

(b) Land-values and land-tax on wheat-growing lands are also much higher than in Australia.

(c) Costs of growing wheat are steadily increasing here year by year, and risks the wheat-grower could run in the past as regards crop failures were not so serious. It is now costing us well over £10 per acre to grow wheat, and if the grower has to risk a possible adverse market as well as a weather risk he might easily be put right out of business.

(3) *What form of protection or State assistance (if any) would effect that object without unduly adding to the cost of wheat, flour, bread, fowl-wheat, and wheat-offal to the users.*

(a) The first essential in protection for the wheat-grower is stability and continuity to allow him to give effect to a scientific rotation of crops; and when it is pointed out that, generally speaking, ground from which wheat is to be sold in March of one year should be prepared not later than the January of the previous year, a period of at least fifteen months' occupation of the ground for a single crop is required. This point cannot be too strongly emphasized, as it is so often overlooked when the cost of wheat-growing is under discussion, and the failure of Parliament in the past years to realize this has had a materially adverse effect on the wheat-production of the Dominion.

(b) The present sliding scale of duties fulfils the first essentials I have mentioned—stability and continuity—and if left as it is the farmer knows that wheat and flour cannot be imported in competition with his product at less than £15 15s. for flour (cost, plus duty), to which must be added charges of £1 15s. 4d. to land it in New Zealand.

(c) The great bulk of the wheat requirements of New Zealand is for milling. This makes it apparent that practically the only customer that the wheat-grower has is the flour-miller, and, if the farmer wishes to sell, it is essential that the miller must be able to produce flour milled from New Zealand wheat at a price competitive with Australian flour. It follows, therefore, that it is quite as important to the wheat-grower as to the miller that flour must have equal or greater protection than wheat. The sliding scale has been fixed and designed to give effect to this principle, and actually does so in practice. This stability and continuity has also enabled the system of farmers growing wheat under contract with the miller to be brought into force, and this new system bids fair to become a most important factor in wheat-production, providing the sliding scale of duties is undisturbed.

(d) Protection in the form of a bounty or a subsidy does not offer stability or continuity to a reasonable remunerative selling-price of wheat, as it does not keep Australian flour out.

(e) Government control of wheat-marketing as tried during the war has proved to be most unsatisfactory—principally, I honestly believe, because the average farmer expected to be protected against a low world's market price of wheat, and at the same time wanted freedom of action when the world's wheat parity was in his favour.

(f) Any form of fixed duty lends itself to "dumping" on the part of Australia whenever there happens to be a surplus of wheat available to swamp the New Zealand wheat or flour market. Australia's policy in the last few years has been to sell flour to New Zealand, instead of wheat, wherever possible, as this keeps the cost of manufacture in Australia, and also makes available in Australia all the resulting wheat-offal. This offal has a ready market in Australia principally, and for export at all times.

(4) *Whether protection (if any) is required for the flour-milling industry.*

I have already advanced reasons in support of such protection under the heading (3) (c), and I can only repeat it: The great bulk of the wheat requirements of New Zealand is for milling. This makes it apparent that practically the only customer that the wheat-grower has is the flour-miller, and, if the farmer wishes to sell, it is essential that the miller must be able to produce flour milled from New Zealand wheat at a price competitive with Australian flour. It follows, therefore, that it is quite as important to the wheat-grower as to the miller that flour must have equal or greater protection than wheat. The sliding scale has been fixed and designed to give effect to this principle, and actually does so in practice. This stability and continuity has also enabled the system of farmers growing wheat under contract with the miller to be brought into force, and this new system bids fair to become a most important factor in wheat-production, providing the sliding scale of duties is undisturbed.

The sliding scale of duties affords the millers protection to enable them to produce flour from New Zealand wheat, and the amount of such protection was fixed to enable the miller to pay a reasonably profitable price to the grower for his wheat. I myself am satisfied that the millers have carried out their obligations to pay as much as they were able to the farmer for his wheat, and I will give at a later stage my reasons for making this statement. In discussing the above I have dealt in generalities, and I should like to submit some of my own figures in support. These figures, of course, represent a single wheat-grower's experience (my own), but can, I think, be taken as typical of any grower who produces wheat on a reasonably large scale. And my figures, to some extent, do not refer exclusively to wheat-growing, as I have been a "mixed" farmer, with, however, wheat as my main product; but at the same time I have grown oats, peas, linseed, potatoes, and so on, of varying quantities each year, in conjunction with live-stock. With this reservation being borne in mind, I still think my figures are a fairly accurate illustration of wheat-growing from the farmer's point of view.

(a) *Foodstuffs.*—The quantity of wheat I grew in the last three years amounted approximately to—1927–28, 75,000 bushels; 1928–29, 50,000 bushels; 1929–30, 35,000 bushels; and for this year I had intended putting in 2,500 acres of wheat on my own and other land I was arranging to lease, which would have produced 85,000 bushels.