the land determining the price of the produce.

64. *Mr. Kellett.*] You state that, in the opinion of the Council, the issue of ration tickets would be objected to?—Yes.

65. You do not state what you base your objection on. I take it from your remarks that you object to it because we live in a community which overproduces that commodity. You could understand that system prevailing in a country where there is a shortage?—Yes, and it should then be rationed in the true sense of the word. According to their needs the people should be supplied. That would be the interpretation of rationing that would be acceptable.

66. What is the opinion of your Council on the system of rationing in a country which can export, against a country like Britain which has to import where there is a scarcity and necessarily high prices? Is that one of the reasons why you object to the export tax—because we are in a community that is able to produce in excess of our requirements, against a country in which there is a shortage, and that the rationing system should come from the other end and not from this end?—I do not get the crux of your question. I think the rationing system is degrading.

67. It may be necessary?—If it is necessary, then it should apply to every one regardless of the question of wealth. If there was rationing owing to scarcity, then every one would get in proportion to their needs.

68. *Mr. J. R. Hamilton.*] You seem to think that the whole increase in the cost of butter hinges round an enormous speculation in land. Do you think that if all the land was leasehold it would obviate that?—No. I think the increase is due to famine prices and the demand for it at high prices in Europe. I say there is a big tendency forcing you that way due to the gambling that is taking place in land.

69. Nearly all the witnesses from your point of view have laid the blame on to the high prices of land. They do not seem to place nearly the same importance on the high cost of production as on the high cost of land. They seem to think that the land speculator and what the land agent is getting out of it has raised the price of land, and that that is the chief cause of raising the price of butter?—I would like to ask you a question.

70. Very well, I will answer it if I can?—Has the cost of producing butter from butterfat gone up since the war?

71. Yes; gone up, I think, 1s. per pound?—The converting of it from butterfat into butter?

72. We have to pay £80 a ton for wire when before the war we paid £12, and £12 for manures for which we previously paid £4, and wages have increased, as you know?—Yes.

73. And the tendency is to lay the whole of the blame on the increased price of land?—Yes.

74. If the land was on leasehold, would not the man sell his goodwill the same as in the freehold?—Then there is no difference.

75. How are you going to abolish it?—Abolish private ownership in land—make it national.

76. Supposing the nation, or the country, or the Government owned the whole of the land, it is no good to them without somebody will work it?—Yes, that is so.

77. You would have to apportion it out to each man?—Yes.

78. He would get a lease of it?—Yes.

79. Could he not sell the goodwill of his land?—Who would he sell it to?

80. To the man who wanted to buy?—But if it was nationalized!

WEDNESDAY, 29TH SEPTEMBER, 1920.

HENRY DARGAVILLE BENNETT examined. (No. 11.)

1. *The Chairman.*] What is your position?—I am representing to-day the distributors of butter throughout New Zealand. The Committee recently had a representative from Christchurch before it who gave evidence apart altogether from the evidence that will be tendered as a result of the conference which took place yesterday in Wellington between representatives of the distributors. The evidence that will be given on behalf of the Dominion grocers will not be in conflict with the evidence submitted by the Christchurch representative. To begin with, sir, I want to impress upon the Committee the fact that the grocery trade is a trade returning very little profit. Those members of the Committee who are associated with commercial activities will know that grocery profits are lower than those of other businesses. Dealing with the question of what it is costing us to-day to run our businesses, it is apparent that during the last four or five years the general overhead costs of running all businesses have very materially increased, and in connection with the grocery trade the increase during the last four or five years has been, roughly, from 14 to 18 per cent. to-day. Whether it will stop at 18 per cent. or not of course one does not know. You will admit that we are perpetually face to face with increased demands not only from our assistants but in many other directions, bringing about higher costs in everything we use for the carying-on of our trade.

2. *Mr. Atmore.*] It was 14 per cent. when?—Say, about 1914. At any rate, it is costing us 18 per cent. now. I want to be perfectly fair in the evidence I give before the Committee, and I wish to explain that there are some retail grocers who can run their businesses at a very much lower rate of expenses than 18 per cent.; but the general consensus of opinion that has been expressed by the traders in the various parts of New Zealand enables me to say with confidence that it is safe to take it at 18 per cent. as being the fair general average rate. There are many who are working even above that, and there are some working below. Then, I think it is also fair to say that the general rate of overhead expenses incurred by the smaller trader is perhaps lower than that of the average: he would probably be working on a 15 or 16 per cent.; but the expenditure of the general business man who employs labour on overhead expenses is 18 per cent. The matter of the distribution of food for the future is a question that we look upon with a good deal of anxiety. I have been asked by the conference to emphasize this point: that during the war period we had been handling butter at a rate of profit which was lower than we should have asked; but we were compelled to do so, and did so quite willingly, knowing it was the war period, and that we were only sharing in the self-denial that was being indulged in by many other people. But we say that that war period is now over, and we ask that the Committee will recommend that we receive a fair profit for the handling of butter. We ask for a fair profit, and we desire to point out that for one reason or another the general community to-day asks for a special service. It is not our fault that the individual housewife of to-day insists upon a certain service, and we as traders are obliged to give it. It is often the case that we are asked by the customers to make deliveries of small parcels of butter, the profits on which are almost insignificant as compared with the cost of making the deliveries. We say that because the general community ask for that service, which we are obliged to give, we ask the Committee to take that into consideration when assessing the general costs of working a grocer's business. I need hardly emphasize in connection with this evidence the fact that the general cost of everything that the grocer requires in his service has very materially increased in price. I think, perhaps, I might leave that as covered by my previous remarks that the overhead costs of running a business are 18 per cent. The margin which was allowed to the grocer in pre-war days was 2d. per pound, and the margin was the same in the early war period when the price was 1s. 8d. We were also getting 2d. per pound in the early days when the price of butter was very much lower. We ask that the rate of profit allowed to the grocer when the price of butter is hovering round 2s. 6d. to 3s. shall have some relation to the costs and expenses in connection with running our businesses. We contend that, as the cost of running a grocery business is 18 per cent., the margin of profit allowed on butter should bear some relation to that cost. I would like to state here that a grocer's business has certain features which are worth considering in dealing with a question of this sort. For instance, we cannot deny that there are certain articles in the grocery trade that are always handled at a lower rate of profit than would cover the general overhead expenses, and butter is one of those, but there is a certain limit within which that can be worked. The provision trade under the grocery heading forms a very large proportion of the business done by the ordinary grocer in the city, and we calculate that his sales in butter alone reach as high as one-seventh of his total trade, so that if the margin of profit allowed on butter is removed too far below the reasonable rate that has been agreed upon as our working-expenses, it means that the profit that the balance of the trade will have to carry in order to make the business a payable one will be so high that we will be going perhaps dangerously near to the provisions of the profiteering Act. I would also like to point out that quite recently the price of sugar, which also forms a large proportion of the grocer's turnover, has also been restricted, to say the least of it, to something below our working-expenses. Therefore we have two important articles—namely, butter and sugar—that are being tied against us. It is well known that the handling of bacon and cheese provides no profit for the grocer, and, taking everything into consideration, I can speak quite conscientiously and say that the grocer's lot for the future looks to be a pretty hard one. The margin which we think should be considered a fair one for the retail distributor is, generally speaking, 4d. per pound when the price hovers round 2s. 6d. to 3s., and we suggest that there should be a differential price for booking and delivery when these are called for. As a result of the conference we held yesterday we decided, very much against the will of quite a number who wanted more than that, to ask that the margin of profit that should be allowed to the retail distributor should be on the basis of, roughly, 12½ to 13 per cent. gross for cash and 15 to 16 per cent. for booking and where delivery is also made. We wish the Committee to understand that what we are asking for is below the cost of our working-expenses. We want to be perfectly fair and reasonable in our request; and although butter is an article that we always handle at a rate of profit very much lower than most things, we shall be content with the profit we have mentioned, considering the difficulties that the country has to face to-day. I might mention without divulging any secrets that a large number of the delegates at the conference we held asked that we should make

application for a good deal more than that, and none of them suggested that we should take less. As a result of the conference we decided to ask the Committee to recommend that the sum I have mentioned should be allowed the retailer. We will try and struggle on with that. It means 12½ to 13 per cent. for spot cash, or 15 to 16 per cent. for booking. That means that the grocer will have to continue on the usual lines of adding a little extra profit to the outside lines in order to make his business pay. That has been the custom of the trade, and we purpose continuing on those lines. I would at this stage emphasize the fact that there is a profiteering Act in existence at the present time, the provisions of which have been freely inflicted upon various traders, while the grocer has not been immune from the attentions of the Board of Trade. Quite recently a grocer in this city was brought before the Court and fined £100 for what the Court considered a breach of the Act. Those are the things we are up against, and when we give our consent to handling butter at from 12½ to 13 per cent. gross, having to make a loss on it, we know at once that we have to put extra charges on to other side lines and run the risk of being hauled before the Court. I do not know whether I would be justified in alluding to the conditions existing in Australia.

3. *The Chairman.*] Do you mean from a retail point of view?—Yes.

4. Yes, you may refer to it?—Well, in Australia they have consented to give the retail distributor a margin of profit that is actually in excess of what we are asking here.

5. Do you know what the figures are?—The cost to the retail distributor, according to the Australian *Grocer*, is 2s. 2½d., and the retail price is given at 2s. 6½d. for cash—that is, for bulk, in Melbourne and suburbs on 12th August, 1920; and in prints, 2s. 7d. per pound. Then there is an extra ½d. charged for booking, and another ½d. per pound when delivered, making a price for ordinary trading conditions of 2s. 8d. as against 2s. 2½d.

6. That shows a profit on the cash basis of 4d. in bulk and 4½d. in pats?—Yes, 4½d. per pound in pats for cash over the counter. I do not intend to labour the various matters which will be better known to the members of the Committee. There are many other aspects that the Committee will no doubt consider; but I would like to say one thing in conclusion, and that is that during the period of restrictions in trade the grocery business has suffered far more than any other business it is possible to imagine. The general conditions of the grocery trade in New Zealand, together with the restrictions that have been imposed upon us by the War Regulations and other things, have been such that we have been practically carrying on our business for the last four or five years at a loss. The Board of Trade recently called for returns from the various grocers. A summary of the evidence was published, and out of six who were called three had to show an out-and-out loss in their trading, while the other three were just able to get over the fence and show a very small margin of profit. Such conditions have not been singular to New Zealand. You will have noticed in the cables recently published that that very large concern in England which was making arrangements to purchase the whole of the exportable surplus of the New Zealand butter made, according to their balance-sheet, a loss of £138,000 for the period. I do not know what would have happened to the New Zealand producer if he had accepted the offer of that society. The producers would probably have called a conference to discuss the question as to how they were going to be paid. However, it is clear that the retail distributing trade has suffered in New Zealand in the same way that they have suffered in other parts of the world. We ask the Committee to give us fair consideration, and I think it will be admitted that our request is very modest. We are not even asking for a rate of profit which will cover our working-expenses. We intend to follow the usual custom of the grocery trade, and sell butter at a margin of profit which is less than that required to cover our working-expenses.

7. Do you find a very great difference in the cost of handling the butter—that is, from the point of view of cash and booking? What is the comparison generally—is the preponderance in favour of cash or booking?—That depends. No two businesses are alike. In certain city shops they are able to do the greater part of their sales on a cash basis only, while in other city shops 75 per cent. is done by means of booking, the other 25 per cent. being for cash over the counter. Even two businesses in the same street may not have the same class of business, because it depends on how the proprietor of the business desires to run it. Some refuse to give credit and insist on cash, at the same time selling very much cheaper and getting all the cash trade; but there is no standard that we can put before the Committee as a criterion which would show what proportion of the trade done was cash and what proportion was booked.

8. Is it not a fact that some people cut the price of butter for cash over the counter?—Yes; it may be done when you do a cash-over-the-counter business.

9. *Mr. Hockly.*] Do I understand that the Wellington grocers are definitely prepared to sell butter at a loss or without actually covering their working-expenses?—You perhaps require to know a little of the inside working of the grocery business to understand just what the position is. In every grocery business the rate of profit on different articles varies. For instance, you may come into my shop and pick up an article that might only show a 10 per cent. gross profit, and then pick up another article showing a profit of 60 or 70 per cent. gross, although not very often. Generally speaking, 50 per cent. would be the outside limit. The general bulk of our turnover gives us, we consider, 20 per cent. gross profit. The general aim is to get from 20 to 25 per cent., but we have not been able to do it, especially during the war period. In the case of butter and sugar and some other articles we have to sell them at a low rate of profit, and it is because we are selling butter, sugar, and other articles of that sort at below a profit that will cover working-expenses that we look for a better profit on certain lines to make up that loss. It is one of those customs which has attached itself to the grocery business that makes it unprofitable and unattractive. There is one other point I would like to bring before the Committee. I was asked by the Invercargill delegates who were not present at the conference to urge upon the Committee the necessity of making a special allowance for places such as Invercargill and other inland towns in the South Island where they find their costs a little higher than ours. They specially request that when the Committee is going into the question of prices due consideration should be given to those places that are some distance away from the factories. I would suggest, where a certain price is fixed for the principal towns, that in the case of a town far away from the point of production the Board of Trade be empowered to consider the claims from certain inland towns for increases to the extent of ½d. or 1d. per pound. The Board of Trade should be allowed to consider requests of that sort.

10. *Mr. Atmore.*] You state that the sales of butter in a grocery business equal one-seventh of the total turnover?—Yes. That, of course, varies according to where the shop is.

11. And in the case of sugar, that is also a cut line?—Yes.

12. If you are not allowed a reasonable profit on butter you have to get your working-expenses and profit out of other articles?—Yes. We have got sugar and other articles tied down against us. As a matter of fact, trade has recently undergone a very material change. The restrictions, for instance, on wheat and the price of benzine and other articles have made them absolutely unprofitable for the ordinary grocer to handle, and the trade has slowly cut them out. The firms who used to handle fowl-wheat have cut it out, and now restrict their trade to the ordinary grocery lines. Wherever a restrictive price has been named by the Board of Trade it naturally follows that the price is based on the lowest possible margin. We have raised our voices against it, but we have invariably failed to get a sufficient margin of profit on all those lines that the Board of Trade has fixed the price of.

13. *Mr. Poland.*] If the overhead charge is increased or the gross profit on butter is kept down to an unpayable limit by the Board of Trade or the Government, is it not a fact that you must increase the overhead charges and gross profit on other items that you sell to the people in order to equalize matters and give you a living in the business?—Yes, it is absolutely necessary that that should be done, otherwise we must close up.

14. What is the benefit of selecting butter and selling that at a loss when the loss has to be made up on some other article that you sell?—There is no benefit—it is only the custom of the trade, which seems to have picked out what we call the bread-and-butter lines and sells them at a very much lower rate of profit than the other lines.

15. You contend that to sell a pound of butter which costs 2s. 6d. at a profit of 4d. cash over the counter is not a payable proposition?—No, what we say is this: that if we were allowed to handle butter alone we would be able to carry on our business at a very much lower overhead charge than 18 per cent. on butter only: we would then probably be able to work the business on 10 per cent. There is evidence that that can be done by selling butter only, because you are not bound by the conditions of the award applying to the grocery trade.

16. So that if the sale and distribution of butter were taken out of the hands of the grocer and dealt with separately it could be delivered to the consumer at less cost?—Yes, but unfortunately it is not practicable. It might be done if you took the City of Wellington, or a block in the city, and ran that on those lines, but it could not be done for the whole country.

17. But it could be done on the block system?—Then I am afraid the expenses in connection with the system would be more than the amount paid to the grocer.

18. Supposing a system were evolved by which butter was distributed to the consumer separately from the grocery business, then you would be able to sell the other goods in the grocery business on a lower cost than to-day?—Yes.

19. To-day you have to sell the other goods at a price to recoup you for the loss on the butter?—Yes, theoretically that is correct. We would prefer, if butter is not allowed to bear a reasonable rate of profit, that butter should be taken out of our hands altogether. It is common-sense that when you have men standing behind your counter doing £1,000 a month turnover it does not add very much more to the running-expenses of the business to do £200 per month more, the extra being for butter, and that is why butter is taken at a low rate of profit.

20. You say it is taken at a rate of profit which means a loss?—Taking it by itself, the rate of profit we get on the sale of butter does not come up to the average cost on our turnover for the month or for the year.

21. *Mr. McCombs.*] Is it not a fact that butter is one of the items that is easily handled and has a rapid rate of turnover?—Yes.

22. Does it not follow, then, that it is less expensive to handle than another article that may have to remain on the shelves for a year and be dusted day after day?—Quite so.

23. Might it not be that you are making a profit out of handling butter at 12½ per cent. taking into consideration the low cost in effort and the rapidity of the turnover? If, for instance, a shop could be opened and only handle butter at 10 per cent., and you secure in the grocery business 12½ per cent. to 13 per cent., then you are making a profit on butter?—The factors that are brought into play when you handle butter as a separate business are, firstly, that you are under no award. I could open a shop in town here and not be subjected to any existing awards. There is a shop at present in existence in Wellington which is not subjected to the existing award in regard to closing-hours or any of the other conditions. They run their business at the smallest possible expense, and if you go there you will find that a girl with her hair down serves you with butter. The last award provides that a grocer is not allowed to have girls like that behind the counter unless they are paid the full rate provided for in the award for men.

24. Is the price of 2s. 2½d. in Australia for butter in bulk, or is the wholesale price for pats higher than 2s. 2½d.?—I just quoted that price from the Australian *Grocer*, and the 2s. 2½d. will be the bulk price, because it was bought from a factory.

25. Then in making it up into pats the man selling possibly might have a greater margin than the man selling in bulk?—He is selling prints according to the list at 2s. 7d. per pound. I have no evidence to show that that is in bulk, but I think it is, because there is an instance shown of where a firm was prosecuted for selling at 2s. 9½d. per pound, which was 1d. per pound over the maximum price, and it was a purchase of 40 lb. of butter direct from a factory.

26. *Mr. Poland.*] That would be in pats?—I am not quite sure, and I will forward information on the point to the Committee.

27. *The Chairman.*] To what extent have the wages increased in the grocery trade since 1914?—The increase in wages from 1914 up to the present day is from £2 5s. to £4 7s. 6d. May I point out here another important factor: that while in 1914 and earlier we were able to employ boy labour at the rates fixed in the award, we are not able to get them at all now, so we have always to employ men where previously boys did the work.

28. Then you say emphatically that unless you can get 12½ per cent. profit you would much prefer that butter should be taken out of your hands entirely?—Yes, we say that after due consideration.

Witness forwarded the following memorandum:—

"Following the evidence which I gave before your Committee to-day regarding the margin to be allowed to the retail trade, and to my reference to the margin allowed in this trade in Australia, I beg to submit the following information (*vide* Government *Gazette*, New South Wales, Monday, 9th August, 1920):—

"The price of butter is fixed as follows: Wholesale, in 1 lb. prints, 249s. 8d. hundredweight (2s. 3¾d. pound); retail—Cash, 2s. 6½d.; booked ½d. per pound, delivered ½d. per pound, extra.

"This is just about 12½ per cent. on the cash basis on selling-price, with an allowance of 1d. extra for booking and delivering, which is the basis we are asking for in New Zealand."

C. R. PETRIE examined. (No. 12.)

1. *The Chairman.*] Your full name, Mr. Petrie?—Charles Robert Petrie.

2. And your position?—I am manager of Seetons Limited, of Auckland.

3. Will you make a statement?—Yes, sir. I desire to speak about our provision department, which deals with butter-supplies. It also deals with bacon, cheese, eggs, and other sundries, such as tinned meats, fish, &c. But butter is the most important class of produce we deal with in that department. From some of the questions put this morning by some of the members of the Committee it would appear as though they have an idea that it would be cheaper if the grocers were cut out of the trade altogether, and that the butter should be distributed on what is known as the block system. But I do not believe that the block system would be any cheaper than the system which our firm is at present employing. Our business is one of the largest of its kind in New Zealand, and it is run on the very best up-to-date lines. Each department is run separately, and the overhead charges are carefully calculated. We have five different departments. We have a system of analysis which shows us exactly what each department is costing, and I have some of the figures here. The figures for last year, for the year ending 31st March, 1920, showed that the provision department was costing us 12·95 per cent. on the turnover; and I think you will admit at once that that is a low percentage to run a business on. We are able to run this department at this cost because we have had a great deal of experience in the business. We have introduced efficiency methods into the business, and also our very large turnover has reduced the working-expenses. But in spite of that low overhead charge we find that the gross profit of that department works out only at 10·58 per cent. for last year. That shows a loss on last year's turnover of 2·36 per cent. I have a number of figures here which give full particulars with regard to the working of that department, but I will not go any further into details, as they are mostly of a confidential nature. However, those percentages I have quoted to you will show you what the position really is in regard to retailing butter under the present system of control. We are running the business on the lowest possible margin of working-expenses, and it is impossible, with the butter control, to make those expenses.

4. *Mr. Hockly.*] What you have lost on the sale of butter you have made up by extra charges upon other lines?—Yes. The percentage of expenses I have mentioned refers only to the provision department. The percentage on the turnover of the whole business is a great deal more than that. It is somewhere about 17 per cent. So the other departments had to bear the loss. The loss amounted to about £700.

5. What you say bears out Mr. Bennett's statement in regard to the overhead expenses?—Yes.

6. *Mr. McCombs.*] What is the present selling-price of butter?—1s. 9d. per pound.

7. What do you get out of that?—About 2½d. per pound.

8. *Mr. J. R. Hamilton.*] In connection with an endeavour to work out a scheme whereby the poorer people would be able to get butter without the Government having to subsidize all and sundry, do you think that the grocers would be willing to help in that matter?—They might possibly be able to do something.

9. Do you think that such a scheme could be devised, say, with tickets?—Coupons would be just as good as cash to us.

T. PARSONS examined. (No. 13.)

1. *The Chairman.*] Your full name, Mr. Parsons?—Thomas Parsons.

2. You have a forty-cow dairy farm of 160 acres at Eketahuna?—Yes, sir.

3. You have already sent in a statement of your receipts and expenditure?—Yes, sir. I would just like to make one small alteration to that statement. I did not take into consideration the outgoing empty cows. I wish to allow for five outgoing empty cows at £4 each. That will increase the receipts by £20, and will reduce the debit balance to £57 6s.

4. We would like you to tell us something about the value of the land—that is the first thing?—Well, I took that land up as standing virgin bush over thirty-five years ago. I have put all the improvements on that land. I took it up at £1 an acre under Mr. Ballance's deferred-payment system. At one time I had about 700 acres. I may say that I have never speculated in land. I have never taken up any land except what I took up in the early days as standing-bush land.

5. The original cost was £1 per acre?—Yes.

6. And the price you have put into your return is the selling-price to-day?—Yes. That is the price at which land has been sold adjoining. I may say that out of the original fifty settlers who took up the block of land of which this section forms a part only four are left to-day. All the others on that block of land are now returned soldiers.

7. *Mr. Hockly.*] It is all dairying-land?—Yes. It is all second-class dairying-land. I have lived upon the land now for over thirty-five years. I have always taken a great interest in the dairying industry; in fact, I was the first man in New Zealand to call the settlers together in any district to start co-operative dairying. I had four different sections at one time. When my sons grew up and were old enough I leased three of the sections to them, and I sold one. That was about six years ago. As to this particular section, I leased it to my eldest son six years ago at £1 an acre. That was a fairly good price at that time. He stayed on it for six years,

and did fairly well, but he was not satisfied, and went away to another district and took up 100 acres of good land. Well, when this section came back into my hands I commenced to work it myself, but when I commenced to go into figures I found that dairying was not now what I thought it was. I began to see, for one thing, that the land all around me had risen very much in value. The land I had sold six years ago had changed hands four times, and at a higher price each time. I thought at one time I should get that section back on my hands again. I sold it at £24 an acre, but the man I sold it to only paid a small deposit, and he had to pay me over £200 a year in interest. He was getting into financial difficulties. I believe he had over five mortgages on that property at one time. But somebody came along and offered him a higher price per acre than he had paid, and it also changed hands later at a higher price. The man who got it managed to hang on to it until eventually the Government stepped in and put returned soldiers on it. That is what has been taking place. Men have been taking up farms and hanging on to them in the expectation of being able to sell out at a rise. That section which I sold and which the Government eventually bought for returned soldiers was a section of about 150 acres, fully improved. I think it cost the Government about £32 an acre, and it was the cheapest place in the neighbourhood. Well, with regard to this section I have given you the statement about, which I took over from my son, when I took it over I had to go into the matter of stocking it, and I found that I could not buy for less than £20 cows which cost me in the autumn of 1913 only £4 9s. 6d. I commenced then to go into figures, and I found that working a dairy farm now is quite different from what it used to be. I could get £35 an acre for that land, but that is on paper. If I could sell at £35 an acre for cash I would accept it. I am satisfied I could do very much better by selling it at that price than by managing it.

8. I see you have in this statement of yours £364 for wages for yourself and a man at £3 10s. per week?—Yes. That is £2 10s. each for wages per week and £1 each for board. That seems a large amount, but I have worked it out, and I allowed for myself and the man 11½d. per hour each for twelve hours a day for eight months of the year, and eight hours a day for four months. Then in the statement I allowed something for my wife's assistance. I have put that amount down at £25, and it is a very small amount. Then I have put in depreciation on cows. I do not think myself that the average useful life of a dairy cow is more than six years, and I have calculated that amount for depreciation out accordingly. I have also allowed 10 per cent. for depreciation on plant, and £40 for rates and taxes. In our district the rates are very heavy. Well, sir, I honestly think that the calculations I have put into that statement are well within the mark, and I have come to the conclusion that there are hundreds of settlers who are just hanging on for somebody else to come along and get them out of the hole they are in. In my own neighbourhood nearly all the old settlers have sold out, and they are now simply sitting down receiving their interest. The Government has put about two hundred returned soldiers in Eketahuna County, and the settlers who have sold out are lying low for a year or so. They will probably be able to buy cheaper land in two or three years. That land which I sold six years ago changed hands four times, the Government eventually stepping in and buying it for returned soldiers.

9. *Mr. Powdrell.*] You must be a bad judge of land-values?—It does not follow that I am a bad judge of land-values. I think it is the others who are the bad judges. There are a very large number of bad judges of land: that is my opinion. My opinion is that there is going to be a very serious aspect to these high values in more ways than one. One aspect of the question is that when land is thrown back on to the hands of the Government no rates are paid. In our district last year we lost over £70 in rates in that way. I may also say that I quite agree with the figures supplied by Mr. Singleton regarding losses in dairy-farming.

10. *The Chairman.*] Supposing it was suggested that an export tax should be placed upon butter, what would you say to that?—I am against an export tax on anything. I believe that if everybody worked as hard as the people employed in the dairy industry work, and would put their shoulders to the wheel, New Zealand would very soon be out of its troubles. But as soon as our goods leave the factory the "go slow" policy comes into force.

11. You think that?—Yes, I do. And I think that the dairy producers should be the last people upon whom a special tax should be levied. What we want to get us out of our troubles is increased production, and the producers are doing all they can to increase production. If only the other classes of workers would put their shoulders to the wheel we would soon get out of our difficulties. I say if this money has to be found let those pay who can afford to pay; let those who can afford to pay pay most of the tax. I have heard it hinted that an increase in the income-tax might meet the case.

12. A small increase in the income-tax?—Yes, that might meet the case. I think myself that the man who can afford to pay should be made to pay.

13. What about the man with a family of ten?—I think the fairest thing would be to merely tax those who can afford to pay.

14. *Mr. Powdrell.*] Do you consider that the dairy-farmers work harder than the watersiders?—Yes; I consider that the dairy-farmers work much harder than the wharf labourers.

15. And you think it unreasonable that the wharf workers should have an equal rate of pay to the workers on the dairy farms?—Yes, I do.

16. And the same applies to the workers at the freezing-works. You believe that the dairy-farm worker should have equal pay for equal work?—Yes, I do.

17. *Mr. McCombs.*] You agree that land-values are too high?—Yes, I do. We shall all know it in a few years.

18. Do you consider that there has been an increased production of farm-produce during the last few years?—I am afraid there has not been so much as there should be, and I will tell you one of the reasons why. At one time I used a good deal of basic slag on my land, and it paid me to use it at the price I could then get it at; but the price now has become quite prohibitive, and land is going back in all directions because of the want of fertilizers.

19. Is it not a fact that the production of butterfat has increased during the last few years?—Yes, I believe it is.

20. Considerably increased?—Yes, I think so. Cheese has increased especially, but I think butter has gone back.

21 Have not the increased prices increased the production of butter and cheese?—There has been a considerable increase in cheese.

22. *Mr. J. R. Hamilton.*] You heard Mr. Jamieson giving his evidence?—Yes.

32. Do you think that is a typical case of a dairy-farmer?—Yes, there are thousands of such cases.

24. And if a dairy-farmer is worth any money to-day it is only because he has exercised a tremendous amount of hard work, energy, and thrift?—Yes, that is so. Of course, working on a farm is not all hard work. There is a great deal of pleasure on a farm.

25. And is it not a fact that the ordinary dairy-farmer does not really know what he is making?—There is no doubt about that.

SAMUEL KNIGHT examined. (No. 14.)

1. *The Chairman*] What are you?—A farmer at Ongarue.

2. You have not sent any statement to the Committee in regard to the cost of production of butterfat?—No, but I have a written statement in regard to my receipts and expenditure, as follows:—

	£	s.	d.	£	s.	d.
Butterfat returns, average 290 lb., twenty cows, at 1s. 7d. ...	459	3	4			
Pigs and calves ...	460	0	0			
				919	3	4
319 acres, at £2 5s. purchase, balance mortgage £500: interest ...	35	0	0			
General store account, clothing, groceries, boots, cheese ...	320	10	2			
Calls on shares ...	10	0	0			
Cow-covers, separator-oil (proportion) ...	17	18	0			
Insurance and rates ...	26	4	4			
Hay, salt, bran, and pollard ...	124	1	6			
Interest on cow-shed ...	9	16	0			
Manure and harrowing 60 acres ...	53	5	6			
Working and grassing turnip land, 25 acres ...	78	7	8			
Winter feed, roots, carrots, and turnips ...	91	14	3			
Butter purchased ...	20	0	0			
(Labour of four hands not charged).				786	17	5
Balance ...				£132	5	11

3. You are not farming land worth from £100 to £150?—No, I am not. I am unaffected by the inflated prices. I have been a farmer all my life, and when the bank pinches me I shift on to another farm. When I feel that I am going bankrupt I go to another farm. When I have been squeezed and found it difficult to make both ends meet I move on.

4. *Mr. Kellett.*] You move on and leave the worry to some one else?—Yes, it seems so, and they appear to get on. I started in the Hutt Valley and then went to Rongotea, then to Auckland, and now I am in the King-country farming there. I work as long as any farmer in the room. I have tried to work eighteen hours a day.

5. You have not thought of retiring?—I thought of doing so two years ago, but I found it did not suit so well, so I returned to the farm. My two sons are crying to get out amongst the workers. They receive nothing in the shape of wages, and have never done so. I think the time has come when the farmers should raise their voice. I can remember when we used to get 2s. 6d. for our butter in the Hutt Valley some years ago, and £100 an acre was given for the land forty-five years ago, but it is now used for bullocks. There is more money in pasturing on some of the first-class land, and the land is not going back. It will never go back in New Zealand. I am a pedigree breeder of cattle now.

6. *The Chairman.*] According to your statement you have 319 acres?—Yes.

7. Is it all clear?—It is open country, but not all cleared. It is in process of being cleared. It cost me £2 5s. per acre unimproved. I have a mortgage on it of £500, and have to pay interest to the extent of £35, which is 7 per cent. On the working of the farm for the year I find we are £132 5s. 11d. to the good.

8. How many has that £132 to keep?—There are eight of us. There is one son twenty-seven and another twenty-three, and then there is my wife, who works as hard as I do.

9. Do you mean to say that you have all to exist on that £132?—Yes, so far as concerns the statement.

10. Do you think you would be better off working down in Wellington?—That is what my boys want to do, but I wanted to keep the place together. We go out to any other work we can get in the district. We cart anything we can get, and the boys earn a few shillings in that way for pocket-money.

11. Are you in a position to retire to-day?—Yes, I am, but the boys would not be in a position to carry on. I have taken a very deep interest in the development of the industry, having gone into the various companies, such as dairy, bacon, co-operative, saleyards, and freezing shares, and bought pretty heavily so that we might have cool storage.

12. *Mr. Kellett.*] How can you afford to do that?—Simply by working.

13. You told the Committee you only made £132 a year profit and that had to keep the family?—That is for the last year. I start work at 5 o'clock in the morning and do not knock off till 11 o'clock at night.

14. *Mr. Powdrell.*] How many hours do you and your sons average in the business a day?—I reckon twelve hours. We do not rest at meal-times. We take on as light work as possible in the daytime or we would break down.

15. *The Chairman.*] You do not confine your efforts to the farm alone?—Two of us do.

16. And you pay no wages?—No, no wages at all on the farm.

17. *Mr. Powdrell.*] You have allowed for no wages in your return of expenses?—No.

18. *Mr. Kellett.*] You refer to your boys struggling on and yet you go in for pedigree stock?—Yes, that is what I rely on. The milk goes to the calves and pigs rather than to the dairy factory, the main return being from that portion.

19. *The Chairman.*] Are you in a large way with pedigree stock?—I started in 1908 and now have a herd of eighty Friesians. I have been trying all my life to get away from the milking and butter and go in for stock. Years ago we were getting 1s. 2d. per pound for butterfat, and we were doing better then than we are doing now with 1s. 7d. per pound. I have worked hard to get the factory established, but I know it would pay better for me to make the butter instead of sending the milk to the factory, provided I have the same market as the factory has. The factory has an advantage in that they make a superfine article. With the kind assistance of a good Government we have been able to make a good superfine article which is now in world favour, while we have now got into the position that we get a decent price for our butter in the world's markets.

20. In view of your return I take it you are working on scientific lines?—Yes, I stress that particularly, because we put in some hours of the day at the books.

21. *Mr. Powdrell.*] Do you milk by hand or by machine?—By hand. I started with the machine when I had eighty cows, but I would never go back to the machine again. My cows are milked three times a day, and three of us are milkers. We milk at 5 o'clock in the morning, then in the afternoon, and again at 9 o'clock at night, going to bed at about half past 11 or 12 o'clock.

22. Do you go to church on Sundays?—Yes. It is only one hour of recreation, and I let the cows and turnips go for that period.

23. Do you and your family go to the pictures?—Never. I have not been five times in my life.

24. Every penny you get is a prisoner, only you do not get enough of them?—Yes, and I do not drink or smoke.

25. *Mr. J. R. Hamilton.*] I suppose most of the money the farmer has he has saved up?—Yes.

A. W. PAGE examined. (No. 15.)

1. *The Chairman.*] Your full name, Mr. Page?—Arthur William Page.

2. Your occupation?—Master grocer.

3. And your address?—Auckland.

4. I understand you wish to make an additional statement, on behalf of the Retailers' Association, bearing upon Mr. Bennett's evidence this morning?—Yes, sir. I wish to apologise for Mr. Bennett's absence this afternoon, but, unfortunately, he had another engagement which has prevented him coming. But we have gone carefully into the matter, and we think that possibly he may have left some misconception in the minds of some of the gentlemen of this Committee in regard to the question of retailing butter. On thinking over Mr. Bennett's evidence we came to the conclusion that possibly some of the gentlemen of this Committee may have thought that we were anxious to discontinue the sale of butter unless we get a certain margin of profit out of it. That is hardly the case. In Auckland every small shop—and there is a large number of them, provision shops and others—make a feature of retailing butter, and they very often cut butter below the grocers' prices. We would like to state that, although we are quite in accordance with Mr. Bennett's statement with regard to conditions generally, we would like to make it quite clear that in no case would we be satisfied to allow the retailing of butter to go out of the hands of the retail grocers.

5. Mr. Bennett's statement would not be in accordance with your wishes in that respect?—No, not on that point. On that point he did not speak for the majority of the traders in the Dominion; on that point he was only speaking for his own firm. We think it will be very detrimental to the trade if the retail sale of butter is taken away from the retail grocers. As Mr. Bennett has stated, it is one-seventh of our trade, and it is a proportion which has to be carefully safeguarded. We do not for a moment think that it will be possible to get working-expenses out of it, but if we can get a proportion of the working-expenses we will be satisfied. I will not go further into details, because Mr. Bennett has already given you the details this morning. My associate here, Mr. Petrie, can give you further information. He is the manager of Messrs. Smeeton's Limited, of Auckland. They do a very large business, and have separate departments for their different classes of trade, and they keep records and figures which allow definite analysis to be made. Mr. Petrie can give you definite information, because in one of their departments they practically only deal with bacon, cheese, butter, and eggs. We hope that the information we are able to give will be useful to you in coming to some solution of this matter. We know it is a very large problem, and we trust that our evidence will be of value.

6. I suppose you have no suggestion to make to the Committee as to how the difference in the price can be made up?—No, sir. That is a very large question. We are retailers, and we leave that question to wiser heads than ours.

7. *Mr. Hockly.*] Do the retail grocers get their butter from the factories in pats or in bulk?—The majority buy from the factories in pound pats. A few of the larger grocers have butter-pat-making machinery of their own, but there are not more than two or three of such firms in Auckland. The majority of the shops get their butter in pats.

8. Does Mr. Bennett's statement with respect to the $12\frac{1}{2}$ per cent. margin of profit for spot cash and 15 per cent. for booking cover the whole lot?—Yes, it covers the whole market for butter.

9. *Mr. J. R. Hamilton.*] As a grocer, what do you think of the suggestion that tickets should be given to poor people who are not able to pay the current rate: how do you think that would work?—Do you mean in the shape of ration tickets?

10. You can call them ration tickets, or any other kind of tickets you like?—Would not that lead to confusion? Everybody would want to get the tickets. If Mrs. Jones found out that Mrs. Brown was able to get butter cheaper with tickets she would want to get tickets also.

11. The tickets would only be issued by the Government. The grocers would not have anything to do with the issuing of the tickets?—I am afraid you would bring a hornet's nest about your shoulders. There would be constant confusion arising. Mrs. Jones would want tickets because Mrs. Brown had them.

12. But if anybody with, say, under £300 a year income was only allowed to have the tickets?—I do not think such a scheme would be workable.

13. But would not that be better than the Government having to subsidize all and sundry out of the Consolidated Fund? It is estimated that such tickets would mean a subsidy of only £100,000, whereas to subsidize all and sundry would probably run into over a million?—I would like to think further on that subject. I would not like to give an answer now. I am afraid it would lead to endless confusion, and that it would not be a fair deal to the public.

14. It would save £800,000 or £900,000: would it not be worth trying?—I am afraid that such a preferential scheme would affect the purchasing-power of money, and that it would not be workable in other ways. There would be endless confusion created. It does not appeal to me as a feasible scheme at the present time.

15. *Mr. Powdrell.*] If people who have families and do not pay income-tax were given such tickets, if they were entitled to get butter at a lower price fixed by the Government, would not that be fairer than also giving the concession to others? Would not that be fairer, for instance, than giving such a concession to hotels, boardinghouses, and shipping companies Would it not be better than giving the concession to the rich at the expense of the dairy-farmers or the taxpayers of the country?—It might be worth considering, but, speaking of the richer classes, they would pay it in other ways. It would be simply taking it out of one pocket and putting it into another.

16. Take, for instance, the Midland Hotel here: do you think the dairy-farmer should contribute cheaper butter for the Midland Hotel with its high tariff?—No, certainly not.

17. And the same thing applies to the steamers: do you think it is fair that the steamers should get cheaper butter at the expense of the dairy-farmers?—No.

18. *Mr. J. R. Hamilton.*] Do you think the grocers would be willing to help the Government in a scheme of the kind I have mentioned, in order to try and make it workable?—Yes, I think you can rely upon the co-operation of the grocers in the matter.

19. It is worth considering?—It may be worth considering.

Ernest Joseph Cartwright Tunnycliffe examined. (No. 16.)

1. *The Chairman.*] The Committee is desirous of obtaining evidence from the producer's point of view, and would you care to make a general statement as a farmer as to the cost of producing butterfat? You sent in a statement to the Department some time ago?—Yes. I might mention that I started on my farm twenty years ago. The farm was a lease in perpetuity, and my capital was only £130 at that time. I worked exceedingly hard, together with my family, for a number of years to make both ends meet. Dairy-farming is the most unpopular branch of farming. A man prefers to become a sheep-farmer or a meat-farmer in preference to dairy-farming on account of the drudgery entailed, the long hours it is necessary to work, and being always tied to the place. One has to be on the farm working seven days a week, night and morning. However, I was in a more favourable position than other men who have come in later. The return I produced for the Department will show what my farm has cost me for material, &c. The cost of materials has gone up considerably since. I started milking by machine in September, 1915. The price of benzine then was 18s. per case, but the next month the price went up to £1 1s. 3d., and during last year it has averaged practically £1 18s., and I have paid as high as £2 2s. 6d. per case. That makes a considerable difference in the working-expenses. I shall be glad to answer any questions that the Committee may desire to put to me.

2. According to your return the area of your farm is 80 acres?—Yes.

3. And you show the expenditure on the farm at £687 18s. 3d.?—Yes.

4. And your receipts at £977 1s. 7d.?—Yes.

5. The value of the 80 acres of land you show at £2,122?—Yes.

6. Is that the price to-day, or when?—That is the value put down in the latest Government valuation as the value of the lessee's interest.

7. You are still holding the lease?—Yes. That sum applies almost wholly to 50 acres, because 30 out of the 80 acres consists of a Maori lease with only a short time to run. I have no capital value in the 30 acres, with the exception of about £150 if I wanted to sell the lease.

8. What would the 50 acres lease in perpetuity be worth to-day if sold on the open market?—About twelve months ago some land on the same terms as mine sold for £110 per acre, and I could possibly get £130 or £140.

9. If you were buying that farm to-day or bought it last year at that price you would not be able to show a credit balance?—No.

10. In order to get the £2,122 as the value of your land in your statement you have taken the Government valuation of your interest in the lease?—Yes.

11. You are in a much better position than the ordinary farmer because you got in years ago?—Yes.

12. But you have put your labour there?—Yes.

13. Do you work on the farm yourself?—No, my son is practically running the farm now, and he has a boy working with him. I do not take a hand in the actual milking, but that has only been since last year when my son returned from the war. Previous to that I worked.

14. What do you estimate from a producer's point of view that a farmer should earn in wages per hour?—That varies. It depends on the position the man is in. It is impossible to state how much he earns. I think the Committee is beating the air by taking the evidence of individual farmers. I think the only practical way to find out the real cost of production is for the Government to buy a farm and run it themselves as a commercial concern, and then they would find out by practical experience.

15. Do you not think the indiivdual might run it much cheaper than the Government?—He may do.

16. *Mr. Hockly.*] In what district is your farm?—At Aorangi Settlement, near Feilding.

17. You put down in your statement cultivation charges, including manure, seeds, and wages, at £4 7s. 6d., which means that you grow practically no artificial feed for the cows?—No, only a little maize.

18. Therefore in that respect you are in a very much better position than a great many other dairy-farmers?—Yes.

19. In the Waikato, where a farmer has to grow winter feed and does not depend on grass for more than four months in the year, his cost of production would be materially higher than yours?—Yes.

20. With regard to wages, what do you base your estimate on—so-much an hour, or so-much per week, or a year?—It is based on share milking.

21. What percentage of the gross returns do your share milkers get?—I am paying the men one-third.

22. But you find the benzine for running the machinery?—Yes, half.

23. Is that one-third of the milk alone or one-third of the milk, calves, and pigs?—In another respect we are placed in a more favourable position, because we are manufacturing casein as well as butterfat. The man has half of any calves after rearing a few heifers for me, and half the skin-money.

24. You stated that you thought the Committee was beating the air in calling evidence of this nature: is that owing to the fact that conditions vary so materially, not only from district to district but also from farm to farm, that the individual experience of particular farmers cannot be of very much benefit to this Committee?—Yes, I think that is so.

25. Would you agree that any statement made by Mr. Singleton, the head of the Dairy Division, who is a practical man, would be of more benefit to the Committee than the evidence and experience of individual farmers?—I would not say it would be, but it may possibly be. I do not think you could get at the cost of production until you had, as I have said, practically demonstrated it on your own account.

26. *Mr. Powdrell.*] In connection with the share milking, do you give the man any proportion of the £27 3s. 7d. for calves?—Yes, half of it.

27. We are interested in your return because you say the cost of production is 1s. 3d. per pound of butterfat. You show that your butterfat at 1s. 10d. works out at £922 18s., and two-fifths to the share milker shows that you paid to them £371 16s.; then you have wages and cultivation charges put down at £228. How do you account for the discrepancy between what you have shown and what you get out of the milk?—I give less than one-third.

28. You have not assessed the Government interest in your land at all—you have only assessed the lessee's interest?—Yes.

29. Do you think that is a fair thing in arriving at the cost of production? If you had land worth £100 an acre to-day and you could sell it at £100 and get 6 per cent. on that value, would you not consider that was the price you should put in the balance-sheet in arriving at the cost of production of butterfat?—That is a question for the Committee to determine. That is how I have reckoned it out.

30. *Mr. J. R. Hamilton.*] You say you think the Government would arrive at a more accurate idea of the cost of production if they had a farm; but, seeing that the conditions vary considerably throughout New Zealand, it would depend upon where that farm was situated?—Yes.

31. In the South Island the value of the land is worth about £35 an acre?—Yes.

32. And in the North Island about £100?—Yes. The whole question resolves itself into this: unless the Government adopt the policy that no produce will go out of New Zealand until a sufficient quantity remains in New Zealand—and they have no justification for singling out one particular product and saying that shall sell at a certain price—it is not necessary to go into the question of production.

33. We have to try and arrive at what is a fair cost of production?—Yes.

34. You admit that your cost of production is a little low as compared with others?—Yes. There is one little error in my statement in regard to wages. The statement was made up in a hurry in reply to a request to me to send in a return. I went through it, and there was less put down for benzine than there should be. If the proper figures were put down the £292 should be a little over £300, making a difference of about £30 more for cost of production than is shown in the statement.

35. The point is that the cost of your production has come out so much lower than that of the average?—The figures I have shown indicate practically the real position. I worked out the cost of production at nearly 1s. 5d. per pound.

36. *Mr. Powdrell.*] That is not allowing for the present value of the land?—Not allowing the full market value, no.

37. *Mr. McCombs.*] Do you wish to put in an amended balance-sheet? If you did, what would be the expenditure then—you have £687 down now?—I have not the exact figures with me now, but I could send them to the Committee.

38. Even with an amended balance-sheet you still make your cost of production 1s. 5d. per pound?—Yes, or a fraction over.

39. We have had lower returns than yours produced before the Committee showing the cost of production at 1s. 1d. and 1s. 4d. in other districts: how would you account for that—because they got their land at a reasonable rate?—I should think so; or it might arise from the fact that some men do not want so much interest on their capital.

40. In your opinion how are the land-values determined—by the price of the produce?—They are determined, in my opinion, by the price of the produce obtained from them in the first place.

41. Then if in the war period high prices were received for produce because of famine conditions obtaining in Europe, do you consider it fair to the consumer in New Zealand that he should have to continue to pay the high prices so that the inflated value of land might continue?—I do not see there is any way out of it under the present conditions while we are depending on the world's market for the sale of our produce.

42. It resolves itself into this: that if butter was 1s. 9d. for export, or 1s. 3d., it could be sold for 1s. 3d. here?—Certainly; if you are going to take up the stand that while butter is 2s. 6d. per pound in England we should sell it for 1s. 6d. here, then when butter-prices fall the Government would be logically bound to keep it up to 1s. 6d. here.

43. Dairying would still be carried on if butter fell to 1s. 6d. per pound, and things would balance themselves up and land-values would come back to normal?—Yes; but that also affects other produce. Of course, butter has been controlled recently, and we have in our district a Glaxo factory which has not been controlled, and the farmers in our district have been going to the Glaxo factory, where they could get a higher price for their butterfat. If the price of butterfat does not go up the same as cheese, the tendency will be for the producers to go out of butter into other products to get the best return.

44. The sum and substance of it is this: that the dairy-farmers can get a certain price for export, and what justification has the Government or the Committee to say they should not be treated the same as any other producer in the Dominion, up to a point?—Yes.

45. And all this price-chasing so far as the cost is concerned is all moonshine?—That is my opinion.

46. *Mr. Powdrell.*] Do the farmers have to work overtime—that is, before 8 in the morning and after 5 at night?—Yes.

47. And on Sundays?—Yes. The farmer is in the position that he has to be there morning and night. He could get away in the middle of the day very often.

48. What time do you start in the morning?—The men start about 6 o'clock, and finish about half-past 6 or 7 at night.

49. And work on all holidays and Sundays?—Yes. They do not work all the day—they have an interval between.

50. *Mr. Kellett.*] How many hours a day would they work?—The hours they actually work would be about nine hours a day.

51. *Mr. Powdrell.*] Do you consider it would be right and reasonable that those working in the dairy industry should have equal rates of pay with the waterside workers, and do you consider the work of milking by hand is as hard as the work performed by waterside workers?—I do not mind answering the question, but I do not think it has any bearing. As to whether the farmer should have the same pay as the waterside worker, I think most farmers make more pay than the waterside worker.

52. That is, the man milking the cows?—In the case of the share milker and the working farmer, possibly they do not get the same for the same number of hours, but I think every one is entitled to the same rate of pay supposing they are working under the same conditions.

53. You consider that the farmer milking the cows and the owner are entitled to the same rate of pay as the freezing-works hands who get 15s. 10d. a day for pasting labels and painting tins?—Yes, I should think so.

54. And if the workers on the wharf are getting 4s. 4d. per hour overtime on Saturdays and 5s. per hour on Sundays, would you consider it reasonable that a farmer should have the same rate of wages?—That is a difficult question to answer.

55. Do you see any reason why he should not have the same rate of pay?—There is a difference in this respect: that the farmer in many cases is working for himself, and he pleases himself whether he wishes to work overtime or not, but he is not working for a private employer the same as the waterside worker would be.

56. Is there any reason why the farmer with the practical knowledge—and you will admit he has more knowledge than the waterside worker—should work on Sundays and holidays at lesser rates of pay?—No, he should not.

57. *The Chairman.*] The return from Mr. Singleton shows that in 1914 the farmer's average wage was 8d. per hour, and in 1920 it is 1s.: do you think that is a reasonable wage for a farmer to earn?—No, I should think it is a very small wage.

58. You say emphatically that you think the farmer should receive the world's market price for his butter?—I have already stated that, I think.

59. One witness said that the farmers were patriotic enough to sell their butter at a low price irrespective of the world's market price: what do you say about that?—I do not think he is.

60. You think he is entitled to the world's price?—Yes, certainly. While you maintain the present system of production for profit a man is entitled to get all he can out of it.

61. Well, taking your own farm to-day at the price that you say you could sell it at, if you were to take the full value of that farm and invest it at 6 per cent. and then take a job working as a labourer, if you like, would you be better off than working on the farm?—I might be making more money, but I do not know that I would enjoy life any better.

62. Do you think you would be better off? Supposing your farm is worth £5,000 or £6,000, at 6 per cent. that would give you a decent income for a start. Would you be better off with wages at the present price?—I am not inclined to take that on myself.

63. You are not working the farm?—My present life suits me better.

64. But if you were working there, do you think you would be better off if you invested your money and went out to work at present prices?—No, I have not thought that way or I should have done it, and I have had any amount of temptations to do that sort of thing.

65. Supposing you sold your farm at to-day's price, and seeing you agreed in answer to a question from one of the members of the Committee that the price of the produce would regulate the price of the land and bring the value back, if you sold on to-day's prices it would necessarily follow, if butter fell next year, that the man you sold to could not make ends meet?—Yes, that is so.

PETER HANSEN examined. (No. 17.)

1. *The Chairman.*] You are a farmer residing at Awahuri?—Yes.

2. In response to a request from the Agricultural Department you prepared a statement of receipts and expenditure in connection with your farm of 62 acres?—Yes.

3. I understand you took the Government valuation of £100 as the value of your farm per acre?—Yes. One of the sections I bought ten years ago. I have two sections totalling 62 acres—one 37½ acres, one 24½ acres. Since I sent the first return in I have made out another balance-sheet, but the one I sent in first I made out on the Government valuation.

4. You have in your statement the land at £100 per acre: is that to-day's value or the value three years ago?—It is not the selling-value of the land to-day.

5. What would be the selling-value of the land to-day with the buildings?—I lived on the farm for twenty years and made it my home. Other land in the district is selling at from £120 to £150 per acre.

6. What would you estimate your land to be worth?—I do not know, but I suppose anything from £100 to £150. I would have no trouble in getting £150.

7. You have in your return put you capital account down as £7,060?—That is including the value of the land and stock.

8. The expenditure works out at £741, and the receipts at £679?—Yes.

9. You show that on last year's working you were working at a loss?—Yes, if I allow any wages for myself and interest on my money.

10. You say you made out another statement?—Yes, the only difference is in the value of the land. I have taken the value of the land in the other statement at £100 an acre. I allowed nothing for my house in the first statement.

11. In this new statement you show that your annual expenditure is £660 and the receipts £759?—That is so.

12. Taking into consideration the rights of the people living in a country like New Zealand, which is producing so much butter and cheese, do you think the farmer is entitled to the world's market price for butter?—I think so.

13. What hours does the average farmer work?—I work eleven hours a day on an average.

14. Have you considered what a fair rate per hour would be for what you do?—1s. 6d. per hour, which would run out at about £300 a year.

15. That is not giving you overtime for Sundays?—No, there is no overtime rate allowed for.

16. *Mr. Powdrell.*] But you do not do the whole of your milking yourself?—I have one man employed, and sometimes my boys assist.

17. *The Chairman.*] What do you pay a man per week to-day?—I reckon £2 a week and £1 for his keep; but you cannot get a man for that now.

18. What would it be in 1914?—Before the war I paid £1 10s.

19. Do you think if you sold your property, taking what you could get for it to-day, and invested the money at interest and went out to work you would be better off?—Yes, I would be better off.

20. *Mr. Powdrell.*] You show a loss in your balance-sheet when you have only allowed £154 for wages and keep of one man, and nothing for your son and yourself, but you think that for the hours you work you should be entitled to £400 for it?—I consider so; at the rate of 1s. 6d. an hour for myself and a quarter of that for my son.

21. Do you think the farmer and his son are worth as much wages as the waterside worker?—I do not know. We have no say in the rate for the waterside worker

22. Do you think your work is worth as much?—I certainly think we work longer hours under more disagreeable conditions, wet and dry. The farmer has to be up early in the morning no matter what the condition of the weather.

23. The casual workers in the freezing-works receive 15s. 10½d. per day for unskilled work. Do you think the farmer is entitled to as much as those men who are sticking on labels and painting tins?—Yes, I think so.

24. What time do you start work in the morning?—I get up at 5 o'clock and start work at half past 5.

25. And do you work on Sundays and holidays?—Yes. I reckon the Sunday work amounts to at least seven hours.

26. How long do you consider your herd is in milk—ten months?—Practically ten months. There are always some in all the year round. There are less in the winter-time, but there are other things to do on the farm besides milking.

27. How many cows have you on your place?—Thirty cows. I have a machine, but I milk by hand yet.

28. *Mr. Kellett.*] Do you put the whole of your time into the industry?—Yes.

29. How do you live, then?—If you allow yourself interest on your capital there is nothing left for wages.

30. I am speaking as a city man, and some of the statements produced show a loss up to £100 a year, practically proving that you are actually losing money. If that is so, how do you live?—If you allow 1s. 6d. an hour it comes to £300 a year.

31. Can you live on 1s. 6d. an hour?—You have to. I was for seven years "baching" and milking, so a man had a pretty hard time of it.

32. You put your wages down at 1s. 6d. an hour?—Yes.

33. How many have to live on that?—There is £300 a year allowed for myself and £100 for my son. If you allow interest on the capital in the farm, which I consider a man is entitled to after twenty years' hard work, then you can charge no wages.

34. You put yourself and one boy down at £400 a year?—Yes, £300 for myself and £100 for my son.

35. *Mr. Atmore.*] What was the value of the land when you took it up first?—One section was a Government lease at 15s. 6d. an acre. That is twenty years ago. I have put twenty years' hard work into that, and it is valued at £100 to-day. I have the right of the freehold.

36. That has gone up about £85 an acre?—Yes.

37. When talking of making a loss, should you not consider the increased value of the land as part of your income?—That is where a man's savings come in. That is all he has got to show for his hard work: it is in the value of the land. It has increased from £15 an acre to £100 an acre.

38. *Mr. Powdrell.*] Have you put any improvements on the land?—There were no buildings on the land when I took it up.

39. What was the state of the land when you took it up?—It was all stumps. It was an estate the Government bought and subdivided. It was previously the Saunders Estate.

40. Was there any drainage on the land?—No.

41. What buildings did you put on the land?—An eight-roomed house and outbuildings.

42. How much have you spent on the land and buildings?—I valued the house at £800 without the outbuildings, and there is an engine-room and trap-shed.

43. About £1,200 worth of buildings?—Yes.

44. On how many acres?—On 62 acres.

45. That is over £20 an acre in improvements for buildings alone?—Yes.

46. Without fencing, draining, or stumping?—Yes.

47. That rise in the value of the land is not wholly profit?—I do not think so.

48. There is some of your labour gone into that land during those years?—There is the whole of my labour.

49. Which you have not been paid for?—No; that is where I consider my labour and savings are, in the value of the land.

50. *Mr. McCombs.*] In the statement you furnished the Committee you show the cost of producing butterfat is 3s. 3d. and the revenue received 1s. 9¾d. You would therefore be losing in the year on the whole of your production 1s. 6d. per pound?—I have not worked it out that way.

51. You have been losing 1s. 6d. per pound during the year on the basis of £100 per acre valuation. How do you expect the man who comes in and pays £100 for the land to make a living?—I myself think the value is too high.

52. Then the value of the land is not worth £100?—I would not like to pay £150 an acre and work it. A man would be making a slave of himself.

53. Then your land is not worth that?—I do not know. It is what you can get for it.

54. You paid £15 an acre?—For some of it, and for the other section I paid £50 an acre.

55. After making all allowance for improvements, you would still be making a profit on the land of £4,000?—That is if I sold it at £100 an acre.

56. If you sold it at the figure on which you base your balance-sheet?—Yes.

57. You tell the Committee that you have a farm showing a loss of 1s. 6d. on every pound of butterfat you produce, and it is based on the valuation you put it down at?—I do not know that that is a question for me to answer.

58. The Committee wants to be convinced of all the items in your balance-sheet, and among the items is 62 acres of land at £100 per acre?—Yes.

59. That relates to the largest item, and interest on that at 6 per cent. is the largest item of expenditure. If you cannot justify the first item in your balance-sheet on the expenditure side, your balance-sheet is not worth much?—If I had a mortgage on it I would have to pay 6 per cent.

60. I am not objecting to the 6 per cent., but to the valuation?—I have put down the Government valuation, and I am entitled to that plus 10 per cent. The butter people are the worst paid of the dairy-farmers in the community. In our district we are up against the Glaxo factory on the one side, and there is a cheese-factory a mile and a half from the butter-factory. Unless the suppliers can get a reasonable price they are determined to supply either the Glaxo factory or the cheese-factory. We find great difficulty in holding our suppliers together in the factory, and I have no hesitation in saying that if the Government continue to restrict the price of butter, butter will get scarcer instead of more plentiful. The Government return for the year 1916 showed there were 17,000 tons of butter exported, and the following year a drop to 11,000 tons. It can be proved that those people went from butter to cheese because it was a better paying proposition, and there has not been the restriction placed on cheese that we have had placed on butter during the last four or five years. In my district there is only one other factory making butter, and when I went there twenty years ago they were all making butter, but have gone into the manufacture of cheese. The factory I am connected with will have to seriously consider going into cheese. If people are going to get 6d. and 9d. per pound more on butterfat for cheese, no one can expect them to supply for butter.

61. *The Chairman.*] The Committee pretty well understand that position?—Yes.

62. *Mr. McCombs.*] Every member of the Committee is exceedingly sympathetic with the butter-producer and wants to see that he gets a fair deal, but the particular point is, is not the butter-producer not getting a fair deal not because of the restriction of price but because of the outrageous price he is expected to pay for land: is not that the whole difficulty?—Yes.

63. Is not that why his wife and children and himself have to slave and grind to make a living?—Yes; and not only that, but the people will turn the butterfat into Glaxo if they can see more money in it.

64. *The Chairman.*] What Mr. McCombs means is that the man who is now going on the land buys it at an enhanced price?—Yes. I know a farm in my own district which changed hands at £150 an acre.

65. *Mr. J. R. Hamilton.*] I suppose you admit that the high price of land has got absolutely nothing to do with the price of butter?—If the growing of meat or wool paid better, naturally the people would go into wool or meat, but of course we have only small holdings.

66. You admit that the price of butter, like wheat, and cheese, and everything else, is regulated by the law of supply and demand on the world's market?—Yes.

67. And that the price of land has nothing to do with the fixing of the price of produce?—There is a world's scarcity of butter.

68. You will admit that probably in three years' time the law of supply and demand will probably make butter unsaleable, and you may have to accept 1s. per pound for it?—Certainly.

69. And the farmer will have to put up with the consequences?—Yes, and I do not think anyone would subsidize us in connection with the loss.

70. Then you will admit that a farmer in making up his profits has to consider them over a number of years, because the fluctuations in prices one year might result in his making a good thing and in another year he may make nothing?—That is so.

71. Therefore the farmer has got to throw his profit over a great number of years in order to arrive at an average of what he is making per year?—Yes.

72. He cannot take any particular year, because the price of produce may be high that year and low the next year?—Yes, and the climatic conditions may materially affect his returns.

73. *Mr. Atmore.*] Does the price of butter or other produce fix the price of land, in your opinion?—I think so. It necessarily must. If a man found that the price of produce dropped, I suppose the price of land would drop, too.

74. The point is that the price of the produce off the land makes the value of the land?—Yes, I think so.

75. And it is not the high price of land that makes the price of the butter high?—No, I think it is the other way about. I have supplied butterfat at 8d. per pound when I started and had to make ends meet.

76. When selling butter at 8d. per pound the price of land was very much less?—Yes; the land £15 an acre, and cows returned £10 each a year gross; the value of the cow was £5.

77. And if butter went up from 8d. to 1s., that would be reflected in the higher price of the land?—Yes.

78. A man would put the money down and the quantity would be determined by what he could get out of the land?—Yes.

79. *The Chairman.*] It has been suggested to the Committee that the farmers under the present conditions of high prices ruling in the Old Country ought to be patriotic and sell butter at the old price. How would the farmers consider that?—I think the farmer would be quite agreeable providing he could buy all his requirements at the old price too, but we have to pay present prices for everything we want on the farm. Fencing-wire is £75 as against £20. I would be quite willing to go back to 1s. per pound if I could buy all my requirements at the old price.

80. As one connected with a factory, what would you suggest the Governmnt should do to meet the price of butter for the people as a whole so that they could get butter at a reasonable price: would you advocate an export tax?—On butter alone?

81. That is for you to say?—If you put an export tax on butter you would get less.

82. The farmers would all go in for cheese?—Yes, they would have to.

83. Then supposing there was an export tax on butter, cheese, wool, and meat, would you favour that?—To my mind, it is rather a vicious way of putting extra taxation on the farmer. I think to take it out of the Consolidated Fund is a fair thing. It means that the wealthy man in the town would reap the benefit at the expense of the poor man on the land.

84. If butter was sold at the present price of 1s. 9d. for the coming season, and the butter was worth 2s. 10d. to the farmer, have you any idea what that is going to cost the country from the Consolidated Fund? It would cost £1,100,000 for the requirements of the Dominion?—Yes, at least.

85. You think it ought to come out of the Consolidated Fund?—Personally, I think the fairest thing is to put it on the market and let it take its course.

86. You think butter should take its place on the market and the people should pay the price?—Yes.

87. *Mr. Powdrell.*] Free trade in everything you are in favour of?—Yes.

88. *Mr. McCombs.*] If the Government or the Committee thought of providing an equalization fund by a percentage increase on land and income tax, then only those with incomes of over £300 a year would have to contribute. Those with incomes of between £300 and £400 would have to contribute one-fifth of a penny in the pound—a mere bagatelle—and so there would be a varying percentage rise, as we have in our income-tax. If you pursued that policy in regard to land you would get all this money not only from the farmer who exports, but also from the producer and the merchant in a steepening grade from £300 upwards. That would be bringing into the Consolidated Fund a special tax for a special purpose—for the purpose of providing an equalization fund. Supposing the Committee wanted to find an expedient for keeping down the price of butter and had to consider that idea, how would that strike you?—Would it only be used to keep the price of butter down?

89. There would be a special levy of, say, 10 per cent on land-tax and income-tax to be used as an equalization fund for whatever was kept down, butter or anything else, and the producer should get the export price?—Well, I understand that the Consolidated Fund really consisted of contributions from the wealthier class, so would it not come to the same thing?

90. No, you would make a special levy in addition, which would get over the objection of levying on the Consolidated Fund, which also consists of the Customs revenue, which is provided by the whole of the people?—I take it it would be for the whole of the people.

91. Yes, and it would not matter then if the rich man did get his butter at 1s. 9d., he would pay a little more in taxation?—Yes, that is so.

92. Does that commend itself to you?—I had not had time to think that over, and I did not expect that question to be put to me. Personally I do not think it is fair to put any more taxes on the farmer. He has to pay land-tax and income-tax. My taxes have increased over 100 per cent. this last season.

93. *Mr. Hockly.*] Would you agree if that was done that an equalization fund should also be provided to compensate the farmer for extra prices he has to pay for all his commodities?—It seems fair it should be so.

94. *Mr. Powdrell.*] Would you favour the setting-aside of a sum yearly out of the Consolidated Fund to compensate any cases of bankruptcy or loss or hardship to meet the price of butter if a fall takes place in the value of land?—It seems to me it would be justifiable. If the price of produce comes down I do not see how the men who pay high prices for land are going to make both ends meet.

95. The first thing will be that if there is a fall in the price of land the farmer and his family will have to work for nothing?—Yes.

96. *Mr. J. R. Hamilton.*] Do you not think it would be just as fair to put a tax on luxuries, such as beer and other things, as to put it on the land—to put it on picture-shows and the like?—I certainly think so—the farmer has to go without that sort of thing.

97. *Mr. Atmore.*] Mr. Powdrell asked you whether you did not think a fund should be established to prevent farmers going bankrupt. Have you known any farmer going bankrupt in your district during the last five years?—I do not know that I could mention any.

98. You know all the persons farming there?—Yes.

99. You have been there for twenty years?—Yes.

100. How many farmers have gone bankrupt in the last twenty years?—I do not know any who have gone bankrupt, but that is not to say they are particularly well off. They have to make ends meet and cut their coat according to the cloth.

101. You stated that your taxes had doubled?—Yes, the land-tax.

FREDERICK WILLIAM THOMAS examined. (No. 18.)

1. *The Chairman.*] What are you?—A farmer at Rototuna, Hamilton.

2. You are engaged in dairy-farming?—Yes, exclusively.

3. You have prepared a statement of your receipts and expenditure in connection with the production of butterfat?—Yes. The statement is as follows:—

	£	£
CAPITAL.		
Dairying area—91½ acres at £75 ...	...	6,862
Stock—1 bull at £31 ...	31	
38 milking-cows at £18 ...	684	
12 yearlings at £4 ...	48	
15 calves at £2 ...	30	
3 working-horses ...	95	
12 pigs ...	42	
		930
Plant, milking-machines, separator, farm implements ...	...	254
		£8,046

REVENUE AND EXPENDITURE, YEAR ENDING 30TH JUNE, 1920.

	£	£
Expenditure.		
Interest on capital at 6 per cent. ...	483	
Insurance, rates, and taxes ...	31	
Benzine, oil, and rubbers ...	26	
Loss of stock (one cow) ...	18	
Depreciation, 10 per cent. ...	93	
Cultivation charges, including manures, seeds, and wages ...	98	
		749
Milking wages—		
One employee (including keep) ...	208	
Owner at £5 per week ...	260	
		468
Cartage ...	20	
Food purchased for stock ...	5	
Sundry expenses ...	45	
		70
		£1,287
Revenue.		
8,519 lb. butterfat at 1s. 8d. ...	727	
Calves sold ...	44	
Pigs sold ...	22	
Value of farm-products used by family ...	75	
		868
Loss ...	...	£419

4. You have put down the price of the 91½ acres at £75: is that the price of the land?—That is the selling-value, but I could get £80 per acre for it to-day.

5. The statement you have produced shows a loss of £419 for the year?—Yes. I pay £3 a week to an employee, and that includes £1 a week for his keep.

6. You put your own wages down, which would cover the family, at £260?—Yes. The only reason that I can live on the place is that I bought it in an unimproved state and worked it up. My work has been put into the farm.

7. *Mr. Powdrell.*] The loss you have shown is basing the land on the present-day values?—Yes; the interest on the capital value at 6 per cent. I put down at £483.

8. What did you give for the land?—£15 per acre.

9. What do you value it at now?—£75.

10. How many acres?—91½ acres.

11. The loss you set down about represents the rise in the value of the land: you would just about pay your way if you worked it out on the original value?—Yes. It was an unimproved farm, and I had to fence it, drain it, and improve it. I have put my labour into it for the last fifteen years.

12. Your cows return an average of 224 lb. of butterfat?—Yes.

13. *The Chairman.*] Were you always able to allow yourself £5 a week in wages when you took up the farm?—No; I think for the majority of the time I would not make £2 a week except for the last few good years.

14. In regard to the price of butter, do you consider that the farmer should get all there is in it on the world's market?—Yes, I certainly do.

15. Supposing butter had to continue to be sold at the present price, do you consider the difference should be made up by an export tax?—I do not agree with an export tax. I believe in the law of supply and demand regulating the price of our produce

16. *Mr. Powdrell.*] That is, if there is a big thing in farming and big profits to be made, it is open for every one to get the big profits?—Yes; let them go into farming and try it.

17. And you are quite willing to get out?—Yes. I am quite willing to take interest on my money and get out. At present I work thirteen hours a day and have no holidays, and work five hours on Sundays. We have to be there to look after the cows even when we are not milking.

18. *Mr. Hockly.*] You are not allowing anything in your statement for interest or depreciation, and taking merely the receipts and expenditure your return at the end of the year was £157, allowing yourself £5 a week wages for the family?—Yes. I should like to say that I could not live off the farm alone if I did not have other means.

19. *Mr. Powdrell.*] What hours do you consider the milkers work on the farm, and yourself?—We start milking at half past 5 in the morning and finish work at 7 at night, never taking a full hour for meals.

20. And you find something to do all the time from half past 5 till 7 p.m.?—Yes, and even then cannot keep up with the work on the place.

21. Do you consider the people employed on a farm need to be as skilled or are as skilled as the waterside worker or the casual hands employed in the freezing-works?—Much more so. The farm hand would be useless if he did not know more.

22. You think the men employed on farms are just as much entitled to get the same wage as the waterside worker or the freezing company's casual hands?—Yes. They have dirtier work to do, and in wet weather they have to go out and milk, and feed the calves and pigs, go to the factory, and to possess a knowledge of stock. There is a lot more to learn in connection with farming that there is about the work on the wharf. The milking and attending to the cattle has to be done at regular hours.

23. Apparently you do not get much overtime for the hours you work?—It depends on what you call overtime.

24. I mean payment for overtime?—If you look at my balance-sheet you will see I am carrying on at a loss.

25. *Mr. McCombs.*] I am still up against that problem of how a going concern showing a loss of £319 per annum can possibly be sold at the valuation alleged. On what basis do people buy land—do they pay the bigger the price the bigger the loss?—I suppose they are looking forward to the time when we will get an open market. While the war was on our produce was taken at a price, and we unanimously submitted to it because we thought we were helping our boys at the front. Now the war is over I consider our produce should go on the open market the same as anybody else's. Why should we be penalized as a body of men? I consider we work longer and harder than other members of the community.

26. At what price did you produce butterfat in 1914—before the war?—We were getting about 1s. 1d., and we were better off than we are at the present time.

27. And during the war period, what price?—About 1s. 7½d. or 1s. 8d. per pound. It went up gradually, and very slowly at first.

28. When you make a loss at 1s. 8d., which was 7½d. more than you were getting in pre-war days, where did the extra expense come in?—To begin with, all that we required on the farm jumped up by leaps and bounds. Articles such as wire, iron, and paint went up enormously. A neighbour of mine painted his house the other day at a cost of £100, and before the war I painted one for £22. For four bolts I had to pay 9s. 6d., and I could have got them before the war for 4d.

29. Do you think the farmers generally anticipated a rise in 1916, and that this year the export price of butter would be 2s. 6d.?—They did not anticipate anything. We were fighting and struggling on, hoping for the best. We did not know but what the Germans would not be here now.

30. Then you did not continue the loss of £419 per annum in the anticipation of a rise in the near future?—We were hanging on. If you are on the land you are tied there, and we appear to be at the mercy of the unionists.

31. Do you not think your disability was the disability of the high land-values?—Certainly the land-value has gone up, but why I do not know. I suppose they reckoned that when we got an open market there would be a scarcity of food all over the world, and the price of produce would go up.

32. *Mr. Powdrell.*] Is it not a fact that the high price ruling for land is due oftentimes to the opportunity given by the seller of the land to the purchaser to get on the land with very little capital?—Very often.

33. And due to a false idea that there is a fortune in dairying?—I believe that is so. The purchasers are let in on too small a deposit. People get in thinking it is a good thing, but they fall in. Many of the returned soldiers going on the land are going to be off it in eighteen months. If they have no capital they go on improved farms at £50 an acre. They lose the little money they have got, and will have to come out with nothing. There is nothing surer. I have been farming all my life and know what I am talking about.

34. You think that the returned soldier going on the land with no labour except at the present prices will not be able to make a do of it?—He cannot unless we get 2s. 8d. for butterfat. He will be off the land in eighteen months.

35. *Mr. J. R. Hamilton.*] It is generally admitted that what the average farmer makes goes into the land?—Yes, that is his bank. He has very little in the other bank.

36. It is his life-work which goes into the land, and all he gets out of it during the years he has been on it is his keep?—Yes, that is practically all, and he looks to the land going up in value to give him what he has to give to his children.

37. The increase in the value of the land is practically all the farmers are making out of the land?—Yes; most of them have an overdraft at the bank.

38. You will admit that in a great many cases, as your statement shows, a man has to throw in his own labour or not get interest back on the capital invested?—Yes.

39. And if he gets interest on his capital invested he gets nothing for his labour?—That is exactly as I stand. If I got interest on my capital I would get nothing for myself. I made my place. I bought in a cheap market, and my labour is in the farm. If I got interest on my capital I would have no wages. If I sold out and did nothing I would get a better living by investing my capital than I am getting at the present time with working thirteen hours a day.

40. *The Chairman.*] You would have accumulated your labour in the past and got it in one sum?—Yes.

41. *Mr. Powdrell.*] Do you go to the pictures with your family?—Never. I do not believe in them.

42. Do you go to races?—No, I have never had a bet in my life. I take an interest in public life and am connected with three public bodies. I enjoy public life, and like to see my children get a good education and learn music.

43. *Mr. J. R. Hamilton.*] I suppose the reason why the farmer accumulates money is because he lives cheaply and does not spend his money?—Yes. I grow the potatoes and vegetables that I require to keep myself employed during the milking, and also kill my own meat. I also buy store sheep and keep them till they are fat. I can live at half the rate that the people in the towns live, and I live as well and better than the people in the towns.

44. It does not cost so much for pocket-money for the man on the farm as for the man in the town?—No.

ALFRED COOMBS BLACKMORE examined. (No. 19.)

1. *The Chairman.*] What are you?—A farmer at Rototuna.

2. You have forwarded to the Committee a statement of your receipts and expenditure and the capital in your farm?—Yes. The statement is as follows:—

Capital.	£	£
50 acres dairying-area at £90		4,500
1 bull at £25	25	
25 cows at £20	500	
2 yearlings at £15	30	
2 dry cows at £18	36	
1 working-horse	20	
5 pigs at £8	40	
		651
Plough, milking-machines, trap, farm implements		300
		£5,451

REVENUE AND EXPENDITURE, YEAR ENDED 30TH JUNE, 1920.

Expenditure.	£	£
Interest on capital invested at 6 per cent.	327	
Insurance, rates, and taxes	15	
Benzine, oil, rubbers	43	
Loss of stock (one horse)	30	
Depreciation at 10 per cent. on stock	65	
Wages	206	
Manures and seed	76	
Cartage of cream	21	
Sundry charges	68	
		851
Revenue.		
6,704 lb. butterfat at 1s. 8½d.	572	
Calves sold	16	
Pigs sold	64	
Value of farm products	40	
		692
Loss		£159

3. You have put down the value of the 50 acres at £90 per acre: is that the price you paid for it?—That is the price I refused.

4. When did you buy it?—I paid £32 an acre for it six years ago.

5. Your loss on the year you put down at £159?—Yes. My son works the place with me, and that includes the wages.

6. What about your own wages?—I am not working on the place. The wages are put down for thirteen hours a day and seven days a week. My work takes me amongst hundreds of farmers, and I find that, generally speaking, Sunday is set aside for overhauling the milking-machines. The average farmer has not the time to put too much work into those things during the week, and he gives them a general clean-up on the Sunday. My son runs the farm and works thirteen hours a day, and on Sunday for seven hours.

7. *Mr. Powdrell.*] There are twenty-five cows and only one man on the farm?—Yes.

8. *Mr. Hockly.*] You put down the butterfat at 268 lb. on the average?—Yes.

9. *The Chairman.*] Have you a special breed of cows?—Jersey.

10. *Mr. Hockly.*] Does the one boy milk the whole twenty-five cows?—Yes, the whole lot.

11. And does he do all the rest of the work on the farm?—Yes, everything.

12. *Mr. Powdrell.*] You have charged interest on capital, £327, and £206 wages for your son, a total of £533, and you have shown a loss of £159. If you take that £159 away it leaves £374. So that you either do not get full interest on your capital, which is £327, or else you work for no wages?—I would absolutely not be able to work it at all unless I counted interest on the £90 per acre. If I got in on to-day's prices I would not be able to do it. I am able to carry on because I bought at £32 an acre. I would not be able to do it otherwise. My results are much above the average from my herd, and if I only had the average herd I would be in a worse position.

13. If you charge anything for labour you get nothing for interest, and *vice versa?*—Yes. People say, "Well, why don't you sell out?" but I would have to go somewhere else. A farmer's son gets no commercial education, and he has to be a farmer. A lot of the labourers who are share milkers very often get a farm themselves, and they have to go on and cannot get out of it. Their only bank is the increase in the value of the land.

14. *Mr. McCombs.*] How do you think that man was going to get on if you had accepted the £90 which he offered, seeing that you show a loss of £159 and only pay £206 in wages?—It would be impossible for him to make a do of it on last year's price of butterfat.

15. *Mr. Kellett.*] And yet there are hundreds going on the land?—I do not know how they are doing it. If a man goes on it he will be out of it in eighteen months. I do not see how he can do it.

16. *Mr. Hockly.*] An extra 1s. per pound on butterfat would give you £335 more of a return?—Yes. The farmer is, generally speaking, living from hand to mouth.

17. *Mr. McCombs.*] The farmers are all making a loss under the existing conditions, and yet expecting to sell their land at a profit?—The cost of production has gone up in some cases 200 per cent. Basic slag has gone up tremendously, and the land must go up in sympathy with the increase in the price of commodities.

18. Then, because the cost of working the land is more than ever before, the value of the land must go up?—I cannot see anything else for it myself: that is my idea.

19. It seems to me that the value of the land should only go up in proportion to the net return, and not in proportion to the losses made because of the increase in the cost of working it?—We could afford to let the land come down in value if the cost of production came down. We were far better off with butterfat at 1s. and 1s. 1d. per pound and land at £32 per acre than I would be with butter at 2s. 6d. now and land at £92 per acre.

20. You are now working at a loss by charging the value of the land now?—Yes; that is the only way I am existing, by the cheap land.

21. *The Chairman.*] You could have got that price for your land at last season's price of butter?—Yes.

22. *Mr. Powdrell.*] When you put manure on the land costing £15 10s. you contend that the land is more valuable on that account?—Yes, it is absolutely essential. You could not get the returns if you did not put it on. You would have less production, and that would put up the cost of the finished article.

J. Jamieson examined. (No. 20.)

1. *The Chairman.*] Your full name, Mr. Jamieson?—James Jamieson.

2. Your occupation?—Dairy-farmer.

3. And your address?—Horotiu.

4. Will you make a statement to the Committee?—Yes, sir. I have all the books here in connection with my small farm, which I have been running since 1912. This is my bank-book. All sums I have received I have passed through the bank, and everything that has been spent I have drawn out from the bank. I have not handled a penny in cash. This bank-book goes back to the 21st October, 1914: that shows the carefulness with which I have kept my books. Now, I have here another book which gives the particulars of my receipts and expenditure for last year. That is for the year ending 30th June last. I will now read out my receipts. My receipts were: Cash for butterfat for 1919–20 season, £701 8s. 6d.; stock sold, £283; bacon sold, £6; bonus for butterfat still owing, £20. Those are my receipts, and they amount to £1,010 8s. 6d. My expenditure was as follows: Wages paid for year, £158 15s. 6d.; fire insurance on buildings, £4 5s. 6d.; fire insurance on mortgage-deeds, £1 11s. 11d.; accident insurance, 18s.; rates, £27 5s. 9d.; interest on £2,923 at 6 per cent. and £80 at 5 per cent., £180 4s.; seed to renew 15 acres of grass land, £40; feed bought for stock, £50; manure, £89 10s.; cement, £1 7s.; cream-cartage, £17 3s. 9d.; railway freight on manure and goods, £9 10s.; share deduction, £13; three cows drowned in drain, £54; iron for roof of shed tree fell on, £9; horse-shoeing two horses, £6; separator-oil, &c., £1 5s.; disinfectants for cow-shed, 15s.; repairs to spring cart, gig, and harness, £11 11s.; land and income tax, £11 15s. 4d.; 100 fencing-posts, £6 10s.; 300 battens, £2 14s.; 3 cwt. wire, £10 16s.; 12 lb. staples, 7s.; timber for two gates, £1 10s.; hinges, 15s.; breakages, three axe-handles, 9s.; two shovel-handles, 7s.; steam-boiler certificate, 10s.; cow-drenches, £1 12s.; three bass and cane yard-brooms, 19s. 6d.; 1 gallon Burge's paint, £1 10s.; sixteen rolls paper, £2 8s.; savings-bank amount to E. Allen, £7 7s.; expenses to Auckland *re* mortgage, £2 10s.; valuation fee to G. Hyde, £5 5s.; service of two mares, £8; six heifers, £106. That gives a total expenditure of £846 1s. 11d., which leaves a balance of £164 6s. 7d.

5. You have an item here, "Interest on £2,923 at 6 per cent. and £80 at 5 per cent.": what is that?—That is the mortgage on my property.

6. What does the mortgage work out at per acre?—£16 12s., £17 10s. being the purchase price.

7. What is the value of your farm to-day?—According to the selling-values of the farms around me it is between £50 and £60 an acre.

8. Over £50 an acre?—Yes. The farm adjoining me was sold for £52 an acre only the other day.

9. What is the area?—181 acres.

10. What is the total amount of your mortgage —£3,003.

11. The figures you have read out to us are your actual returns for the year?—Yes.

12. The position is that you have merely charged interest on your mortgage of £3,003 for the 181 acres of land, which originally cost you £17 10s. per acre, and which is worth to-day between £50 and 60 an acre?—Yes.

13. There is an item here, £158 15s. 6d. for wages: what wages does that refer to?—That is for the men I employed in breaking up ground, clearing rushes, blackberry, &c., repairing fences, and doing farm labour generally. That does not include anything for milking. I do not pay anybody to help with the milking.

14. And all these items of expenditure deducted from the receipts leaves a balance of £164 6s. 7d.?—Yes, that is so. But there are some other amounts which I owe.

15. That represents the wages of yourself, your wife, and your children?—Yes.

16. How old are your children?—I have a boy seventeen years and a girl eighteen and a half years who assist me.

17. How many cows are you milking?—I have fifty-five cows for this coming season. I had forty-one cows last season. The average per cow was 185 lb. butterfat.

18. What hours do you work: do you work any overtime?—Well, I do not know whether you would call it overtime, but immediately it is daylight I am into my clothes, and I never know what it is to sit down to my tea without a lamp, neither I, nor my wife, nor the two children I have mentioned. I have eleven children altogether. It has just about ruined my wife's health, and my eldest daughter's health, and my own.

19. How long it is since you took up this farm?—Eight years.

20. Have you had any opportunity of selling it?—I may tell you that I have lately had an offer of £53 an acre for the property, and I refused it, because I could not see how I could expect any man to pay interest on that amount when I could not make it myself.

21. Supposing you sold your farm—never mind the other fellow—supposing you sold your farm at that price, and lived on the interest, would you not be much better off than you are now?—Absolutely. I would have more leisure.

22. *Mr. Hockly.*] What capital did you have when you started?—£600. I paid £300 down for the property, and I spent the rest on stock and implements.

23. *Mr. Powdrell.*] You and your family worked a little harder to produce a little more?—Yes.

24. You all worked a few more hours each day?—Yes.

25. *Mr. McCombs.*] If you were to sell it you would make a profit of over £6,000?—Yes.

26. Was the offer in cash?—No, not all in cash; there was to be a deposit of £2,400, and I was to be paid interest on the balance. This was to include stock.

27. You would take the cash if he offered it to you all in cash?—Oh, yes. If he offered me £45 an acre in cash I would take it.

28. *Mr. Hockly.*] What were you doing before you took up the land?—I was working in the mines. I was working in the gold-mines, which was more dangerous, working four years underground. But when in the coal-mines I was supplying Denniston and Millerton with a good deal of mining-timber.

29. What would you get if you were working in the mines at the present time?—I could earn £2 a day at the present time.

30. You could earn that yourself?—Yes.

31. If you worked the same hours as on the farm?—I could not do that. I would break down.

32. *Mr. Powdrell.*] You could not work the same hours in a mine as on a farm?—Oh, no.

33. *Mr. J. R. Hamilton.*] What is the difference in the hours?—I think it is about seven hours daily from bank to bank at the mines.

34. You have practically put everything you have earned, and your family has earned, during the time you have had the farm, into the farm?—Yes, that is so.

35. *Mr. McCombs.*] Would you rather work twelve hours on the farm or seven in a mine?—Twelve hours on the farm.

Witness put in the following:—

BALANCE-SHEET AS TAKEN IN JULY, 1920.

Receipts.	£	s.	d.
Cash for butterfat for 1919–20 season	701	8	6
Stock sold	283	0	0
Bacon sold	6	0	0
Bonus on butterfat (½d.)	20	0	0
	£1,010	8	6

Payments.	£	s.	d.
Wages paid for year	158	15	6
Fire insurance on buildings	4	5	6
Fire insurance on mortgage-deeds	1	11	11
Accident insurance	0	18	0
Rates	27	5	9
Interest on £2,923 at 6 per cent. and on £80 at 5 per cent.	180	4	0
Seed to renew 15 acres grass land	40	0	0
Feed-box for stock	50	0	0
Manure	89	10	0
Cement	1	7	0
Cream-cartage	17	3	9
Railway freight on manure and goods	9	10	0
Share deduction	13	0	0
Three cows drowned in drain	54	0	0
Iron for roof of shed tree fell on	9	0	0
Horse-shoeing (two horses)	6	0	0
Separator-oil, &c.	1	5	0
Disinfectants for cow-shed	0	15	0
Repairs to spring cart, gig, and harness	11	11	0
Land and income tax	10	10	0
100 fencing-posts	6	10	0
300 battens	2	14	0
3 cwt. wire	10	16	0
12 lb. staples	0	7	0
Timber for two gates	1	10	0
Hinges	0	15	0
Breakages, three axe-handles	0	9	0
Two shovel-handles	0	7	0
Steam-boiler certificate	0	10	0
Cow-drenches	1	12	0
Three bass and cane yard-brooms	0	19	6
1 gallon Burge's paint	1	10	0
Sixteen rolls paper	2	8	0
Savings-bank amount to E. Allen	7	7	0
Expenses to Auckland *re* mortgage	2	10	0
Valuation fee to G. Hyde	5	5	0
Service of two mares	8	0	0
Six heifers	106	0	0
	846	1	11
Balance	164	6	7
	£1,010	8	6

W. D. POWDRELL, M.P., examined. (No. 21.)

1. *The Chairman.*] You wish to give some evidence to the Committee, Mr. Powdrell?—Yes, sir. At the last meeting of the Committee some of the members desired to have actual balance-sheets, and I have now got actual balance-sheets here. In the year 1904 I had 860 acres of the best land on the Waimate Plains, and I sold all of that with the exception of 121 acres, which was the best of that land. As I sold each section of land a few of the best cows were put on to this last remaining section. I then sold this section, together with these picked cows. I will not give the name of the purchaser—I will simply call him A——. Well, A—— purchased that 121 acres from me at £30 10s. per acre. But he only paid me a deposit of £200 upon the land, and stock, and plant. That is all the cash he had. It was really about 5 per cent. on the capital value of the land he was charged. He also purchased 100 dairy cows, and gave me a bill of sale over them, he agreeing to pay me 7 per cent. on the stock, and to pay off the bill of sale by allowing me to retain half of the milk cheque. And after he had paid for the stock I was then to take half of the milk cheque on account of the amount owing on the land. I want you to particularly note that I have here, in these books, every monthly return from the factory, and I have also here in most cases the returns for pigs and calves sold. I kept a careful record of all the cheques received from the factory, and of all other payments, and at the end of each year I rendered A—— a balance-sheet showing the amount he had paid off. Now, I have all these balance-sheets worked out here, and I have also included in them a great deal of useful information which should be of interest to the Committee. I will read these sheets to the Committee. Sheet No. 1 deals with the year 1904–5. The sheets also showed the year and the number of times this farm was sold, the price paid each time, also the purchaser.

EXAMPLE No. 1.

1904–5.

On 1st August, 1904, A—— purchased 121 acres 1 rood 13 poles from W. D. Powdrell at £30 10s. per acre (5 per cent.), and cows, £1,050 9s. 6d. (7 per cent.), paying on cows and land all he possessed—£200 on land costing £3,700, and cows costing £8 each, or totalling £1,050 9s. 6d. A—— agreed to leave half the milk cheques in reduction of the purchase-money as they became due from the factory, and gave W. D. Powdrell an order to receive all cheques. A—— received all moneys from calves sold, also pigs sold. Therefore A—— had half of milk-money, plus calves and pigs, to pay rent, interest on cows, rates; keep his family, including wife and self—ten in all; replace all dead cows or faulty cows; purchase manures, calf and pig feed; repair machinery, fences, house, yards, sheds, and windmills.

	£	s.	d.
A—— paid W. D. Powdrell off cows out of milk	349	5	10
Rebate on amounts paid off monthly interest	12	15	2
	£362	1	0

	£	s.	d.
The family milked by hand 100 cows (say, five milkers, eight hours' work, at 1s. an hour, 300 days)	600	0	0
	362	1	0
Loss	237	19	0
Plus arrears rent	63	4	2
	£301	3	2

In other words, instead of receiving 1s. per hour, or £600, they received £301 3s. 2d. actually for five milkers (including the manager) working eight hours daily, starting at 5 a.m., for 300 days = 12,000 hours = 133 hours per cow, as family had each to milk 18 cows by hand, besides other work, and received equal to 7d. per hour.

	£	s.	d.
A——'s half milk-money was	349	5	10
Net profit (say) 70 calves, £105; 20 skins, £2; pigs, £90 ...	197	0	0
	£546	5	10

	£	s.	d.
Outgoings:—			
A——'s rent was	185	0	0
Interest, bill of sale (7 per cent.)	59	10	0
Interest on original capital, £200 (7 per cent.)	14	0	0
Rates (5s. per acre)	26	0	0
Food for family of ten, at 7s. 6d., and clothes, at 5s. ...	325	0	0
	609	10	0
Deduct receipts	546	5	10
Behind in rent	£63	4	2

This is not allowing any labour at all, as labour was the amount paid off to reduce the debt on cows. No allowance is made for depreciation on land, buildings, fences, cows (deaths or replacements), manure, repairs, cans, harness, buildings, doctor's expenses.

1905–6.

	£	s.	d.
Half milk	425	9	4
Interest rebate	14	4	0
	439	13	4
A—— paid W. D. Powdrell off cows			
Loss or behind in rent	12	19	4
	£452	12	8

As £452 12s. 8d. was the earnings of five milkers for eight hours for 300 days, wages earned were 8½d. per hour, including the owner's time (allowing 7s. 6d. per week for food and 5s. per head for clothing).

	£	s.	d.
A—— received milk-money	425	9	4
Calves and pigs (say)	197	0	0
	622	9	4
Rent, interest, rates, food, and clothes for family (as shown above for 1904–5)	609	10	0
Profit	£12	19	4

NOTE.—No allowance for manure, depreciation, land, buildings, cows (deaths or replacements), repairs, windmills, harness, cans, doctor's expenses, grass-seeds.

1906–7.

	£	s.	d.
Powdrell received—Rebate interest	14	4	0
Milk	533	19	0
Total in reduction land purchase	£548	3	0

	£ s. d.	£ s. d.
Total yearly milk (as per factory returns) ...	1,131 11 10	
Calves and pigs (estimated)...	197 0 0	
		1,328 11 10
Rent, interest, rates, living, and clothes (as shown above) ...		609 10 0
		719 1 10
Deduct wages		600 0 0
Profit over wages to family		£119 1 10

As family were hand milking, and allowing five milkers 18 cows each, at 1s. per hour for eight hours for 300 days, wages would amount to £600, giving £9 10s. profit over wages to cover management; depreciation on land, buildings, fences, yards; manures, repairs, implements, shoeing, harness.

EXAMPLE No. 2.

1907–8.

A—— resold to Powdrell. Stock as per book, £1,025 12s. Land, £40 per acre.

	£	s.	d.
Powdrell received—Milk	961	12	3
Pigs (half)	47	19	10
Skins (31) (half share)	2	0	0
Calves (50 at 30s.) (half)	40	0	0
	£1,051	12	1

	£	s.	d.
Share milkers—			
Wages (two-fifths)	384	12	10
Calves (50) (half share)...	40	0	0
Skins (31)	2	0	0
Pigs (half) gross	47	19	10
	£474	12	8

Share milkers earned 9½d. per hour.

	£	s.	d.
Share milkers' wages (milk only)	384	12	10
Powdrell's rent	269	10	0
Rates	12	4	9
Interest on cows (£1,025 12s. at 6 per cent.)	61	10	0
Depreciation, cows (5 per cent.)	50	0	0
Crops and haymaking	25	0	0
Pig-feed	8	0	0
	£810	17	7

	£	s.	d.
Powdrell's total receipts	1,051	12	1
Labour, 9½d. per hour, including rent, interest, depreciation, cows	810	17	7
	£240	14	6

After allowing only 5 per cent. depreciation on cows, 5½ per cent. on land, 6 per cent. on cows, nothing for death or replacement, or depreciation of fences and gates, or for manure, or depreciation of land, or for my management, my supposed profit was £240 14s. 6d.

1908–9.

	£	s.	d.
Total milk for year ...	830	11	9
Powdrell's half pigs sold ...	23	10	0
Half calves sold (14 at 9s. 6d.) (net) ...	3	18	3
Half calf-skins (77 at 2s. 7d.) ...	4	3	4
Total year's earnings ...	£862	3	4

	£	s.	d.
Share milkers' wages (milk share above) ...	332	0	10
Rent or interest paid by Powdrell (5½ per cent.) ...	269	10	10
Rates ...	12	4	9
Interest, cows (£1,025 12s. at 6 per cent.) ...	61	10	0
Depreciation, cows (5 per cent.) ...	50	0	0
Crops and haymaking ...	25	0	0
	£750	6	5

	£	s.	d.
Milk, pigs, &c. ...	862	3	4
Expenses ...	750	6	5
Profit ...	£111	16	11

Powdrell's profit over interest, to cover his management, depreciation on buildings, fences, land, repairs, harness, cans, replacement of stock by deaths, meal for pigs and calves, &c. = £111 16s. 11d.

Share milkers received—	£	s.	d.
Two-fifths milk ...	332	0	10
Half pigs sold ...	23	10	0
Half calves sold (14 at 9s. 6d.) (net after commission) ...	3	18	3
Half skins sold (77 at 2s. 7d.) (net) ...	4	3	4
	£363	12	5

Total share milkers' wages for year, £363 12s. 5d. = 7¼d. per hour.

NOTE.—Pigs grossed 10s. 5⅓d. per cow; calves grossed 3s. 7d. per cow (as nearly all were killed for skins): total (gross) per cow (calves and pigs) 14s.

I realized it was better to sell out on any terms possible and invest the money. This I did, selling to B—— at £65 per acre—£410 down on land, 7 per cent. on all money left on cows: total, £1,003 9s. 6d. at 7 per cent.

EXAMPLE NO. 3.

1909–10.

B—— purchased from Powdrell at £65 per acre (5 per cent.), £1,003 9s. 6d. Cows, 7 per cent. Total capital paid (land and cows), £410.

	£	s.	d.
B—— paid me off land and cows ...	639	11	2

B—— received—	£	s.	d.
Milk ...	1,598	15	0
Calves (gross—no feed allowed) ...	28	15	3
Pigs (ditto) ...	66	7	1
Actual return pigs and calves produced ...	1,593	17	4
To reduction land ...	639	11	3
After deduction for land and cows ...	954	6	2

Expenses—	£	s.	d.	£	s.	d.
B——'s interest in land (£7,902 10s. at 5 per cent.) ...	395	2	6			
Interest on cows (8 per cent. on £1,003) ...	80	0	0			
Living for family of five at 7s. 6d., clothes 5s. weekly ...	162	10	6			
Rates ...	25	0	0			
Crops, haymaking ...	20	0	0			
				682	12	6
Profit ...				£271	13	8
Add amount paid off land (as above) ...				639	11	2
				911	4	10
Less wages of family at 1s. per hour ...				600	0	0
Net profit ...				£311	4	10

After allowing five milkers, working eight hours per day for 300 days, 1s. per hour, or 133 hours per cow = £600, B—— made £311 4s. 10d., but did not allow for any depreciation for land, cows, machinery, plant, deaths of cows, or cost of bulls; and only allowed 7s. 6d. for each family for food and 5s. for clothes.

1910–11.

	£	s.	d.
B—— paid off land to Powdrell ...	126	14	6

	£	s.	d.	£	s.	d.
Total milk	794	0	0			
Calves (net, estimated)	80	0	0			
Pigs (net, estimated)	50	0	0			
Less—				924	0	0
Interest, land	395	2	6			
Interest, cows	80	0	0			
Living (five at 7s. 6d.), clothes (at 5s.) ...	162	10	0			
Rates	25	0	0			
Crops, hay, &c.	20	0	0			
				682	12	6
Assumed profit				£241	7	6

This amount (£241 7s. 6d.) works out at 5d. per hour for five milkers, working eight hours, at 1s. per hour for 300 days, or 133 hours per cow (*vide* Singleton's estimate of 150 hours per cow).

B—— did not allow for depreciation of herd, land, manure, machinery, fences, or harness, or for repairs to house and sheds, or for management. Out of this assumed profit he paid Powdrell £126 14s. 6d. off land.

NOTE.—This bad year was due to mammitis in cows, and B—— sold nearly whole herd at half cost of cows.

1911–12.

	£	s.	d.
Rebate interest	10	5	9
Powdrell received off land	337	18	8

	£	s.	d.	£	s.	d.
Total milk received	1,218	10	8			
Calves (say)	80	0	0			
Pigs (say)	50	0	0			
Less—				1,348	10	8
Interest, land	395	2	6			
Interest, cows	80	0	0			
Living (five at 7s. 6d.), clothes (at 5s.) ...	162	10	0			
Rates	25	0	0			
Crops—hay, mangels, &c.	20	0	0			
				682	12	6
Assumed profit				£655	18	2

This assumed profit works out at 1s. 0$\frac{1}{8}$d. for labour employed or family labour, but not allowing for deaths or replacement of cows, or depreciation in land, fences, yards, houses, sheds, or for manure; also, no extra allowance is made for management. Out of the family wages £337 15s. 8d. went to reduce land; and if 1s. per hour were allowed a profit on the farm would be shown equal to £6 5s. for the year. A profit of $\frac{1}{8}$d. on 12,000 hours would be shown equal to £6 5s. over wages.

1912–13.

	£	s.	d.
Paid off land	326	0	7

	£	s.	d.	£	s.	d.
Total milk	1,109	15	6			
Calves (say)	80	0	0			
Pigs (say)	50	0	0			
				1,239	15	6
Costs (as for 1911–12)				682	12	6
Assumed profit				557	3	0
Paid out family earnings to reduce land				326	0	7
				£231	2	5

The amount of profit (£557 3s.) is equal to 11$\frac{1}{7}$d. per hour for five milkers for 300 days, eight hours per day. If the family received 1s. per hour no profit could be shown, but a loss of $\frac{6}{7}$d. on 12,000 hours (besides no depreciation being allowed—see previous years). Actual loss if 1s. per hour paid, £42 17s.

EXAMPLE NO. 4.

1915.

Price land purchased at £77 10s. per acre = £9,342 13s. 6d. at 5 per cent.

	£	s.	d.
C—— paid to Powdrell off land	312	17	1

	£	s.	d.	£	s.	d.
Total milk (as per returns produced) ...	821	19	0			
Calves (estimated)	80	0	0			
Pigs (estimated)	50	0	0			
Less—				951	19	0
C——'s interest on land	462	19	9			
Interest on cows (£1,200 at 8 per cent.) ...	72	0	0			
Living (five at 10s.), clothes (five at 10s.)...	260	0	0			
Rates	28	0	0			
Hay, mangels, lucerne	20	0	0			
				842	19	9
				£108	19	3

	£	s.	d.
Labour (machines)—Four milkers, 1s. per hour, eight hours, 300 days ...	480	0	0
Benzine, engine, machines, interest, upkeep, rubbers, oil, repairs, depreciation ...	70	0	0
	550	0	0
Profit over rent, interest, rates, family keep ...	108	19	3
Loss had labour been paid ...	£441	0	9

After upkeep machines, benzine, and oil paid for, family earned ¾d. per hour as wages. Loss does not include depreciation land, fences, buildings, machines; death of stock; manure, or management.

1915–16.

	£	s.	d.
C—— paid off land to Powdrell ...	516	12	0

	£	s.	d.	£	s.	d.
Total milk received ...	1,528	19	11			
Calves (net) ...	80	0	0			
Pigs (net) ...	50	0	0			
				1,658	19	11
Less—						
Interest on land ...	462	19	9			
Cows (6 per cent. on £1,200) ...	72	0	0			
Living (five at 7s. 6d.), clothes (five at 5s.)...	262	10	0			
Rates ...	30	0	0			
Crops, hay ...	20	0	0			
				847	9	9
				£811	10	2

Labour worked out at 1s. 6¼d.; so that, after allowing 1s. per hour for 300 days, eight hours per day, for family of five (= £600), there remained a profit of £212 to cover depreciation and deaths of cows; depreciation on land, house, fences, plant; manures, shoeing, seed, harness, and management was allowed only 1s. per hour.

1916–17.

	£	s.	d.
Paid off land ...	383	5	1

	£	s.	d.	£	s.	d.
Total milk ...	1,272	0	0			
Calves (estimated) ...	80	0	0			
Pigs (estimated) ...	50	0	0			
				1,402	0	0
Less—						
Interest, land ...	462	19	9			
Interest, cows ...	72	0	0			
Living (as shown above) ...	262	10	0			
Rates ...	30	0	0			
Crops ...	20	0	0			
				847	9	9
				£554	10	3

If family allowed four milkers 1s. per hour, eight hours per day, for 300 days (= £550), a profit of £4 10s. 3d. would be shown; but no depreciation or management is allowed for, as mentioned above.

1917–18.

	£	s.	d.
Paid off land ...	343	15	5

	£	s.	d.	£	s.	d.
Total milk ...	1,090	0	11			
Calves (estimated) ...	80	0	0			
Pigs (estimated) ...	50	0	0			
				1,220	0	11
Less—						
Rent ...	462	19	9			
Interest ...	72	0	0			
Living ...	262	10	0			
Rates ...	30	0	0			
Crops ...	20	0	0			
				847	9	9
				£372	11	2

	£	s.	d.
Wages, four milkers (machines), eight hours per day, 300 days, at 1s. per hour ...	480	0	0
Machines, kerosene, teat-cups, repairs ...	70	0	0
	550	0	0
	372	11	2
	£177	8	10

Loss, £177 8s. 10d. if wages paid. Family actually earned 7½d. per hour; but as wages not paid, earnings went to mortgagee to reduce debt on land.

EXAMPLE No. 5.

July 10, 1918.—C—— sold to D—— at £87 10s. per acre.

	£ s. d.	£ s. d.
Powdrell received		365 5 4
Total milk	975 19 8	
Calves (net)	80 0 0	
Pigs (net)	50 0 0	
		1,105 19 8
Less—		
Land (£10,600, at 6 per cent.)	636 0 0	
Interest, cows (£1,500, at 6 per cent). ...	90 0 0	
Rates	40 0 0	
Living	262 0 0	
Crops	20 0 0	
		1,048 0 0
Apparent profit		£57 19 8
But if wages paid (as before)		550 0 0
		57 19 8
There would be a loss of		£492 0 4

In other words, if benzine and upkeep paid for there would be an actual loss of £20 0s. 4d., and family would receive no wages whatever, and this without allowing anything for management or depreciation. This man was well off, and met his expenses out of other moneys coming in. He realized the position, and sold out at £100.

EXAMPLE No. 6.

July 10, 1918.—E—— bought at £100.

	£ s. d.	£ s. d.
Paid mortgagee off land during year		521 19 5
Total milk	1,625 0 0	
Calves (net)	80 0 0	
Pigs (net)	50 0 0	
		1,755 0 0
Less—		
Land (at £100 an acre = £12,150, at 6½ per cent.)	729 0 0	
Cows (80) and implements (20) (£1,800) ...	108 0 0	
Rates	40 0 0	
Living (four and wife)	260 0 0	
Crops	20 0 0	
		1,157 0 0
Apparent profit		£598 0 0

If wages at 1s. per hour, as explained before (£550), as well as depreciation of machinery, were taken off, £48 would be left to pay for depreciation and deaths of stock, depreciation of house, fences, &c. In other words, the only profit made was on family labour, they getting no wages.

I have some further statistical figures here. I consider that these figures are exceedingly important, and I will read them to the Committee. The table shows what amount the owner could have paid his family as wages had he paid out his profits in wages instead of to the landowner to purchase land:—

1904–5.	Sold at £30 10s. per acre:	6d.	per hour to family, or a profit over.
1905–6.		8½d.	per hour to family; no profit over.
1906–7.		12d.	per hour: £9 10s. over at 1s. per hour.
1907–8.	Sold at £40 per acre:	9½d.	per hour: £240 14s. 6d. over at 1s. per hour.
1908–9.		7¼d.	per hour: £111 6s. 5d. over at 1s. per hour.
1909–10.		12d.	per hour: £311 4s. 10d. profit over at 1s. per hour.
1910–11.		5d.	per hour: loss, £158 12s. 6d., if 1s. per hour paid.
1911–12.		12⅛d.	per hour: £65 18s. 2d. profit over.
1912–13.		11¼d.	per hour: £76 4s. loss if 1s. per hour wages paid.
1914–15.	Sold at £77 10s. per acre:	¾d.	per hour only could be paid.
1915–16.		12d.	per hour: profit, £312 over at 1s. per hour.
1916–17.		12d.	per hour: profit, £4 10s. 3d. over at 1s. per hour.
1917–18.	Sold at £87 10s. per acre:	7½d.	per hour: loss, £176 18s. 10d., if 1s. per hour paid.
1918–19.		0d.	per hour: nothing for wages; loss, £20 0s. 4d.
1919–20.	Sold at £100 per acre:	12d.	per hour: profit besides, £48.
		127¾d.	Average, 8½d. per hour.

I have another sheet here which I am very anxious to put in. I will read it to the Committee. It deals with the total value of the milk for each year, and statistics are given with respect to the hours worked by the milkers compared with the hours worked by carpenters, watersiders, and freezing-works employees :—

Year.	Total Milk. £ s. d.	Year.	Total Milk. £ s. d.
1904–5	698 11 8	1914–15	821 19 0
1905–6	850 18 8	1915–16	1,528 19 11
1906–7	1,067 18 0	1916–17	1,272 0 0
1907–8	961 12 3	1917–18	1,090 0 11
1908–9	830 11 9	1918–19	975 19 8
1909–10	1,598 15 0	1919–20	1,625 0 0
1910–11	794 0 0		
1911–12	1,218 10 8	15 years	£16,444 13 0
1912–13	1,109 15 6		

Average milk per year, £1,096 6s. 2¼d.

Cost of Production of Butter (Labour only; no Rent).

Five milkers. Herd, 100 cows to start with.

Allowing five milkers working eight hours a day for 300 days, at waterside wages (2s. 4d., 4s. 4d., 5s.) (no overtime) = £1,500. Loss, £403 13s 0¾d.

As carpenters get 4s. 4d. overtime (Saturday afternoons, holidays, Sundays, and Mondays to 8 a.m., 5s.), and farmers work a third of their time overtime—five men for 4,000 hours at, say, 2s. extra = £400. Loss would be £803 13s. 9d.

Freezing-works rates (almost 2s.): Eight hours, five men, 300 days = £1,200. Loss on labour alone (no overtime), £113 6s. 3d.

If one-third overtime paid for as works hands at, say, 1s. = £200. Loss, £313 6s. 3d.

Cost of Production (Labour only).

Four milkers. Herd, 90 cows.

Carpenters and watersiders' rates: Four men to 90 cows = 22½ cows each. Four men working eight hours for 300 days at 2s. 6d. (engine, benzine, upkeep, &c., £70) = £1,270. Loss, £172 13s. 10d.

If farmers got overtime or overtime hours on Sundays and holidays for a third of their time, same as watersiders = £320 extra. Total loss, £493 13s.

Freezing-works rates: Four men, eight hours for 300 days at 2s. per hour = £1,030. Profit, £66 6s. 3¼d.

If one-third for overtime (Sundays, holidays, over hours). Loss would be £93 13s. 8¾d.

NOTE.—If no rent for land allowed or charged, or interest on cows, or depreciation on stock or buildings, butter could not be produced on past year's figures at union rates of wages.

2. *Mr. McCombs.*] You made a comparison in that statement with the waterside workers' wages?—I have worked out what it would cost to produce butter at the union rate of wages.

3. Ranging up to 5s. an hour?—I did not put it at 5s. an hour; I allowed 2s. 6d. for watersiders, and 2s. for freezing-works workers, and I allowed up to 4s. for overtime. At times they get 5s. on the wharves for overtime, but I struck an average of 4s. In the case of freezing-works workers I allowed an additional shilling, which is very much under the freezing-works workers' rates of pay for overtime.

4. I have here an extract from the *New Zealand Dairyman* taken from "Dairy-farming in New Zealand," by W. Powdrell, M.P., showing a share-milking agreement. I presume you will vouch for the accuracy of it?—That is my milking agreement with my own share milkers for a period of fifteen years. I have had over twenty years' experience in connection with dairying, and I am chairman of one of the largest cheese-factories in New Zealand at the present time.

5. By this agreement the share milker only gets one-third of the value of the milk?—In the first year, milking heifers, the share milker got one-half, and then when the values of land rose and he purchased the farm he was only expected to reduce or pay off his land and cows purchased by two-fifths of milk-moneys, and then when values rose again he paid off land purchased by one-third of monthly milk-moneys, so that as land became dearer his terms of repayment were made easier for him.

6. One-third with machines?—Yes. That is the general rate at the present time for share milking.

7. As the land went up in price you took a larger and larger share of the other man's production?—Yes, after putting machines in; but when the price of land went up the price of butter went up also. At the present time share milkers are a long way better off than they were in 1904. The farmer has greater risks now with dear land and dearer cows, while the share milker's risks are nil, and his profits now amount to one-third of 2s. 6d. per pound butterfat, as against two-fifths of 8d., or 3⅕d. per pound in 1904.

8. *Mr. Kellett.*] I have one question I would like to ask you, Mr. Powdrell: would you be in favour of an export tax?—No, I would not.

9. Have you any ideas on the subject?—I deny absolutely the right of any one to interfere with the farmers' prices. You have no more right to interfere with the farmers' prices than you have to interfere with any man's private banking account. If it is necessary to reduce the cost of butter in this country, then I am of opinion it should only be done by a subsidy out of the Consolidated Fund. As the same time I consider that such a subsidy should be given so as to benefit only the man with a wife and family, one who is not paying income-tax. I would not allow hotels, boardinghouses, shipping companies, or the retired rich to get cheap butter at the expense either of the country or the farmer. That is my opinion.

APPENDICES.

APPENDIX A.

Mr. Thomas Parsons submitted the following statement:—

Statement of Expenditure and Receipts, Forty-cow Farm.

Expenditure.

	£	s.	d.
160 acres of land at £35 per acre (£5,600 at 6 per cent.)	336	0	0
Forty cows at £20 each (at 6 per cent.)	48	0	0
Four-cow milking plant (£230 at 6 per cent.)	13	16	0
Six cans at £3 3s., £18 18s.; horse, cart, and harness, £90 (at 6 per cent.)	6	10	0
Cost of upkeep of same	10	0	0
Benzine and oil	10	0	0
Ten pigs at £1 5s.	12	10	0
Pig-feed for topping off	5	0	0
Calf-food, six calves	4	10	0
Self and man, wages and food at £3 10s. per week	364	0	0
Wife, assistance (£25 per annum)	25	0	0
Depreciation on cows (cow to last six years)	133	6	0
Depreciation on plant (£338 at 10 per cent.)	33	16	0
Rates and taxes	40	0	0
Sundries	25	0	0
	£1,067	8	0

Receipts.

	£	s.	d.	£	s.	d.
Forty cows, 170 lb. butterfat per cow, at 2s. 6d. per pound	850	0	0			
Ten pigs at £6 5s. each	62	10	0			
Six calves at £4 each	24	0	0			
Thirty-four calf-skins at 8s.	13	12	0			
Produce used from farm	40	0	0			
Five saleable dry cows	20	0	0			
				1,010	2	0
Dr. balance				£57	6	0

Comparison of Prices for Materials, 1914 and 1920.

	1914. £	s.	d.	1920. £	s.	d.
Horse	15	0	0	20	0	0
Spring dray	24	0	0	60	0	0
Harness	7	10	0	14	0	0
Cans	1	10	0	3	5	0
Machine	170	0	0	230	0	0
Chaff	6	0	0	13	0	0
Hay	4	0	0	12	0	0
Benzine	0	19	0	1	16	0
Slag	4	10	0	13	0	0
Fencing-wire	12	0	0	55	0	0
Galvanized iron	19	0	0	70	0	0
Cows	8	0	0	20	0	0
Cement	0	3	6	0	7	6
Labour	1	5	0	3	0	0
Freight	0	19	6	2	2	6

APPENDIX B.

Mr. Tunnicliffe handed in the following statement:—

Capital.

	£	s.	d.
Dairying area, 80 acres: Lessee's interest	2,122	0	0
Stock—			
One bull	14	0	0
Forty-three cows at £15	645	0	0
Ten young stock at £3	30	0	0
Two working-horses at £9	18	0	0
Plant, milking-machines, farm implements	300	0	0
	£3,129	0	0

Revenue.

	£	s.	d.
10,068 lb. butterfat at 1s. 11d. per pound ...	964	17	0
Value of skins and calves sold ...	27	3	7
Value of farm products consumed on farm ...	27	0	0
	£1,019	0	7

Expenditure.

	£	s.	d.	£	s.	d.
Interest on capital at 6 per cent. ...	189	15	0			
Rent of land ...	104	10	2			
Insurance, rates, and taxes ...	35	11	4			
Benzine, oil, and rubbers ...	31	9	1			
Provision for depreciation and loss of stock ...	50	10	0			
Manures and seeds ...	4	7	6			
Wages ...	325	16	8			
Wire, staples, repairs, &c. ...	14	6	0			
				756	5	9
Balance (profit) ...				£262	14	10

APPENDIX C.

Mr. Hansen submitted the following statement:—

Capital.

	£	s.	d.
Dairying-land, 62 acres: Government valuation ...	4,847	0	0
One bull ...	20	0	0
Thirty cows ...	500	0	0
Two horses ...	40	0	0
Milking plant, trap, and implements...	300	0	0
	£5,707	0	0

Revenue.

	£	s.	d.
6,397 lb. butterfat ...	567	0	0
Casein ...	40	0	0
Pigs ...	42	0	0
Value of milk and butter for own use ...	30	0	0
House allowance ...	80	0	0
	£759	0	0

Expenditure.

	£	s.	d.	£	s.	d.
Interest at 6 per cent. on £5,707 ...	342	0	0			
Insurance, rates, and taxes ...	25	0	0			
Benzine, rubbers, and oil ...	23	0	0			
Depreciation on stock and assets ...	69	0	0			
Cultivation and manures ...	32	0	0			
Wages and keep, one man ...	154	0	0			
Horse-shoes (carting milk) ...	10	0	0			
Pollard for pigs ...	5	0	0			
				660	0	0
Balance (profit) ...				£99	0	0

Value of house (six rooms), £800. Own labour, £300.

By Authority: Marcus F. Marks, Government Printer, Wellington.—1920.