

the country self-supporting in the matter of foodstuffs, ensuring an improved trade balance, supporting the railways, supporting the milling industries, giving a sound method of farming lands which are capable of growing wheat in Canterbury and North Otago, and so on, are arguments that you are quite familiar with and are more capable of dealing with properly than I am; but, speaking as a wheat-grower of very wide experience, I say most emphatically that the sliding scale of duties is the most satisfactory solution of the wheat-growing problem, and the future of the industry can best be secured by adopting a general system of contract wheat-growing with farmer and miller working together.

I wish you every success in your endeavour to have the sliding scale of duties retained, and if I can be of any assistance to you I shall be pleased to do so.

There are one or two points in the above letter that could be elaborated. The extra sheep that I had bought at the end of last year were well bought, and could have been sold at a profit at any time up to my taking delivery of them in February and March of this year, when I decided to drop wheat-growing. I know I have been criticized by some for having reduced my staff, but I submit that no prudent business man situated as I was could have acted otherwise. I have quoted those letters just to show you how reluctant I was to change my system of farming, and to what lengths I went and what efforts I made to carry on with my wheat-growing operations as in the past. You will realize that for me to risk sowing 2,500 acres of wheat at the present level of costs per acre (over £10 15s.) meant an outlay of nearly £27,000 for one year, and if the resulting crop were unprotected the loss might easily be absolutely disastrous to me. Look at the margin of loss in £27,000 I might have if the market as well as the season went against me. I simply could not afford to run the risk, and it was better for me to make a substantial loss on selling my surplus wheat-growing plant and thus freeing capital to put into additional sheep. To make my statement complete I have compiled a few examples showing how the present sliding scale of duties works out in practice.

Sliding Scale of Duties on Flour.—(1) Duty £3 10s. when home-consumption value is £13 10s.; (2) duty rises and falls inversely the same amount of the fall and rise in the home-consumption value (1s. for 1s. or part of 1s. variation); (3) the home-consumption value must not exceed the export price by more than £1 5s.; (4) the result of the above is that in no case will flour plus duty cost the importers less than £15 15s.

EXAMPLES.

Export Price.	Actual Home-consumption Value.	Maximum of £1 5s. to operate.	Home-consumption Value for Duty-calculation.	Duty.	Cost plus Duty.
£ s. d.	£ s. d.	No.	£ s. d.	£ s. d.	£ s. d.
9 0 0	10 0 0	No.	10 0 0	7 0 0	16 0 0
9 5 0	11 0 0	Yes.	10 0 0	6 10 0	15 15 0
10 0 0	11 0 0	No.	11 0 0	6 0 0	16 0 0
10 10 0	12 0 0	Yes.	11 15 0	5 5 0	15 15 0
12 0 0	13 10 0	Yes.	13 5 0	3 15 0	15 15 0
12 5 0	13 10 0	No.	13 10 0	3 10 0	15 15 0
14 15 0	15 10 0	No.	15 10 0	1 10 0	16 5 0
15 10 0	17 0 0	Yes.	16 15 0	0 5 0	15 15 0
16 0 0	17 0 0	No.	17 0 0	..	16 0 0

As I stated earlier, you will see that the cost plus duty for flour is never less than £15 15s., consequently the miller knows exactly what he can get for his flour and what he can afford to pay the farmer for his wheat.

Sliding Scale of Duties on Wheat.—(1) Duty 1s. 3d. per bushel when home-consumption value is 5s. 6d.; (2) duty rises and falls inversely the same amount of the fall or rise in the home-consumption value ($\frac{1}{2}$ d. for each $\frac{1}{2}$ d. or part of a $\frac{1}{2}$ d. variation).

EXAMPLES.

Home-consumption Value.	Export Price.	Duty.	Cost plus Duty.
s. d.	s. d.	s. d.	s. d.
5 6	5 3	1 3	6 6
5 6	5 6	1 3	6 9
6 0	5 9	0 9	6 6
4 0	3 9	2 9	6 6
6 9	6 3	..	6 3

Freight and Charges to land Australian Wheat and Flour in New Zealand.

	Flour (per Ton).	Wheat (per Bushel).
	£ s. d.	d.
Freight	1 10 0	9 $\frac{3}{4}$
Insurance, $\frac{1}{2}$ per cent. on landed cost ..	0 1 8 $\frac{1}{2}$	0 $\frac{1}{4}$
Exchange, $\frac{1}{2}$ per cent. on export price ..	0 1 2 $\frac{1}{2}$	1
Primage, 1 per cent. on export price ..	0 2 5	
	£1 15 4	11d.