1929.

NEW ZEALAND.

WHEAT INDUSTRY COMMITTEE

(REPORT OF, TOGETHER WITH MINUTES OF PROCEEDINGS, EVIDENCE, AND APPENDICES).

Report brought up on the 1st November, 1929, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

TUESDAY, THE 6TH DAY OF AUGUST, 1929.

Ordered, "That a Select Committee be appointed, consisting of ten members, to examine matters relating to the wheat industry, and to report to this House as to (1) the advantages from a national standpoint of the policy of the Dominion being self-supporting as far as its wheat requirements are concerned; (2) whether the wheat-growers of the Dominion require protection or State assistance to enable them to market their product in competition with the importations from other countries; (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; (4) whether protection (if any) is required for the flour-milling industry; and (5) whether the costs of baking and distribution of bread to consumers are reasonable or otherwise; the Committee to have power to call for persons, papers, and records; three to be a quorum: the Committee to consist of Mr. Bitchener, Rev. Clyde Carr, the Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson, and the mover."—(Hon. Mr. FORBES.)

WEDNESDAY, THE 14TH DAY OF AUGUST, 1929.

Ordered, "That the proceedings of the Wheat Industry Committee on the taking of evidence be open to accredited representatives of the press."—(Mr. WILKINSON.)

WEDNESDAY, THE 11TH DAY OF SEPTEMBER, 1929.

Ordered, "That the Wheat Industry Committee have leave to sit this day during the sitting of the House."—(Mr. WILKINSON.)

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REPORTS.

I HAVE the honour to report that at the first meeting of the Wheat Industry Committee, held to-day, the Committee unanimously resolved that the proceedings of the Committee on the taking of evidence be open to accredited representatives of the press.

14th August, 1929. C. A. WILKINSON, Chairman.

I HAVE the honour to report that the Select Committee appointed to examine matters relating to the wheat industry held eighteen meetings and examined sixty witnesses.

The items of the order of reference on which the Committee was instructed to report to the House, and the conclusions of the Committee thereon, are as follow :—

(1) *The advantages from a national standpoint of the policy of the Dominion being self-supporting as far as its wheat requirements are concerned.*

The Committee is unanimously of opinion that the Dominion should be self-supporting so far as its wheat requirements are concerned.

(2) *Whether the wheat-growers of the Dominion require protection or State assistance to enable them to market their product in competition with the importations from other countries.*

The Committee is unanimously of opinion that the wheat-growers of the Dominion should have some form of protection.

(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.*

The Committee recommends that the present sliding scale of duties affecting wheat and flour, as provided under the Customs Amendment Act, 1927, be continued, but that bran and pollard be admitted to the Dominion free of duty.

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

The answer to this question is covered by the answers to the preceding questions, but the Committee unanimously recommends that the Department of Industries and Commerce be asked to investigate the operations of the milling industry with the object of ascertaining whether or not the cost of the production of flour can be reduced.

(5) *Whether the costs of baking and distribution of bread to consumers are reasonable or otherwise.*

The Committee unanimously recommends that, in view of the disparity in the cost of baking and distribution of bread in various centres, the Department of Industries and Commerce be instructed to investigate the cost of baking and distribution of bread.

1st November, 1929. C. A. WILKINSON, Chairman.

SPECIAL REPORT.

I HAVE the honour to report that at its final meeting held on Wednesday, the 6th November, 1929, the following resolution was passed: That this Committee records its cordial appreciation of the courtesy and ability with which the Chairman, Mr. C. A. Wilkinson, has presided over the meetings of the Committee, and directs that this resolution be recorded in the minutes and be reported to the House.

DAVID JONES,

7th November, 1929. Member of the Committee.

SPECIAL REPORT.

I HAVE the honour to report that at its final meeting the Wheat Industry Committee expressed its appreciation of the services of the Clerk, Mr. Organ, and directed that this resolution be recorded in the minutes and reported to the House.

7th November, 1929. C. A. WILKINSON, Chairman.

MINUTES OF PROCEEDINGS.

WEDNESDAY, 14TH AUGUST, 1929.

The Committee met at 11 o'clock a.m.

Present: Mr. Bitchener, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Wilkinson.

The order of reference setting up the Committee was read by the Clerk.

Election of Chairman: On motion of the Hon. Mr. Forbes, seconded by Mr. Jenkins, Mr. Wilkinson was elected Chairman of the Committee.

Mr. Wilkinson accordingly took the chair, and thanked members for the honour paid him in electing him to the chair.

Resolved, That the meetings of the Committee during the taking of evidence be open to accredited representatives of the press.

Resolved, That interested parties may be represented before the Committee by counsel.

The Clerk was instructed to advise the press of the procedure intended to be adopted by the Committee, and to invite the various interests connected with the wheat industry to place evidence before the Committee.

Resolved, That the days of meeting be Tuesday and Wednesday; and that the first meeting be held on Wednesday, the 21st August, to hear departmental evidence and fix dates for hearing other evidence, and that the hour of meeting be 9.30 a.m.

The Committee then adjourned.

WEDNESDAY, 21ST AUGUST, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Correspondence: The Clerk read a list of the principal parties invited to tender evidence.

It was agreed that the Associate Chambers of Commerce should be informed that it was not the intention of the Committee to hear evidence at any other place than Wellington.

Procedure: After a general discussion on the procedure to be followed, it was agreed that the Committee should, as far as practicable, follow the items of the order of reference; that the evidence of witnesses representing different interests should be taken, if possible, in regular order, but that the convenience of witnesses from a distance be given consideration.

Witnesses, the press, and others being then admitted, the Hon. Mr. Forbes, Minister of Agriculture, addressed the Committee, pointing out that it was desired that all sides of the case should be heard.

Mr. W. H. Field, M.P., asked that a date should be fixed and notified to the New Zealand Poultry Association for the hearing of evidence the association desired to furnish.

Mr. A. F. Wright, barrister and solicitor, of Christchurch, asked leave to attend on behalf of the New Zealand Wheatgrowers' Association and other interests.

Evidence was then given by Dr. George Craig, Comptroller-General of Customs; Mr. Alfred Hyde Cockayne, Assistant Director-General of Agriculture; and Mr. John W. Collins, Secretary to the Department of Industries and Commerce. Mr. Collins's evidence was not concluded.

The Clerk was instructed to obtain from the Department of Industrial and Scientific Research a copy of the report on wheat-cultivation supplied to the Department by the Wheat Institute.

The Committee then adjourned until 9.30 a.m. on Tuesday, 27th August.

WEDNESDAY, 28TH AUGUST, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

The Chairman explained that he had directed that the meeting set down for Tuesday, 27th August, be postponed until the following day.

Evidence: Mr. S. A. Ferguson, chairman of the South Auckland Dairy Association, gave evidence and was examined by members of the Committee.

Arising out of Mr. Ferguson's evidence, the Clerk was instructed to request the Farmers' Co-operative Organization Society of N.Z., Ltd., of Hawera, to furnish the prices of certain wheat products on the rail at Hawera.

Mr. J. W. Collins, Secretary to the Department of Industries and Commerce, recalled, gave further evidence and was examined.

Mr. E. J. Fawcett, Farm Economist, of the Agriculture Department, gave evidence and was examined. Mr. Fawcett's evidence was not completed.

Correspondence: It was agreed to suggest to the Auckland Chamber of Commerce and others who had sent in written statements that they should give the Committee an opportunity to cross-examine a representative or the writer of the statement.

The Committee then adjourned until 9.30 a.m. on Wednesday, 4th September.

WEDNESDAY, 4TH SEPTEMBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

In attendance were Dr. Reakes and Mr. Fawcett (Department of Agriculture), Messrs. Collins and Colquhoun (Department of Industries and Commerce), and Mr. Good (Customs Department).

Evidence: The following witnesses attended and gave evidence and were examined by members of the Committee: Mr. W. G. McDonald, formerly Chairman of the Board of Trade; Mr. J. G. Ruddenklau, of Waimate, wheat-grower; Mr. G. S. Bates, president of the New Zealand Poultry Association; Mr. P. Jennens, of Levin, poultry-farmer; Dr. E. P. Neale, secretary of the Auckland Chamber of Commerce; Mr. T. J. Fleming, representing the poultry associations of the Auckland Province; Mr. F. C. Raikes, of Foxton, poultry-farmer and member of the Foxton Chamber of Commerce; Mr. B. Raskin, of Levin, poultry-farmer.

The Clerk was instructed to obtain from the Trades and Labour Council information relative to variations in wages between 1918 and 1929.

The Committee then adjourned until 9.30 a.m. on Tuesday, 10th September.

TUESDAY, 10TH SEPTEMBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Correspondence: The Clerk read a letter from Dr. E. P. Neale, secretary to the Auckland Chamber of Commerce, stating, in reply to a question asked when he gave evidence at the previous meeting, that "bread constitutes just under 4 per cent. of the total expenditure of the average household."

Evidence: Mr. A. F. Wright appeared on behalf of New Zealand wheat-growers and led the following evidence: Mr. C. H. Hewlett, managing director of the Canterbury Seed Co., Ltd., of Christchurch; Dr. F. W. Hilgendorf, of the Biological Branch of the Canterbury Agricultural College, Lincoln; Mr. John Brown, of Lowcliffe, Ashburton, farmer; Mr. M. J. Scott, of Canterbury Agricultural College, Lincoln. The witnesses were examined by members of the Committee. Mr. Wright's case was not completed when the Committee adjourned, at 1.30 p.m., until 9.30 a.m. on Wednesday, 11th September.

WEDNESDAY, 11TH SEPTEMBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

Messrs. Collins and Colquhoun (Department of Industries and Commerce), Dr. Reakes and Mr. Fawcett (Department of Agriculture), and Mr. Good (Customs Department) were in attendance.

Evidence: Continuing the case for the wheat-growers, Mr. A. F. Wright called as witnesses Mr. W. W. Mulholland, of Darfield, farmer, and chairman of directors of the Wheat-growers' Association; Dr. R. E. Alexander, Director of the Agricultural College, Lincoln; Mr. A. W. Smith, chief grader to the New Zealand Wheat Pool, of Christchurch, New Zealand.

On the motion of Mr. Jones, it was agreed that the Chairman should ask leave of the House for the Committee to sit this day during the sitting of the House.

The Committee adjourned until 3 p.m.

On resuming at 3 p.m. the order of reference conveying the leave of the House for the Committee to sit during the sitting of the House was read by the Clerk.

Mr. Wright then called as a witness Mr. W. H. Nicholls, public accountant, of Christchurch; and put in the evidence of Mr. Sophus Larsen, of Swannanoa, farmer; Mr. Alexander F. Campbell, of Fairlie, farmer, member of the Mackenzie County Council and of the Timaru Harbour Board; Mr. Colin McIntosh, of West Eyreton, farmer; Mr. James Carr, of Methven, Chairman of the Ashburton County Council; and Mr. Alan Grant, of Waimate, farmer.

The Chairman thanked Mr. Wright and the witnesses for their evidence, and the Committee adjourned until 9.30 a.m. on Tuesday, 17th September.

TUESDAY, 17TH SEPTEMBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the meeting of the 10th September and of the previous meeting were read and confirmed.

Dr. Reakes and Mr. Fawcett (Department of Agriculture), Messrs. Collins and Colquhoun (Department of Industries and Commerce), and Mr. Good (Customs Department) were in attendance.

Evidence: The following witnesses gave evidence and were examined by members of the Committee: Mr. W. Nash, Secretary to the National Labour Legislative Committee; Mr. James Mitchell, of Oamaru, journalist; Captain F. Colbeck, of Morrinsville; Mr. S. H. Judd, of Hamilton, president of the New Zealand Co-operative Pig-marketing Association.

The Committee then adjourned until 9.30 a.m. on Wednesday, 18th September.

WEDNESDAY, 18TH SEPTEMBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Dr. Reakes and Mr. Fawcett (Department of Agriculture), Mr. Good (Customs Department), and Messrs. Collins and Colquhoun (Department of Industries and Commerce) attended.

Evidence: The following witnesses tendered evidence and were examined by members of the Committee: Mr. E. D. Good, of the Customs Department; Mr. W. D. Hunt, of Wellington, chairman of the Unemployment Committee; Mr. J. H. Barker, secretary, New Zealand Master Bakers' Association; Mr. F. H. Hawker, of Messrs. Stacey and Hawker, Bakers, Christchurch; Mr. A. House, of Auckland, master baker; Mr. W. A. Kellow, of Wellington, master baker; Mr. J. W. Collins, Secretary, Department of Industries and Commerce.

On the motion of Mr. McCombs it was agreed to recall Mr. W. W. Mulholland, managing director of the New Zealand Wheat-growers' Association, and Mr. R. McPherson, the manager.

The Committee adjourned until Tuesday, 24th September, at 9.30 a.m.

TUESDAY, 24TH SEPTEMBER, 1929.

Present: Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

The question of securing further evidence from bakers was discussed, and held over for further consideration.

Dr. Reakes and Mr. Fawcett (Department of Agriculture), Mr. Good (Customs Department), and Messrs. Collins and Colquhoun (Department of Industries and Commerce) attended.

Evidence: Mr. A. T. Donnelly, for Distributors Ltd., called Mr. R. K. Ireland, chairman of directors of Ireland and Co., Ltd., of Oamaru, flour-millers, and Mr. J. C. Young, of Palmerston North. Mr. Young's evidence had not been completed when the Committee adjourned until 9.30 a.m. on Wednesday, 25th September.

WEDNESDAY, 25TH SEPTEMBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

Dr. Reakes and Mr. Fawcett (Department of Agriculture), Messrs. Collins and Colquhoun (Department of Industries and Commerce), and Mr. Good (Customs Department) were in attendance.

Evidence: The examination of Mr. J. C. Young, managing director of Messrs. Hodder and Tolley, general produce-merchants and flour-millers, of Palmerston North, was resumed and concluded.

Mr. R. K. Ireland produced, confidentially, the balance-sheets of Messrs. Brown and Son, Ltd., and of the Atlas Roller Flour-mills, and was cross-examined.

Mr. R. J. Lyon, grain manager for Messrs. Wood Bros., Ltd., Christchurch, produced, confidentially, the balance-sheets of his company and was cross-examined on the same.

The Clerk was instructed to ask the Government Statistician to attend before the Committee at a suitable date.

The Committee adjourned until 9.30 a.m. on Tuesday, 1st October.

TUESDAY, 1ST OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Mr. Jenkins, Mr. Jones, Mr. McCombs (in chair), Mr. Waite.

The minutes of the two previous meetings were read and confirmed.

Correspondence: Telegram from Mr. A. F. Wright, Christchurch, asking that three witnesses be heard on 9th October: The action of the Clerk in agreeing to this date was confirmed.

A telegram from Mr. A. Wood, president of the Auckland Poultry Association, to the Hon. Mr. Forbes, passed on to the Committee, was received.

A telegram was received from Mr. W. W. Mulholland asking to be heard on 8th October. Date agreed to.

A letter from Mr. J. Montgomery, Christchurch, suggesting the staining of imported fowl-wheat, was received.

A letter from Mr. L. A. Woodward, Christchurch, forwarding certified details of the cost of producing a 4 lb. loaf, was read by the Clerk. It was agreed that Mr. Woodward should be called later.

Evidence: Evidence was given by the following witnesses: Mr. G. S. Bates, of Upper Hutt, president of the New Zealand Poultry Association; Mr. A. G. Mumby, of Heretaunga, poultry-farmer; Mr. J. Heaton, secretary of the New Zealand Master Bakers' Association; Mr. A. J. Clegg, manager of Denhard Bakeries, Ltd., Wellington; Mr. T. S. Searle, of Dunedin, master baker; Mr. H. P. Burton, of Auckland, master baker; Mr. A. House, of Auckland, master baker; Mr. G. K Matheson, of Auckland, master baker.

Mr. J. H. Barker produced figures relating to the costs of a Dunedin business.

The Clerk was instructed to call the manager of the Northern Roller-milling Co., Auckland.

The Committee then adjourned until 10 a.m. on Wednesday, 2nd instant.

WEDNESDAY, 2ND OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Evidence: The following gave evidence and were cross-examined by members of the Committee: Captain Rushworth, M.P.; Mr. A. G. Cathie, Wellington Grain-merchants' Association; Mr. S. Rowe, Wellington Grain-merchants' Association; Mr. R. W. Hawke, M.P.; Mr. Pairere Paikea, secretary of the Ratana movement.

The Committee adjourned until 9.30 a.m. on Tuesday, 8th October.

TUESDAY, 8TH OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

In attendance were Dr. Reakes and Mr. Fawcett (Department of Agriculture), Mr. Good (Customs Department), Messrs. Collins and Colquhoun (Department of Industries and Commerce), and Mr. M. Fraser, Government Statistician.

Evidence: The following gave evidence and were cross-examined by members of the Committee: Mr. W. W. Mulholland, Wheat-growers' Association, Christchurch; Mr. Edward Boocock, Wellington; Mr. Malcolm Fraser, Government Statistician; Captain Rushworth, M.P.; Mr. D. Colquhoun, of the Department of Industries and Commerce.

The Clerk was instructed to secure the attendance before the Committee of Mr. West, of the Wheat Research Institute, and of Mr. Pratt, manager of the Northern Roller-milling Co., Auckland.

The Committee expressed its thanks to Mr. Mulholland for his attendance before the Committee.

The Committee adjourned until 9.30 a.m. on Wednesday, 9th October.

WEDNESDAY, 9TH OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Messrs. Colquhoun (Department of Industries and Commerce), Good (Customs Department), and Fawcett (Department of Agriculture) were in attendance.

Evidence: Mr. A. F. Wright, for the New Zealand Wheat-growers' Association, called Mr. W. Machin, general manager of the New Zealand Farmers' Co-operative Association of Canterbury, Ltd., and Professor Tocker, Chair of Economics, Canterbury College.

Mr. E. J. Fawcett, of the Department of Agriculture (recalled), also gave evidence.

The Committee adjourned until 9.30 a.m. on Tuesday, 15th October.

TUESDAY, 15TH OCTOBER, 1929.

Present: Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. McCombs, Mr. Macpherson, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

The Chairman explained that it was necessary for him to go at once to another meeting, and thereupon the Committee agreed that Mr. McCombs should take the chair, and Mr. McCombs did so.

Evidence: The following gave evidence and were cross-examined by members of the Committee: Herbert Edwin West, in charge of laboratory, Wheat Research Institute, Christchurch; Mr. William Stewart Pratt, manager of Northern Roller-milling Co., Auckland; Mr. Edwin Dudley Good, Customs Department, Wellington; Mr. Duncan Colquhoun, Department of Industries and Commerce, Wellington.

The Committee then adjourned to a date to be fixed by the Chairman of the Committee.

TUESDAY, 22ND OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Mr. Jenkins, Mr. Jones, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Correspondence: Letters were read as follows: (1) From Mr. S. G. Smith, M.P., forwarding copy of resolution passed by the Taranaki Agricultural and Pastoral Poultry Club, New Plymouth, protesting against the high cost of poultry-foods, and a copy of statement by D. J. Pepper, of New Plymouth, to the same effect; (2) from Mr. J. Heaton Barker, asking that the expenses of the witnesses of the New Zealand Master Bakers' Association before the Committee be paid; (3) from Mr. A. H. Cockayne, Department of Agriculture, relative to the cost of staining imported fowl-wheat.

Evidence: Mr. Malcolm Fraser, Government Statistician, produced figures relative to the grain-mills of New Zealand and their production.

Consideration of evidence and report: There was a general discussion on what might be the basis of a report.

The Committee then adjourned to a date to be fixed by the Chairman.

WEDNESDAY, 30TH OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Correspondence: (1) A letter was read from J. Heaton Barker, secretary New Zealand Master Bakers' Association, asking that the expenses of the association's witnesses before the Committee be paid.

Resolved, That the Clerk inform Mr. Barker that the Committee cannot recommend the payment of these expenses.

(2) Mr. R. McPherson, manager of the New Zealand Wheatgrowers' Association, forwarded, on behalf of Mr. W. W. Mulholland, a schedule showing the cost of growing wheat.

Evidence: It was agreed that confidential evidence relating to balance-sheets, &c., should not be printed, and the Clerk was instructed to communicate with the witness in each case, where necessary, to ascertain whether publication was objected to or not.

Resolved, That the Chairman move in the House that the evidence be printed.

Deliberating report: A general discussion took place as to the basis of a report.

Mr. Macpherson moved, That in the opinion of this Committee the present sliding scale has given reasonable satisfaction, and that it should be adhered to so far as flour and wheat are concerned.

Dr. Craig, Comptroller of Customs, attended in relation to the effectiveness of the tariff on wheat and flour.

Mr. Macpherson's motion was held over, and the Committee adjourned until 10 a.m. on Thursday, 31st October.

THURSDAY, 31ST OCTOBER, 1929.

Present: Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jenkins, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite, Mr. Wilkinson (Chairman).

The minutes of the previous meeting were read and confirmed.

Deliberating report: The Committee resumed deliberation with the object of agreeing upon a report. After some discussion Mr. Macpherson, with the leave of the Committee, altered the motion which he had made at the previous meeting to read, "That the Committee recommend that the present sliding scale of duties affecting wheat and flour, as provided by the Customs Amendment Act, 1927, be continued; but that bran and pollard be admitted free of duty."

Amendments: Notice of amendments were given as follows:—

(1) By Mr. McCombs: "The present sliding-scale duty, together with favourable seasons and bountiful harvests, has resulted in a surplus production of wheat. Part of this surplus, which should have been retained to meet possible shortage in the near future, is being exported, and the result may be that New Zealand will have to import wheat at a very much higher price than was received for the wheat exported. Lack of combination between the wheat-pool interests and the milling interests is largely responsible for the economic loss to the Dominion which will result from the export of wheat at a low price and the importation of wheat at a higher price, together with the freight losses each way. In the circumstances, the wheat-growers require to be financed and protected against combinations within New Zealand working to depress the prices of milling-wheat. We are convinced that the only satisfactory way to ensure that the farmer shall receive a payable price is for the State to acquire a sufficient number of mills to meet the Dominion's requirements. The protection required by the wheat industry could best be obtained by means of a subsidy. Consumers of wheat and flour and bran and pollard would thus be enabled to get supplies at a reasonable price. The subsidy should be sufficient to enable the 4 lb. loaf of bread to be sold at 9d."

(2) By the Hon. Mr. Cobbe: "That the present sliding scale of duties be continued, but that bran and pollard and fowl-wheat be admitted free of duty."

(3) By Mr. Wilkinson: "That the present sliding scale of duties on wheat and flour be amended in the following directions: (*a*) By reducing the basis, in the case of wheat, from 1s. 3d. to 9d. per bushel; (*b*) that the basis of duty on flour be reduced to the parity of the duty on wheat; (*c*) that all animal-foods, including bran and pollard, be admitted free of duty."

The amendment (No. 1) moved by Mr. McCombs was submitted to the Committee first and was negatived on the voices.

Amendment No. 3, moved by Mr. Wilkinson, was then taken; and on the question being put the Committee divided, and the names were taken down as follow: Ayes, 2—Mr. Jenkins, Mr. Wilkinson; Noes, 8—Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite. So it passed in the negative.

By leave of the Committee, the original motion was divided into two portions, and the Hon. Mr. Cobbe's amendment withdrawn to enable it to be moved as an amendment to the second portion of the original motion.

The first portion of the original motion being then put—"That the Committee recommend that the present sliding scale of duties affecting wheat and flour, as provided by the Customs Amendment Act, 1927, be continued"—the Committee divided, and the names were taken down as follow: Ayes, 8—Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Cobbe, Hon. Mr. Forbes, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite; Noes, 2—Mr. Jenkins, Mr. Wilkinson. So it was resolved in the affirmative.

The second portion of the original motion was then taken.

Amendment moved by the Hon. Mr. Cobbe: That after the word "pollard" there be inserted the words, "and wheat for fowl and live-stock food."

And the amendment being put, the Committee divided, and the names were taken down as follow: Ayes, 3—Hon. Mr. Cobbe, Mr. Jenkins, Mr. Wilkinson; Noes, 7—Mr. Bitchener, Rev. Mr. Carr, Hon. Mr. Forbes, Mr. Jones, Mr. McCombs, Mr. Macpherson, Mr. Waite. So it passed in the negative.

And the motion, "That bran and pollard be admitted free of duty," being put, it was agreed to unanimously.

The Committee unanimously agreed to answer the first two items in the order of reference in the affirmative.

On the fourth item the Hon. Mr. Cobbe moved, "That the Department of Industries and Commerce be asked to investigate the operations of the milling industry with the object of ascertaining whether or not the cost of the production of flour can be reduced." Agreed to unanimously.

On the fifth item of the order of reference the Hon. Mr. Cobbe moved, "That, in view of the disparity in the cost of baking and distribution of bread in various centres, the Department of Industries and Commerce be instructed to investigate the cost of baking and distribution."

Resolved, That the Chairman do report the findings of the Committee to the House.

Resolved, on the motion of Mr. Jones, That this Committee record its cordial appreciation of the courtesy and ability with which the Chairman, Mr. C. A. Wilkinson, has presided over the meetings of the Committee, and directs that this resolution be recorded in the minutes and be reported to the House.

Resolved, on the motion of Mr. Bitchener, That a vote of thanks be passed to the Clerk for his strict attention to the needs of the Committee.

Resolved, That the Chairman be authorized to sign the minutes of this the final meeting of the Committee.

Read and confirmed.

7th November, 1929. C. A. WILKINSON, Chairman.

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MINUTES OF EVIDENCE.

WEDNESDAY, 21ST AUGUST, 1929.

Address by the Hon. G. W. FORBES, Minister of Agriculture. (No. 1.)

The Chairman: I will now ask the Hon. the Minister of Agriculture to make a short statement dealing with the setting-up of this Committee, and stating its objects.

Hon. Mr. Forbes: No doubt the work this Committee has to do is a very important one. It has to deal with the question of wheat-growing, flour-milling, and the baking and distribution of bread, which everybody in the country is directly interested in. And I am sure that the evidence that will be placed before the Committee, and the fact of it being published in the papers, will bring very great information to the people of this country. The publicity of the information that will be given in regard to this matter will be very useful, and it will be available not only to Parliament, but to the public generally. What is required is that all those who have any evidence to give on this subject should bring it before the Committee, and then the Committee will be in the position of knowing exactly what the feeling is in connection with this matter, and what the position is generally. I understand that the wheat-growers will give their evidence, and that the others interested will also give evidence. There is no doubt that there has been a feeling in the country that, in regard to the price of wheat, the price of bread is higher than what people think it ought to be. That is the very common feeling in many parts of the country, and if it can be shown by the investigations of this Committee that everything that can be done in regard to the efficient handling of wheat is being done, that will probably go a long way towards allaying that feeling. However, it is a matter for the Committee to deal with, and every interest will have an opportunity of placing its views before you. I think that the publicity that has been given to the Committee should ensure that that is done. I would like to say that it is a most important duty that is placed upon the Committee, and I am sure that the Committee will carry out its duty fairly and impartially. I do not think the members of the Committee will view the question from the point of view of one interest at all. I think that when members of Parliament are placed on a special Committee of investigation the House and the country can depend upon it that they will carry out their duties with a full sense of responsibility, and that, whatever the verdict is, it will be thoroughly impartial and in the best interests of the country.

Mr. Field, M.P.: I am here at the request of the poultry-farmers of the North Island. I want to ask the Committee whether they will fix a date for hearing the poultry-farmers of the North Island, because some will be coming from Hawke's Bay and Taranaki, as well as the Wellington District. We will not keep the Committee very long. What date will suit the Committee?

The Chairman: We will let you know the date as soon as we can arrange it.

Mr. A. F. WRIGHT examined. (No. 2.)

The Chairman: Do you wish to say anything to the Committee at this stage?—Yes, sir.

What is your full name?—Arthur Frank Wright.

And your official designation?—Solicitor.

And you are appearing on behalf of?—Mainly on behalf of a number of farmers' unions and agricultural and pastoral associations in Canterbury and Central Otago, and various Chambers of Commerce.

You represent these people?—Yes, sir; I will give you a list later on.

What is it you wish to say?—Merely that I should like to be present at the taking of the evidence and to appear on behalf of those organizations.

You will be quite welcome to be present and to appear on behalf of those organizations, but you will only have the right to cross-examine witnesses you have a personal knowledge of. This is not a Court of law. We are simply making inquiries into the matter. We do not want to lengthen the proceedings unduly.—Very well, sir. In regard to that matter, I may say that we desire to shorten the proceedings as far as possible, and that is why I was asked to attend to-day, to know the procedure being adopted, with a view to making our evidence as concise as possible, and to be given in the least possible time.

You have the right to appear before the Committee, and to question your own witnesses, I take it; but in the meantime we are not quite clear as to your right to question witnesses other than your own. That can be decided later.

Dr. G. CRAIG, Comptroller of Customs, examined. (No. 3.)

The Chairman.] What is your full name, Dr. Craig?—George Craig.

And your official position?—Comptroller of Customs.

Will you make a statement in connection with the operation of the duties on wheat, so that the Committee can understand the position?—Yes, sir.

Can you supply the Committee with a copy of the tariff relating to the subject? Each member of the Committee should have one.—Yes, sir, certainly. Well, with respect to the duty on wheat, it depends upon the current domestic value at the port of export to New Zealand, and the value of 5s. 6d. per bushel is taken as the basis. If the value is 5s. 6d. per bushel the duty is 1s. 3d. per bushel, and the duty rises and falls by ½d. per bushel for every ½d. by which the value falls or rises. With respect to flour, the duty again depends upon the current domestic value at the port of export to New Zealand: £13 10s. for a short ton is taken as the basis; when the value is £13 10s. the duty is £3 10s. per ton. The duty rises and falls by 1s. per ton for every 1s. by which the value falls or rises. There is one difference between flour and wheat. With respect to flour, if the difference between the current domestic value at the port of export and the f.o.b. export cash price is more than £1 5s., then the basis of duty is the f.o.b. price plus £1 5s. That is taken as the current domestic value.

Mr. Waite.] Would you mind stating that again?—In the case of wheat the duty is always determined by the current domestic value, and in the case of flour it is determined by the current domestic value in a strict sense, except when the difference between the current domestic value at the port of export and the f.o.b. export cash price is more than £1 5s., when the current domestic value is taken on that f.o.b. price plus £1 5s.

If the current domestic value at the port of export is £10 per ton you could not add more than the £1 5s.?—To the £10?

Yes.—That is right.

To assess the duty?—That is right. The current domestic value is the value at which the goods are sold for cash in the ordinary course of business for home consumption at the port of export, and at the time of export.

The Chairman.] That is the whole position?—Yes, sir.

Hon. Mr. Forbes.] What have been the duties during the last two or three years?—The average duty?

Yes.—I have that here. I have a return here. (See Appendix I.)

Will you put in that return?—Yes, sir; and I will read from it now. Prior to the sliding scale coming into force in 1927 the average duty was £3 per ton; in 1928 the average duty was £2 10s. 7d. per ton; and for the first six months of this year it was £2 19s. 7d. per ton. That is for flour. With regard to wheat, the average rate prior to 1927 was 2s. per cental; in 1928 it was 1s. 3d. per bushel; and for the first six months of this year it was 1s. 5¾d. per bushel. The duty used to be 1s. 2½d. per bushel; in 1928 it was 1s. 3d., and for the first six months of 1929 it has been 1s. 5¾d. I may say that, as a matter of fact, this duty has given us a considerable amount of trouble, and especially in connection with Canadian wheat and flour we have had difficulty in ascertaining the real facts.

Mr. Jones.] Would the Committee be right, Dr. Craig, in assuming that the present duty is practically the same as the previous duty?—Well, the average duty, as I have said, was originally £3 per ton on flour; in 1928 the average duty was £2 10s. 7d., and in 1929 it has been £2 19s. 7d. The duty on wheat was originally 2s. per cental—that is practically 1s. 2½d. per bushel. In 1928 it was 1s. 3d., and for the first six months of 1929 it has been 1s. 5¾d. Those are the average duties. The duties vary according to the countries from which the wheat or flour comes. Those are the average rates.

What is the highest and the lowest?—I have a statement here showing the total quantity of wheat imported into New Zealand which paid duty under the present sliding scale of duty, and the amount of duty paid during the period 1st November, 1927, to 30th June, 1929. This return gives the number of bushels and the rates of duties, arranged in steps—under 3d., 3d. to 5½d., 6d. to 8d., and so on—and separating Australian wheat from Canadian wheat. (See Appendix I.)

Will you provide us with copies of those returns?—Yes, sir. How many copies do you want?

The Chairman.] Say, twenty copies.—Very well.

Mr. Jones.] So far as the duty is concerned, what is your opinion as to its effect on the wheat-grower?

The Chairman.] That is a question that I think can hardly be asked Dr. Craig. We can hardly ask Dr. Craig to answer a question of that kind. That is a question of policy. It is out of his sphere altogether.

Mr. Macpherson.] I would like to be clear on one point. Is the duty based upon the country of origin?—Yes, the domestic value at the port of export—Montreal or Vancouver in the case of Canada.

The Chairman.] With regard to the domestic value, how do you determine that?—It is determined by the value at which the exporter sells the wheat or flour on the home market. The exporter states that on his invoices; and we periodically investigate the prices and see that they are correct.

Then, the amount stated in the invoice would be sufficient?—Yes, if we know from experience that the exporters have been in the habit of making them out correctly.

Have you had any trouble in connection with that point?—Well, we had at first. As a matter of fact, we had to send a special officer over to Australia to find out exactly what the position was. He interviewed the various firms, and with the information he was able to give us we have been able to administer the duty with regard to Australia.

If there is no information available to the importer in this country, would he not have a difficulty in making forward contracts?—Well, in any case he does not know what the current domestic value is until it is exported.

If the duty were a straight out duty he would be able to make a forward contract with a greater certainty of carrying it out. Is the position as to home consumption available to the importer?—That is a question of fact. It is a question as to what price and what kind of flour is sold on the date of export on the home market.

Mr. McCombs.] Is there no variation?—Oh, yes. There are different species of flour. One firm might sell flour at one price and another at another price, and the current domestic value and the duty would be different in those cases.

Some of the wheat-growers are of opinion that, in some way or other, flour is imported at a lower price than at the correct value on the other side.—It is possible, of course.

You have no evidence as to that?—No.

Mr. A. H. COCKAYNE, Assistant Director-General, Department of Agriculture, examined. (No. 4.)

Dr. Reakes: Mr. Cockayne, the Assistant Director-General of Agriculture, will give the main evidence for the Department of Agriculture. He is much more intimate with the question of the wheat-production side than I am myself.

The Chairman (to Mr. Cockayne).] You represent the Department of Agriculture?—Yes.

What evidence do you propose to give?—Well, I do not quite know what evidence is required.

Dr. Reakes: I think the idea is that the Department of Agriculture should deal mainly with the production side, and, in addition, give the Committee any further information they would like. The procedure, generally speaking, has been that the Department of Industries and Commerce has handled what I may term the commercial side of it—everything in connection with milling, and baking, and distribution. Of course, we will give evidence in whatever direction the Committee may require.

The Chairman (to Mr. Cockayne).] We would like to get the details in regard to production, the yields and the costs, if possible. Have you gone into the question of costs?—Yes. Of course, the costs of production are extremely variable from farm to farm. The Committee must recognize that. But there are one or two points that I would like to bring forward. To commence with, dealing from the wheat-growers' standpoint, at one time in New Zealand wheat was grown to a quite considerable extent in areas quite apart from what we now look upon as the main wheat centre of New Zealand—namely, the east coast of the South Island, covering the level plain of Canterbury and a portion of North Otago. Gradually, however, the production of wheat over those areas apart from Canterbury and North Otago and a portion of South Otago came to be very restricted, and at the present time one can say that the whole of the wheat-production is localized in those portions of the South Island I have mentioned. One of the main reasons apparently why wheat became an unpopular crop was due to the fact that, although there were a number of soils on farms where a good wheat crop could be produced, the ground could quite well be used for other purposes which, in the opinion of the farmer, were far more payable, and far more profitable, and more easily utilized than for the growing of wheat. Now, in Canterbury, in connection with this farming question and the growing of wheat in the rest of New Zealand, there is a very essential difference, and that is that over a great portion of Canterbury —that is, over the comparatively level parts of Canterbury and Otago—it is impossible, even on good soils, at the present time for the farmer to secure permanent pastures which are suitable for the production of young stock. In other parts of New Zealand, on the contrary, there are ewes on land top-dressed, particularly with phosphate manures, and with expert management it is possible on many soils to secure permanent pastures which are suitable for the production of milk, or the production of young stock, both in the case of the dairy cow and the ewe. Canterbury, apart from wheat and apart from ordinary cropping, requires a greater proportion of the farmer's annual wealth that is derived from live-stock, particularly live-stock of the ewe type, and it is essential for the success of that portion of the farmer's business to have young grass, and plenty of young grass. If you cannot produce young grass permanently from permanent pastures it is necessary to renew that grass, and over the majority of Canterbury and over the majority of the area at present cropped by wheat it is essential that the young pastures should be renewed by resowing and ploughing. And so soon as a district has to rely upon the periodical renewing of its grassland it is necessary that the farm team or the farm tractor should become an important part of the farming operations; and where you have a farm team or a farm tractor it is essential, in order that you bring down the cost of crop-production, that that team or tractor should work to full efficiency and be fully occupied, and it can only be fully occupied when there is a sufficiency of annual crops that the farmer can grow. Now, over the wheat area, the only annual crop which, through an increase in population in New Zealand, would indicate that it is a secure crop to grow is wheat. It is the only one that will enable a real economical and efficient utilization of farm team or tractor over the types of soil in Canterbury and North Otago, where permanent pastures and high production cannot be maintained by top-dressing. The Department of Agriculture is rather keen, in a way, to place that fairly definite fact before this Committee—that in order to produce a sufficiency of young grass in Canterbury and North Otago it is necessary to crop. The elimination of the wheat crop out of the Canterbury farmer's programme would reduce the acreage dealt with by the farm teams, and it would increase enormously the cost of production of those other special crops that come in the farmer's programme and which are essentially concerned in the fattening of lambs and suchlike. Therefore it can be fairly well stated that, irrespective of any other consideration, fiscal or otherwise, it is essential that the Canterbury farmers should grow wheat. Whether it is essential for them to grow wheat in sufficient quantities for New Zealand requirements is another matter. That is one of the main points, from the Department's standpoint, that we wish to bring before this Committee. That is what I may term the farming significance of wheat-growing in the South Island.

Is that all you have to say?—I think that is about all. The Department, of course, will do its very best for this Committee in the elucidation of any queries that it may like to set before it.

Have you anything to say in connection with the average of prices?—In connection with the average of prices and all matters connected with prices—that is, the commercial side of the business—I may say that that is being dealt with by the Department of Industries and Commerce—by Mr. Collins. I am quite prepared for cross-examination, although I would like to indicate to you that I have not made any special preparation, and at times perhaps some of my answers may tend to a certain extent to be my personal opinions.

Mr. McCombs.] Do I understand that it is absolutely necessary, in the farmer's own interests, that a certain amount of wheat should be grown, even if the price is down, say, to 4s. a bushel?—Yes; it unfortunately appears necessary for the farmer in Canterbury to grow wheat in order to balance his cropping programme properly.

Some wheat?—Yes, some wheat. He would, of course, sow as little as possible if the price prospects were exceedingly low; but if the price were exceedingly low he would still, in my opinion, be forced to include the wheat crop in his cropping programme. But the tendency, of course, is for the wheat-grower, unless the price inducement is high, to reduce rather than increase his acreage.

Mr. Macpherson.] You mentioned that wheat-growing land in parts of New Zealand was used for other purposes. I suppose you are aware that in many parts of New Zealand the housewife plays a very important part when it comes to the practical side of farming, and many farmers will not put up with the extra trouble required from their wives in connection with wheat-growing, and are satisfied with a lesser income. The farmer is satisfied with a smaller income rather than put up with the hardships and costs of wheat-growing?—One would undoubtedly say that in certain parts of New Zealand where wheat might quite well be grown at a profit the organization necessary is so troublesome that the farmer prefers to devote his farm to other purposes; but, so far as his net return is concerned, he can secure as great a net return as if he grew wheat.

What you say, in effect, is that in Canterbury the farmer cannot provide at the same cost the necessary feed required to fatten lambs or fat stock unless he can keep his teams working?—Unless he can keep his teams in full work. Otherwise his live-stock-feeding crops must become very expensive.

In other words, wheat-growing dovetails in with stock-raising?—Decidedly. And were it not for the fact that a very important crop in Canterbury is on the decline, one would not view with so much concern the wheat position. I am referring to the oat crop. The oat crop is definitely on the decline.

Therefore you recognize that, as an aid to stock-farming, wheat-growing is coming to be a necessity?—Yes, in those drier areas of New Zealand where the effects of phosphate in perpetuating young grass are not so apparent as in other parts.

Because of climatic conditions it is necessary to renew the pastures by cropping?—Yes, by the resowing of grass. I may say that the work we are carrying out at the Plant Research Station at Palmerston North, in combination with Lincoln College, at the present time would indicate that perhaps with a rearrangement of the type of rye-grasses for Canterbury pastures there may be a possibility of procuring types which will produce young feed for a longer period than the present distinctly temporary types existing in the South Island.

That is a recent departmental discovery?—Yes. The position in arable Canterbury at the present time is that you must have a farm team and work it efficiently; and to work that team efficiently you must crop. And you must have some major crops which you can crop each year. Wheat and oats naturally come to one's mind. Wheat should be a crop that by an increase in consumption in New Zealand should tend to increase. The possibility of oats reducing the cost of production of live-stock-feeding crops is on the decline.

Mr. Bitchener.] You have, I think, expressed the opinion that on the Canterbury land it is absolutely essential that the ground should come up very frequently?—Yes. There are certain indications on the horizon that the grass position in Canterbury may be improved, but, until it is, it is essential that the pastures of Canterbury should be turned over. At the present time they should be turned over oftener rather than kept down.

Would you say that the grassland would provide a profitable crop for the third year?—The general grassland on what we might call the moderate wheat country is giving very little yield of material, and is extremely poor for young stock, after the second or third year.

I have heard it expressed quite a number of times that the wheat-yields for the last three years have been greater than formerly. Can you give us any reason for that?—I would attribute it to two or three reasons. Firstly, the weather conditions have certainly been favourable during the last three years for yields above what one might term normal. Secondly, there has been a very considerable increase in the amount of manuring that has been done on wheat during the past five years. Unfortunately, I have not the figures here for the phosphating for five years back. Previous to that there was about 20 per cent. phosphated. Last year, approximately, out of 187,000 acres, 135,000 acres were top-dressed with superphosphate. That is quite a considerable increase. Of the wheat area 70 per cent. is phosphated, and this has taken place within the last few years; so that can be viewed as another factor which is tending, I think, towards the permanent elevation in the yield of wheat in New Zealand. The tendency of phosphating is to increase the average yield. There are probably two other points at the present time that are an influence in the making of the average yield fairly high. The first one has been the elimination, to a very considerable extent, of the farmer who grows wheat badly. The other point—and, of course, a great many farmers do not agree with this—is that the type of seed sown has been above the average.

Rev. Mr. Carr.] In quality?—Yes.

Mr. Bitchener.] I may say that I think that the increased yield is very largely due to the interest that the Agriculture Department has taken in instructing the farmers in the best methods.—I would very much prefer that you should say that than myself.

Mr. Bitchener: Well, I speak from my own experience, and I have had forty years' experience. I think it is largely due to the good work done by the Department.

Mr. Jones.] In the rotation cropping of an agricultural farm where grain is grown, how many years do you think a farmer should have to crop the grain?—That is a rather difficult question, Mr. Jones, for me to answer offhand, but I think that he should at least have a rotation which is as long as the length of the pasture. If the pastures are of three years, he should programme, more or less, for three years ahead; if it is a four-year pasture, then he might pencil in a four-year programme, and alter it if necessary during the time the crops are growing.

What would be the effect, Mr. Cockayne, of a stabilized and reasonable price upon the production of wheat?—Well, I do not know whether that is a policy point or not, but I would say this: that if the farmer was not terribly scared of a low price he would be more inclined to grow wheat.

On the question of costs, what is the cost of distributing?—If questions of costs are to be submitted I would prefer to work them out, because, although I might have a rough idea in my mind, it might probably be fairly wide of the mark; whereas they could be accurately attended to if the questions are specifically given and the answers worked out.

The Chairman.] If any member wants information of that kind you would prefer him to hand in his request for information, and you will get it?—Yes. Send it to the Department. The Department will deal with any points.

Rev. Mr. Carr.] The statement has been made to me that the results of the research into specially productive types of seed wheat have been rather minimized, if not rather nullified, by the fact that when a practically new seed wheat comes out the price is unduly raised and the farmer is not able to take advantage of the results of the research, and so on, at the Agricultural College. I understand the merchants raise the price of this particular seed wheat for the first year or so, and when the farmer is able, after some time, to avail himself of the seed it has probably deteriorated?—I do not for one moment say that that is actually correct, and I would like for a moment to mention the system that is coming into operation of crop certification in Canterbury, particularly with regard to wheat and other crops. That system of crop certification enables any farmer, when he requires to renew his seed wheat, to be able to get guaranteed pure wheat at a cost—although above that of ordinary seed wheat—that the farmer is absolutely prepared to pay. The system started three years ago. This season we have got up to the certification of about 20,000 bushels, and those 20,000 bushels of absolutely pure seed wheat have been purchased by farmers, and there has been no complaint of the additional 9d. or 1s. a bushel charged above the ordinary uncertified seed-wheat price.

That seed wheat is not available to the farmer direct from the agricultural colleges?—As soon as the colleges have supplies they sell it to the farmers. The Department of Agriculture, in co-operation with the Wheat Research Institute, then steps in, and those farmers who grow those crops are enabled to have their crops certified. The farmers who grow certified wheat have to perform certain extra duties, such as having the threshing-machines specially cleaned, and so on, and they get an additional price for their wheat. As soon as it has reached that stage there is no difficulty whatever on the part of the wheat-grower in securing the seed renewal.

The Chairman.] At a reasonable price?—I would not say it was.

That was the question?—At a price which is not higher than is reasonable, considering the amount of attention that is given in the preparation and sale of that material.

The point, I think, was that it might be that the merchant was getting more than he should?—The merchant is not.

You do not mind the farmer getting it, but it is a question of the merchant?—At the present time the farmer is getting a straight-out 6d. a bushel more for the certified wheat he is growing.

Mr. Bitchener.] It is worth it?—Yes. Never during the three years has there been a single complaint from farmers with regard to the price.

Rev. Mr. Carr.] The other point I mentioned was that, owing to the difficulty of getting that seed wheat at the price the farmers could afford to pay for it, the farmers find when the price is within their reach—so it has been stated to me—the seed wheat has deteriorated, and, of course, does not give the same result?—Of course, with some of the varieties of wheat grown in Canterbury at the present time it has been extremely difficult to get sufficient crops to which certification could be given. We will take such a variety as Dreadnought: At the present time, with the exception of certain quantities which we are having grown specially by farmers for ourselves, there is no other pure Dreadnought in New Zealand. Again, with regard to Pearl wheat, there are only a few crops that are absolutely pure; and as regards certain varieties the farmer is in the position, even with our certification methods at the present time, that when he wants to grow that wheat he has to go on the open market, as it were, and he gets a very poor sample. One realizes that, and one hopes that will be obviated shortly. With regard to the two standard wheats grown in New Zealand at the present time—namely, Solid-straw Tuscan and Hunter's—sufficient certification is being done to supply farmers with reliable wheat where they want to change their wheat stock, but there are certain varieties which are in a bad position.

The only other question I wish to ask is, Did the Department of Agriculture make any special effort to assist farmers so that they should do their cropping at the best time? A good deal of loss is occasioned—there may be practical farmers present at this meeting who may be better able than I to express an opinion—I understand, by farmers cutting the crop and threshing the crop at the wrong time, either too soon or too late, or either when the weather is too wet or too dry, with the result that you get wheat that is too starchy. Does the Department do anything in the direction of assisting the farmers to know under what conditions and at what particular times they should reap their crop and thresh their crop?—Advice is regularly given on those matters; but the majority of the farmers, even when they are harvesting their crop while it is in a wrong condition, know when it is the right or wrong time to harvest their crops, but circumstances make them do their harvesting at some particular time.

I was in a mill once and saw a lot of wheat that was too starchy, and the miller had to condemn a whole shipment simply for that reason. It was either cut too late or it was threshed at the wrong time.—I would not for one moment say that was due to the inexperience of the farmers concerned at all, but was due to the exigencies of the moment, and one cannot get over that phase of the matter.

Mr. McCombs.] The wheat-research work in Canterbury College may be helpful in that direction ?—Yes, it may be very helpful.

Mr. Jenkins.] After listening to the questions and answers, I am almost forced to the conclusion that this country will not maintain a grass pasture, and that you are almost compelled to grow wheat ?—That is, over the wheat areas.

No ; as an Aucklander, we were under that impression many years ago. We had to break up our pastures every three or four years. We have overcome that greatly by going in for top-dressing, and I conclude the Department of Agriculture has exhausted almost every avenue in that respect—that is, making this country maintain grass. Have all opportunities been exhausted ?—No, they have not all been exhausted. There are innumerable problems in connection with grassland-management that have to be solved, but one lays it down as definite that the phosphate response on established grassland in the drier parts of Canterbury, although appreciable, is not sufficient yet to enable you to have permanent pasture of the rye-grass type.

Is the rye-grass type the only type suitable ?—The rye-grass type is the type that makes for Canterbury fat lamb, just in the same way as the whole of the grassland of the Auckland District, with the exception of the paspalum area north of the real high-production type of pasture, is one in which rye-grass is coming in largely.

Mr. Jenkins.] They would like to grow clover, but are forced to grow danthonia.—That is the lower country.

What is the economic value of this land—are we boosting that land so that it can profitably grow wheat if protection is given ?

The Chairman.] That is a matter of policy. The question must be confined really to matters of absolute fact.

Mr. Jenkins.] You say the farmers who grow wheat badly should be eliminated ?—They are being eliminated.

If the men are eliminated, what do you suggest they should do ? The land will not grow grass, and you are getting down really to the basic value of the land. If you eliminate them, they must do something ?—To use a New Zealand term, the farmer walks off his property. That has happened in quite a number of cases.

Mr. Jenkins : In my opinion, there is a limit to the amount of protection any industry should have.

The Chairman : All that is a matter of policy, with which we shall have to deal later by ourselves.

Mr. Jenkins.] The Department in looking on that as just wheat land, with the possibility of growing more wheat on it—will they look at the aspect, possibly, that the land may have to grow stock ?—The position perhaps can be best put forward by saying that it looks as if over a great deal of Canterbury, in order that it shall produce an abundance of live-stock products, the elimination of the farm team cannot come about, whereas over a great deal of New Zealand the virtue of the elimination of the farm team and the giving of special attention to pasture management has been the sufficient production of good grass.

Mr. Macpherson.] Referring to the question of the elimination of the incompetent grower, that would apply only to individuals, and it has nothing to do with the land ?—That is so ; and where wheat was badly grown previously there is a tendency for it to be better grown now.

We know that some of the best farm lands in the Dominion have been absolutely ruined by incompetent men ?—Yes.

Mr. McCombs.] With regard to the question of the certification of seed, what guarantee has the grower, when buying the seed, that it is pure ?—He should buy a line of certified seed.

I went to the Farmers' Co-operative Association and wanted a sack of very thin-skinned wheat —Pearl—and they charged me the extra price, but I was absolutely dependent on the honesty of the firm as to whether it was pure seed or not ?—There is certification.

There was no certification in this case.—You have, unfortunately, selected one which we have not yet been able to bring under the certification scheme—Pearl.

They said it was certified wheat.—If it was certified wheat it would be marked, "Certified by the Department of Agriculture," and the bag sealed in the proper manner. If they told you that the seed was certified seed, and it did not carry the Department's impression that it was certified, they were not telling the truth, that is all.

If there is a safeguard it is all right ?—Yes.

They may have given me quite good value ; I have no reason to believe otherwise. In regard to those Canterbury pastures, could anything special be done by a combination of nitrate of soda and nitrate of lime with other manures ?—A tremendous amount of work in that line is being carried on at the present time. The nitrogen factor, the phosphatic factor, and the potash factor are all being studied to a very considerable extent over Canterbury at present. We have somewhere between 180 and 200 special experimental plots where that is being done.

I wanted to know if the nitrate industry—the development from air—was likely to be a valuable industry in New Zealand, and would it help generally ?

The Chairman.] That is another question ?—Yes ; I am afraid that so long as Lord Melchett has charge of the nitrate industry of Great Britain it will be rather difficult.

Mr. Macpherson.] Are you satisfied in your own mind that with the weather conditions and soil conditions mainly obtaining in South Canterbury and North Otago you are more or less governed by the season you get ?—Yes, quite

That is, you get the value of the manure you use ?—Yes, to a large extent.

The Chairman.] You stated a little while ago that the yield had increased, I think, during the last three years ?—There have been high yields during the last three years—approximately 36 bushels to the acre.

I think you stated that there were 185,000 acres of wheat grown ?—Yes. Those figures were given out of my head and they may not be absolutely accurate.

The 185,000 acres have been subjected to manures ?—Yes ; at any rate, 70 per cent. of the wheat sown last year, and we expect it to be well over 70 per cent. this year.

Rev. Mr. Carr.] Seventy per cent. of wheat grown under those conditions ?—Yes, 70 per cent. of the wheat had 1 cwt. of phosphate per acre. One district which was extremely bad in connection with non-manuring last year was North Otago. Out of about 14,000 acres sown, about 3,000 acres were top-dressed.

That makes the percentage for Canterbury so much higher ?—Yes.

Mr. Macpherson.] With regard to the increased yield of wheat in the past, has it not been due to the longer spelling of wheat land—that is, allowing it to be kept in grass for a longer period with stock running on it : has that not rejuvenated the land ?—I do not hold that view. I may be wrong in not holding that view, but I do not hold it.

Mr. Macpherson.] In my district we practically all hold it, and we have proved it to our satisfaction.

The Chairman.] You gave us three reasons for the increase in the wheat-yield. You mentioned the elimination of the bad farmer ?—Yes, and favourable climatic conditions.

In what order ?—I do not like doing so, but I would put climatic conditions first, then the elimination of the bad farmer, then better methods of farming, particularly the increased use of manure. Then there is the reduction in the acreage of low-yielding wheats, or the increase in the percentage of Solid-straw Tuscan.

Rev. Mr. Carr.] Dr. Hilgendorf, of Lincoln Agricultural College, stated that with Solid-straw Tuscan, although you got the quantity, it was questionable whether you got quality. The millers say, particularly in the North Island, that to make satisfactory flour they like to use Solid-straw Tuscan. I have discussed that with a great many people, and they say it is not so, but is only an excuse on the part of the miller for importing wheat from Australia because it is cheaper. — Those points naturally would be dealt with by the millers of experience rather than by myself. I would just like to say that Solid-straw Tuscan has a better milling-capacity than is often stated.

The Chairman.] In reply to Mr. Jones, you gave us approximately the time ahead the farmer would require to be advised as to where his wheat was to be sown—I think it was according to the length of his permanent pasture. — One would say that the shorter his pasture is down, the shorter, of course, would be his programme. But one feels that all arable farmers should have, at least as far as their major crops are concerned, a knowledge of where they are going to put them about two to three years in advance. They should not be in the position of about March, for instance, deciding that they will put wheat in such-and-such a place.

Mr. Macpherson.] The farmer should know at least in the preceding November ?—He should know at least two years in advance.

The Chairman.] The pasture-lands will not last permanently for more than three or four years ? —The majority of the pastures on normal wheat soils in the South are not fit for fat-lamb production.

Mr. Jenkins.] Why fat lambs ?—Why not fat lambs ?

You cannot always have the beasts on poor land. — It is not poor land. It happens that owing to the climate it is not good grassland permanently without renewal. The average pastures on wheat lands last from two, three, to four years.

The Chairman.] You say that the farmer wants to know in advance where he is going to sow his wheat ?—Of course he does.

How long before would be require to know—the same periods you have mentioned ?—Yes. The farmer should know, for instance, with regard to a certain type of pasture that he will have to turn up in three years' time approximately what sort of crop he is going to put into it, and if all farmers were in that position, of course, the chances of getting a better cropping programme would be quite good.

The Chairman.] The majority of pasture in normal wheat land requires to be renewed every two, three, or four years ?—Yes.

Have you had any experience of wheat-growing in Australia ?—I have been in Australia, but I have had no experience of wheat-growing there. I have seen a great deal of wheat in the fields there.

Have they more economical machinery in use there ?—Yes, decidedly. The furthest we can go towards making harvesting in New Zealand easy is to thresh out when the harvest is gathered into shocks, but in Australia they are able to thresh the harvest without cutting it at all.

It is not possible to get over that difficulty in New Zealand ?—Not with our present knowledge. But, again, the development of varieties and the research by the Wheat Research Institute might eventually lead to the development of methods that might enable considerable economies to be made in wheat-production ; but, of course, at present they are all in the air.

From your knowledge, is the machinery used in New Zealand quite satisfactory and up to date for the purposes of wheat-growing here ?—I should say so, on the whole. The new types of threshers —unfortunately, of American design—are pretty good.

The cost of production would be considerably less, I take it, in Australia owing to the climatic conditions there ?—I should say it should be, although one would prefer that submitted to the Department as a definite question in order that one could go into the figures properly.

In regard to the permanency of rye pasture in Canterbury, would farmers, if they tried it, prefer Hawke's Bay and Gisborne rye to their own?—We are right on to that point now, although one would prefer not to use the terms "Hawke's Bay" and "Gisborne," but "permanent" and "temporary" rye.

Is it not a fact that a great deal of the rye that comes from Canterbury now is not perennial rye, but is more or less of the Italian type?—Yes, frequently you will buy types of perennial rye from Canterbury, and it is very largely Italian rye. I would be inclined to think that we could lengthen the profitable life of Canterbury rye pastures by at least a year by the use of truly permanent rye, but I do not think we will be able, owing to climatic conditions, to ever get the rye pastures of Canterbury in the position of, for instance, the rye-grass pastures of the Hastings Plain, which are truly permanent.

Would it not be possible to see that rye-grass seed is sold as guaranteed?—This year we instituted rye certification on exactly the same lines as wheat certification. One of the difficulties, however, is that a very large amount of work is involved both in testing out the material and in personal field inspection; but we intend this year to certify to truly permanent rye which has passed certain growth and examination tests.

It is good for us to know that. Do the farmers of Canterbury know about the more permanent ryes of the North Island?—Oh, yes.

One of the troubles is that you buy rye-grass which is nominally perennial rye, but is really not perennial rye at all. What I am trying to get at is that if the farmers of Canterbury were certain of getting perennial rye it might lengthen the period of the pastures?—Yes, but I do not think it would lengthen it to any great degree of permanence; but it would increase the production of it for at least a year, and, of course, that would be an enormous gain.

It does not seem much of a gain to those of us who are used to permanent pastures.—Where a pasture is one year good, second year medium, and third year useless, if you could render that good for three years, and it went off in the fourth year, that, of course, would reduce the cost of wheat-growing more than anything else.

In regard to the certification of perennial rye, are you doing that in connection with North Island rye?—Yes. It so happens that the only ryes to which we can confidently certify are located in the North Island. The seed from the 1929 crop is grown at Palmerston North in duplicate plots, and is thoroughly investigated to see whether it is of the permanent type or is not of the permanent type before it is passed. Then one of our officers goes to Hawke's Bay and actually earmarks the product concerned. When the farmer is going to harvest that crop he has to inform the Agricultural Department, and an officer goes along and seals the sacks as the crop is being harvested off the machine.

Of course, the sealing of the bags could only be done on the fields?—The only question of organization that arises at the present time is whether we will, as we have done with wheat certification, limit the cleaning to certain places, or set up some quite good safeguards to enable cleaning to be done at other places without loss of identification of seed.

Mr. Macpherson.] Have you compared English perennial rye with Hawke's Bay rye?—The majority of English rye-grass on the English market at the present time is as temporary in duration as the Canterbury rye. The only truly permanent rye from Europe that we have is a special rye produced at the Welsh plant-breeding station. It coincides with our leafy permanent New Zealand type.

Mr. McCombs.] Are you doing the same thing regarding certification with cocksfoot; and, if not, why not?—The cocksfoot is in rather a different position. The majority of New-Zealand-harvested cocksfoot is good, and is superior to any that can be imported; and the Department of Agriculture already recognizes that by putting a distinct bar against imported cocksfoot by insisting that it be stained.

The Chairman.] That is actually done because of the imported cocksfoot being inferior to New Zealand cocksfoot?—Yes; the staining is insisted upon so that when the farmers in New Zealand want to buy New Zealand cocksfoot they will be sure of getting it.

Mr. McCombs.] Could the Department grant certification in connection with cocksfoot the same as is being done in regard to rye?—The necessity is not so great. If the cocksfoot which is produced in New Zealand were better in some districts than in others we would be inclined to consider the institution of certification. If we can see that any real good will be done by certification we do that; but in the case of rye certification is absolutely essential on order to protect the farmer. If a farmer wants perennial rye he should not have Italian rye given him. If he wants Italian rye he can buy it, and we are going to certify to perennial rye because it is possible to do so. All we could do with regard to cocksfoot would be to certify that it was New Zealand cocksfoot.

You could certify that it came from the plains where it had been harvested, and had been put in as an ordinary crop like oats?—Plains cocksfoot is excellent if it is grown from New Zealand seed.

Mr. Macpherson.] You are hardly likely to develop perennial cocksfoot on the plains, because it is developed on the hills and brought to the plains?—No; the plains cocksfoot-seed itself, generally speaking, is indistinguishable from Akaroa cocksfoot. To put it another way, the average New Zealand cocksfoot is good, and is superior to imported cocksfoot.

The Chairman.] In regard to the certification of rye, do you propose to certify that it is truly perennial rye, or give an indication of the length of time the pasture was down from which the seed was harvested?—Probably it would be better if I supplied the Committee with the departmental instructions and suggestions with regard to the certification of rye. This would give the Committee the information they require on the subject. We are going to certify to mother seed of Hawke's Bay, and no mother seed will be certified to unless the pastures are not less than six years old. However, people growing rye will be able to get a certification that it has been grown from pastures not less than six years old.

The Chairman.] On behalf of the Committee I have to thank you, Mr. Cockayne, for the valuable evidence you have given this morning.

Mr. JOHN WILLIAM COLLINS, Secretary, Department of Industries and Commerce, examined. (No. 5.)

The Chairman.] You are permanent head of the Department of Industries and Commerce ?—Yes.

I take it the information you will give us will be more in regard to costs and prices ?—Yes, my evidence will be on the commercial side. I have tried to place myself in the position of a member of this Committee and to imagine what information would be of most service to the Committee, and I have therefore prepared a fairly comprehensive statement for the information of the members of the Committee (see Appendix II), and in doing so I have assumed that the Committee do not know all the facts concerning the wheat industry and its allied industries. Many members are very well informed in regard to the problem, and therefore I may have supplied them with information with which they are already well aware. I do not propose to read the statement, as you have been supplied with copies of it; I just propose to point out the salient features. In the first paragraph of the statement I deal with the industry prior to the Great War, and in that connection I have, in the First Schedule, dealt with the wheat-yields of the Dominion from the year 1869 to the year 1914. The area of wheat is shown in thousand acres, and the total yield in thousands of bushels, the average yield per acre, and the exports and imports in thousands of bushels. That is complete information for that long period of years. Very briefly, in the first paragraph of the statement, I have dealt with the early history of wheat-growing in New Zealand. On page 2 you will notice that I deal with the industry during the war and post-war periods; and for general purposes I have divided the study of the industry during the war and since under three headings: thus, price-fixation, Government control from 1918 to 1922, and farmers' and millers' arrangements from 1923. Under each of those headings I have tried to give the prices of the commodity and the outstanding facts in connection with the industry. That takes us up to page 13 of the statement. On page 13 I have dealt with the flour-milling industry, showing the number of firms operating in New Zealand, the yearly output of flour, bran, and pollard, and the annual requirements of millers regarding wheat. The official statistical position of the flour-milling industry is also given as to the value of the land, plant, and machinery, number of persons employed, the wages paid, the value of the products, and the value added in the course of manufacture. I have also dealt briefly with the organizations of flour-millers, showing that in 1901 they formed their first association, and I deal with their later organization (known as Distributors Limited) in 1922 and its reorganization in 1927. On page 14 I refer to New Zealand's wheat requirements—that is, if we were self-sustained—showing the amount of wheat required for milling purposes, the quantity required for fowl feed and other purposes, and the quantity required for seed. I have given the estimated requirements of New Zealand for our present population and the yield of wheat from each of the different land districts in New Zealand. The return will demonstrate the dominating position of Canterbury, which, out of a total yield last year of the Dominion of 9,541,444 bushels, produced 8,086,015 bushels. I think the schedule attached to the statement will also be of very great value to the Committee. I have already dealt with Schedule A. Schedule B shows the average prices for wheat and flour per ton received from the year 1869 to the year 1914. Schedule C shows the prices of wheat, flour, bran, pollard, and bread under Government control from 1918 to 1922. Schedule D shows from 1914 to 1928 the area in wheat, the total yield, the average yield per acre, the exports of wheat, and from 1924 to 1928 the imports of flour, and the value of wheat, flour, bran, and pollard imported from 1924 to 1928. Schedule E shows from 1911 to 1929 the prices charged for New Zealand flour. You will see that information is given for each month of the year. At the foot of that schedule is also shown the amount of subsidies paid by the Government to the millers during the period of control. The lowest amount of subsidy was £1 10s. per ton on flour from March, 1921, to February, 1922, and the highest was £4 10s. per ton from March, 1920, to February, 1921.

Can we get the sum total of the amount paid ?—The total amount is included in my statement. If you will look on page 9 of the statement you will see that the total amount paid by way of subsidy for the three years 1920, 1921, and 1922 was £1,029,931. In Schedule F is shown the wheat-prices f.o.b. Lyttelton for the present month (August, 1929), and the flour and bread prices in the four main centres in New Zealand for the same month. They can be taken as accurate for to-day. The last schedule (G) shows the wheat, flour, bran, and pollard prices in Sydney, New South Wales, the London parity per bushel f.o.b.; the ruling price of flour per ton in Sydney; the prices of bran and pollard per ton; the export prices in June, when the slump in the world's wheat-market sent the price of flour down to as low as £8 15s. a ton and wheat went down to 4s. 7½d. per bushel. There has been a very distinct rise in prices since then, and the value of flour in Sydney to-day is about £14 a ton. I submit this statement in the hope that it will be helpful to the Committee.

New South Wales is not the great flour-producing State, is it ?—Victoria has been the main exporting country for New Zealand.

I think we ought to have the Victorian figures.—The New South Wales figures have been given because it is rather remarkable that in the last six months we have purchased more flour and wheat from Sydney.

If we had the Victorian figures it would be as well.—At the foot of Schedule G I have given the prices in Victoria on the 8th August, 1929.

Is that the whole of the statement you propose to make ?—Yes. I am at your service as far as questions are concerned.

It might be as well for us to have a look through the statement and schedules before we ask any questions.

Mr. McCombs.] Could you give the added value in connection with the milling industry for pre-war and post-war periods ?—That is the flour-milling section. I have only given you the most recent statistics for the period ended 31st March, 1928.

Evidence was given before the Cost-of-living Commission in 1912 which went to show that the profits to the millers were 7s. 6d. a ton. To-day, I take it, they are very much greater than that?—I am afraid you will have to ask the millers.

Could you not give us, as some guide, some information regarding the millers—could we get the added value from year to year from 1912?—I do not think the statistics are complete for every year, but they are as complete as we could get them.

What subsidy would be necessary if the subsidy were given equivalent to the present protection for flour-production only from New Zealand wheat? Would you have that worked out?—Dr. Craig, I think, said £2 19s. was the average duty paid on imported flour, and you ask me what amount of subsidy would be necessary in lieu of protection by way of duty: would it not be approximately £3 a ton? Is that not the reply to the question?

Yes; but I want it in gross figures.—On the needs in flour, about 135,000 tons. That would mean that about £400,000 in subsidy would be required.

The Chairman.] That will be all to-day, Mr. Collins. We will get you to come along again. The figures you have given seem to be very complete, and will be very helpful to us.

WEDNESDAY, 27TH AUGUST, 1929.

MR. SAMUEL ANDREW FERGUSON examined. (No. 6.)

The Chairman.] What is your full name, Mr. Ferguson?—Samuel Andrew Ferguson.

And you are representing?—The South Auckland Dairy Association.

You wish to give evidence before this Committee?—Yes, in relation to the effect of the high grain tariff on the pig industry.

Will you proceed with your statement?—Yes, sir. I am here on behalf of the South Auckland Dairy Association to give you some evidence with respect to the tariff on grain-offal and grain feed generally as it affects the pig industry. As I have another meeting to attend this morning, I will just briefly touch on the items I wish to bring before you. I understand that the chairman of the Pig-marketing Association, of Hamilton, is also giving evidence before this Committee, so that he will be able to give you all figures and statistics. What we claim is that on account of the high tariff on pig-feed it is almost impossible to produce the right class of bacon and pork required by our customers. At the present time the Waikato is developing an export market for bacon and pork, and we are informed that pigs, for bacon and pork for the Home market, must be topped off with grain. But the present tariff on the grain foods—offal and suchlike—is making grain far too expensive for those engaged in the pig industry. I may say that the pig industry could be easily doubled. The export of pig products could be easily doubled if we were able to get grain food at reasonable prices so that we could top off our pigs; and also we would get a better price for our products on the Home market. We would be in a better position to compete with other countries and also with locally-grown pigs if we could get this grain at a reasonable rate to top off the pigs. There would then be no difficulty in increasing our exports. I would point out that the salvation of this country is the small dairy-farmer, who has brought his farm up to a high state of production, and it is important that he should be allowed to make the best use of his by-products. At the present time there are thousands of gallons of skim-milk and whey going to waste because it is not profitable to feed pigs on that alone, and by the addition of a little grain food it would double the quantity of pigs turned out. I may say that we have had an instance where a gentleman in the Morrinsville district was able to purchase certain grain-offal in Australia at something about £2 10s. per ton, but when it was finally landed here the price was more than doubled on account of the tariff. We also consider that the abolition of the duty on this grain food would be more advantageous to the industry than the ½d. per pound subsidy on the export of pork. Those are the points, gentlemen, that are raised by the South Auckland Dairy Association. I will be pleased to answer any questions.

Hon. Mr. Forbes.] Have you any figures to show the cost of offal from Australia as compared with New Zealand?—No, I have not the figures. You will be able to get them from the chairman of the Pig-marketing Association, Mr. Judd, who is going to give evidence before this Committee.

You cannot tell us what the actual difference in price between the two countries would be if there was no tariff?—No.

And with the tariff?—No, I could not give you the figures. I have not got them at all.

Do you say that offal could be purchased in Australia at £2 10s. a ton?—That is what I understood from a member of the South Auckland Dairy Association—that a certain purchase was made at that price, and that by the time it reached New Zealand the price had more than doubled.

The Chairman.] Can you tell us whether Mr. Judd will have the figures?—Yes, I think Mr. Judd will have the figures.

Mr. Bitchener.] Are you aware that the tariff is not against the pig-foods you mention, bran and pollard?—No.

Would you be surprised to know that there is only £1 per ton on bran and pollard—that is all the protection there is against bran and pollard?—That may be so, but there are other grains that are protected.

Do you suggest that bran is a suitable pig-food?—No.

Pollard?—Pollard or grain.

And if the tide of importation is only protected by £1 a ton, have you any idea what the difference in the cost of finishing off would be if there was no protection? I agree with you that it is necessary

to have some grain food for finishing off pigs, but what difference would the duty of £1 per ton make to a pig of 140 lb. or 150 lb. ? What difference would the £1 per ton make on the grain-offal from Australia ?—I do not know. There is also another product which would be useful to us—that is, tapioca. Tapioca is used in other countries for pig-food ; but the cost of that is also prohibitive. Mr. Judd will be able to give you particulars of that.

You do not suggest that the duty on wheat-offal, which is only £1 a ton, is prohibitive for pig-food ?—Well, I should not think that should be prohibitive ; but I do not know how the duty on the grain works out.

Mr. Jones.] You buy a good deal of pig-food through the manufacturer, who makes a pig-meal at a profit ?—Yes.

Do you purchase your pig-food at as low a price as possible ?—Yes. We have an organization in the Waikato through which we purchase pig-food and calf-food at the lowest possible prices.

Cannot maize be grown in the Auckland Province ?—Not in the Waikato.

Could it not be imported from the Poverty Bay side ?—Some comes from there.

Is not that good pig-food ?—It is not as cheap as some foods.

Is there much pollard used ?—There is not much pollard used in the district we are in.

Are wheat products in use in the North of Auckland ?—They do not go in much for pollard. Different mills put up special pig-meals—wheatmeal, pea-meal, and oatmeal all mixed up together.

Is that general in all the factories ?—I think it is.

Hon. Mr. Cobbe.] When you were referring to some wheat-offal which was imported from Australia I presume you were referring to pollard ?—I do not know what it was.

It was probably pollard. Well, the lowest prices at which pollard could be placed on board in Australia during April and May was £7, and in June, July, and August £7 10s. ; so the mixture must have been a very inferior one ?—I do not know that it was pollard. It may have been some other grain food.

The Chairman.] Mr. Judd, the chairman of the Pig-marketing Association, will come later on and give us the details ?—Yes.

Mr. McCombs.] Have you any figures to prove that offal is available in Australia at £2 10s. ?—No. I may not be right in that statement : it came to me second-hand.

Mr. Waite.] Have you any knowledge of the wheat-growers' terms in the South ?—No. We buy through the merchants.

You buy through the merchants ?—Yes.

Rev. Mr. Carr.] Is there much wheat-offal used in Taranaki for pig-food ?—I think there is a fair amount of offal used there.

Mr. Macpherson.] You said something about wheatmeal and pea-meal and oatmeal. Is that mixture based on wheat, peas, or oats ?—The different factories put out their own brands of pig-foods.

Do they give you the proportions ?—No.

Have you any reason to believe that wheatmeal is a constituent ?—It is one of the main constituents.

But it might be quite the lowest, as a matter of fact ?—Yes.

You have no knowledge on that point ?—No.

The Chairman.] Did I understand you to say that you would prefer the duty to be taken off the pig-food rather than receive the pork bonus of ½d. per pound on export pork ?—Yes.

Can you tell us whether you actually get the bonus ?—No. The pork is sold straight out. We do not know whether it is for export or for the local market. If it is for the local market we get no bonus on that.

But when you sell your pork do you not get a certificate from the buyer saying it is for export, and the bonus is handed over on the production of that certificate ?—I have never seen that.

Hon. Mr. Forbes.] Do you fatten pigs yourself ?—No. I used to do so.

Do you know what other foods besides grain are used for fattening pigs ? What other foods are purchased for fattening pigs in the Waikato ?—Whale-oil is also used.

Do you think that the complaint in England regarding the pork exported being of a fishy flavour is due to that ?—Yes.

You think there is some connection between the whale-oil and the complaint in England ?—Yes ; and it is more inclined to make a softer pig.

In regard to the bonus given to the pork industry, is there a feeling amongst farmers that the farmer does not get any benefit from that bonus ?—Yes, that is the general feeling.

So that to remove the bonus would not affect him at all ?—If that were removed and the tariff on the grain were removed the farmer would be quite satisfied that he is getting a fair deal.

What about the pea-meal ?—Of course, if the tariff was removed on grain that would alter the position as regards the pea-meal.

Do you grow any pig-food in the Waikato ?—No, they do not go in for that sort of thing.

It would not pay them to grow pig-food ?—No ; it does not pay on grassland to grow any other crop.

At that rate it would not pay to grow wheat ?—No.

It is a special thing to grow wheat ?—I know ; I used to grow wheat myself years ago.

The Chairman.] You said that you are not certain that the farmer actually gets the ½d. per pound bonus ?—Yes.

You do not say he does not ?—No.

You are not sure about it ?—I am not sure about it.

Hon. Mr. Forbes.] Can you suggest any better method ?—Take off the tariff on grain.

The only remedy you suggest is that the duty should be taken off the grain and grain-offal for pig-food ?—Yes.

Mr. JOHN WILLIAM COLLINS, Secretary of the Department of Industries and Commerce, further examined. (No. 7.)

Mr. Collins: Mr. Chairman, I would now like to submit some further statements. In addition to the statements I submitted last week, I would now like to submit some further statements which were asked for. Mr. McCombs asked for a return in regard to flour-milling for the period 1896 to 1928. When I gave my statement last week I merely gave the position for 1928, the last available period. Some of the particulars cannot be given for each year from 1896 onwards, for the reason that the statistics were not collected yearly. The yearly collection of the statistics started in 1918–19. This is Schedule H. [See Appendix II.] I would like to place this return before the Committee. [Handed in.] I also gave in my statement the prices for wheat, flour, bran, and pollard for the State of New South Wales, and a member of the Committee asked for similar information with respect to Melbourne, Victoria. I have therefore prepared this statement. The current price for bran is £7 10s., and pollard £7 10s. Those figures, which were asked for this morning, are included in the return. The current price for flour is £13. The current price for wheat is 5s. 9d. f.o.b. Melbourne. This is Schedule I. [Handed in.] I would also like to explain that I have prepared these maps, showing the whole of the wheat-growing area in New Zealand [referring to large maps of North and South Islands placed on a board]. The densest colouring shows where the bulk of the wheat is grown. These lighter colours show where the wheat-growing is very much smaller. It is all explained in the marginal notes. They give the volume of wheat produced, the area laid down in wheat, and the yield per acre. You will notice that in the North Island the bulk of the yield is centred in the Rangitikei district, although there are also very small areas in Hawke's Bay, Bay of Plenty, and North of Auckland. In the Rangitikei district there are approximately 2,611 acres, Hawke's Bay 569 acres, and North of Auckland 133 acres under wheat. In Marlborough there are 3,617 acres, in Canterbury 218,672 acres, and in Otago 29,993 acres. In the Southland District there are 5,522 acres under wheat. I will leave these maps, as they may be useful to members of the Committee, and to wheat-growers when they are giving evidence. Information was also desired by members as to the cost of fowl-wheat. I did not touch on that in my previous statement, and I have now prepared a schedule—Schedule J—showing the fowl-wheat prices in Wellington as at the 26th August, 1929. I have not merely shown the f.o.b. price in Wellington. I have given all particulars of costs from Lyttelton to the poultry-farmers in Wellington. The freight is 5·62d.; the harbour-rate, 0·36d.; wharfage, 1·28d.; sampling, weighing, branding, insurance, exchange, and cartage to store, 2·54d.: or a total cost of 9·80d. Members will know, of course, that fowl-wheat in the North Island is sold "sacks in." That is equal to 4·20d. per bushel. Then, there is the wholesale merchants' profit, which varies from 1d. to 2d. per bushel according to quantity and distance of delivery. With regard to prices in Canterbury, quotations for under-grade wheat on the 26th August, 1929, were 5s. 8d. per bushel f.o.b. Lyttelton, sacks extra (1s. 2d.); good fowl-wheat, 5s. 11d. per bushel f.o.b. Lyttelton, sacks extra. The cost in the merchant's store in Wellington is 6s. 10d. and 7s. 2d. respectively; and the cost to the poultry-farmers is 7s. and 7s. 4d. respectively. [Return handed in].

The Chairman.] We are very much obliged to you, Mr. Collins, for all this information. Have you anything here which shows the cost of fowl-wheat to a man who keeps only a few fowls?—To a man who keeps only a few fowls it would come to about 8s. a bushel retail.

Mr. McCombs.] With regard to this return—Schedule H—I would really like having another column added working out the value of the flour produced per ton. This return goes to show that in 1911 the millers were getting about £1 8s. per ton for manufacture, after having paid wages and everything else, whereas you will see that in 1927 the millers were getting £5 per ton. Now, I would like an additional column showing the average value per ton. This information, I take it, is Year-book information?—Yes.

What I wanted was—and I would like the Department to get it out—the added value per ton; and you might also work out the wages cost per ton.—I will go into those matters.

There is a feeling in the country among the farmers that the millers are getting more than a fair share out of the deal. The amount they receive to-day is certainly very much larger than what they received in 1911. When giving evidence before the 1912 Commission Mr. Virtue stated definitely that the millers would be delighted to net 7s. 6d. per ton: what I want to know is what the millers are netting to-day?—I will endeavour to get that information.

Mr. Bitchener.] I have a few questions here on behalf of Mr. Jones, who is not here at present; and I also want to ask a few questions of my own as well. I want to ask, in the first place, Mr. Collins, if it has not been the settled policy of the Government for some years to get sufficient wheat grown in the Dominion to meet the requirements of the Dominion?—I do not know what the policy of this Government is, but that was the policy of the last Government.

Well, the object has been to try and get enough wheat grown in the Dominion for its requirements?—That was the object of the tariff and the sliding scale. It was to make New Zealand entirely independent, if possible.

What has been the result of that?—The result has certainly been most satisfactory during the last three years as far as the production of wheat is concerned.

Can you account for the shortage of bran and pollard in 1925—you refer to it in your statement (Appendix II)?—Well, presumably, it was a year in which there was a drought in New Zealand, and on account of the shortage of grass there was a tremendous demand both for pollard and bran. There has always been a difficulty during the last three years, because of the big amount of wheat produced, in supplying farmers with bran and pollard.

Would it be natural to assume that if a farmer was encouraged to grow wheat for flour there would not be such a great supply of bran and pollard?—Yes. The skin of the wheat would not give the bran material, and probably the pollard. The aim, of course, is to produce plenty of flour.

So that this shortage of bran and pollard is not due to a short wheat crop ?—No.

Could bran and pollard be imported at reasonable prices ?—Well, I have no doubt that New Zealand could always get plenty of bran and pollard from Australia or Canada, but the prices would be higher than those current in New Zealand.

What has been the average price of bran and pollard since 1925 in New Zealand and Australia respectively ? Can you give us that ?—Not offhand, but I have the figures on record. They are in my statement so far as New Zealand is concerned. In Australia they fluctuate very considerably. They are not often lower than they are in New Zealand. In fact, bran is invariably lower in New Zealand. Pollard is sometimes 10s. lower in Australia, but immediately New Zealand starts to buy pollard or bran from Victoria or New South Wales the price goes up.

That is what I wanted to get at: our buying affects the price ?—Yes.

Can you tell us what the freight is from Australia to New Zealand—I think it is the same as for flour ?—About £1 15s. per ton.

Now, with regard to the prices of bread, is that for delivery over the counter ?—That is the cash price over the counter. Those are the lowest prices ruling in New Zealand to-day.

In Schedule C, in 1921, the price of flour is given as £21 per ton and the price of bread at 6½d. ?—Yes. Then there was a subsidy of £1 10s. per ton.

In 1922 flour was £18 a ton and bread was 6d. Can you give any reason for the variations in prices as compared with 1929 ?—Well, the cutting that is going on at the present time in the main centres with respect to the price of bread is very acute. For instance, a 4 lb. loaf can be bought in Wanganui to-day at 9¾d., and in Dunedin at 9½d.

At 9½d. in Dunedin ?—I think it can be bought for 9½d. in Dunedin, but I think that is fairly rare. Two or three shops are selling at that price. If my Department were asked to investigate and report upon the economic price of bread, allowing for reasonable overhead charges and the bakers' profits, we would probably fix the price at 1s. per 4 lb. loaf.

The Chairman.] Schedule G states that the prices of bran and pollard in 1929 are £7 and £8 per ton.—Those are the prices in Sydney.

What are the prices of New Zealand bran and pollard locally in Wellington ?—With bran at £6 10s. and pollard at £8 the cost of freight would be about £1 and 19s. per ton respectively, and the charges to store about 8s. 6d. per ton. That would make bran £7 18s. 6d. and pollard £9 7s. 6d. in the store.

And what would Australian prices be for both at the present time locally ?—At current prices, £10 10s., duty paid, in Wellington, for pollard, and the same for bran.

How does that compare with the New Zealand prices ?—The New Zealand prices are much cheaper.

Hon. Mr. Forbes.] The duty is £1 per ton ?—Yes.

The New Zealand product would still be cheaper if there was no duty ?—Yes. In Australia they are very reluctant to sell bran and pollard. It is a dry country, and they want as much as they can produce.

What is the price of bread by contract ? We hear a lot about institutions making contracts for bread: have you any idea what the prices are which are charged to those institutions ?—I think some of the Government contracts are made as low as 9d.; but in many cases they take stale bread.

Mr. Jones.] With regard to the price of bread, can you let me know the value of the flour as compared with the value of the wheat ?—Your question is, What is the value of the wheat when it becomes flour ?

Yes; and, of the price per loaf, what proportion goes to the farmer ?—I will try to get that information.

Another question is, If a 2 lb. loaf is reduced by 1d., what reduction would that be in the price of wheat ?—That would be very difficult to say. I used to work on a formula that every penny rise in price of wheat equalled 4s. per ton of flour.

It is the bread point I want to get at. Take 1d. off a 2 lb. loaf, what would it amount to in the value of the wheat ?—I have worked it out in flour, but never in that way. I will try and work it out.

The Chairman.] In Schedule F you state that the price of New Zealand wheat is 6s. a bushel, and the average price of the 4 lb. loaf 1s. ?—Yes.

While the average price of wheat on trucks in Melbourne is 5s. 9d. That is in Schedule G ?—Yes.

And the loaf of bread is from 8½d. to 9d. ?—Yes.

Well, now, the prices of wheat being approximately the same, do you think that the wheat-grower in New Zealand gets the benefit of the protection now given ?—I would prefer that that question should be put to one of the expert witnesses.

You are not prepared to answer that ?—No, sir; I am only prepared to give an opinion.

Can you tell me this: If flour in Melbourne is £13 a ton and wheat 6s. a bushel, how is it that in Auckland flour is £17 a ton with wheat at 6s. 3d. a bushel ?—You are quoting wheat-prices f.o.b. Lyttelton. You are not including the cost of freight and railage to Auckland.

The price of flour down South is £15 16s. 10½d. net ?—Yes.

But the average for wheat is 6s. 3d. ?—Yes.

And in Melbourne flour is approximately the same cost ?—No. In Melbourne the mills work twenty-four hours a day; in Canterbury they are working only eight hours.

The point I want to get at is, Does the farmer actually receive the benefit of the protection ?—I would prefer that you put that to an expert witness.

Mr. Macpherson.] I would like to ask a question in connection with the cost and the price of bread. If there is a reduction of 1d. in the price of bread, is it not probable that the farmer would have to carry 90 per cent. of that ?—No.

He would have to stand a loss of probably 1s. to 1s. 4d. per bushel if there is 1d. reduction in the price of bread ?—That is your statement, Mr. Macpherson.

Hon. Mr. Forbes.] According to that, if it drops 5d. he would get nothing ?—Of course, 1d. reduction would have an enormous effect. It would effect flour to the extent of £2 13s. 4d. per ton.

Mr. Macpherson.] Can you give us any information as to how many bushels of wheat there are to the ton of flour of Australian wheat as against New Zealand wheat ?—There is a variation of 1 or 2 bushels in favour of the Australian wheat. Round about 47 and 48.

The Chairman.] You stated previously that the sliding scale is responsible for the increased output, while just now you could not tell us whether the farmer acutally gets the protection given ?—Oh, undoubtedly he benefits from the protection.

Mr. Jones.] The wheat-farmers' organization has helped them in regard to protection ?—Undoubtedly the wheat-growers' organization has helped them. Your point is that without that organization the millers might get the wheat-growers in their grip, and might be able to give them less than what its real economic value is.

The Chairman.] You think that but for the imposition of the wheat duty wheat would be cheaper in New Zealand than it is to-day ?—Absolutely.

Much cheaper ?—Yes.

The prices in New Zealand and Australia would be approximately the same ?—Yes.

There is no duty on wheat in Australia ?—But, then, you must not think altogether in terms of wheat.

I am concerned with what the farmer is getting.—But the flour which comes in to the North Island ports from Australia must be converted into values of wheat in the South Island. The mills could not buy the New Zealand farmers' wheat against this cheap flour. The millers could not afford to pay present prices for it. They would say to the farmer, "If the landed cost of flour from Australia was £14 a ton, we can only afford to give you, say, 4s. 7d. a bushel."

Mr. Jones.] I would like Mr. Collins to give us some returns as to the actual costs of bread contracts. Whatever Mr. Collins's opinions may be, I want to get at the actual cost of bread-making. An explanation has got to be found by somebody for the difference in the prices. The price of bread to the Christchurch Hospital is 9d. a loaf, and to the people it is 1s. 1d.—I think that question had better be put to the bakers.

Mr. Jones: But if Mr. Collins is in touch with Government institutions he should be able to get the contract prices and all information as to the costs.

The Chairman.] Can you get that information, Mr. Collins ?—I will try to, sir. Please understand that when I gave you those prices for bread they were made up by an accountant after a careful inquiry. The accountant took a liberal view of what a baker should receive, and took into account the actual wages paid, often in excess of those fixed by awards. He allowed the master baker a reasonable profit. On that basis a commercial accountant would probably say that they are entitled to 1s. cash over the counter.

Hon. Mr. Forbes.] That is based on the present price of flour ?—Yes; and by cutting it has been reduced down to as low as 9½d.

Rev. Mr. Carr.] Do not the bakers use a certain amount of imported flour to mix with the New Zealand flour ?—Some of them do.

About what percentage of imported flour do they use for that purpose ?—That is a technical question that I do not know definitely. I know as a matter of fact that some bakers do import both Canadian and Australian flour. I think they use from about 10 to 20 per cent. of imported flour.

Mr. McCombs.] They have been doing it for years. Is that due to the price, or due to the necessity for mixing the flour in order to obtain a good loaf ?—That is a question of opinion among the bakers. Some maintain that the mixing with imported flour, especially Canadian and Australian flour, makes a better loaf. It costs them more to make bread out of combined flour than it does if they used New Zealand flour solely.

Mr. Macpherson.] Is it not also a fact that many of those who buy large quantities of second-class New Zealand flour mix that with Australian flour ?—I do not know of any second-class flour marketed as such during the last three years.

During the last three years ?—Yes.

But it has been marketed ?—Well, it was. Invercargill used to supply a flour at one time which was not quite satisfactory in quality.

Is a certain proportion of Australian or Canadian flour required to bring New Zealand flour up to the necessary standard ?—I will not admit that. I do not admit that the flour in New Zealand is of a second-class quality and that it is necessary to mix imported flour with it. The predominating number of bakers throughout New Zealand use New Zealand flour entirely, and make a perfectly satisfactory loaf.

I suppose you are aware that during the last two or three years there has been a variation in some of the wheat. You cannot get the same results from some of the wheat as you can from high-class Velvet, Pearl, or Hunter's. Perhaps that is the reason why the bakers import the flour.—Well, I have had a good deal of information on the point, and I know that many of the bakers make a perfectly satisfactory loaf out of New Zealand flour. If our bakers had the privilege accorded to Australian bakers of mixing a certain amount of Arcady and other chemical compounds with the flour, there would be less flour and wheat imported into the Dominion. But that is a matter controlled by the Health Department. I suppose the Committee is aware that research experiments have been recently carried out in Canterbury with a view to treating our own flour to make it equal in strength to flour from overseas, and that these research experiments are proving to be very satisfactory.

Mr. E. J. FAWCETT examined. (No. 8.)

The Chairman.] What is your full name, Mr. Fawcett ?—E. J. Fawcett.

And your official designation ?—Farm Economist, Department of Agriculture.

You wish to give evidence before this Committee ?—Yes, with respect to the poultry industry.

So far as wheat is concerned with the poultry industry and other particulars ?—Yes.

Will you proceed with your statement ?—Well, gentlemen, so far as the poultry industry is concerned, in association with the wheat industry, I may say that the poultry industry is in value to the Dominion—that is, to the farmers of the Dominion—practically as valuable as the wheat industry is to the farmers who grow wheat. In other words, the poultry industry is valued at the present time at about £2,500,000 to the farmers, and the value of the wheat industry to the farmers is approximately the same. Therefore the poultry industry is an important thing in New Zealand economics, and as such should be considered. So far as the consumption of wheat and wheat by-products is concerned, so far as we can see, the poultry industry consumes approximately two million bushels of wheat per year, besides other products. The total number of poultry in New Zealand is approximately four million birds. In those flocks where poultry-farming has become specialized, or partly specialized, the practice is to feed approximately a bushel of wheat per bird and about ¾ bushel of other feed. The value of wheat needed for such poultry works out at about 10d. per dozen eggs produced. But as there are four million birds and only approximately 2,000,000 bushels of wheat used, it means that a great proportion of the poultry do not receive that ratio. In other words, farmers have poultry running on open range and as a side-line to farming, and the amount of wheat consumed is not so great. The North Island is at a disadvantage so far as poultry-production is concerned, it being farthest away from the food-supply. The interesting point, however, is that the North Island market is a better one than the South Island market, this being due to the intensity of poultry in the two Islands. The average intensity of all birds over the whole of New Zealand is approximately 2·78 birds per head of population. In the North Island the intensity is 2·56, and in the South Island 3·16. Therefore you naturally get a movement from the high-intensity areas to the low-intensity areas, the low-intensity areas offering the best market. Wellington, therefore, is the best market in New Zealand for poultry products. On the other hand, the prices right throughout the North Island do not compensate for the extra prices paid for wheat in the North Island. I have a rough draft here, which I would like to pass round to members [diagram passed round], which shows that as the price of wheat rises there is an accompanying rise in the price of eggs. That is consistent in the four centres, and therefore it would appear that so long as the prices in the two Islands are uniform, as wheat-prices rise or fall there will be an accompanying rise or fall in the price of eggs. You will notice by that diagram that that is carried out fairly consistently. But, as I say, the North Island is under that disadvantage as compared with the South Island, and if the price of wheat in the North Island were reduced there would undoubtedly be an increased production of poultry products in the North Island. But at the present time, unfortunately, it would not be economic to do that, because we are in a state of overproduction anyhow; and the poultry industry appears to be on the downward swing at the present time. That will mean a reduction of the number of birds, which will bring about a consequent rise in prices within probably the next two years. As I say, there is an overproduction at present as compared with what there was last year, and the Government has been called upon to subsidize the poultry industry on its export of eggs, and that will have to continue, or else a reorganization will have to take place within the poultry industry to allow of the marketing of all our poultry products within New Zealand. That undoubtedly seems to be the proceeding which must take place. There must be a reorganization within New Zealand, so that we can consume locally the whole of our eggs which are fit for consumption, and probably raise the consumption per head of population. If we can do that, then the problem of the disparity in the price of wheat and eggs in the North Island and the South Island would disappear.

Hon. Mr. Forbes.] You say that the wheat ration for the fowls would amount to 10d. per dozen eggs ?—Yes; that is with wheat at 7s. 6d. per bushel. That is the price in the North Island. They pay a little less in the South Island.

In addition to that you have to add the cost of other grain used ?—Yes. That is in addition to the bushel of wheat.

What would that make the cost of the eggs ?—There are two specific types of poultry-keepers: one is the person who specializes in poultry and has to buy everything for the poultry, and the other is the person who keeps fowls and lets them run on open range, and therefore does not have to buy so much feed as the specialist. For every bushel of wheat the specialist uses you would have to add 3s. or 4s. worth of other products.

So that would make the cost of the eggs 1s. a dozen ?—It is easily 1s. a dozen.

That would be 1s. for the cost of food per bird per dozen eggs ?—Yes; I should say it would cost all of that.

What difference would it make in the cost of the production of eggs if the price of wheat was reduced by 2s. per bushel—from 7s. 6d. to 5s. 6d. ?—A reduction in the price of wheat of 1s. per bushel would approximately make a difference in the cost of producing eggs of 1½d. per dozen: every 1s. reduction would do that. Of course, that is in cases where they are feeding a bushel of wheat per bird.

That would be in cases of what we would call commercial poultry farming ?—Yes. That is putting the average production down at nine dozen eggs per bird. With the specialist poultry-farmer the production would range from eight to fourteen dozen, with a predominance on farms within the lower range.

That is the average ?—Yes, I have taken that over the whole of New Zealand. The professional poultry-keeper perhaps gets a little higher than that.

That would reduce the cost of producing the eggs ?—Yes, that would reduce further the cost per dozen of eggs on those farms producing more than nine dozen eggs per bird, and would also reduce the difference in cost for any reduction in the price of wheat per bushel.

The poultry-keeper can help himself in getting a higher production per bird ?—Yes. So far as specialist poultry-farms are concerned, the greater the number of birds kept the lower is the average production of eggs per bird.

Is that so ?—Yes, the greater the number of birds kept the lower the production, the higher production being procured from those flocks round about one hundred birds.

Mr. Bitchener.] With regard to the ration of 1 bushel of wheat, is it a bushel or its equivalent in some grain, or a bushel of wheat without anything else ?—The average ration on specialist poultry-farms is a bushel of wheat, plus other products, such as bran, pollard, lucerne-meal, and perhaps a certain amount of oats in different localities. The type of food varies according to the localities in which poultry-farming takes place, but the average amount of food consumed per bird is in the vicinity of 100 lb. of one sort or another per annum.

In regard to the egg-production, it seems to me to be a low average: I thought the average would be higher than nine dozen eggs per bird per annum.—I am crediting New Zealand with the highest egg-production in the world. An average of nine dozen eggs is a very high production over the whole flock. With adverse climatic conditions it might be only six and a half dozen. Great Britain averages about nine dozen.

We are not any better off than Great Britain ?—From all the information which I have been able to obtain, we are in the same position approximately as Great Britain. On certain specialist poultry-farms we do get a higher production; but the greatest number of our poultry-keepers in New Zealand are not specialist poultry-farmers—they have back-yard farms, as it were, and poultry-keeping is merely a side line.

Mr. Jones.] What are you representing ?—I was asked to come here from the Department of Agriculture. At the present time I am engaged in a complete investigation into the poultry industry, and my report on that subject will be ready within the course of the next few weeks. I am trying more or less to determine the position of the poultry industry, and to offer any suggestions for its improvement.

Is it possible to find out what proportion of the fowls are on the farmers' own property, getting food from the farms—how many poultry-farmers are there in the Dominion ?—About one hundred and sixty thousand.

So that we can divide that by three to find out the number who are actually making a living out of it ?—There are approximately one hundred and sixty thousand householders in New Zealand keeping poultry, and of that number there are about 150 to 175 who are making their living out of it. That, I should say, is quite a high estimate of the number who are actually making their complete living from poultry-keeping. Then we have the big mass of poultry-keepers who are keeping poultry in order to supplement their living considerably—that is, in flocks ranging from seventy-five to one hundred birds. The greatest proportion of poultry in New Zealand is held on farms in flocks ranging from twelve to thirty-six birds, and that is where our big bulk production comes from.

The question then comes, If there are four million birds in New Zealand and they are getting an average of one and three-quarters of a bushel, where are the 7,000,000 bushels coming from ?—I indicated that there are approximately four million birds, using approximately 2,000,000 bushels of wheat. On those farms which are really only back-yard farms, and the poultry feed on the open ranges, they would only be receiving one-third to one-half a bushel at the outside. Their greatest food is made up from scraps and from seed which is picked up from the farm.

And oats, too ?—There would be a certain amount of oats used for fowl-feed, but not a great amount.

So that there are 175 people actually making their living, and the rest use wheat simply as a supplement for scraps from the household ?—Yes.

The Chairman.] You said a certain number are partially making their living from poultry-keeping ?—The number of people who are partially making their living runs into thousands.

Mr. Jones.] Including farmers as well ?—Yes.

I gather that a reduction of 6d. a bushel in the price of wheat would mean less than ¾d. per dozen drop in the cost of producing eggs ?—Yes, it would represent less than that. The reduction would be only a shade, but it would vary according to the amount of eggs produced from the birds on the individual farms. There has been a terrific range of production on farms, owing to management, &c., and the type of birds kept.

Was the question of 1s. reduction in the price of wheat per bushel, amounting to a reduction of 1¼d. in the cost of producing eggs, based on information supplied by an expert poultry-keeper using nothing else but bought food ?—Yes, and averaging nine dozen eggs per bird. If the birds averaged twelve dozen eggs each it would mean a reduction of only 1d. per dozen.

What would be the egg-production per bird on a first-class poultry-farm ?—The highest range is fourteen dozen, but very few average that. The main bulk of specialist poultry-farmers give the average from 10·5 to 11·5 dozen per bird.

What do you think would be the average on a poultry-farm controlled by a really first-class man who knew his job thoroughly ?—On the figures I have, I should say if it is ten and a half to eleven dozen it is well up to the average, if not above the average.

Hon. Mr. Cobbe.] Are the poultry-farmers organized in such a way that they are able to buy their wheat advantageously, or do they make their purchases in any sort of way ?—No, sir, they are not organized. That is one of the big troubles so far as poultry-farming is concerned, especially in the North Island, where the poultry-keeper buys wheat in small lots, and the cost, therefore, is mounting up all the time—storage, insurance, and so on. There are several handling charges between wholesalers and retailers, probably down to small shopkeepers, in the country districts, and the average keeper never knows what he is going to pay for wheat.

Could you give us any information as to what it costs to export eggs to the United Kingdom ?—All I can say offhand is that last year it cost the Government 16s. per case on 7,500 cases to bring the price up to the guarantee, which was based on what was considered a paying-price to the farmer, or at least a reasonable price.

What was that per dozen ?—There were thirty dozen per case at 16s. per case, which would work out at over 6d. per dozen.

What I want to get at is the freight, handling charges, and so on—what it costs to sell the eggs at Home.—I could not give that information offhand, but only by reference to figures in the office.

I suppose it would range at about 1s. per dozen ?—Not quite so high as that.

It would be useful to know what it costs per dozen to ship them Home and sell them.—I could get that information for you, and give all particulars with reference to the export trade.

Is it not possible that we have to compete with Canadian eggs : although the output is smaller there, food is cheaper ?—Canada is an importing country for eggs at the present time.

Is that done throughout the year ?—They export a small number in the flush season, but they import a greater number than they export at the present time. Our big competitors are China and Egypt ; Russia is coming on the market again ; Denmark, and so on. The price of eggs at Home during the period when our eggs reach the market is gradually dropping. The price has been going down gradually since 1918, and it does not look as if the price is going to rise at Home, and therefore the export of eggs from New Zealand to Great Britain will become harder and harder as time goes on. It does not seem to be possible to build up an export trade advantageously.

Unless the price of wheat comes down ?—The price of wheat will not make that difference. It would make a difference of only 1d. or 2d. a dozen, and that will not be sufficient to export under our present conditions.

Rev. Mr. Carr.] What is the position with regard to egg-pulp at the present time—is there much importation from China ?—Egg-pulp is allowed to come into New Zealand under special license. There has not been any egg-pulp of any moment imported into New Zealand for some years past.

When you mention the number of eggs per bird produced on the average farm, would they be A-grade eggs ?—I refer to all eggs, whether they be good, bad, or indifferent.

There is a certain amount of corn-meal, blood-meal, and meat-meal used for feeding poultry, but that would be used mostly by the recognized commercial poultry-farmer ?—Yes.

On the other hand, I suppose, the back-yard poultry-keeper would feed the poultry on household scraps, and so on ?—Yes.

With regard to the birds on free ranges, a certain amount of wheat would be required for them ?—Yes, in every instance, I should say.

The poultry people have been negotiating with the Government for some years, have they not, in regard to getting facilities for obtaining cheaper wheat ?—There has been an agitation for some years past in that direction.

They have also been asking for some assistance with regard to marketing eggs ?—They have asked for assistance in marketing eggs, in so far as they have received an export guarantee.

Mr. Macpherson.] In the course of your general statement you mentioned that in the North Island, where there are a relatively smaller number of fowls as compared with the South Island with a larger number of fowls and feed obtainable at a more reasonable price, the North Island people are more than compensated for the difference in the cost of wheat. In other words, the North Island farmer gets a superior price for his eggs all the year round, relatively, to the South Island farmer ?—Yes.

The difference is so high that it more than outweighs the extra price which the North Island farmer has to pay for his wheat ?—It just about balances the position.

So that from a profit point of view the North Island farmer and the South Island farmer are on an equal basis ?—Yes, particularly if there were some restriction, as it were, on the South Island eggs coming into the North Island, or if the South Island eggs cost more to bring into the North Island than the difference between the price of food in the two Islands. The position is made more difficult by a great number of eggs coming from the South Island into the North Island and competing with the product of the North Island poultry-keeper, who has had to pay more for his wheat than the South Island poultry-keeper.

As against that, it must be recognized that the South Island poultry-keeper is handicapped by reason of the cost of transport, handling charges, and so on ; so that on a strict accountancy basis, from the profit-making point of view, the North Island poultry-keeper is doing relatively just as well as the South Island man, who buys wheat at probably 2s. a bushel less than the North Island poultry-keeper ?—I should say their positions are practically equal.

Is not the position intensified in the North Island by reason of the absence of any co-operation amongst the poultry-farmers themselves, as against the organization in the South Island ? Would it not be reasonable to assume that if the poultry-farmer in the North Island took the same trouble to organize as the South Island poultry-farmer—that is, by a little personal effort—the position in the North Island would be much better than it is at the present time ?—I think the whole poultry industry, both in the North Island and in the South Island, is in great need of organization, and I do not intend to pass any opinion as to whether the North Island poultry-farmer is better off or worse off so far as organization is concerned than the South Island poultry-keeper.

With reference to the vast number of poultry-farms—that is, on agricultural farms—in the South Island, what data do you get to enable you to make comparisons ? I know dozens of farmers in the South Island who make no returns of grain used, and, instead of the fowls getting ½ bushel, it is possible they get 1½ bushels. We will say that approximately 2,000,000 bushels of wheat are used for fowl-feed, but I feel certain that a great deal more wheat than that is used but is not accounted for.

Are there any means for finding out what is actually consumed by the wheat-growers themselves?—No means whatever. All one can do is to go on the evidence of people who are closely in contact with poultry-producers, such as our own Poultry Instructors and men like that.

Mr. Jenkins.] Has your Department gone fully into the question of the difference in food values between fowl-wheat and the highest grades of wheat?—No, there has been nothing done in that direction.

I suggest you could do a great deal in that respect. I am personally of the opinion that it would pay the egg-producers to use the highest-grade wheat. It is purely a matter of food values. The hens are not like human beings: we eat for the sake of eating, but the hens eat for the sake of sustenance. Do you agree with that view regarding the value of using highest grades of wheat, as representing the association?—I am not representing the association. That is not my duty at all. I am from the Agriculture Department.

I think that side of the question should be gone into by the association with the Department. It is very necessary to know the difference in food values, for the reasons I have indicated. Is there not an embargo upon egg-pulp coming into this country?—There is a restriction on it.

To what extent?—If I remember rightly, Dr. Reakes, it is allowed to come in under certain conditions, with a duty imposed?

Dr. Reakes: The restrictions have the effect of practically preventing it from coming in.

Mr. Jenkins: Is there British preference on the importation of egg-pulp?

Dr. Reakes: I could not say offhand. I think it is a flat rate.

Witness: There has been no egg-pulp coming in, anyhow, within the last few years.

The Chairman: We are not holding an inquiry into the poultry industry. The only real reason for the witness being present is to advise us what effect the poultry industry will have on the wheat industry. We are not really discussing the actual poultry business, but we want to find what relation it has to wheat-production. It has a bearing, undoubtedly, otherwise the witness would not be present, but we should confine our attention as much as possible to the relation the poultry business has to the wheat business.

Mr. Macpherson.] I think it is generally assumed by the Agriculture Department and the experts that, all things being equal, the poultry-grower gets to the maximum of production by using high-class milling-wheat?—Yes, and you will find the farmers everywhere will buy good wheat where they have the opportunity.

The Chairman.] Did you say that the poultry industry was valued at £2,500,000?—That is my estimation of its value, and we should think the value of the raw wheat produced is worth about £2,500,000.

About the same?—Yes.

In the ordinary course, would the fowls require more wheat than the ½ bushel, and, if they require more, why do they not get it?—The big mass of fowls do not require it under present conditions, owing to the other food which they receive.

The relative demand of the poultry industry to the total production of wheat is a very important point?—I do not think the demand is likely to increase, unless the drop in the price of wheat is considerable. To my mind, the wheat position would be affected by a drop in price to the extent that there would be a greater number of specialist poultry-farmers in New Zealand.

According to your evidence, the poultry business now takes one-quarter of the production of wheat in New Zealand. It might be dangerous to the community if it took any more. Some years the wheat-production in the Dominion is as low as 4,600,000 bushels. If the poultry industry developed very largely it would take an undue proportion of wheat which might be required for human consumption?—Yes, it might.

Rev. Mr. Carr.] There is just the point that broken wheat may be as good as whole wheat, and could be used in the event of a shortage of wheat taking place?—Yes; it is used now.

Mr. Macpherson.] The point arises that in the event of a serious drought or anything else causing a shortage of wheat the keeping-alive of poultry would be a serious menace to the health of the people?—Yes, that is so.

The Chairman.] What other prospects are there for the export of eggs? Is there a reasonable prospect?—I should say there is no prospect at all at the present time, unless the costs of handling, &c., are materially reduced.

The poultry-farmer, then, must look to his market in New Zealand?—Yes. My own idea is that later on, if the poultry industry is properly organized in New Zealand, we might be able to keep the price of eggs more even throughout the season in the Dominion, thus allowing a higher grade of production of eggs, and those which could not be advantageously sold on the local market could be converted into egg-pulp for the requirements of New Zealand, and also possibly for export.

Is there much prospect of the number of fowls being considerably increased when you reorganize the business?—I do not think so. At the present time, on the figures we have, we are consuming approximately twenty-five dozen eggs per head of population per annum in New Zealand, and that is pretty high; and the higher you get the more difficult it is to increase it, naturally; although in Canada they claim they are consuming thirty dozen eggs per head of population per annum, which is, of course, an extremely high figure.

What was the cost to the Government of the bonus on eggs?—16s. a case.

What was the number of cases?—7,360, approximately.

Was the whole of the guarantee called up?—There was a difference between the realized price and the guaranteed price of £3 5s. per case.

Rev. Mr. Carr: May I submit that in all these calculations it is very important to know whether the eggs are A-grade eggs, or B-grade eggs, and so on.

The Chairman: The witness said all classes of eggs were included in the calculations.

Witness: The export eggs are, of course, all A-grade eggs; but so far as the production is concerned the ratio of first-, second-, and third-grade eggs cannot be determined, because they are never graded.

Rev. Mr. Carr.] They are classified in the market reports?—Of course, that is a very rough classification.

Mr. Jones.] With regard to your statement that the poultry industry is equal to the wheat industry, I would like to know whether you are basing that on the finished product of the egg and the poultry sold?—I am basing that on the value of the poultry and eggs to the farmer himself. If you add handling charges to that it represents the working-costs.

You refer to the finished product of the egg and the poultry?—Yes; that is the price the farmer receives for his eggs on the average, so far as we can judge. The total value of eggs produced in New Zealand amounts to £2,458,000 approximately, and there is about £285,000 worth of poultry sold each year. About 40 per cent. of the total eggs produced are handled in the towns, and that represents a considerable amount to the middleman for his work.

Is not the proper answer in this way: should not the actual price of bread be taken into consideration and not the actual price of wheat, and also should not the total production of pork and bacon in New Zealand be taken into consideration in addition?—If you like to go to the finished product, that is so; but it is impossible to do it. I am taking the finished product so far as the farmer is concerned.

Mr. Jones: I understood that the witness was taking the value of eggs and poultry. That is the finished product.

The Chairman: It is the value to the producer—the farmer—in both cases.

Mr. Jones: My point is that it is the finished product just the same as bread, and it is also the finished product as in the case of pork; therefore the whole story is completely upset.

The Chairman: The first thing was that the producers got £2,500,000.

Mr. Jones: I am making that point clear, because it is the finished product we are dealing with.

Witness: I think they are in different categories once you get to that stage; the egg being produced as a sealed and finished article, as it were, whereas wheat is only the interim stage in the final product.

Mr. Jones.] Would not, therefore, the bread be taken as the value, and not the wheat?—I do not think so, because when you get into the bread question the greatest proportion of the money represented by bread manufactured is represented by labour and overhead charges, handling-charges, &c. As you know, the wheat really in a 1 lb. loaf of bread represents a very small amount of the cost of the finished product. The price of bread is therefore controlled only to a very small degree by the price of wheat. It is really controlled by the cost of manufacture, handling-charges, and so on.

Mr. Jones.] Your estimate was that it cost 10d. per dozen for food to produce eggs; and what would the average price of eggs in the North Island be?—The average price to the farmer in the North Island is about 1s. 7d. per dozen.

Food costs one-half of that?—Yes, the price of wheat represents half of the price of eggs received by the farmer.

Is it fair, then, to take the price of wheat—the raw article—in one case and to take the finished article, in the shape of the egg, in the other case as a comparison with reference to poultry?—That is the difficulty, sir. The value of wheat as represented by flour is mainly the value of labour, capital, and distribution charges.

That does not answer the question. The question is, Is it fair to take the raw product in the shape of wheat and make a comparison as to what it is worth to New Zealand with the finished product in the shape of the egg? Must you not take the finished article in both cases?—If you do, you must make your qualifications.

You make your statements without qualification?—I was using the farmer as the basis, and I was not going beyond that.

With reference to the selling of poultry, if it is fair to take the poultry sold, is it not fair to add also to the wheat industry all that is produced in pork and other side-lines?—If you are taking the two as a finished product, yes, certainly. I want you to understand that I am not arguing that the wheat industry is worth any less, or anything of that sort. I am just making a statement as to the relative importance of the products to the farming community.

My point is that it was not relative——

The Chairman: That is quite a debatable point. The witness was endeavouring, of course, to show the value of the products to the producers.

WEDNESDAY, 4TH SEPTEMBER, 1929.

Mr. W. G. McDONALD examined. (No. 9.)

The Chairman.] You wish to give evidence before this Committee, Mr. McDonald?—Yes, sir.

You were formerly Chairman of the Board of Trade?—Yes, sir.

On whose behalf do you wish to give evidence?—On my own behalf. I was associated with the industry from 1916 to 1925.

On the Board of Trade?—Yes, most of that time, sir.

Will you proceed with your statement ?—Mr. Chairman and gentlemen, I would start by saying that I was appointed to the Board of Trade in February, 1916, and I remained Chairman of the Board of Trade until October, 1922, and then I left to take up the managing-directorship of Distributors Ltd. I was managing director of Distributors Ltd. for about a year, and since that time I have been in business in various directions in New Zealand. One of the first inquiries that the newly appointed Board of Trade—it was appointed in February, 1916—was asked to undertake by the National Government was an inquiry into the wheat and flour production in New Zealand. But we were then, as you know, at war, and the question of the food-supply was one of very great national importance. Well, we made various reports to the National Government, which are on record and have been printed ; but as the war developed the position got really more acute, and the situation that we had to face was either of an actual shortage of the supply or an anticipated shortage, and we had to deal with that position. That is, we were dealing with an actual shortage or an anticipated shortage in the wheat-supply ; and in addition to that we were also dealing with the fact that the shipping situation was becoming, as the war progressed, progressively more difficult. Well, in 1917 the Government, on the advice of the Board of Trade, determined, in view of all the circumstances, and particularly owing to the fact that there was a shortage of wheat and a difficulty in the shipping with Australia, to take over the whole supply ; and they set up a system of wheat control whereby the Government actually bought the whole of the crop from the farmers at a stated price and resold to the millers at a slightly increased price, using the existing channels of business as their agents—that is, the grain-brokers as the agents of the Government—to make the bargains with the individual grower and the miller. Well, I was appointed the administrator of that control scheme, and I remained in charge of it as Wheat Controller from the 1st January, 1918, until the 31st October, 1922, when, of course, as you know, the war was over. Our scheme of organization was successful enough, at any rate, to produce a surplus ; and when I left the Board of Trade there was no longer a shortage of supplies at all, but there was a surplus, and on behalf of the Government I had already arranged to carry through the export of that surplus. I forget exactly how many bushels were exported, but I should say from memory that there was about 1,250,000 bushels that were exported in 1922. Now, that, of course, might have been a convenient time to have dropped control, and at the end of that year it was dropped. But when I say " dropped " I do not mean that the actual control went out of it, but it was dropped in the sense that the Government no longer guaranteed the price and was no longer responsible to the farmer for the carrying-out of the sale and the distribution of his wheat. But there were two schemes that had the support, at any rate, of the Government after 1922, but they were operated privately. Now, it seems to me that it would have been impossible for the Government to have withdrawn entirely from the business and to have declared a policy of free-trade in wheat in the years from 1923 to 1926. I believe, had that been done, that the wheat-growing industry in New Zealand would have been put entirely out of existence. Furthermore, the declared policy of the Government of the country, irrespective of which party has been in power, for more years than I can remember has been mildly protectionist ; and when the last Tariff Commission conducted its inquiries I think the problem they had to deal with and answer was mainly this : whether it was desirable that New Zealand, which it has been shown can become self-supporting, or almost self-supporting, in regard to the food-supply, should remain self-supporting, or whether the supply should be entirely unregulated by Government acts of any kind. That was a policy question really, and I think that if it is answered affirmatively, that it is desirable that New Zealand should produce sufficient wheat to be independent of importations, then I know of no better method of carrying out that policy than the sliding fluctuating scale of duties. Now, I myself think, as a matter of personal opinion, that in view of the history of the country from 1916 onwards it is desirable that New Zealand should not have to rely on importations to supply its requirements of wheat ; and that being so, then it seems to me more or less a matter of bargaining between the parties. I should say, if we are going to grow wheat, we can grow it as an economical proposition to the farmer, and an economical price should be paid—that is, a price the farmer can afford to sell his wheat at to make it pay, after considering the competing things he can do with his land otherwise. The prices of wool, and lamb, and dairy-produce would have to be taken into consideration. The idea of the fluctuating scale, of course, is not entirely new. It has been tried in England. It was tried in England before the policy of free-trade was adopted, and it worked successfully. And it has been advocated by Professor Jethro Brown as applicable to protectionist Australia in his book " Prevention and Control of Monopolies." I was very much struck with his reasoning in that book ; and that is why I have expressed my opinion that the sliding scale is the easiest and most practical method of giving effect to the mildly protectionist policy of this country, and of giving effect to the proposition that it is desirable that we should grow sufficient wheat in New Zealand for our own purposes. I think that is as much as I wish to say, Mr. Chairman.

Hon. Mr. Forbes.] Have you any figures in regard to the price of bread when prices were fixed ? When the Government took over control, what was the price of bread ?—It varied. I cannot remember all the variations. But it was an easy matter to fix when the price of wheat was determined. When the price of wheat was determined it was a comparatively easy matter to determine the price of flour, and from the price of flour to determine the price of bread. There were varying conditions, and we had to vary the price from year to year.

Were you able to control the matter better than it could be controlled under private sale ?—While I was Wheat Controller I would not say that we controlled it better, but we controlled it well because we had the whole supply in our hands. But the value, to my mind, of the sliding-scale is this : it effects the same object as we effected, with less Government interference.

You had to get wheat from Australia ?—Yes.

What sort of a reception did you get on the Australian market ? Did they tie it up ?—They attempted to. But the Hon. W. D. S. MacDonald made the first bargain on the part of this country,

and in my opinion that bargain was a particularly advantageous bargain to New Zealand. The second big purchase was made, and the details were fixed, by Mr. Arthur Shirtcliffe, who was sent by Mr. MacDonald and myself to Australia for that purpose. That also was particularly advantageous to this country. But the third time we attempted to go on the market in Australia we found the position very difficult. The Australian Wheat Board tried to "sting" us. I forget the exact particulars, but I think they asked as much as 16s. a bushel. I think that is what it worked out at. Well, we thought it was a very big price, and we refused to pay it. We turned the bargain down, and we kept off the market. I think the Hon. Mr. Nosworthy was the Minister in charge at that time. I consulted with him at Ashburton, and we went into the matter and determined to turn it down. With what we had we were just able to scrape through by the time the crisis had passed.

Was there not some inferior wheat imported ?—That was prior to 1916.

Was there any complaint about that ?—Yes, there was; but that was prior to 1916.

Is Australian wheat very much superior to our wheat ?—I do not think it is superior to some qualities of our wheat. But in our first bargains we got some very good wheat from Australia. It was the best crop ever produced in Australia up to that time. It was a particularly fine class of wheat. But it was a long way above the average Australian wheats. It was an extraordinarily good crop.

Had you any trouble in connection with the shipping ?—Yes. We had to watch that very closely. We had a good deal of trouble during the fulfilment of one of the contracts.

Do you think it would be wise to rely upon the Australian market for our supplies ?—No, I do not.

Can you give your reasons for that opinion ?—Yes. I will give you an instance. We had sufficient wheat in 1916—I am speaking subject to correction, but I think it was in 1916—we had sufficient wheat in New Zealand to see us over till the next crop, when a strike occurred in Australia. That was something New Zealand could not control in any shape or form; and immediately wheat and flour began to soar to famine prices. That was nobody's fault. But the people started to get very panicky. There was panic buying, and we had to step in to prevent the prices going too high. Now, if we rely upon Australian importations we would be continually in danger of similar happenings taking place. Then, there is the danger of a drought in Australia; but I do not pay so much attention to that. There might still be enough in Australia to supply Australia and New Zealand even if there was a drought. But what I fear most is a strike cutting off our supplies and interfering with the shipping. Then immediately you might have panic conditions in New Zealand, and no Government could stop it. You would have panic conditions immediately you had the supplies interfered with, and the public might quite easily pay during that panic a good deal more than they are paying for the mildly protectionist policy at present in vogue.

When you were in charge, was a departmental subsidy to the wheat-growers discussed at all ?—Yes, that was discussed.

And the sliding scale ?—No. There was no need for the sliding scale during our period—no need whatever—because we were the only importers and we had the whole supply ourselves. There was not any need of a sliding scale at all. We were the sole importers. We had prohibited anybody else from importing wheat.

Mr. McCombs.] How do you account for the fact, Mr. McDonald, that people in Great Britain can get flour and bread very much cheaper than we can in New Zealand, although they are dependent for their supplies on outside sources all over the world ?—I would like to have a critical examination of the figures before I would accept the statement that Great Britain gets it very much cheaper.

Would you be prepared to dispute the figures supplied by the Government Statistician, which show that over a period of years—right back to the time of the war, and up to the present time—that, year by year, without exception, flour and bread have been much cheaper in England then they have been in New Zealand ?—I do not admit that flour and bread are much cheaper in England.

But it is cheaper.—I will agree with that. But the difference is that England can draw from the whole world, but if we were shut out from Australia we would have to depend practically upon our own resources.

The ships of the world can come to New Zealand.—But that is the position.

Mr. Bitchener.] Had you anything to do with the first deal that the Government made with the wheat-growers ?—Yes.

In your opinion, was that a good deal ?—Yes.

It was a good deal ?—Yes.

From the farmers' point of view ?—Yes, I think it was.

But I think you will agree with this: that if the farmer should grow a better class of wheat he should get paid for that better class ?—Yes.

Well, you and the Government established a flat rate for wheat and gave no consideration as to the quality ?—No; I disagree with that. If you will look at my scheme you will find that my scheme provided for a differentiation between Tuscan and Hunter's or Pearl.

But the Government did not adopt it ?—Yes, they did. That is on record in the Government *Gazette.*

I am not positive, but I think the Government gave the farmer a flat rate of 4s. 10d. ?—I was not in office then.

You were not in office ?—No; that was before 1916. That was a price that was obviously wrong.

It discouraged the farmer from growing a better class of wheat ?—Yes.

I think you said that you had to keep off the Australian market on account of the high price asked ?—Yes, I did.

When was that ?—That was in 1920.

Mr. Waite.] I think you said that your control ceased in 1922 ?—Yes.

The object of the control being achieved ?—Yes.

Was there not a large quantity of wheat grown in 1922 ?—Yes.

What was the factor operating ?—The factor that operated was our price.

The Chairman.] What was the price ?—I believe it was 5s. 6d. But, again, that is a matter that is on record. There was a gazetted fixed price.

The Government guaranteed 5s. 6d. ?—There was a guaranteed price, and I think it was 5s. 6d.

Mr. Waite.] Was there not another factor also operating ? Was there not the economic factor of what the land would produce if wheat were not grown on the land ?—Yes.

What were the prices in 1921 and 1922 for wool, mutton, and beef ?—Well, that was the period of the slump. Wool was then down about 3½d. a pound. At any rate, it was down pretty low.

What I want to get at is this: Are you of opinion that as a result of the two factors—a very low price for meat and wool, and a guaranteed price by the Government for wheat—that it then paid the farmer better to grow wheat ? Was it the guaranteed price or the slump that made the Government control so successful in 1922 ?—I think it was the two factors operating together. The farmer was suffering from the effects of the slump and other things, and he knew he was absolutely dead-certain of getting his price for his wheat. He knew that as long as he produced the goods he would get the price. I should say it was about fifty-fifty between those two factors.

It was not entirely because of the Government control ?—No. I do not think it was entirely because of the Government control.

Or the fixed price ?—No, not entirely. But what I do want to say is this: that that fixed price gave him certainty. He was certain of that fixed price. He was absolutely certain he would get the money for his wheat.

Mr. Jenkins.] If there were no protection given, would it drive the wheat industry off the market ?—I would not say it would actually drive the wheat industry off the market, but I think it would kill the wheat industry in New Zealand. It would kill the wheat-growing. But, at the same time, if there was free-trade in wheat to-day, and no protection either for wheat or flour, there would still be a certain amount of wheat grown. There would still be a certain amount of wheat grown even if the main object of the farmer in Canterbury is to produce prime Canterbury mutton and lamb. It is almost essential, especially on the heavier land, in order to bring the land into profitable use for pastoral purposes, to grow wheat. I would say that there would always be in New Zealand from 100,000 to 150,000 acres in wheat. But beyond that I do not think the farmers would grow wheat. At the present time there are over 300,000 acres in wheat.

You must realize that there must be a limit to the protection ?—Yes. Our policy is mildly protectionist; it is not extreme protection.

Of course, you must realize that there are difficulties in connection with protection. Other countries might hit back. We have to export our dairy-produce to other countries, for instance. Our dairy-produce might be affected. Other countries might place a barrier against our butter ?—I quite agree, sir.

During one of those years was there not a subsidy paid to the millers ?—Well, that was not quite the position. The position was that we guaranteed a price to the farmers, but the cost of producing flour under labour difficulties and various other causes was such that we asked the miller to sell his flour at a lower price than he would be justified in selling it at, and we made up the difference to the miller.

Could we buy wheat from Australia on forward delivery ?—I do not quite know what you mean by "forward delivery." We buy from Australia to a certain extent on forward delivery now, but not for twelve months hence. I do not think that would be much good under present marketing conditions.

But other countries buy on forward delivery ?—Wheat might be bought on forward delivery largely during the season, but I do not think it would work at all to buy it for forward delivery twelve months hence.

Could we not get supplies of wheat from Canada ? Are we bound to Australia ? Canada is one of the greatest countries for wheat.—We have had very little from Canada. You must also take into account the fact that if you go to Canada you load your price with the freight.

I am looking at Canada from the point of view of an equitable exchange. Canada takes large quantities of our butter ?—Yes. I am quite with you there if we had a clean slate to start with; but we have been committed to a policy of protection, or mildly protectionist, ever since I have been in the country, and I was born in it.

Hon. Mr. Cobbe.] When did you take over control of the wheat industry ?—We took it over from the 1st January, 1918.

At a fixed price ?—Yes.

What was the price ?—I think for that year it was 5s. 6d. or 5s. 10d.

The position was somewhat different then ?—Yes.

Are conditions more difficult now ?—No; I think the conditions are easier to-day than they were then.

If the conditions are easier, as you say, do you think that the price at present paid is too high ?—Well, that might be so. The farmers probably could do with a less price than what is being paid to-day.

It states here in the tariff [reading from tariff] that the duty on wheat is 1s. 3d. if the value at the port of shipment is 5s. 6d., falling or rising by ½d. for every ½d. by which the value rises or falls.—Yes; that is the imported price. The effect of the sliding scale—the present duties—is to stabilize the price of wheat round about 6s. f.o.b. Now that basis may be too high. You might effect your object if the basis of the price was in the vicinity of 5s. 6d. That is a matter of calculation. It is a matter of calculation as to what it should be. If it were 5s. 6d., that would

probably take £1 or £1 5s. off the price of flour, and that would ease the situation all round. The basis at present is fixed in the vicinity of 6s. f.o.b. all the year round.

Do you think there is anything better than the present sliding scale ?—No, I do not.

Have you considered the question of a subsidy instead of the sliding scale ?—Yes. That is too difficult, in my opinion. The administrative difficulties are enormous; and, furthermore, that is too much Government control. I believe in having as little Government control as possible. A subsidy would mean too much Government control. There is no Government control in this sliding scale at all, except to see that the thing is working right.

You consider that the chief risk in getting our wheat-supplies from Australia is that there might be a stoppage through strikes ?—Yes.

Mr. Macpherson.] Did I understand you to say, Mr. McDonald, that you took charge of the wheat in 1918 ?—Yes. I established the office in Christchurch on the 1st January, 1918; but I had reported on the matter in 1916 and 1917.

You were advising the Wheat Board at that time ?—Yes.

I happened to be a member of it ?—Yes, that is so.

Also you will remember quite definitely the difficulties we had in regard to the prices in Australia and here ?—Yes.

You will remember on one particular occasion that the Wheat Board practically took the bit in its teeth as against the desire of the Government, and purchased a very large quantity of wheat on the ground that, according to the Board's private information, there would be a very high rise in the price of wheat in Australia, and we saved expense to the country to the extent of 2s. 3d. a bushel ?—Are you referring to Mr. Arthur Shirtcliffe's purchase, or are you referring to something that occurred before I came into office ?

I am merely raising the point to show what may happen at any moment in connection with Australian wheat. We had private advice that there would probably be a very important rise in price, and we acted against the instructions of the Government; and, fortunately, we were able to save the country 2s. 3d. a bushel.—That was not in my time.

But you must have had similar difficulties, more or less, while you were in control ?—Yes, we had difficulties, as I have explained in my statement. On one occasion, as I have stated, after consultation with Mr. Nosworthy we turned down one offer at a critical period, and just managed to scrape through.

The Chairman.] In that case the difficulty began with Australia ?—Yes, taking advantage of our necessity.

Mr. Macpherson.] You no doubt also found during your period of administration a very wide range in the samples and quality of the wheat ?—Yes.

You found a wide disparity in the samples and quality of the wheat ?—Yes.

Now you say that conditions to-day are easier so far as the farmers are concerned in connection with the growing of wheat ?—Yes.

Is that your opinion ?—Yes. I think it is easier to get the wheat grown to-day than it was when we had a shortage of men here during the war period.

Are you aware that during the past seven years, at any rate, the cost of wages has risen considerably ?—Yes.

And other costs ?—Yes. I have not any experience myself, but I will take that as correct.

You are of opinion that the present system is the most practical one ?—Yes.

Are you not also satisfied in your own mind that Australia has failed in uniformity, as regards the growing of wheat, during the last seven or eight years ?—Yes, I think that is so.

More than we have known in our history ?—Yes. There is often a failure in some of the districts in Australia; but if there is a failure in one district it is sometimes compensated by extra grain in other districts. If there is a failure in New South Wales, for instance, that may be compensated by an extra lot of grain in Western Australia; and so on. I know that Australia has been subject to big fluctuations during the last few years.

Notwithstanding that weather conditions have certainly been more favourable during the last seven or eight years in Australia ?—Yes.

It is quite reasonable to suppose, then, when they get back to the average conditions of weather, that the fluctuations in quantity, quality, and price of wheat in Australia will be a good deal more varied than they have been during the last four or five years ?—That is probable.

The Chairman.] I think you made the statement that if free-trade were brought in wheat-growing would be abolished ?—If I said "abolished," that was going too far. What I want to say is this: if there were free-trade in wheat to-day there would still be grown in New Zealand from 100,000 to 150,000 acres of wheat.

In any case ?—Yes; under any conditions at all.

You stated that the present policy is what you call a "mildly protectionist policy" ?—Yes.

Is that the policy of stabilizing the price of flour at £13 10s. plus £3 10s. ?—Yes. It does not seem to me to be too high, as affecting the price of bread. Compare the price of bread in New Zealand with Sydney.

You suggested just now that if the sliding scale were reduced the price of flour might be reduced ?—Oh, yes, it would be. The basis would be reduced.

You will hardly express an opinion as to whether the present rate is a fair rate or not ?—Well, no; that is a matter for calculation. But what I do want to impress upon you is that, in my opinion, the scheme is right, provided the basis is right. The basis of 6s. a bushel f.o.b. to the farmer to-day may be too high; that is a matter for calculation. The object of the scheme is to get the wheat grown in New Zealand. And then you also have to consider the straight-out psychological effect on the farmer.

Do you think the farmer gets the benefit of the present protection ?—Yes, I do. I am absolutely certain of that.

How can you account for the fact that wheat in Melbourne is 5s. 9d., and in New Zealand the average price is 6s. 3d. There is only a difference there, at most, of 6d. a bushel ?—I do not like taking those figures without a good deal of critical examination. One of the difficulties in comparing Australian figures with New Zealand figures is that there is a difference in charging for the sacks. The New Zealand figure to-day, as far as I remember, is 6s. 3d. f.o.b.

That is the average ?—Yes, that is the average. But on to that you must add the price of the sacks. The New Zealand quotation is "sacks extra"; the price quoted in Australia is "sacks in." That might make a difference.

It is 5s. 9d. on rail in Melbourne, not f.o.b.—Then, it will cost 1d. to bring it from rail to port, or it might be more.

You are firmly of opinion that the farmer benefits to the full amount of the protection ?—Yes, to the full amount.

Well, there is only a difference of 6d. a bushel between the two ?—I would not like to admit that without dissecting the terms and conditions. Take sacks alone: The Australian farmer sells his wheat "sacks in," and the New Zealand farmer sells his wheat "sacks extra"; that might easily make a difference of 4½d. or 5d. a bushel.

Well, how do you account for this: In Melbourne the wheat is 5s. 9d., and in Melbourne the flour is £13; in New Zealand the wheat is 6s. 3d., and the flour down south is £15 16s. 10d. ?—There again I would not like to express an opinion without knowing all the conditions.

Those figures are supplied by a Government officer.—What I say is that it is impossible to express a definite opinion unless you know the conditions. If I buy flour in Australia at so-much, and if I want delivery, then a delivery charge is put on to it. That does not occur in New Zealand. If I am living at Sumner and I buy my flour at £15, it is delivered at Sumner. In Melbourne if I bought it at £15 I would have to pay a delivery charge if I did not pay cash on the nail.

Does not that apply in New Zealand ?—No, it does not apply in New Zealand.

The farmer here gets protection, and yet the farmer there gets the same price.—That is not so. I say the farmer here gets the full benefit of the protection. He is getting more for his wheat.

How do you account for the difference in the price of bread: In Melbourne the 4 lb. loaf is from 8½d. to 9d. In New Zealand the 4 lb. loaf is 1s. ?—You can buy it in Dunedin at 10d., and you can buy it in Wanganui at 9½d.

It is 1s. 2d. in some places ?—Yes.

You rather suggested that the Government scheme in connection with the production of wheat was successful when you were in charge ?—Yes, I think so.

You mentioned the price as being 5s. 6d. a bushel ?—5s. 10d.

Did it not get up to 7s. 6d. ?—Yes.

One lot was 7s. 6d.: was not that the reason for the increased acreage ?—No. Each scheme was self-contained for one year; at the end of each year we had a fresh bargain with the farmers.

According to the figures we have here, the price originally was 5s. 10d., and it rose to 8s. a bushel, which was probably largely responsible for the increased acreage.—We never paid 8s. a bushel.

Was the offal—the bran and pollard—controlled at the same time ?—Yes.

You said that control was abolished in 1922. You are aware, of course, that the Government paid the millers heavy subsidies at the same time that those high prices were in vogue ?—Yes, that may be so.

That must have made things pretty expensive in 1920 ?—That was because we were fixing the price of bread below the economic price of wheat.

To subsidize the cheap loaf ?—Yes, to subsidize the cheap loaf.

Hon. Mr. Forbes.] What was the price of the cheap loaf ?—I think it was 1s. 3d. in those days.

Mr. Bitchener.] What quantity of wheat do you say would be grown if there was no protection ?—150,000 acres.

Are you not too high in your estimate ? At the present time there is about 260,000 acres grown. Are you not too high in your estimate as to the probable acreage ?—It might be too high.

My point is that you are overestimating it ?—I may have been overestimating it, but I have some reason for my estimate, on account of the pre-war figures. You will find that the lowest pre-war acreage, when the protection was very small—on the basis of £1 a ton on flour—was, I think, 163,000 acres.

Would you be surprised to know that there was 158,000 acres in 1914, 177,000 acres in 1920, 166,000 acres in 1925, and 151,000 acres in 1926. I think you will agree that, on those figures, your estimate is too high.—It probably is so. I gave that evidence offhand. What I want to say is that without protection you would still have some wheat.

Mr. Macpherson.] Would it not be asking the farmer to make a very big sacrifice if he is placed in the position of having to grow wheat without protection ?—I think it would be confiscation to now ask him to grow it without protection.

Mr. McCombs.] There is one point I would like to have cleared up. Do you say that the price of flour in Australia is about equal to the price of flour in New Zealand ?—No.

Let us get that point cleared up.—Let us estimate on the basis that the price of wheat in Australia is 5s. and that the price of flour is £12, and that the price of wheat in New Zealand is 6s. and the price of flour is £15 10s. f.o.b.

It is more than that in Auckland ?—Oh, yes; what I am doing is comparing those two prices. One would think, on the price of wheat, that the New Zealand price should more closely approximate to the Australian price: that is the argument.

But that is not the difference in the prices of wheat?—That is quite easily explainable by the fact that the miller in Australia buys his wheat "sacks in," while the New Zealand miller buys his wheat "sacks extra." I went into those figures in detail some years ago, and I found that there is not the disparity that appears on the surface.

Mr. J. G. RUDDENKLAU examined. (No. 10.)

The Chairman.] What is your full name, Mr. Ruddenklau?—J. G. Ruddenklau.

And your address?—Waimate.

Will you proceed with your statement?—I would explain that my evidence is offered simply on my own account as a wheat-grower. I understand that the Wheat Pool is also submitting evidence, but as I am not a member of the Pool I do not know what evidence they are giving. I thank you for agreeing to take my evidence on the wheat industry, and I respectfully submit the following for your consideration, and I might mention that during recent years I have probably been one of the largest individual wheat-growers in the Dominion. I have divided my arguments under the first four headings of the order of reference and will deal with them in that order.

(1) *The advantages from a national standpoint of the policy of the Dominion being self-supporting as far as its wheat requirements are concerned.*

(*a*) *Foodstuffs.*—If we do not consistently grow sufficient wheat for our own requirements we become automatically dependent on outside sources for one of the most important of our foodstuffs, and in a time of a general shortage or any national or industrial upheaval quite outside the Dominion our population would be liable to serious exploitation and might be faced with bulk purchases of flour-supplies at famine prices, while the violent fluctuations that are continually occurring in the world's main wheat-markets would be immediately reflected in our own trade and cost of bread. As New Zealand has proved itself to be quite capable of producing its own bread-supplies at a price that is certainly quite reasonable, that it should continue to be self-contained and independent in this respect is, I think, a statement of fact that does not require enlarging upon.

(*b*) *Trading Balance.*—On broad principles the more we produce ourselves the less we require to import and the greater will be our proportion of exports to imports. The wheat requirements of New Zealand appear to be about 8,500,000 bushels, which, at an average price of 5s. 10d. on trucks, is approximately £2,500,000. If, on the other hand, instead of New Zealand producing this amount of wheat, it imported its equivalent in flour, the value of its imports would be proportionately greater. Should our wheat-growing lands, which are practically confined to Canterbury and North Otago, be used instead for the production of lambs and wool (it is not suitable for dairying, as in the case of similar high-priced land in the North Island), the increased value of our products from these would fall far short of the above amount. I have set out this argument in more detail in a statement I submitted to the Minister of Customs on the 14th January last at Dunedin, and I propose to submit a copy of this statement to you for your consideration.

(*c*) *Labour.*—The costs of wheat-growing are very largely the result of wage payments to workers, and quite a large proportion of these workers are comparatively unskilled. I propose to submit to you later on in my evidence a schedule of costs for the production of wheat, and you will see what a large sum is represented in the wages paid to workers when New Zealand is producing sufficient wheat for its own requirements.

(*d*) *Allied Trades.*—In addition to the actual farming for the production of our wheat requirements, the following trades and industries are either wholly or partly dependent on such production: Milling, grain and milling stores, pig and poultry raising, threshing, railage on wheat, hauling, blacksmithing, draught-horse breeding, saddlers, agricultural-machine manufacturers, binder-twine, and so on; and it is difficult to place any exact boundary as to which allied trades are not affected.

(*e*) Small farms in the wheat-growing area can be profitably worked if wheat is grown in scientific rotation as a profitable crop. These areas are not suitable for intensive dairying, as in the North Island; and if wheat is grown the small farmer can not only earn a fair living himself, but can provide employment for members of his own family who would otherwise require to seek employment elsewhere.

(*f*) It would be a great mistake for the whole of New Zealand to confine her principal production almost exclusively to dairying and sheep if a further important product can be produced economically in a specified area, as this gives a certain amount of stability to general trade in the event of the world's markets for dairy and sheep products receiving a serious set back for any reason. And although, for reasons which I shall give later on, I have changed over my own operations from wheat to sheep, it is yet to be proved if this will be profitable or the reverse. In fact, I have seen quite a a number of statements made by experts that it is impossible to carry on sheep-raising exclusively at a profitable figure on land capable of producing wheat.

(2) *Whether the wheat-growers of the Dominion require protection or State assistance to enable them to market their product in competition with the importations from other countries.*

(*a*) Wheat can be grown principally in Canterbury and North Otago. The climate in other parts of New Zealand is less suitable for wheat-growing, and even in the two districts named the climate is such that the grain matures much more slowly than in Australia. This one factor alone renders it inevitable that under normal conditions the costs of production in the Dominion are infinitely higher than in Australia. In New Zealand the climate makes it imperative that the wheat crop be cut, stooked, stacked, and threshed (four separate operations); while in Australia combined harvesting (one operation) gives the same result, as the grain matures while the crop stands.

(*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.

(*b*) *Labour.*—My wages paid in cash amounted to, in round figures, 1927–28, £13,800; 1928–29, £11,000; 1929–30, £10,900—to which, of course, must be added the value of the rations I supplied to my employees. It is difficult to say exactly, but I think my average cash wage paid to workers, exclusive of keep, would probably be £125 per annum per man; but this is only an estimate on my part.

(*c*) When I sold my surplus plant this year it realized over £11,500, and, of course, there was quite a serious loss on that realization. This figure gives you an idea of the amount of plant employed in wheat-production. I can support these figures by producing account sales if desired.

My own Efforts in the Interests of Wheat-growing.

(1) When the sliding scale of duties was being considered in 1927 by the Reform Government I submitted evidence from the grower's point of view justifying an increase in protection, coming up to Wellington for the purpose and giving all the information at my disposal and from my own experience. I also submitted figures in support of the duty to protect flour from Australian competition, and have copies here if you wish to see them.

(2) When the duties were finally fixed the next thing that engaged my attention was to formulate a scheme that would give to the grower an opportunity of deriving his reasonable share of the protection afforded by the sliding scale in selling his wheat to the miller. I worked out and submitted a scheme to the millers whereby I suggested that they contract with the growers, under certain conditions, that they would agree to buy wheat up to a certain proportion of their requirements at a fixed price. Prolonged negotiations resulted, and I finally met them in conference in Christchurch, where they agreed to go on with the scheme, with modifications, although we could not agree on the price. I asked them 6s. 1d., 6s. 4d., and 6s. 9d. f.o.b. for Tuscan, Hunter's, and Velvet; and they offered 6s., 6s. 3d., and 6s. 9d. f.o.b. (these f.o.b. charges can be taken at about 3d. on the average). So keen were the millers to get the scheme going, in conjunction with myself, that two of the millers offered to allow my accountant to investigate their balance-sheet figures to satisfy us that they could not afford to pay more than they had offered; and although I did not accept this I looked on the suggestion as a proof of their *bona fides*, and I subsequently contracted at the price they offered. I have also compiled a statement reconciling my estimate of 1927 with the actual results in 1929, and copies of such statements are here also for your information if desired. My estimate worked out almost exactly.

(3) I will now give you a concrete example of the necessity for the wheat-grower to know well in advance that protection will be continued. Before the last election the United party issued manifestos, one of the planks of its platform reading, "No duty on imported foodstuffs"; and when it assumed office I endeavoured to ascertain the position as to the sliding scale of duties on wheat and flour. I went to Wellington and interviewed the Prime Minister, and, while he stated that it was not his intention to alter these duties, he said that the matter must be decided by the House. Sir Joseph Ward stated to me that I was unreasonable in asking him to make a pronouncement to protect my particular line of business, and that I must use my own judgment, take my own risks, and go on with any line of business that I thought would pay me best. This is, of course, quite reasonable and sound business advice under ordinary circumstances; but I have always maintained that the wheat industry is one of particular national importance, and not only needs but is justifiably entitled to special treatment. I may be wrong, and my opinion may be biased and selfish, but I have always held and still hold this view. I then interviewed the Minister of Customs, the Hon. Mr. Taverner, and put my case to him, and urged that a pronouncement be made before the 31st January, 1929, to enable fallowing to be gone on with for the 1930 harvest, and submitted the following statement:—

The Hon. W. B. Taverner, Minister of Customs. 14th January, 1929.

SIR,—

We recognize that the United Party has only just assumed office, and that some of the members in the House wish that the existing duties on wheat and flour should be revised or repealed.

Mr. Wilkinson (Egmont) has already asked for their review during the recess, and we are most anxious that you should have before you the main facts of our case in support of the existing wheat and flour duties in case a quick move should be made before the matter had been carefully considered.

Sir Joseph Ward, in his policy statement, said he would bring in a free breakfast-table. This seems to be accepted as "no duty on any foodstuffs such as tea, sugar, and bread." The Otago United Party manifesto states "Customs-free imported foodstuffs."

The existing protection on wheat and flour takes the form of a sliding scale of duties which has been devised to stabilize the price of these commodities by preventing their importation at what would amount to "dumping" prices, and at the same time the wheat-grower cannot demand more than a fair price for his wheat in the event of a short crop in the Dominion. The basis for these figures was arrived at after a most exhaustive investigation, and has resulted in the wheat-grower obtaining only a reasonable profit on his product and has prevented absolutely any exploitation of the consumer.

Growers and millers are both convinced that this sliding scale of duties has definitely stabilized the position in a way that has never been equalled in the past, and they are now co-operating fully in the wheat-growing industry, and that is the reason why we, as farmers, asked the two leading Dunedin flour-millers to join us in waiting on you.

I got into touch with some of the millers by wire about a fortnight ago, and found that eleven of them alone have contracted for 2,000,000 bushels to be grown for the 1928–29 crop; and it is quite safe to assume that the balance of the fifty-two millers operating in New Zealand will account for at least another 1,000,000 bushels, which will bring the total up to half the full year's requirements for milling-wheat. In view of the uncertainty as to the Government's policy towards wheat-growers, I want to lay my position before you.

I am probably the largest wheat-grower in New Zealand, having about 6,000 acres of wheat-growing land under my control, and I had proposed to put in about 2,500 acres of wheat for 1929–30 harvest on the assumption that the sliding scale of duties was to be continued. During the last five years I have never grown less than 900 acres and up to 2,200 acres per annum. My preparation for the 1929–30 crop must commence now before harvesting, which will for three months employ the whole of my plant, as the procedure is to skim-plough during January for winter wheat, which is the main crop, and which will be reaped and marketed during 1930. My experience has convinced me that in New Zealand the wheat-grower cannot afford to take risks both of the weather and of the market. Consequently this year my crop was grown under contract entered into with the millers before it was sown.

When the sliding scale of duties was instituted I was so convinced that the wheat-grower could not afford to risk the markets that I entered into negotiations with representatives of the millers throughout New Zealand to institute a general system of wheat-growing under contract, and I was able to convince them, after a lot of trouble, that it was essential to the wheat-growing industry that the grower should be guaranteed a definite price before the wheat was sown, and as a result of this new system some of the mills have contracted up to two-thirds of their total requirements for this year.

This year I have been trying to get contracts for my 1930 harvest before commencing operations, but the millers state that they are not prepared to enter into such contracts until they have some assurance that the existing sliding scale of duties will be continued. My position now is that I am ready to commence my wheat-growing operations, but I cannot afford to proceed unless I can get some guarantee as to price. The millers are those who should guarantee the price, and they are not prepared to do so until they know the Government's policy. I am faced with the prospect of having to alter my farming policy, and if I cannot commence wheat preparations now I must render my plant idle, reduce my staff, and go in for sheep.

Previously my farming policy has been to break up my wheat lands every three years. This is the most economical way to successfully farm in Canterbury, as all the land must be regrassed at intervals, and the wheat crop bears part of the cost of the grass-renewal. I have experimented with top-dressing and have watched the experience of other farmers in my district, and this, so far, has proved that top-dressing in Canterbury, owing to the low rainfall, does not give the same successful results as in Southland and the North Island.

Mr. Cockayne, of your Agriculture Department, in an address to farmers at Ashburton on the 8th instant, was most emphatic in his statements in support of this policy which I have been following.

To show the national position for a comparison of wheat as against sheep I submit the following :—

The climate in Canterbury and North Otago is unsuitable for intensive dairying, and the class of land offers two main avenues of industry to the farmer—wheat and sheep—and below are given some of the principal points when considering the relative returns of each on land of the same average value and an average wheat area of 250,000 acres.

Value of product from the farmers' point of view : Wheat—The average estimate yield per acre over a period of years is 34 bushels—total, say, 8,500,000 bushels. The average price on a stabilized market is 5s. 10d. on trucks —34 bushels at 5s. 10d. = £9 18s. 4d. per acre. 250,000 acres at £9 18s. 4d. = £2,479,167.

Sheep : The same class of land will carry approximately one and a half ewes per acre, which will yield, say, 100 per cent. lambs and 8 lb. of wool per sheep—one and a half lambs at £1 5s. = £1 17s. 6d. ; 12 lb. wool at 1s. 3d. = 15s. : total, £2 12s. 6d. 250,000 acres at £2 12s. 6d. = £656,250.

This gives a balance in favour of wheat of £7 5s. 10d. per acre = £1,822,917. The farming members of this Committee will realize that I have allowed the outside return from sheep in these figures and have allowed nothing for death-rate of ewes and lambs.

Value of produce from a trade-balance point of view : Wheat—A yield as estimated above (34 bushels for 250,000 acres) will approximately fill the New Zealand requirements (8,500,000 bushels) and cut out the necessity for importing wheat. The cost to New Zealand for imported Australian wheat, estimated at 5s. per bushel if the duty were removed, would mean that New Zealand would have to find an amount of £2,125,000 to import its wheat from Australia, as against a revenue of £656,250 from the increased export of lamb and wool. This would leave a definite trade balance against New Zealand of about £1,468,750. The bran and pollard would also mean another £400,000.

No recognition is made in the above figures that flour would probably be imported instead of wheat, which would very much increase the balance against us.

Employment of Labour.—A very large proportion of the value of a wheat crop is absorbed by the employment of labour for the various processes—ploughing, drilling, reaping, stacking, &c. ; whereas sheep require comparatively little employment of labour, except for shearing.

Taking my own case, with a possible acreage of approximately 2,500, my average work in a paddock sown in wheat is : One skim-ploughing, one cross-plough, two grubbing, two harrowing, one deep ploughing, two harrowing, one drilling, one harrowing, reaping, stooking, stacking, threshing, delivering.

During the harvest (approximately eight weeks) I would give continuous employment to over one hundred men, and for the threshing of my wheat I would expect to employ for my three threshing plants and three hauling plants about fifty men for six weeks. These men will average £1 per day and found, and are in addition to my regular staff of about sixty men.

The following is the cost of production of wheat according to the Canterbury Agricultural College figures, which are approximately correct from my own experience :—

Cost of producing Wheat on Land valued at £40 per Acre.

(Estimated yield, 40 bushels per acre.)

	£	s.	d.
Interest on land at £40 at 6 per cent.	2	8	0
Land and local tax at 2d. in the £1	0	6	8
Water rates at £2 per 100 acres	0	0	5
Waste land, fences, buildings, &c. (5 per cent.)	0	2	9
	£2	17	10

Contract prices : Rent (as aforementioned), £2 17s. 10d. ; skim-ploughing, 7s. 6d. ; disking and cultivating (two strokes), 6s. ; harrowing, 1s. 6d. ; deep ploughing, 12s. 6d. ; cultivating, 3s. ; harrowing, 1s. 6d. ; drilling, 3s. ; harrowing, 1s. 6d. ; seed (1½ bushels at 6s. 8d.), 10s. ; manure (1 cwt.), 10s. ; spring harrowing, 1s. 6d. ; fence-maintenance, 3s. 6d. ; resow with grass and clover, £1 ; cutting and stooking, £1 ; stacking and carting, 12s. 6d., threshing (6d. per bushel), £1 ; carting grain at 2d., 6s. 8d. ; sacks and twine, 2s. 6d. ; supervision, interest on capital, incidentals, 10s. : total, £10 11s.

Any other form of protection, such as (1) a subsidy to the grower, (2) imposition of a dumping duty, (3) prohibition of importation under certain circumstances, (4) official control of wheat-marketing, are not to be compared with the sliding scale of duties. These have all been tried and have definitely failed owing to many practical considerations which affect the varying interests involved in the wheat-growing industry.

The present sliding scale of duties on wheat and flour is ideal, as it (*a*) ensures reasonable price to wheat-growers, (*b*) gives reasonable profit to millers and bakers, (*c*) does not raise price of bread to consumer, (*d*) prevents exploitation of any of the parties.

In view of the advantages to New Zealand on continuing the wheat-growing industry by (1) helping our trade balance by increasing our total value of primary products, (2) finding employment for a large body of labour principally unskilled, (3) continuing the successful farming of a large area in Canterbury and North Otago, I urge the continuation of the existing sliding scale of duties on wheat and flour.

It would be too late to prepare land for the 1930 harvest of wheat if the Government did not make a pronouncement until Parliament meets, and in our opinion the position should be cleared up at once, because unless it is there is a grave risk that sufficient wheat will not be grown for our own requirements for that year. As far as I personally am concerned, it is a matter of the utmost urgency to me, as well as to many other farmers in a similar position, that an immediate pronouncement be made.

My own estimate of costs of growing wheat is as follows:—

Cost of teams:—

	£	s.	d.
Capital employed (these prices are less than present market prices of new machinery): Six horses at £35, £210; covers, harness, chains, £50; three-furrow plough, £35; harrows (two sets), £20; disks, £25; cultivator, £35; binder, £60; drill, £80 = £515.			
Interest on capital at 7 per cent.	36	0	0
Depreciation on plant (10 per cent.)	51	10	0
Plough-shares, repairs, &c. (10 per cent.)	51	10	0
Horse-paddock (10 acres at 30 per cent.)	15	0	0
Teamster—Wages	130	0	0
Teamster—Rations	52	0	0
Horse-feed—20 bags oat-sheaf chaff per week: 52 weeks = 1,040 bags at 3s. 6d. per bag, including chaff and wear-and-tear on bags	182	0	0
	£518	0	0

Average time worked with team for fifty-two weeks: 4½ days per week = 234 days; 234 days for £518 = £2 4s. 3d. per day.

The item shown below, "Depreciation of land and cost of regrassing, £1," is arrived at thus:—

	£	s.	d.
30 lb. rye-grass, 9s.; 4 lb. clover, 4s.; sowing same, 2s.	0	15	0
Average failure of grass to strike necessitating ploughing and sowing again following year, one out of four seasons—one-third on	0	5	0
	£1	0	0

Cost of producing Wheat on Land valued at £40 per acre.

(Estimated yield, 40 bushels per acre.)

	£	s.	d.	
Rent, interest on land, £40 at 6 per cent.	2	8	0	
Land and local taxes at 2d. in the £1	0	6	8	
Water rates at £2 per 100 acres	0	0	5	
Waste land, fences, buildings, 5 per cent	0	2	9	
	2	17	10	p.a.
Add one-fourth for fifteen months' occupation by wheat crop	0	14	5	
	3	12	3	

Teams cost £2 4s. 3d. per day.

	£	s.	d.
Skim-ploughing—4½ acres per day	0	10	0
Disking—13 acres per day	0	3	6
Cultivating—13 acres per day	0	3	6
Harrowing—30 acres per day	0	1	6
Deep ploughing—4½ acres per day	0	10	0
Cultivating—13 acres per day	0	3	6
Harrowing—30 acres per day	0	1	6
Drilling—15 acres per day	0	3	0
Harrowing—30 acres per day	0	1	6
Seed—1¾ bushels at 7s.	0	12	3
Manure—1¼ cwt. at 5s. 9d., plus haulage	0	7	9
Spring harrowing—30 acres per day	0	1	6
Rolling—17 acres per day	0	2	6
Fence-maintenance—30-acre field, 70 chains	0	2	4
Depreciation of land and cost of grassing	1	0	0
Cutting 12 acres—twelve hours	0	5	6
Stooking	0	3	6
Stacking and carting (wages £5 2s., food £1, teams £1, stack 400 bushels, 10 acres)	0	14	2
Threshing—5d. per bushel	0	16	8
Carting—2d.	0	6	8
Sacks and twine	0	2	2
Supervision, interest on capital, and incidentals	0	10	0
	£10	15	3

40 bushels = 5s. 4½d. per bushel cost.

Any value remaining from stubble feed would not be available within the fifteen-months' period.

In some exceptionally favourable seasons less than the above amount of working might produce the same return, but the grower should count on this amount of work being necessary for the average season.

In considering the profit that should be earned from wheat-growing, I consider that this should be based on the assumption that the grower will employ labour for the purpose at a standard wage (as I myself have done in the past), consequently if a small farmer grows wheat and does all or most of the work himself I contend that if he likes to work longer hours himself he is justly entitled to make more profit on his wheat than I would. In other words, I say that it is manifestly unfair that the margin of profit on wheat should be so small that the small farmer should be compelled to work longer hours and harder than his paid labour, and even then he can only just grow wheat at a small profit.

I have been in this wheat-growing occupation for twenty years, and I say unhesitatingly that any inspection of my property will show that my land is not impoverished, has been well kept and looked after, produces above the average of fat lambs off the mothers, and is capable of still carrying on this method of farming, provided always, of course, that a scientific rotation of crops is adhered to. Surely it is in the best interests of the Dominion that land should be made to produce to its utmost capacity and labour be profitably employed; and, as far as the wheat industry is concerned, this can be continued if the existing sliding scale of duties is left unaltered. My action in using the whole of my land for sheep this year will, of course, upset my usual system of rotation of crops, but there is no reason why it could not be changed back gradually to my original routine.

In June last I wrote to Dr. Hilgendorf, of Lincoln College, in reply to his inquiry as to whether it was correct that I was not growing wheat this year, and I give extracts of this letter which, I think, define my attitude :—

Dr. F. W. Hilgendorf, Canterbury Agricultural College,
Lincoln.

DEAR DOCTOR HILGENDORF,— Re *Wheat Duties.* 5th June, 1929.

I am sorry not to have replied to yours of 12th ultimo before, but I have been particularly busy with my clearing sale, which is only just over.

You have been correctly informed as to my not growing any wheat this year, and, in fact, it is doubtful as to whether I shall go in for it again at all. The position I was placed in was this :—

As you know, for some years past I have made wheat-growing my main occupation (last year I had some 1,000 acres, the year before about 1,500 acres, and over 2,000 acres the previous year), but farming-costs have latterly been rising steadily and the margin of profit is now so small that in my opinion the large wheat-grower cannot afford to take risks with the market-price fluctuations of wheat in addition to weather risks as he could in the past. This being my firm opinion, you will realize that my scheme for contract growing of wheat for the millers was one that I considered absolutely essential for the grower, and the method that I was pinning my faith on to stabilize the wheat-growing industry.

The sliding scale of duties brought into force by the Coates Government was such that it made contract growing on a large scale quite practicable, and I looked forward to the time when practically the whole of the wheat requirements of New Zealand would be grown under this system. After all, the millers are practically our only buyers, and if the price of flour is stabilized at a price which will give them a reasonable profit, and without increasing the price of bread to the consumer, the millers are then in a position to have their wheat grown under contract at a price that is reasonably profitable to the grower. That the millers realized this position is fully evidenced by the fact that the first year my scheme for growing wheat under contract was tried nearly one-half of the total New Zealand crop was dealt with in this way; and this was only possible owing to the stabilizing of the position by the sliding scale of duties.

The United Party has on many occasions while it was in opposition given evidence that, as a party, it was opposed to wheat protection, and one of its main planks at the last election was "no duty on imported foodstuffs." So you will realize that when this party got into power I considered my position as a large wheat-grower became particularly hazardous, and I prepared a full statement of the wheat-growers' case to submit to the new Government in support of the existing duties. Armed with this, I went to Wellington and laid my facts before Sir Joseph Ward on the 19th December, 1928; but he was absolutely non-committal in all his statements to me, and I considered they were not reassuring.

As I am not in a position to risk a very large sum on wheat at possibly the whim of a Government, I took steps to secure sufficient sheep that would enable me to change over my farming methods if I could not get some satisfactory assurance from the United Party. The millers also were fully alive to the danger of the position, and as a final effort I persuaded them to join in sending a deputation to wait on the Minister of Customs on the 14th January, 1929, with myself and another large wheat-grower to see what further could be done, and we were most urgent in our statements to the Minister that we should know before the end of January as to the Government's attitude, to give us time to prepare our land for wheat-growing for the following season. If we could not have the assurance that our crop for 1930 would be protected, we were not prepared to proceed with our work in preparing the land for it. I do not think we could be accused of "threatening" in any way; we were simply stating facts as ordinary prudent farmers and business men, and I think that Mr. Taverner realized this, as he seemed impressed, and promised to see what could be done when Cabinet met. However, time passed, and as I got no reply from the Government, and as the millers refused to make contracts to grow wheat owing to the uncertainty, I then decided that I must drop wheat-growing and use my land for sheep, thus engaging in an industry that is not absolutely dependent on Government protection.

Later, at the opening of the electrification of the Lyttelton Tunnel, on the 14th February, Sir Joseph made a pronouncement that this year's wheat would be protected (1928–29 crop), but the position would be reviewed presumably for the 1929–30 crop); that wheat was too dear; that wheat should be grown in other parts of New Zealand than in Canterbury and North Otago, to reduce its cost; and various other statements which, in my opinion, made the position very unsatisfactory to the wheat-grower. His statement seems to have been variously interpreted, but it is sufficiently clear to confirm my decision to go in for sheep and to drop wheat-growing.

Ministerial statements since then have been made to the effect that the 1929–30 crop is to be protected; but the earlier ones appeared to me to be of doubtful authority, as Sir Joseph has remained silent on the point; in any case, these are too late. We can all be wise after the event, and pronouncements now, after the damage is done, are valueless.

On the 13th March the Minister of Lands stated to the New Zealand Poultry Association that the duties for the 1929–30 crop would be continued. But "duties" are outside his Department, and it must be noted that the Prime Minister and Minister of Customs were silent; and it was obvious that the wheat-growers continued to be most apprehensive, as at a meeting held in Temuka on the 20th, presided over by Mr. Burnett, a long telegram was sent to Mr. Forbes asking that the position be clearly defined by Cabinet.

Any one with a practical knowledge of farming knows that the farmer's policy and operations are absolutely dictated by his season's changing, and he simply cannot wait, but must make his decisions as the weeks pass, so that step by step I have had to go on: First, acquire sheep, to be in a position to go in either for sheep or wheat; second, decide it was too late to prepare land for the 1929–30 wheat crop and commence to take delivery of my sheep-purchases in February; third, decide it would be bad business to leave all my wheat-growing plant lying idle indefinitely, so it should be sold; fourth, to actually sell it and reduce my staff to a sheep-farmer's level in May.

This question of staff-reduction is one that has given me much concern, as there is a good deal of unemployment, and some of my permanent staff have been with me for years and I was most reluctant to dismiss them. What was I to do? I cannot afford to keep men when I have no work for them, and the only way in which I could provide for some of the most capable was to finance them as contract workers, and so on, and this I have done as far as possible, but even then it is only for a few, and the unskilled worker I cannot assist.

The necessity for such drastic changes as I have had to make is, perhaps, not one that faces the small farmer who each year grows a small area of each class of crop and runs a few sheep, and I sincerely hope, in the interests of the Dominion as a self-supporting country, that similar action has not been taken by many others; but in the meantime you must count me out as a wheat-grower, and consequently as a large employer of labour.

This letter may seem to you as a straight-out attack on the present Government, but I submit that if you examine the position as I saw it from time to time I have been compelled to take the various steps I have taken.

To leave my own affairs and deal with the wheat-growing industry of the Dominion, I would most strenuously urge that no effort be spared to convince the United Party (as the Coates Government was convinced) that wheat-growing is an essential industry for New Zealand, and the only satisfactory way it can be established and continued for our own requirements is by means of the retention of the existing sliding scale of duties. This method has proved to be the solution sought after for years by experimenting with fixed duties, dumping duties, Government control, subsidies, and so on; and it is satisfactory to growers and millers, and has not increased the price of bread to the consumer. The facts concerning wheat-growing, as to the employment of a large amount of unskilled labour, making

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.		£ 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). £ s. d.	Wheat (per Bushel). 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.

That is the whole of the statement I wish to make to the Committee. I shall be prepared to answer any questions which members of the Committee might like to ask me.

Hon. Mr. Forbes.] During the time you have been wheat-growing what has been your experience from a profit-making point of view: have you been able to make a profit?—Some years have been pretty good years, and other years have not been too good. In my farming operations I am mixed up with various activities. I grow fairly large areas of potatoes sometimes, for instance, but if you can get a decent crop and a fair price you can grow wheat profitably, but the margin of profit to-day is very low.

The statement has been made that in order to profitably work his land the Canterbury farmer finds it necessary to engage in wheat-growing as part of his crop-rotation. Now that you have sold your plant and gone out of the wheat-growing business, do you think that statement is correct?—Well, I do not quite know. This is my first experience really in other branches of farming, and it is a pretty drastic move for me to go out of the wheat-growing business and go in for sheep only. I do not know how it is going to work out.

Still, you have been running a good many sheep. You grow a lot of turnips, &c. It is no experiment for you to stop wheat-growing?—I have always grown wheat up to this year. I consider wheat works in with your farming. You can have your teams and at certain periods of the year you can prepare the land for sheep, and it keeps the whole thing running, and it is far better for the Canterbury farmers. I consider the Canterbury farmers have to grow a certain amount of wheat; but they cannot grow it at a loss—they must make a profit.

Your opinion is that the present sliding scale of duty is the lowest form of protection, and will enable wheat-growing to be carried on at a profit?—Yes.

But if there were any reduction in the present sliding scale it would mean that wheat would be grown at a loss?—Yes. If the sliding scale is lowered there will be much less wheat grown. If you lower either the duty or the home-consumption-value basis you will get less wheat grown than you are getting now.

I notice you interviewed several people in regard to the wheat industry, but you did not come to me, as Minister of Agriculture, and ask what was going to be done?—I came up to Wellington and had an appointment with Sir Joseph Ward. It was just after the elections, and I do not know whether you were here or not.

I was not present at any meeting of wheat-growers, and none of them approached me.

Mr. Finch (witness's accountant): When the interview with Sir Joseph Ward took place you were in the South Island.

Hon. Mr. Forbes: The statement was made in regard to the matter, and I was just raising the point why you did not come along and discuss the question with me as Minister of Agriculture. I had no idea you intended selling your plant and going out of the wheat-growing business on account of the position. However, that is a matter for yourself.

Mr. Waite.] Is it quite clear that you have gone entirely out of wheat-growing?—I am not putting any wheat in this year at all. I have sold my plant, but, of course, if the sliding scale is going to be left as it is I shall gradually come back into wheat-growing.

Do you think it will be necessary, for the sole purpose of regrassing and getting young grass for your prime Canterbury lamb, to go back to wheat-growing?—Not if you cannot make a profit out of wheat-growing.

How do you propose to establish your grass permanently in South Canterbury?—Well, we can sow a grass called western wolths with turnips and rape. In fact, I have been doing that. It does not last so very long. It lasts a couple of years. If you did that, I think it would pay you far better than to grow wheat, if you could not grow it at a profit.

You consider you can grass the type of land you are farming more successfully, or just as successfully, with that type of grass than by putting wheat in in rotation?—I have not had a year's experience at my new farming venture.

You are not sure whether you will have to go back to wheat-growing or not for your ordinary farming rotation?—A number of farmers in my district do not grow any wheat, and they seem to be keeping ahead of it. They seem to be living, anyhow.

It is not absolutely imperative for the farmers in your district who want to raise lambs to include wheat-growing as part of the crop rotation?—Not if we cannot get a profit at wheat-growing.

Mr. Jenkins.] With regard to your statement that it is much more costly to produce wheat in New Zealand than in Australia; it takes fifteen months to get a crop here. Is that the case in Australia—can you get an annual crop in Australia?—I do not know anything about Australian conditions.

Regarding grassing, has lucerne been tried in your district?—Yes, down in South Canterbury, but it does not seem to be a very great success. Very few farmers go in for it.

It seems to me that the grasses you grow are of a temporary nature—more or less rye-grasses. Then, of course, you have been mainly wheat-growers, and you have not made any attempt to grow permanent grasses there?—I do not know that you can accuse us of that. Lots of farmers in the district have not grown any wheat for years.

Have they permanent grasses?—Yes.

In your statement you put down the value of wheat-growing land as £40 an acre: that is a very high figure even for dairying-land?—I consider that land which will produce 40 bushels of wheat per acre is worth £40 per acre.

Mr. Waite.] 40 bushels per acre is far above the average?—Yes; 34 bushels to the acre is about the average.

Mr. Jenkins.] In your statement you put down the cost of the wheat-growing land as £2 17s. 10d. per acre, and a little later on you show the value of the horse-paddock as 10 acres at £1 10s. per acre. There seems to be an inconsistency there ?—Your horse-paddock is usually your lightest ground. You generally pick out a spare bit of land which is not worth as much as the other for a horse-paddock.

It is usual to keep the horses near the homestead ?—Good wheat land is more valuable for wheat-growing than for grazing horses on.

You state that you intend to go in for sheep-farming, so I conclude that the land can be used profitably for other purposes than wheat-growing ?—I have to prove that yet. I have had only six months at sheep-farming. I have another six months to go.

Rev. Mr. Carr.] Do you agree that to make a success of it you can only grow good grass for sheep for three years in that district without bringing wheat-growing into the scheme ?—Well, if you are growing wheat it is the best way of renewing the grass. There is no doubt about that.

In regard to permanent pastures, do you consider that in that district you could grow suitable grass for more than three years in succession without bringing in the wheat crops ?—That is a very big question to answer. In some instances we get the grass-grub down our way, and it takes all the grass off. The best thing one can do in a case like that is to take a crop of wheat off the land.

Do you not consider that to make the policy of Government control satisfactory it is necessary for the wheat-growers to know at least in November in the previous year what prices would be paid for their wheat ? You will agree that it is a most important point that in order to make the sliding scale of duties at all effective the farmer must be guaranteed a profitable price at least in November of the previous year ?—Yes. With the sliding scale of duties we know pretty well from one year's end to the other what price we will get for our wheat. The best way, I contend, is for the wheat-grower to make a contract with the miller at a fixed price. The miller can make a contract with you if the sliding scale of duties is there, because he knows what he can get for his flour. He knows Australian flour will cost £15 15s. to land in New Zealand.

Mr. Macpherson.] With regard to the question of permanent grasses, I suppose, with your wide experience, you are quite conversant with the fact that with the wheat-growers in Canterbury and North Otago there is no permanent grass ?—On certain country.

I mean, from a profitable point of view to the farmer, the grass has to be renewed ?—On a lot of the country the grass has to be renewed.

Cocksfoot, which is a permanent grass, does not give the best results so far as fattening sheep and lambs and stock-raising is concerned ?—That is a fact.

You are also aware that there has been a big step forward in connection with getting permanent grasses, but so far as you are personally concerned you have not tested that out ?—I have not.

The matter is just in the initial stages now ?—That is so.

So far as the results in connection with permanent grasses in Hawke's Bay and elsewhere are concerned, it will take some years to get proof of that scientific discovery ?—Yes.

A matter of great importance is the time of notification whether there is to be any protection or not. It has been the bugbear of the wheat-grower ever since protection was instituted ?—That is a fact.

For all practical purposes you are of opinion that the wheat-grower should know at least during the month of November whether protection is to be given ?—Yes, he should know then. If you leave the sliding scale as it is we are absolutely safe; we can go straight ahead, and there is no need to worry.

But you would require a guarantee for a certain number of years that the duty would remain ?—Yes, for the term the Government is in. I am satisfied we have a jolly good case for the sliding scale of duties.

You can say definitely, from your wide experience, that you have not found a permanent grass that would pay you as a practical farmer ?—On some of my land I have permanent grass which has been down for forty years. It is heavier country and is a bit wet, and is probably not the best wheat-growing land.

So far as wheat-growing lands are concerned, the farmer has not yet discovered a permanent grass. We know there are isolated cases where you can have permanent grass, but it is infinitesimal ?—The grass in Canterbury wheat-growing land seems to require renewing.

The Chairman.] You are evidently a very keen advocate for the present sliding scale of duty ?—I am, sir.

Do you absolutely insist that the present basis should be maintained—that is, £3 10s. ?—Yes. At the time when they were arranging about the sliding scale we came to Wellington and asked for an increase of £1.

Over and above the present ?—No. They had 10s. below the present, and we got it raised 10s. The margin is very close, as I think my figures will show.

Regarding the difference in price between wheat here and in Australia—roughly speaking, 6d. a bushel—do you contend that the farmer gets the whole of the benefit of protection now given ?—Yes, I contend the farmer gets the whole of the protection given now. Of course, in the course of my statement I showed you where I had managed to make a contract with the millers at 6s., 6s. 3d., and 6s. 9d. a bushel. At those prices I am satisfied that the miller gave us all he could.

Were those prices sacks extra ?—Yes, and the prices are f.o.b.

Rev. Mr. Carr.] What year was that ?—Last harvest.

The Chairman.] The price was sacks extra, f.o.b. ship. What is the cost f.o.b. ship ?—An average of about 3d. per bushel.

You do not grow as much of the expensive wheat as you do the other ?—No.

The average price would be 6s. 3d. ?—Not as much as that. I should say a little over 6s.

You have estimated the cost of production at 5s. 4½d. a bushel ?—Yes.

You are apparently satisfied that the miller is not getting too large a profit ?—Yes.

And that the purchaser of bread is not paying an excessive price ?—Yes. I reckon you have the farmer right down to where he can produce wheat at a profit, the miller to where he can produce flour at a profit, and I do not know anything about the baker.

In Australia, with wheat averaging 5s. 9d., the price of bread is 8½d. to 9d. per 4 lb. loaf, and in New Zealand, with wheat averaging 6s. 3d., bread is 11d. to 1s. 1d. per 4 lb. loaf, and yet you say there is no exploitation ?—Of course, there is a big difference between Australian flour and New Zealand flour.

Does it produce more loaves ?—Yes, it will produce a certain amount more loaves.

That would not account for the difference in price ?—Another thing about the Australian flour is that the Australian miller can add a certain percentage of moisture to his wheat when grinding. The New Zealand miller loses a certain percentage, and between the two it is a fairly big percentage.

The buyers of bread cannot understand these defects, and are rather anxious about the price they are paying. I understand the sliding scale of duties was fixed in 1927. In the year 1927–28 you grew 75,000 bushels of wheat. The sliding scale was established the next year, and yet you grew only 50,000 bushels of wheat ?—Of course, you cannot grow wheat on the same land year after year; you must grow it in rotation.

The next year—this year—you grew only 35,000 bushels ?—This year I intended to grow 2,500 acres. You cannot always work it so that you can grow the same quantity. I have not been able to.

Mr. Macpherson.] It is the result of the variation in the area of wheat grown owing to the position of your paddocks ?—You will find you cannot say definitely that you are going to put in, say, 2,000 acres of wheat. All sorts of things might happen. You may get the grass-grub in your paddocks. You might have some very nice paddocks, and in a few months' time you may have to plough them in.

The Chairman.] The point I want to bring out is that when you had ideal conditions in connection with protection you began to grow less wheat year by year, progressively so ?—You mean when we had the fixed price ?

You had the fixed duty in 1927–28 ?—Of course, it depends a good deal on the yield.

We have the average yield in those seasons ?—I know one year we had a very poor yield, and in North Canterbury it was one of the best seasons they had.

Mr. Waite.] Your place is not the average place ?—No, it is not.

Do you place your yield above or below the average ?—It is only over a period of years that you can strike it.

The Chairman.] In your statement you said that there was no exploitation in the price of bread. You were quite sure about that; yet a little while ago you were not so sure ?—Is there not a Board of Trade to watch that ?

I do not think it fixes any price at present. You made two statements there ?—I make the statement that if you have the sliding scale of duties the miller knows what he can get for his flour, and you go a step further and ought to know what the baker can bake his bread at.

In your statement you said that the present sliding scale of duties does not raise the price of bread to the consumer, and prevents exploitation of any of the parties ?—With the sliding scale of duties you have something definite to work on. It is known at what price the miller has to compete against Australian flour.

I should say your evidence would be more valuable to us if you had confined your statement to the position of the wheat-grower and left the question of the price of bread out of it, and also whether the miller was making a reasonable profit or not ?—I contend that the miller and the wheat-grower are in the same boat. The miller is our only buyer, and if he is not protected he is not going to buy our wheat. We cannot export it.

The Chairman: You did export in 1922.

Mr. Macpherson.] Taking weather conditions, &c., into consideration, do you think the miller runs more risk than the wheat-grower—who runs the greater risk ?—The grower has the weather risk in addition to the market fluctuations.

The risk to the grower is more than to the miller ?—Yes. He has the weather risk in addition.

Mr. Finch (accountant for witness): Might I supplement the witness's statement when he says the sliding scale of duties does not raise the price of bread by saying that bread was the same price when the sliding scale of duties was brought into force as it is to-day. It has remained at that price ever since. That is the real meaning of his statement—the price of bread has not increased since the sliding scale of duties was instituted.

Mr. McCombs (to witness).] In 1928, when you grew 25,000 less bushels of wheat than in 1927, was that because you were afraid that the United party might come into power at the next election ?—No.

Rev. Mr. Carr.] If you contend that the position as between the farmer and the miller is all right, why the necessity for a wheat pool ?—I do not believe in a wheat pool.

Mr. McCombs.] You say in your letter to the Hon. Mr. Taverner, "The wheat-grower cannot demand more than a fair price for his wheat in the event of a short crop in the Dominion." Is there not a provision in our law fixing a maximum price ?—I do not think there is.

Then, if flour went up to £20 in Australia, and although there was a full crop in New Zealand to meet the New Zealand demand, there is nothing to prevent the wheat-grower from charging £20, is there ?—I think there is.

There is also this statement: "The wheat-grower cannot demand more than a fair price." Is that a statement of fact? The law in no way protects the consumer. You say that all the land must be regrassed at intervals?—Yes, all wheat-growing land must be regrassed at intervals.

Then, all the wheat-growing land, whether it grows wheat or not, must be regrassed?—Yes. In Canterbury there is some heavy land that is more suitable for dairying, but it is only a small area.

You say that land worth £40 an acre will only carry one and a half ewes to the acre?—I do not say that. I say "the average wheat land," which is of much less value than £40 an acre.

It is 34-bushels-an-acre land; and if 40-bushels-an-acre land is worth £40, then 34-bushels-an-acre land is presumably worth £34?—Not as much as that: I would put it down at £25 or £27 an acre, or something like that. In the statement I made to Mr. Taverner I may be a little low in the one and a half ewes to the acre.

Your whole comparison depends upon it, as between the sheep and the wheat?—I also did not allow for the death-rate in sheep.

Then, the sheep statement will be worse than it otherwise would be, if you made that allowance?—Say you put it at two ewes to the acre instead of one and a half, and allow a certain amount for the death-rate. You would have to allow 5 per cent. for the death-rate.

Then, suppose you have two ewes to the acre on £27-an-acre land?—Our land will drop in value if we cannot grow wheat.

Then, you cannot profitably turn from wheat to sheep. That only confirms the point I wanted to bring out. This goes to show that you cannot profitably do it?—I do not think it does. I myself have changed over because I thought the Government might have to take note of the cost of growing wheat, and I might have to show a loss.

Your action, then, might result in a greater loss?—It is very hard to say. I reckoned that my risk was less, anyhow, with the sheep than with the wheat, for the time being.

May it not be that you are now making a very great mistake?—I may be making a mistake if the sliding scale of duties is going on. Of course, it is going on now, but I did not know in time. If I had known in time that the sliding scale would have gone on, I certainly would have kept on with wheat-growing.

When was the pronouncement made that the sliding scale would be retained?—Not until late in February.

Was it not possible to sow then?—I do not think we got anything definite then. It is no use to grow wheat unless you can make a job of it.

The land would be worth £27 an acre if the sliding scale is retained and wheat is grown: What will it be worth if it will carry only two ewes to the acre?—I will get that worked out. You have to take into consideration whether you are going to keep your teams, and put in green feed and mangolds, and that sort of thing, to use the land for sheep. Put the same work into the land as you do for wheat.

What would you say that this land was — one-and-a-half-ewe land, or two-ewe land?—You want me to estimate what the average land is worth in Canterbury?

Yes; what it is worth as sheep country?—I can only give my opinion, and I may be wrong. I think one and a half ewes is putting the best side to London in my case with Mr. Taverner—and, of course, you must put the best side to London. I should say it would carry a little more than that: two ewes may be nearer. It is a very big question for me to answer.

What is the land that can be used for no other purpose than carrying sheep worth, if it will carry two ewes to the acre and fatten the lambs?—It is a pretty big question.

Would it be worth about £14 an acre?—More than that.

It would not be worth £27 an acre?—No.

Will land valued at £27 an acre be of that value because of the artificial addition of the sliding scale?—Well, no. Of course, as you know, in the boom-time land went in some cases a good deal above its value. We are getting back to its real value now. I should say that if you take away wheat-growing in Canterbury the land will certainly come down in value. It will be disastrous to Canterbury—absolutely disastrous—if you do not keep the sliding scale on.

You said in one place that the average wages you paid were £125 per man?—Yes. That was just an estimate. I have boys, old men, good men, and all sorts. To take an average—I have some on piecework, and some paid by the week. Some have been with me for years, and have grown old in the service.

What would be the average in 1914, immediately before the war?—Take harvesting, for instance: I should say the harvesting wages for us were about 1s. 3d. an hour. To-day the rate is from 1s. 9d. to 2s., on the average.

Could you not raise the average to £125 a year? What was the corresponding figure in 1914?—I could not tell you that.

Would it be £100 a year per man?—I think it would be less than that, taking the men and boys right through.

Would it be £90?—You are asking me about something fifteen years ago. It is too big for me. I will get you the figures.

If, from your figures, you cut out the rent, cut out the seed, manure, and resowing with grass and clover, and the sacks, twine, supervision, and interest: about £5 of the £10 11s. is wages—that is, 2s. 6d. a bushel?—Yes.

The total wages cost at that period amounted to 2s. 6d. per bushel: would the increase in wages since 1914, seeing that the total wages to-day are 2s. 6d. a bushel, be 1s.?—I think your figures are incorrect, because in regrassing most of the items are labour, and not only half.

If grass on that particular type of land has to be renewed periodically, whether you grow wheat or not, why should the cost of renewal with grass be charged against wheat-growing, and not charged

against grazing ?—If you do not sow with grass, you have got at the end of your season a stubble paddock, with nothing.

But your purpose in sowing the grass is to graze animals ?—Yes, to eat it off to what it was before you got it.

But if at the end of three years it is worked out, you do not want to put it back—you want new grass ?—Yes.

That is a charge that should be made against the animals ?—No.

Surely it is sufficient, if the land has to be ploughed, that you charge the skim-ploughing, ploughing, harrowing, drilling, and that sort of thing, and some of that ought to be charged against the renewal of the grass ; and then on top of that you charge for grass-seed and clover, and putting them in. Is it quite fair to charge all those items as against wheat-growing ?—I think it is.

The Chairman.] The point is that you would have to do a good deal of it in any case ?—Yes. If you have produced that much wheat, the wheat has taken a certain amount out of your ground.

Mr. McCombs.] In one instance in your figures you have seed, 1½ bushels, at 6s. 8d., making it 10s., and in another you have 1¾ bushels at 7s. The result in one case is 10s., and in the other 12s. 3d. ?—The first are the figures of the Canterbury Agricultural College, and the total works out at approximately the same as mine. My figures are a little different in different items.

You are not quite sure what is going to happen as the result of changing over from wheat to sheep ?—No. If the sliding scale is to continue I am going back to wheat.

It seems to me that the wheat-growing is charged on the two crops—the grass crop and the grain crop—and all the expenses of growth are charged against one season's crop ?—I do not think you are quite fair. You say that I have charged the cost of putting in the two crops against the wheat crop. The grass you sow in the spring of the year, when the wheat is about 6 in. high, and the grass you sow is a catch-crop. Many farmers, seeing that the margin of profit on wheat is so small, take that to see if they cannot get grass. Most of them just leave the field in stubble, and sow grass afterwards in the ordinary way.

The Chairman.] Is not the occurrence of dry seasons the reason for the grass crops running out ? —The grass-grub and dry seasons.

Have you the same reason for regrassing as other people in different parts of Canterbury ?—Yes. Some of my land has to be regrassed ; and all the wheat-growing land must be regrassed.

Is it imperative to regrass where you have a decent rainfall ?—On some of my heavy land there is no need to regrass, but that is not the land where wheat is grown.

The costs given to us have been given on the assumption that it is necessary to regrass every three or four years ?—Yes.

But not in all cases ?—It is necessary to regrass on average land.

But on your own land ?—I reckon that on all the land on which I grow wheat I have to regrass every three or four years.

Have you tried other grasses than Canterbury grasses, such as Poverty Bay grasses or rye-grass ? —I do not know that I have ; but I have several rye-grasses from a pasture of my own, forty years old, which should be just as good.

Mr. Macpherson.] Is it not a fact that wheat-growing, when it is done in a practical, scientific way, really puts a man out of operation, so far as grass is concerned, for eighteen or twenty months ? Do you not start in November, and find your grass of little value until the spring of the following year ?—Yes. You plough your land in December or January, you sow it in the way I have stated, and you do not get the use of the paddock in our district until the end of March or the 1st of April, at the earliest.

And then only to a limited extent ?—That is so. You have to be very careful. You must not graze it too heavily for the first season.

It is practically nearly eighteen months' rent that you can charge ?—Yes.

Mr. McCombs.] If you give up wheat-growing, will you not have periodically to sow the land in grass ?—Yes. I do it with turnips, rape, and other crops of that kind.

In that case the cost of grass-seed cannot be charged against the wheat crop ?—Hardly.

The Chairman.] You are apparently an ardent Protectionist in regard to wheat-growing: would you give the same consideration to other industries, as a farmer ?—Yes ; I think others are entitled to the same benefit.

G. S. Bates examined. (No. 11.)

The Chairman.] In what capacity do you appear ?—I am president of the New Zealand Poultry Association. With others I have come before the Committee on behalf of the association to put before you the position of poultry-keepers throughout the Dominion in regard to the wheat question. The poultry industry has occupied in the past a very virile position. It has always stood on its own feet, and it has provided lucrative employment for many thousands of people. It has increased its production, as it was requested by the Government to do, so as fully to cope with local requirements. We have kept our pledge in that direction, and we now find that after having increased our production we are up against the stone wall of the duty on wheat, practically cutting the ground from under our feet. We cannot compete with other countries on the export market, and our local market is limited to a certain extent. We have heard it stated at great length that the wheat-grower cannot grow wheat unless he has some guarantee as to its protection from the Government. If that is to be the effect of his representations, it makes the case for the poultry-farmer, for he is in exactly the same position. He cannot produce under the existing conditions unless the price of his output is in some way

guaranteed, or unless he is allowed to purchase his raw materials on the open market, which we would much prefer. Wheat is our staple requirement in producing our supplies of eggs, and it is costing us more than we can be sure of getting in our return from the local market, with overhead charges added. We also wish to call attention to the cost in New Zealand of other foods, chiefly maize. We can buy it on the open market much more cheaply than it can be produced for in the Dominion. We ask the Committee to consider the maize question as well as that of wheat. I will ask Mr. Jennens to put before you some facts and figures.

PERCY JENNENS examined. (No. 12.)

The Chairman.] I understand you will state more in detail the case for the poultry industry?—Yes. I have been closely associated with the industry for the past eight years, and as chairman for some time of the Wellington District Poultry-farmers' Association and acting-secretary and honorary supervisor of the Levin Poultry-keepers' Association I have had ample opportunity to observe the many difficulties through which the industry has passed from time to time. Those troubles have been directly the result of the high cost of production, due to the costs of fowl-food; and, while subsidized export may be a palliative for a few weeks, the result cannot be satisfactory. The costs of production, added to the export costs, will absorb the full price realized on the Home markets. Export cannot extend over a greater period than three months unless much lower prices can be accepted. The producer is therefore faced with huge quantities of eggs on the New Zealand markets during the months of November, December, and January, and usually February, all of which are produced at a loss on feeding-costs only, without provision for labour or overhead charges. My personal conviction—and I believe I express the views of the majority of the poultry-farmers in the North Island—is that subsidy of this kind on export is wrong. Circumstances of other interests being protected may be the factor governing the need for the subsidy here; but I feel sure that poultry-farmers would gladly carry their own risks of export if the costs of production were based on free importation of the necessary foods; and it is questionable whether there should be any duty whatever on foodstuffs required in any or our primary industries. Costs of importation should be sufficient protection for any industry in conflict. High costs of production of eggs applies to the whole of New Zealand, but more particularly to the North Island, where transport costs of food from the South must be added. Prices of fowl-wheat and wheat by-products are apparently controlled, and it is claimed that the advancement of the poultry industry has secured for the wheat-owners a successful second-quality wheat that provides a better market to-day than milling-wheat had realized. Wheat grown in the North Island is priced in parity with South, plus costs of transport. With reasonable cost of production the poultry industry is capable of huge expansion. Climatic conditions are favourable, and with encouragement of small areas devoted to mixed farming the Home markets can absorb all the eggs we can export. The markets for pulp have not been tested under other conditions than prohibitive costs of production. Pulp could readily absorb the surplus after export was finished; and although export of pulp may not show a profit, even at 10d. per dozen, there is the advantage of relieving the local market. That is impossible to-day, because it is generally accepted in my district that production costs for food alone 1s. 2d. per dozen. It does not seem reasonable to suggest that elimination of poultry-farms is the solution of the difficulty when the high costs of production are the cause, and are due to the protection of another industry. So much capital has been invested in buildings and plant, mainly on small areas of land, yet the owners are faced with ruination if relief is not forthcoming. Little inquiry is made for such properties unless the portion of improvements applicable to poultry-farming is removed to enable sales to be made. Poultry-farmers' organization to buy food has been mentioned. I hardly need repeat that this question is centred around the protection granted to another industry; and whilst the holders of wheat and its by-products have that protection it is futile to suggest that poultry-farmers could deal any better than the commercial organizations which are already trying to obtain lower prices for the needs of poultry-farmers through trade competition. The fact that prices of wheat products are fixed in varying parts of New Zealand, and that, no matter how much transport charges may lessen the cost delivered from the port of origin, the fixed price at destination must be paid, surely indicates that wheat-holders have the key to the situation during the continuance of tariff protection, which bars competition. No explanation is offered for the rise of 2d., and in some instances 3d., per bushel which took place from the end of July, when "free" wheat finished. The situation is serious and demands early consideration. I am aware that the requests of the poultry-farmers will have the full support of dairy-farmers, pig-breeders, and others interested as users of the same commodities as the poultry-farmers. That the conditions are real, and not exaggerated, is substantiated by statements of account submitted to the Hon. the Minister of Agriculture. Statistics collected on behalf of the Agriculture Department will, I think, confirm my view of the financial misfortunes of the present-day poultry-farmers, one, at least, of whom is submitting his own statement and offers himself for examination of evidence. The day-old-chick trade has in the past been of assistance financially to the poultry-farmers whose business is extensive enough to enable them to cope with it in large quantities; but there is plenty of evidence that this year there is little business doing, owing to uncertainty and that lack of confidence which is regrettable in any industry. My conclusion is that relief is imperative, and the condition of the industry demands urgent consideration.

Mr. Waite.] What price do you consider that you would need to be able to get wheat for to enable you to export?—I should say a price round about 5s. 4d. or 5s. 6d., Wellington.

Could you do an export trade then, with wheat round about that price?—I think so.

Without a Government subsidy?—We are not asking for Government assistance. If we have free importation of wheat we do not want any subsidy in any shape or form. We are quite prepared to take our own responsibility.

The Chairman.] Is that sacks in, or sacks extra ?—Sacks in.

Mr. Waite.] Have you the local market to yourselves in regard to poultry products ?—If you are speaking of New Zealand, we have, because there is an import duty ; but if we had costs of production on a parity with other countries we would not seek that protection at all.

Is it a fact that you want to get the local market for eggs conserved for the New Zealand poultry industry ?—I should say, not necessarily. The whole question that is concerning the poultry-farmer to-day is that of the cost of production. If our cost of production were down to the minimum, which we will say would be got by the free importation of poultry-foods, it would not interest us whether there was a duty on imported eggs or not.

Then, if you could get the wheat in free, you would be prepared to forgo the protection you have now on pulp from China ?—I would not say so. The pulp from China, if I understand the position correctly, is not excluded because it comes from China, but because it contains preservatives.

I do not know whether that is so or not, but on page 10 of the Customs tariff there is provision under the general tariff for a duty on egg-pulp of 45 per cent. *ad valorem*, or 8d. per pound, whichever rate returns the higher duty. What I want to know is whether, if you are allowed to have wheat admitted free, you are prepared to forgo the protection you have against Chinese imported pulp ?—I should hardly think the importation of Chinese pulp to this country would come into the question ; but I should say that most assuredly Australian pulp should be admitted to this country free of duty. I say that Chinese pulp should be excluded from this country altogether.

You want free-trade for your industry, and protection against imported pulp ?—No. I am a protectionist within the Empire in all things, but when it comes to the importation of pulp from China I think we can very well draw the line.

Rev. Mr. Carr.] Where would you expect to get fowl-wheat at 5s. 4d. or 5s. 6d. ?—I am informed reliably that wheat f.o.b. Melbourne would be fowl-wheat, and would cost 5s. 9d., with sea carriage 1s. and 2 per cent. primage duty.

Where would you expect to get wheat at 5s. 4d. or 5s. 6d., because that would be without protection ?—When the matter was put up three or four months ago to the Minister of Agriculture I think quotations for fowl-wheat, autumn, were wanted. We are not concerned with the main wheat question at all, but merely with poultry-food.

You would admit that you could not afford to buy anything but the best, and that from Melbourne you would probably get rubbish if you asked for fowl-wheat ?—I have been concerned with the importation of thousands of bushels of fowl-wheat from Australia, and plenty of it has been as good as New Zealand, even for milling purposes, except for the husk that is in it. At the time when the matter was brought before the Minister of Agriculture wheat was quoted on inland rail, Victoria, at 3s. 7d. per bushel for the type we were looking for ; and I understand that the prices of wheat are to-day not too reliable. There has been a fall in the price in Australia in the last few days. Where wheat has been quoted at 5s. 9d., Sydney, the actual price yesterday was 5s. 6d. per bushel for sack lots. My thought in my evidence was rather more based upon the period at which I dealt with the matter before the Minister. I certainly have not altered my view of the whole position, when there is ample evidence that the poultry industry to-day is in a very sorry plight.

Mr. Jenkins.] Is it reasonable to assume that wheat described as fowl-wheat is cheaper because it is not suitable for the production of bread ?—The point is that, unfortunately, for a long time in this country the poultry-farmers had to use some stuff as fowl-wheat where, had the industry been catered for many years ago, you would have had your fowl-wheat graded ; and if you sold your fowl-wheat graded at per pound or per bushel the poultry-farmer would know definitely what he was getting, but unfortunately it is not so.

Mr. Macpherson.] In your opinion, a commercial agency could cater for your business very much better than is being done at present ?—Yes.

You say you yourself have imported very large quantities of fowl-wheat from Australia : will you state whether you are aware of very large quantities of inferior wheat being put upon the market here ?—I never saw it.

But you are aware that such a thing has taken place ?—Yes ; but I never did get any in the thousands of sacks I had to deal with.

Your data and the facts surrounding the whole case are more or less based on the parity when wheat was at its lowest point in Australia ?—I will not say that. I say that the proper time to buy your wheat in Australia is when the price is low.

You will admit that three or four months ago wheat was at its lowest point for years ?—About April.

You naturally felt that there was a wide margin between the wheat you could buy there and the local products ?—Yes.

To-day the position has changed very much ?—Yes.

And the question of the 1s. 6d. did not give you a profit which would make poultry a more paying concern ?—I think so.

Supposing first-class fowl-wheat from Australia would be worth 5s. a bushel, would the 1s. 6d. give you a sufficient margin to make it profitable ?—Well, the Government has seen fit to subsidize export by 1s. 1d., 1s. 2d., and 1s. 3d., in varying grades for goods which the poultry-farmer to-day is producing—that is, eggs at, roughly, 1s. 2d. a dozen. That would put him in the position that he might possibly be making 1d. a dozen on the eggs he is now exporting to the Old Country.

Have you, as poultry-farmers, made any combined effort to get your wheat at bed-rock price from the southern grower ?—The suggestion has been put forth that the organization might do something of the kind ; but at the same time we have been dealing through merchants experienced in the handling of wheat, who charge us on the basis of 2d. per bushel. Could an organization of poultry-farmers handle it at 2d. per bushel ? I say they could not.

The South Island poultry-keepers are organized, and they are buying on better terms than you are ?—Well, we are organized here, and find that we cannot buy on better terms. What we have had from the South is the opportunity of buying through the organizations in the South. The result was that those organizations could not land their wheat in Wellington any cheaper than the merchants do for us.

Was the wheat dearer, or the same price ?—Practically the same price ; and we were getting our finance through the merchants. We made inquiries in Christchurch as to where that wheat was coming from, and we found that it was coming through the same merchants that we were dealing with.

Is it not a fact that the northern producer gets a superior price to that of the southern producer ? —That may be so in certain periods of the year. I would like to emphasize the fact that it is the South Island that controls the price of eggs throughout New Zealand. In the period of peak production the South Island is all the time getting the advantage of the Wellington market. It is only because we have a certain organization operating in Wellington that to some extent is able to maintain prices here that last year we had a satisfactory market at 1s. 2d. Christchurch people sent their eggs to the Wellington market and landed them in Wellington at 11½d. The crux of the whole thing is that the poultry-farmer sadly needs regulations. If we had regulations we would have 25 per cent. of the eggs that now come from the South Island to the Wellington market.

My point is that, the South Island being able to send eggs here at 3d. per dozen less than yours, that should enable you to pay a little more for your wheat ?—But the 11½d. egg from the South Island is not our best-grade egg ; that realizes 1s. 2d.

Dr. E. P. NEALE, D.Sc., examined. (No. 13.)

The Chairman.] In what capacity do you appear ?—I am secretary of the Auckland Chamber of Commerce. The objection of the Chamber to the sliding scale of wheat duty is based upon general economic grounds. The Chamber has protested against the imposition of a duty based on a sliding scale, and designed to stabilize the prices of wheat and flour at a time when all leading economists are convinced that a long-period tendency for world prices to fall is prevailing, however much such tendency may be temporarily obscured by a periodic or cyclical upward movement of prices.

The Auckland Chamber of Commerce contends that such a duty will tend to maintain the price of bread at a time when all other prices are, on the average, on the downward trend, thus conferring an ever-increasing real benefit on the few producers of wheat, whose costs of production and costs of living will fall, while the price realized by their product remains constant, and imposing an ever-increasing real burden on the general body of consumers, whose incomes may, on the average, be expected to fall in sympathy with the general trend of prices.

The cost of living, and therefore, presumably, wages, will be maintained at a higher level than would otherwise have been the case, owing to the fact that bread, which figures so largely and is so necessary in the consumption of the average household, will not share appreciably in the general fall of prices. Wages may thus be expected to fall less than the price of the products of all industries, on the average, except wheat products.

The difficulties of producers in the general body of industries, already serious in many cases, will thus be increased. They are accentuated in those industries for which the protected grains or their products constitute the raw materials—*e.g.*, the pig-raising and the poultry industry—and such industries have their possibilities of export curtailed if they are not subjected to new competition from other countries which, by reason of the New Zealand high cost of production, they cannot meet.

The general tendency of wheat and flour duties prior to the introduction of the sliding scale had been a rising one, and at the introduction of the new duty its equivalent *ad valorem* rate was some 20 per cent., as compared with 6 per cent. twelve years before. This is higher than the average percentage of import duties to value of imports to New Zealand—viz., 16 per cent. The high duties are reflected in a fairly high level of New Zealand bread-prices as compared with those of other countries.

In this connection it is interesting to note that the June Monthly Bulletin of Statistics for the South African Union shows prices of bread at the latest date at which figures were then available to have been, per pound—United Kingdom, 2·13d. ; New Zealand, 3·50d. ; Australia, 2·78d. ; South Africa (where local production of wheat is encouraged by a duty in much the same way as New Zealand), 3·85d. If the increases in the duty in New Zealand have not raised the price of bread, they have certainly prevented the fall that would otherwise have taken place in sympathy with the world downward trend.

The opinion is expressed by Professor D. B. Copland, who is now Professor of Commerce at Melbourne University, but who was brought up in Waimate, South Canterbury, and who is the author of the standard work on wheat-production in New Zealand, in the February, 1928, issue of the *Economic Record*, the official organ of the Economic Society of Australia and New Zealand, that market prices for most commodities cannot be stabilized, and in the few cases where this is possible stabilization can be effected for short periods only. These remarks he regards as specially true regarding primary products, the supplies of which are subject to large yearly fluctuations beyond the control of producers. The trouble is that when for the moment price-stabilization has been achieved there is no way of preventing the price fixed from exerting its influence on supply and demand. If it has been fixed too high it will over-stimulate production, and the surplus, especially if of a commodity such as wheat, the demand for which is more or less inelastic, must be dumped abroad, or sold locally at low prices, or physically destroyed. Thus fixation is apt to defeat its own ends.

The argument was recently developed further, with special reference to the wheat duties in New Zealand, by Mr. H. R. Rodwell, assistant to the Professor of Economics at Auckland University College and until recently on the staff of one of the leading Canterbury secondary schools, before a meeting of the Auckland branch of the Economic Society of Australia and New Zealand. Mr. Rodwell's main point was that if wheat-prices were unduly high relative to the prices of other commodities conditions would, in the absence of an agreement to restrict production, create a glut on the local market, the only remedy to which would be a fall in prices, which would defeat the object of the scheme.

The realization of the need for a wheat pool in Canterbury seems to suggest that the theoretical arguments put forward by these economists are working out in practice. When the inevitable collapse comes, the fall in wheat-prices, and so in wheat lands, will be very large, causing great hardships to farmers who have concentrated on wheat-production.

Although the scheme cannot permanently stabilize the price of wheat to the producer or maintain its price, it certainly, so long as it operates, will result in an increase in supply. But it must be remembered that an increase in wheat-production means a decrease in the production of other things, such as wool and meat. The increasing differential gains from wheat as compared with other farm products will, so long as the scheme temporarily remains effective, induce an ever-increasing number of farmers to concentrate upon wheat-growing, at the expense of pastoral industries. This will upset the normal economic grouping in the farming industry, and thus will tend to cause a loss in total primary production. There is a definite loss to the community, both on this ground and on account of the maintenance of the cost of bread, when prices of other commodities fall.

A large number of farms in Canterbury are such that they can be more profitably applied towards the growing of wool than to the growing of wheat unless there is a protective tariff in favour of the growing of wheat thereon. Let us assume as a hypothetical case that a farmer can make an average annual profit on his farm of £200 if he grows wheat without protection, £300 if he raises sheep, and £400 if he grows wheat with protection. The benefit to the farmer from the wheat-protection is £100 annually—the difference between £400 and £300—whereas the consumers using the product of the farm in the form of bread, &c., are paying some £200 extra (£400 minus £200) in order that the industry may have protection. These figures are not exact, but they do show the tendency for the wheat duties to place an aggregate burden on the community greater than the aggregate benefit conferred on wheat-growers.

Some, while prepared to admit all that has gone before, contend that high wheat duties in New Zealand are necessary in order to secure self-sufficiency that would be necessary in time of war; but any effective blockade which had the effect of isolating New Zealand from external wheat-supplies would also almost certainly isolate the North from the South Island of New Zealand. Therefore, to be logical, the North Island must also be made self-sufficient in regard to wheat-supplies. It is significant that Britain, whose external trade is much more vulnerable in time of war, has not thought fit to impose a wheat duty to encourage local production.

It is safe to argue from the figures already quoted that New Zealand's policy in regard to wheat duties, &c., has maintained the price of bread and other wheat products at a very much higher level than would otherwise have been the case. New Zealand's annual consumption of wheat is about 8,000,000 bushels, and on this basis it can be argued that it costs us in peace-time over £500,000 annually in extra bread-prices, &c., to be prepared against the problematical contingency of war. Is it worth as much as that? A further objection to the new duties on wheat that was envisaged by the Chamber was the provoking of adverse feeling in Australia. The expectation has been realized in the shape of increased duties on the importation of New Zealand butter into Australia.

Mr. Waite.] You have quoted the price of bread in New Zealand at 3·5d. per pound?—That is correct. In Auckland the price of the 2 lb. loaf is 7d. delivered, 6½d. over the counter, and 7½d. delivered and booked.

The figures we have had supplied, which are official figures, show that the cash-over-the-counter price in Auckland for the 4 lb. loaf is 1s. 1d., while in Wellington it is 1s., in Christchurch 1s., and in Dunedin 11d., so that the average in the four chief cities is 1s.?—The figures I gave were, I think, the latest available at the time of the publication of the South African journal from which I quoted. Those figures all refer to the same date. They were the figures for the four countries named in the second quarter of the year.

Can you give the average price of bread in those countries to-day?—No; you could only get them by cablegram.

Have you the amount of bread consumed by the average Auckland household per day?—No; but it could be obtained from the Government Statistician; he has the necessary data.

If free wheat came in, how much would that reduce the cost of the 4 lb. loaf in Auckland at the present time?—If the duty is 1s. 3d., and the landed price without duty 5s., the price of wheat would fall about 20 per cent. It is reasonable to assume that there would be a reduction in the price of bread. It would not, of course, be as much as 20 per cent., but it would be fairly substantial.

In your opinion, would the price be reduced appreciably?—Very appreciably. I feel sure that the cost of the raw materials used in baking are a very substantial proportion of the total cost. Exact data on this point will, no doubt, be obtainable from the bakers when they tender their evidence before you.

Rev. Mr. Carr.] Are you appearing as an economist, or as secretary of the Auckland Chamber of Commerce?—I am here in both capacities. As an economist I thoroughly agree with the view of the Auckland Chamber of Commerce. What I have expressed is the substance of the considered view of the Chamber.

Do you consider that the price of bread is as vital as you make out? Is it not very cheap as compared with other food commodities? Does it not depend very much more than you appear to

represent upon other factors, such as the baking? Would not the result be affected by the labour conditions in the baking and probably the farming industries?—The result of investigations by the Government Statistician, published in his "Report on Prices, 1891–1919," shows that bread is a substantial item in the cost of living of the average household, and I refer the Committee to that report. The conditions under which baking is carried on are fixed by the Arbitration Court, &c., and there would be no substantial variation in them.

THOMAS J. FLEMING examined. (No. 14.)

The Chairman.] What interest do you represent? I represent the poultry associations of the Auckland Province. I have heard the other witnesses, and a good deal of what I had intended to say has been put forward by the two witnesses already heard on behalf of the poultry-keepers, so that I will not repeat it. The position of the poultry-keepers in the Auckland Province is very bad. The last season was not a profitable one. I have means of getting private information besides being interested in the industry, and I can assure the Committee that unless something is done at least 50 per cent. of those remaining in the industry in the Auckland Province will have to abandon it. Last season quite a number of people sold their properties, and some were compulsorily sold up by their mortgagees. I know that many poultry-keepers owe large sums to their merchants and others, and unless something is done for them their position is going to be very serious indeed. I would like to point out that the present tariff is not a true tariff, but is really a prohibition of imports. In that respect it is very much like the old Corn Laws of England, which came into bad repute after a time, and caused serious trouble, because there is no limit fixed to the price except at one end. That is to say, you cannot buy beyond a certain minimum, while the price can rise as high as you like. If there were a total failure in the wheat crop of Australia—which, I believe, has never happened—there is nothing to prevent the price of wheat going up without limit. If the object of the duty is to stabilize the price of wheat in New Zealand, it ought to be stabilized at both ends, and a limit put on the price to be paid. There is no advantage to the poultry-keeper in buying cheap in Australia. We could have bought in Victoria, as stated by one of the witnesses, at 3s. 7d. on the farm—say, 4s. 2d. f.o.b. Melbourne; but there is no advantage in doing it, because of the heavy tariff by the time one got it to New Zealand. We pay the same price as that of the best wheat. The cost of freight and other charges from Melbourne or Sydney to Auckland is 1s. 2d., as against freight and charges from Canterbury to Auckland 1s. 3d.; so that there is a slight difference in favour of the costs from Australia. The position is that the poultry-keepers, in the Auckland District in particular, have to be satisfied with an inferior wheat—with second-grade wheat—and have to pay as large a price for it as for the best-quality milling-wheat, and sometimes higher. It will be a serious thing not only for the poultry-keepers, but also for the wheat-growers, if the poultry men go to the wall, because at present the industry is using up the inferior wheat, of which a large quantity, so I am told, is produced in Canterbury. I have been told that in order to try to cheapen the cost of harvesting some of the Canterbury farmers did not stack their wheat last season, but took it from the stook, with the result that in many cases two-thirds became shrivelled. It was not fully matured, and I am informed that the farmers did not get the benefit of the tariff. They did not get full price for their wheat, yet in Auckland we had to pay the full price for it. That was because of the sliding scale. Human nature will take full advantage of the tariff wall built to protect it. The North Island poultry-keeper is at a disadvantage as against the South Island poultry-keeper because of the freight and expenses. If the duties are maintained, something should be done for him to put him on an equal basis with the South Island poultry-keeper. The Government is spending a large sum of money in trying to foster the poultry industry, and especially trying to establish the export trade. Spending money in subsidies, and in the salaries and expenses of experts, while maintaining a wheat tariff, seems to me suicidal, and economically unsound. The wheat duties fall upon the whole community, but as this country is almost entirely a primary producing country they eventually fall back upon the farmers themselves. By that I mean that all the secondary manufactures that are sent from this country are a trifle, scarcely worth taking into consideration in the reckoning. The people in the towns are working for the people in the country, but in the end the entire taxation falls on the working-expenses of the primary producers. That means that by paying a wheat duty of this kind the wheat-farmers have been simply putting it on to their brothers who are producing butter, mutton, or beef. The result seems to me to be that the more you increase the overhead charges of the farmer the more land you are putting out of occupation. It is well known that land that a few years ago was in occupation and use is now out of use because it has sunk below the economic level. Farmers tell you that it would not pay to work it or to bring it in. The building-up of the tariff in this way is a suicidal thing for this country, where we should aim at keeping down the overhead charges as far as possible in order to be able to utilize all our land and permanently cure the unemployed difficulty. If these duties are removed, and we are allowed to buy our fowl-food in the best market, there is some hope that the industry can be encouraged to a much greater extent. It would also do a great deal to ease the unemployed problem, and put in a much better position people who are at present living very precariously and only part-time employed—enable them to increase their earnings by doing a little in the poultry line or going into the poultry business altogether.

Mr. McCombs.] Have you any information as to the number of people wholly engaged in poultry-farming—not working it as a side-line?—I was rather startled to hear one statement that there were only 176. Most poultry-farmers perhaps keep a few bees, or Angora rabbits, or they may even grow a little wheat. That explains, I think, why the figures are so small. Most farmers are composite farmers, but there are quite a large number who are engaged in keeping poultry to a very great extent.

How many would you say depend upon poultry-farming for a living ?—I belong to one association which is just a new association, and it numbers about two hundred members.

Would you say that there are one thousand in the industry ?—I could not say.

Mr. Jenkins.] Are there not other associations in Auckland ?—Yes.

Mr. Waite.] At what price would you need to get wheat to make the industry pay ?—That is a question that is difficult to answer. I really think it would be impossible to make the business pay on export alone, but by exporting some of the product in the season of heavy production and selling the main portion locally I feel sure that, on the figures cited by Mr. Jennens, the industry could be made to pay its way.

Can you give an idea of the price at which you would want to get wheat so as to make the business profitable ?—That would take very nice working out. The cost of food is 1s. 2d., and then there is the cost of buildings, land, and labour.

That is the point I want to get at. Apparently you think it is the wheat-farmer that is punishing you. Are there any other factors pressing upon you ? Take the merchants : do you think they charge you reasonable costs ?—Quite reasonable. In Auckland we tried to buy through the wheat pool, and found that we could not do it as well as in dealing with the merchants.

If you got free-trade in wheat, would you be prepared to have the protection against egg-pulp lifted—to allow free-trade in egg products ?—With the exception of countries like China, where the labour is not on the same basis as here. I am sure no one wishes the people of this country to work under the same conditions as the Chinese. As regards the rest of our own Empire and the civilized world, we see no reason why any industry should be bolstered up by a tariff. If it cannot stand on its own merits, let it fall.

Rev. Mr. Carr.] You stated that the price of offal keeps up relatively to the price of wheat. Are you aware that you would have to pay more for bran and pollard imported from Australia, taking it through the season, than you have to pay in New Zealand to-day ?—I am not aware of that.

Mr. F. C. RAIKES examined. (No. 15.)

The Chairman.] In what capacity do you appear ? — I represent the poultry-farmers of the Manawatu and Foxton districts, extending from Ohau to Marton. Personally, I have been poultry-farming for fifteen years in the Manawatu district. As to the position of the industry, I think the Committee is aware that we are showing a very small margin of profit, if any at all. In our business matters go in cycles. We have a few good years, and then a few bad years, when there is over-production. What we are asking for is that all duties be removed from poultry-foods—that is, from wheat, pollard, bran, and maize—for the North Island. We are not concerned about the South Island, where the poultry-farmers are in a different position. We know only our own problems. If we could get wheat in duty-free we could make contracts for forward delivery, and fix the food problem for the whole season. Freight from southern parts is 1s. per bushel. With some of our farmers, running a thousand birds, and allowing from 1¼ to 1½ bushels per bird, that means 4,000s. or 6,000s. per bird. These figures may not tally with those of other poultry-farmers, but that does not show that their figures are wrong, because they have different systems, and my fowls get a good deal of free range. In large flocks they would eat less, but the production of eggs generally tallies with the amount of food. That is to say, if you spend £100 in food you will get a certain number of dozen eggs, but the number of fowls would not necessarily be the same. We maintain that if we had no duty we could carry on with our industry, and would not seek protection except in such matters as Chinese pulp. We would allow any other class of egg to come in free. We reckon that the other costs in the poultry industry are about half the cost of food. If we take the price of the bushel of wheat at the present time as 7s. 2d., it makes our cost of feeding a hen per year 9s., and other costs would be about 4s. 6d. In my case there is no interest cost on the land, and we reckon that the manure pays for any interest on the land. We think there is always likely to be over-production from time to time in the poultry industry, because a lot of men rush into the business and have good results for a few years while the land is new ; but after a year or two, when the ground becomes fowl-sick, the returns are not the same. Unless you have facilities for running the fowls on free range, they are liable in a few years to run out, and then they will not show a profit, no matter what the position is. The Foxton Chamber of Commerce is of opinion that we would be better off with no duty whatever. It also asked me to stress the fact that in our district we had a few years ago a great number of poultry-farmers, but at present there are very few. Those who are in the industry would mostly sell out if they could, but if they got a remission on the duty they would be satisfied to stay in. One of the witnesses from the South Island spoke of the necessity for resowing with grass. We have light country, and we found the same thing some years ago, but with top-dressing we have got past it. Pastures will last fifteen years where formerly they would not last three years. In the North Island we find that by top-dressing we can keep our pastures going, and I think southern people could do the same.

Mr. McCombs.] If the cost of keeping a bird were 13s. 6d., what would be the production per bird ?—That varies according to the size of the flock.

But what would be an average ?—I have never worked out the average. I have the cost per bird and the cost per day. I do not think the number of eggs a fowl lays affects the question very much.

Rev. Mr. Carr.] Naturally, when your hens are on free range there would not be the difficulty you raise about the land becoming fowl-sick. Is there not a possibility of changing runs ?—When a poultry-farm becomes fowl-sick you cannot raise young stock as well as away out where there has never been a bird before.

Mr. BERNARD RASKIN examined. (No. 16.)

The Chairman.] What is your occupation ?—I am a poultry-farmer at Levin, where I arrived in 1919 with a capital of £1,100, which I invested in the property I now occupy. Having had some experience in poultry-farming, I decided to establish myself in that line, hoping gradually to increase my flock to about four thousand birds. Prospects then were promising, in spite of the high costs of materials for improvements. About that time I was one of those who gave the undertaking to do my share to provide New Zealand with pulp to the exclusion of the foreign article. It has been necessary for me to adjust my finances from time to time, and I have had to pledge my chattels to satisfy pressing creditors, mainly merchants and others, for poultry-foods obtained during periods when prices were below the cost of production. It is true that there have been seasons when, with additional income from the sales of day-old chicks, the poultry-farmer has been able to make both ends meet, but I am not aware of any period when the farmer has received any return for his labour. The present season promises nothing, because the day-old-chick business has been killed. It has been necessary, owing to the loss on poultry-farming, to find other means of existence. My flock was not extended beyond eleven hundred birds. I had to devote my attention to growing vegetables for that purpose. In addition, I reduced my flock by three hundred birds, using the proceeds to pay debts incurred for food during the lean periods, and I am still in debt to the extent of £100 for feed alone. I have been urged by friends on several occasions to leave the property and seek other avenues of employment, but as my life savings are sunk in the property I am loth to do so while there is any hope that better times may come. One distressing result of the position is that in it social life is out of the question when the needs of the home cannot be satisfied. Giving my children an education beyond that of the State schools has only been possible through personal sacrifices that should never have been necessary. I can only hope that some changes will come about which will place the poultry industry on a more satisfactory footing than that of to-day, and so save myself and others from ruin. All that we ask is for the removal of hardships that have been placed upon us. The poultry-farmer is not asking for any assistance ; he is quite prepared to stand the cost of production, provided he is not hampered by duties. We do not ask the Government to subsidize our production, but merely for relief from the tariff imposition. If the cost of production were lowered we could export the surplus of eggs beyond those required for the home market, and this without assistance from the Government. We have had to pay 12s. 6d. per bushel for maize, though the duty was placed only upon wheat, and though we could have landed the maize on the Wellington wharf for 2s. 6d. As to the duty on Asiatic egg-pulp, I say that I would be glad to have free-trade within the Empire.

TUESDAY, 10TH SEPTEMBER, 1929.

Mr. CHARLES HOWARD HEWLETT examined. (No. 17.)

Mr. Wright.] What is your full name, Mr. Hewlett ?—Charles Howard Hewlett.
You are the managing director of the Canterbury Seed Co., Ltd. ?—Yes.
And I think you are a member of the Canterbury Agricultural College ?—Yes.
On the Board of Governors ?—Yes.
Being the Government nominee ?—Yes.
And you are also the Government nominee upon the Wheat Institute ?—Yes.
An offshoot from the Department of Scientific and Industrial Research ?—Yes.
And I think you are the Government nominee on the Plant Research Institute ?—Yes.
At Palmerston North ?—Yes.
For a number of years you have been actually interested in the wheat industry ?—Yes.
I think you have done a considerable amount of research work in connection with the growing of wheat ?—Yes. I have assisted the Lincoln College officers and the Department of Agriculture officers in trying out in the fields the results of their laboratory investigations.

Will you kindly proceed with your general statement ?—Yes. I have made my statement very short. In the first place, I will deal with the importance of the wheat industry in New Zealand. It is essential that a country should, if possible, be self-supporting in its chief food-supplies, and should not depend for such an important item of food as wheat upon a country at a distance, from which those supplies might be seriously interrupted or cut off altogether in times of war, and which in times of peace would most certainly be constantly interrupted through shipping and other strikes, which have been so prevalent in Australia during the last few years. The importance of wheat-growing in crop rotation in arable husbandry is so apparent and so universally acknowledged that it is unthinkable that the New Zealand Legislature could permit of any protection being taken away, the result of which would mean widespread dislocation in arable farming. Wheat-growing, and the auxiliary industries of flour-milling and baking, are the means of giving employment to a very large number of men and circulating a considerable amount of money. For instance, the amount of labour involved in ploughing and preparing the land for sowing, the manufacturing of manures to be applied, and the drilling of the seed, the reaping, stooking, stacking, threshing, carting to the railway, handling at the railway and at the wharves, handling at the mills, making into flour, distributing wheat and flour both by rail and sea, and the baking and delivering of the bread employs a very large number of men in useful work on farms, in grain-stores, wharves, mills, bakehouses, carters, railways, and ships, with all the subsidiary industries, such as the making of binder-twine from our locally grown flax, farm implements, &c., which are necessary to keep these concerns going. Probably in no other industry is so much labour employed and money circulated so many times, the whole of the labour being employed and all the money circulated within this country. What would be the result if we had to depend on Australia for our supplies ? In the first place, we should not be used as a dumping-ground and offered

cheap flour; we should be charged the fullest price possible. It would mean throwing a very large number of men in this country out of work and sending over £2,000,000 out to employ men in another country. In addition, it would mean dislocating business right throughout New Zealand, and especially those in the wheat-growing areas, and the scrapping of a large amount of plant. We always congratulate ourselves whenever we increase our trade. The trade we have at our door is one of the most important, and should not be given away. It is one which we have with us always, is of a steady daily demand, and not a fluctuating one. Our pig and poultry industry would suffer most severely, and indirectly affect our dairy industry, as even when Australia was dumping flour into New Zealand it was very difficult to obtain any of the offals, in the shape of bran or pollard, which are so necessary for the pig and poultry business. Wheat-growing and its subsidiary industries are so interwoven with our economic structure that any dislocation would be serious and probably more far-reaching than might be apparent at the first glance.

Harassing the industry: Wheat-growers have been continually harassed and interfered with since 1914. The crying need for years has been stability, and we thought we had obtained this when the sliding scale of duties was decided upon. Upon its establishment all those in connection with the industry, both the farmers and millers, the merchants, the Department of Scientific Research, and the Government, immediately got to work and established a Wheat Research Institute, with a view to increasing the production, improving the quality, and reducing the cost, the object being to give a greater return to the grower at a smaller cost to the consumer. The Plant Research Station has just completed its first year of work. At Lincoln College over three thousand experiments were made last year with wheat alone. Already a good deal of excellent work has been done by these three institutions, and a great measure of success is in sight, which will be of far-reaching benefit to the farming community. It will be seen that those in connection with the industry are not just sitting down and letting things roll along, but in conjunction with various institutions are actively engaged in helping themselves and trying to improve things for the benefit not only of themselves, but also of the consumers; and it is a very great pity that just as we are making progress in this direction any suggestion of an alteration should be made. The present sliding scale of duties was fixed by an independent Committee after exhaustive inquiry, and I am of the opinion that under the protection of the present scale of wheat duties the steps which are now being taken must be in the course of the next five years productive of a great measure of success. When such success has been attained it may be possible to modify these duties, but I think that to interfere with them now, before the problems facing us are solved, would be fatal.

That is all I have to say in my statement, gentlemen. I have also produced some tables of costs, which I would now like to place before the Committee. I forgot to say that I am farming about 3,000 acres of land in the Ellesmere district, about 1,000 acres of which is suitable for wheat-growing, and in Table A I have worked out the costs of the details right through from the value of land, the cost of ploughing, &c., to the harvesting, &c. I will now take Table A. I think it would be better to take the second column, the "Spring" column; that is the principal column. The majority of the wheat is spring-sown Tuscan wheat, the average yield being 35 bushels per acre. Now, taking the land at £40 per acre, with interest at 6 per cent., that amounts to £2 8s. per acre. Ploughing, disking, harrowing, rolling, and drilling comes to £1 17s. per acre. The cost of sowing is 13s., and the cost of superphosphate 7s. In connection with harvesting, the cutting, stooking, and twine comes to 10s.; contract threshing 35 bushels at 6d., 17s. 6d.; four draymen, 4s.; carting to station, 4s. 4d.; loss on sacks and twine, 2s.; fence-cutting, 3s.; marketing, 1s. 5½d.; supervision, 4s. 2d.; f.o.b. charges and wheat levy, 8s. 10d.; rates, 2s. 9½d.; depreciation on buildings, 2s. 4¾d.; depreciation of plant, 2s. 6d.; interest on working-capital, 8s. 3¾d.; and graduated land-tax, 11s. That gives a total of £9 7s. 3½d. per acre. Then there is the super land-tax to go to that, amounting to 3·43d. per bushel: that amounts to 10s. 0½d. That brings the cost up to £9 17s. 4d. per acre. The cost per bushel is 5s. 4·21d., or, say, 5s. 4¼d.; and for the super-tax another 3·43d. must be added, making it 5s. 7·64d., or, say, 5s. 7¾d. Now, of that amount, the proportion of labour used on the farm alone amounts to 40 per cent.; and in addition to that, of course, there is the labour used on the railway. Now, on the next page I have prepared a table (Table B) which shows the cost of wheat-growing in South Australia. This table is compiled from figures which have been supplied by Mr. F. Flood, who is the manager of Dalgety's grain department in Adelaide. The average value of the wheat land in that district is £9 per acre, which at 6 per cent. would be 10s. 9½d. The average yield is 12 bushels per acre. The cost of preparing the land for sowing in the following manner—ploughed, then harrowed, and cultivated at least three times—is £1. The cost of superphosphate is 5s., the cost of sowing 5s., and the value of seed sown 6d. In connection with harvesting, practically all the crop is now taken off with harvesting-machines: that comes to 6d. That gives a total of £2 12s. 9½d. per acre. If you divide that by 12 bushels per acre, that gives you 4s. 4¾d. per bushel. Then there is the average cost of railing the wheat to the mill or shipping centre to be added. The railage, including country agent's commission, amounts to 5d. That gives the cost per bushel f.o.b., or delivered at mill, at 4s. 9¾d. Then on the next page is Table C, which shows the cost of wheat-growing in South Australia, as prepared by the Department of Agriculture of South Australia in their Bulletin No. 226. It shows the cost of wheat-growing at their Turretfield Demonstration Farm. I have the book here. On page 14 it gives the cost of wheat-growing at Turretfield, summarizing per acre and per bushel costs of growing wheat on bare fallow during six consecutive seasons. The figures are then given from the seasons 1922–23 to 1927–28. The average area harvested is about 270 acres; the average yield was 19·96—that is, practically 20 bushels. The average cost per acre was £4 14s. 7d., and the average cost per bushel was 4s. 9d. on the farm. The cost of railage would be 5d., the same as the other. The cost of wheat-growing on our land is 5s. 4½d., and after adding another 3½d. per bushel for super land-tax—of course, our farms are

fairly large and come under a comparatively high grade of super-tax: the small farmers would be able to compete cheaper with the cost of wheat-growing in Australia—that makes it 5s. 7¾d., as compared with 4s. 9½d. in South Australia according to Table B, and at the Turretfield Demonstration Farm in South Australia 4s. 9d., with the 5d. for railage in addition, making 5s. 2d. Now, the above comparisons suggest (1) that we have been used in the past as a dumping-ground; (2) that our cost of production is not unreasonable, the discrepancy between the costs of New Zealand and Australia being accounted for by the 8¾d. difference in cost of harvesting or by the higher yield per £1 value of land (Australian land of £1 value produces 1⅓ bushels of wheat, and New Zealand land of £1 value produces ⅞ bushel); (3) that the difference between our cost of production and that of Australia is not so great as to be unbridgeable by the research methods now being adopted, provided time and security be given for that purpose. I think that is all I have to say, gentlemen.

Mr. Wright.] There is one point I would like to bring out, Mr. Hewlett—that is, in regard to the cost of supervision, which you have stated, I think, at 4s. 2d. per acre?—Yes. That is the cost of supervision charged by us over a series of years in the past on our farms.

Do you think that the cost to other farmers would be higher than that?—Yes. We worked it out to try and keep our actual costs as accurate as possible for our own purposes. We have been doing that for years for our own information. That is my opinion as to what is a fair charge on our class of land.

You have also stated, I think, quite a number of items separately which the ordinary farmer puts under "supervision"?—Yes. We have kept them separate.

And you have given a number of items the ordinary farmer usually omits?—Yes. Take working-capital, for instance: that is all worked out.

The Chairman.] What rate of interest do you allow?—6½ per cent. Take depreciation on implements, for instance: that depreciation is fairly heavy. We consider that after implements have been in use for ten years they are practically depreciated. As they get older the repair bill becomes higher and equivalent to depreciation.

Mr. Wright.] Why do you charge your working-capital?—We would not be able to get the actual working-costs at all unless we did so.

How long does it take to realize what it costs?—It takes twelve months before you get in most of the returns. I get the maximum per month worked out as well.

Can you give the Committee the total amount paid out in wages?—The total amount paid out on 670 acres, of which 250 acres was grassland, was £1,880 4s. 6d.

The Chairman.] It was not all in wheat?—No; 420 acres was in wheat. We rotated it each year.

Mr. Wright.] Would you be prepared to allow your books and papers to be open for inspection by any persons the Committee may appoint?—Yes, they can go right through them.

Hon. Mr. Cobbe.] According to your figures, the cost of wheat on board in South Australia is 5s. 2d. per bushel?—Yes, that is what they inform me.

I notice that the average prices on board at Melbourne were, in April, 4s. 8½d.; in May, 4s. 4d. to 4s. 6d.; in June, 4s. 4d. to 4s. 8d. How do they compare with your figures?—In my figures the 5s. 2d. is f.o.b. On the farm it is 4s. 9d.

Your 5s. 2d. means on board?—Yes.

How do you account for the difference?—I should say it is dumping. I think it is generally recognized that they charge a higher price for the wheat for local consumption than they do for export, especially when they get a chance of dumping it outside when they have a surplus.

I notice in your evidence you state, "We should not be used as a dumping-ground and offered cheap flour. We should be charged the fullest price possible"?—Yes. That was illustrated during the war, when the New Zealand Government was very short of wheat and sent over some one to try and get it over there. They simply put a prohibitive price on it—a higher price than was charged in any other part of the British Empire. And when Mr. Massey refused to pay it one of the Government officers there stated, "We thought you would have to pay our price, and so we thought we would try it on." I think that is a good illustration of what they would do if they have the chance.

The Chairman.] That was an extreme position, of course, during war-time?—Yes, but we might be short again.

Hon. Mr. Cobbe.] Do you think that probable?—It might be, especially if we had a short crop.

I also notice you say, "And which in times of peace would most certainly be constantly interrupted through shipping and other strikes, which have been so prevalent in Australia during the last few years"?—Yes. That is the position in Australia, and I think it is getting worse.

You think it is getting worse?—Yes, and it will get worse before it gets better. I should not like this country to be dependent upon Australia for its wheat.

I take it from your evidence that you are in favour of the present sliding scale of duties?—Yes.

Of course, after all, the sliding scale of duties simply means protection for a limited number of people engaged in wheat-growing, and at the same time it has the effect of increasing the price of bread to the whole community?—I do not think that it means an increase in the price of bread. The price of bread in Australia is pretty high.

The Chairman.] In Melbourne the price is 8½d. to 9d. for the 4 lb. loaf, and in the country districts it is 1s.?—Yes.

Hon. Mr. Cobbe.] The position is this: on the one hand we have a comparatively small number of farmers, and on the other hand we have the whole of the consumers?—But my point is this: that directly this sliding scale of duties was put on the farmers did not stand still. They got together and formed the Wheat Institute. They realized that they would have to do something to help themselves,

and they are doing that now. But it is necessary that those duties should be kept on to give them an opportunity to try and do something to increase the production and lower the costs. I think it is necessary that the sliding scale of duties should be kept on for a year or two longer, until that can be done. It is being done now.

The Chairman.] A year or two ?—A few years. These things take time. For instance, on our own farm we have been trying to produce more and to lower the costs. We have cleaned up thousands of acres. And we have had our share of bad luck. In one case a large area that was planted with good Hunter's wheat has " gone west " through heavy rain coming down. Things like that cannot be controlled. There are many problems to be solved. All we can say is that in a few years we may be able to solve some of the problems.

Do you suggest that if a reasonable price is secured to the farmers they will continue growing wheat, and at the same time ensure the price of bread to the public at a fair cost ?—I do not know anything about the milling side of the question—perhaps a certain amount can be saved there—but I do know that we on the farming side are trying to put our house in order, and we have great promise of success in the future, but we require protection in the meantime. So far as the millers and the bakers are concerned there may be room for improvement there. As to that I cannot say, but I do know that we are doing our share.

Mr. McCombs.] What is the valuation of your farm ?—£40 an acre.

And the super value ?—The total value of the farm land is £44,055.

You could hardly regard your farm as an average farm ?—No, it is larger than the average.

Your charge for super-tax, £1 1s. per acre, is due to the fact that you are valued at £44,055 ?—Yes, that is the reason.

That, of course, could be discounted considerably on the average farm ?—Yes, the average farm would be lower.

Supposing your land was not used for wheat-growing, how many sheep would it carry to the acre ?—I have not tried that out.

Would it carry two or three ?—Say three. The £40-per-acre land would probably carry two and a half. I have not tried that out.

Your £40-an-acre land would only carry two and a half ?—Well, I will put it this way: The wheat crop, like all cropping, is part of a rotation, in which you have to work the thing in. If you are restricted to certain crops it may cause serious losses. Oats, for instance, are going out. If wheat is also going out I would not like to pay £40 an acre for that land.

The values would come down ?—Yes, if we are restricted in our farming operations the values would come down and labour would not be employed.

Are not the values here high as compared to Australia, and is not that really due to protection ?—I am taking the Government valuation. I think the value is too high. £1 worth of land in Australia will produce more than £1 worth of land in New Zealand. So it looks either that our values are too high or that the Australian values are too low.

Being a practical man, can you explain why it is that ploughing, harrowing, and drilling, according to your figures, is so much cheaper in Australia than in New Zealand ?—They do not do so much ploughing there. There is not the labour employed there that there is here. That is shown by those Turretfield Farm figures. They use 25 per cent. of labour; we use 40 per cent. of labour. We have heavier land, and have more work to put in.

There is also the difference in the cost of harvesting ?—Yes. We have a high moisture content in our grain, and it costs more to harvest. In some parts of Australia they strip the grain, but with our higher moisture content we could not do that here. They have tried a few strippers here, and they have not been successful. If we left our wheat out sufficiently long to strip, and a good north-wester was to come along, it would be ruinous.

Is there any super-tax in Australia ?—I do not know of any such tax in Australia, but I could not say for certain. This book gives all particulars of farming in South Australia.

I think you said in reply to Mr. Cobbe that if we were on the market for wheat the Australian people would probably put up their price against us ?—Yes. I think we would be looking for trouble.

Then, how does it happen that in England they can import all the wheat they want from the four corners of the earth at a reasonable price ?—But you must remember that England is a very big buyer, and the other countries are very anxious for her trade. We would be only a small buyer. It would be very different for us. If they thought they could get another 6d. per bushel I do not think they would be past it.

Would not competition in Australia and New Zealand bring it down to the world's parity ?—That may be so, but in some cases the reverse has occurred. In some cases we have received flour from Australia under cost. Some people have been dumping, it seems to me.

Did not the millers petition this House in 1918, when the duty on flour was £1 per ton, and did not they say that if they could get £2 10s. they would be perfectly satisfied ? There was concerted action between the farmers and the millers to get the £1 increased to £2 10s. Do you remember that ?—I think I have some recollection of it, but I would not be quite certain.

Mr. Bitchener.] With reference to the price of the loaf in Australia and the price of the loaf in New Zealand, if it is considered that the price of our loaf is too high you would not care to have the reduction of the cost taken out of the wheat industry ?—No.

I think it is generally admitted that a reduction of 1s. 4d. per bushel would mean a reduction of only 1d. on the loaf ?—That may be so. I would like to point out that, on account of the research work now being done at Lincoln College and at the research stations right throughout New Zealand, there should be an increased production in the next five years at a lower cost; but all

that cannot be accomplished in a moment. If the millers and the bakers tackled the problem with the same amount of energy that the farmers have tackled their share of it we could accomplish something of real value.

Have you had any actual experience of wheat-farming in Australia ?—No, not in wheat. I was out in the cattle and sheep country, but I only saw flour on a lorry.

I have neither lived in the wheat-growing areas of Australia, nor have I worked there, but I can quite understand the great discrepancy between the Australian figures and the New Zealand figures. For instance, it would be no use putting our grain in in the same way, or getting it out in the same way ?—No use at all.

The working-conditions there are altogether different ?—Altogether different.

And their crops vary a good deal, of course, especially in the dry season—they vary to an extraordinary amount ?—Yes. In the Turretfield Farm figures the highest yield was 24 bushels, and the lowest just under 10 bushels. Their crops have very big variations.

Some of your figures seem rather low : take the cost of threshing, for instance ?—6d. per bushel.

Yes. On a number of our farms it costs more than 6d. to thresh it ?—I am taking in under the most favourable circumstances, and a good crop. Under such circumstances threshing by contract comes out at about 6d. a bushel, but if you do the threshing by time it would cost more. We are able to do the threshing by our own machine, but the ordinary small farmer is not able to do that.

That is the point : it costs the small farmer up to 1s. a bushel to thresh ?—Yes.

I have paid, years ago, 9d. and 10d. myself, and I consider 1s. is a fair cost for the average Canterbury wheat-growing land ?—Yes.

So that that adds materially to the cost of growing wheat : it adds another 6d. ?—That may be too much under favourable conditions.

Mr. Jones.] Would the costs of material be reduced to the wheat-growers if we had free-trade entirely in New Zealand ?—The costs of material ?

Yes ?—Do you mean if we were all working under free-trade ?

Yes, free-trade in everything ?—Well, that is a pretty large question. We would get some of our implements a bit cheaper, but, on the other hand, it would put a lot of us out of business. We would be competing against every other country in the world. We would be the dumping-ground for the cheapest products of the world, and we would not be able to carry our population.

But is not that another way of getting cheaper wheat, instead of only taking it off the farmer ? —If you do that you would have to have free-trade in boots and everything. Of course, there would be a certain amount of wheat grown if there was no duty at all, but it would be grown in very much smaller quantities. I do not suppose that wheat-growing would stop altogether if there was no duty, any more than if you take the duty off boots it would stop bootmaking.

Do you think it right that the wheat-farmer should be expected to work under free-trade and at the same time pay duty on the boots he wears ?—That opens up a big question, and is a little bit beyond the average poor farmer.

Mr. Jenkins.] You say the value of your land is £40 an acre ?—Yes.

How do you arrive at that valuation ?—That was an estimate of what is considered the value of the land in that district.

What was the value in 1914 ?—In pre-war times ?

Yes ?—I do not know exactly ; but values have not varied so much in the wheat-growing districts of the South since the war as they have in the North.

What would be the value of the land during the land boom ?—It went up a little during the land boom. The Government valuation of one of our farms to-day is £50 an acre.

In the Taranaki and Waikato districts the valuations went up from 60 to 100 per cent. during the land boom ?—Yes ; they went up with us, too, but to nothing like such a great extent.

And since then they have dropped ?—Yes, they have dropped with us ; but, as I say, they did not go up anything like so high. Land that is valued at £50 an acre to-day with us, I suppose, in pre-war days would be valued at about £40 an acre.

Land is only really worth what it will produce ?—Yes.

The values are different in Australia as compared with New Zealand ?—Yes ; £1 worth of land in Australia produces more wheat than £1 worth of land here.

And the labour costs here are higher ?—Yes ; but the more labour you put into it the more you are going to produce.

Your figures seem to be rather inconsistent for £40-an-acre land ?—That is the Government valuation. If you could induce the Government to lower the valuation we might be able to cheapen the costs.

Rev. Mr. Carr.] Considering the large areas of land in Australia, would not that inevitably make the land cheaper over there. We are limited here in our land ?—Yes ; naturally, if there was plenty of land it would be cheaper.

You say you have 3,000 acres, and 1,000 acres of that is suitable for wheat-growing ?—Yes.

To what extent is the 1,000 acres better ?—It is more suitable for that purpose. We have 750 acres in rotation crops, one of which, of course, is wheat. Of course, we could put more wheat in, but we have to rotate our crops. We crop about 500 acres of wheat in the ordinary course.

Has there not been a good deal of unemployment in the wheat-growing districts during the last few years ?—I do not think that it has been so very noticeable.

Timaru has a fair percentage of unemployed agricultural labourers ?—I do not know.

If the duty was reduced, how many farmers do you think it would put out of business ?—I have not gone into that.

Mr. Macpherson.] What is your definite opinion with regard to the research work you are doing down there—that is, if there were a change in the present system it would certainly discourage

materially that research work, and you would not have that brighter prospect in connection with lower costs, &c. ?—It would be very disheartening after the work we have been doing.

The continuation of the present policy would encourage you to speed up to the utmost limit the research work you are now doing for the whole of the wheat-growers of New Zealand ?—Yes, I am confident of that.

You have gone into the question of the price of bread in Australia and New Zealand, I have no doubt, and you must realize—at least I do—that while we know that in Melbourne and Sydney there is a lot of competition, and that bread can be bought for at least 1d. cheaper over the counter than it can be bought in the chief centres in New Zealand, it must be recognized that in the suburbs of these large Australian cities the cost of bread approximates what it does here, 11d. to 1s. a 4 lb. loaf. When you get away from the cities in the North Island and in the outlying places in the South Island it is even 1s. 2d.; but is it not a fact that even in Australia they have to pay at least 1s. for a 4 lb. loaf of bread in some places ?—I have no actual knowledge of Australian prices; it is only hearsay.

Another very important question raised to-day was the value of the land—that is, Australian wheat land versus wheat land in New Zealand. With regard to New Zealand land valued at £40 an acre, it is a well-known fact to all, I suppose, that Australian wheat land is practically suitable only for wheat-growing, and very little can be taken from it in any other direction ?—Yes, I believe that is so.

The different avenues for which the land in New Zealand valued at £40 an acre can be used warrant the difference in the value. You can change over from wheat-growing—you must from time to time—to sheep-farming and other things, and that at once solves the question of the difference in value. The land in New Zealand can be adapted to many other things than wheat-growing, while in Australia it is confined absolutely to one class of farming. You know that, while the cost of land is relatively high in New Zealand, the increase in yield per acre constitutes the difference between land-values in New Zealand and in Australia ?—Yes, that is so.

With respect to your figures regarding the threshing rate in your district, it is certainly, I should say, the very minimum rate for high-class crops under average conditions. You can get it threshed at a cost of 6d. and a fraction per bushel ?—That is the lowest contract price.

It is also well known that the millowner, under the arbitration rules, has the right to stop the moment it is not paying him—6d. a bushel—and he can charge you an hourly rate. Is that not so ?—Yes.

Have you had any experience in your district of the change-over from the bushel rate to the hourly rate ?—In some seasons there have been change-overs—in a bad season, for instance. In a good season it will pay them at the bushel rate.

And possibly in your district, when you get a good crop, owing to bad weather conditions it gets tangled up and the cost of harvesting it increases very materially ?—I would rather you ask that question of one of these small practical farmers. With a tangled crop last year we had to run the binder empty one way.

You have seen crops yourself, and probably you have harvested a crop of the kind, where it was possible only to cut it one way, but still there would be an average of 35 bushels of first-class wheat per acre ?—When it goes down like that, especially in the early stages, probably with rust——

I am not referring to rust, but that with the wind and rain it gets tangled up ?—If it went down in the green stage it would not give you a good yield; but if it went down at a later stage, when it was fairly ripe, there would be a good yield.

And the costs would be increased very largely ?—Yes; anything like that does increase the cost.

The Chairman.] Is it possible now for the farmers in the North Island or other parts of New Zealand to secure all their supplies of bran and pollard under the present system—does the bran and pollard supplied to-day meet the requirements of farmers in the North Island ?—I could not say. I think a miller could answer that question better than I could. I have no knowledge of it.

Apparently you do not consider the present sliding scale of duties should be permanent ?—No, because I think that with the work we are doing large improvements can be effected.

How long would it be before that would apply ?—I said five years. I think Dr. Hilgendorf could give you a better idea.

You have indicated, at any rate, that you do not think it is necessary to be of a permanent nature ?—Yes.

These taxes you have mentioned seem to be very high ?—They are on our land and similar farming-lands.

You stated the capital value of your land is £44,055 ?—Yes.

What is the total acreage ?—2,881 acres and 29 perches. It is valued at an average of £15 15s. per acre.

Is that the average value you place on it ?—No, the Government valuation—unimproved value.

The land-tax is levied on the whole acreage ?—Yes.

Do you suggest it would be 11s. an acre ?—I am only saying it is what we are paying. That is actually what it worked out at, I think, the last assessment.

That is £1,400 for land-tax ?—No; the land-tax would be £1,051 2s. 6d. The super-tax is not quite double, because in the ordinary graduated land-tax our city properties are taken in and added on to the farms to get the valuation. Our total land-tax would be £1,051 2s. 6d. Of course, that is free of income-tax.

And super-tax is paid on top of that ?—The ordinary land-tax is £501 6s. 8d., and the super-tax is £549 15s. 10d.

How do you make the tax 11s. an acre ?—I have had that worked out over the different farms for the different Government valuations. I have taken the land valued at £40 an acre and shown the tax on that.

That is an enormous tax: are you sure of it?—Yes; it is an enormous tax.

Have you the wheat-growing land specially valued at a higher rate?—Oh, yes.

I would like to get those figures?—Yes, I shall send them to you.

You have quoted figures in regard to wheat-growing land in South Australia. What about Western Australia, where wheat is grown in large quantities: can you give any figures in regard to Western Australia?—No. I do not know any one there. I had to send a letter away to South Australia with questions, and answers had to be cabled.

I have figures showing the cost of working the land in Western Australia; they are very much lower than your figures. You have no knowledge of Western Australia?—No.

Do you know that dairy-farmers producing butter and cheese have no protection at all: they have to supply their goods in open competition with the world?—Yes.

Do you know they have to pay an extra cost, because of the protection the wheat-growers get, in the goods they buy?—In the shape of their bran and pollard.

Do you know that?—Yes.

Do you think that is a fair proposition to the dairy-farmer that he should pay for your protection?—I do not think you could adjust all taxation so that it would be equitable to everybody. Now, we see the position, and we—the farmer and merchant—are doing our level best to remedy it.

Does the farmer pay for the whole of that research work?—The farmer pays 1½d. for every 50 bushels he produces, the miller the equivalent of 1½d. for every ton of flour he makes, and the baker the equivalent of 1½d. for every ton of flour he buys. Dr. Reakes could say whether the Government subsidizes it.

Dr. Reakes: The Department of Scientific and Industrial Research subsidizes it.

The Chairman.] Regarding the item for f.o.b. charges and the levy, is that research work included in the levy?—Yes. The f.o.b. charge is exactly 3d.

With reference to the charge of 4s. 2d. for supervision, would that be entirely for wheat-growing, or for the whole farm?—No; the whole farm. We have been in the habit of adding a certain proportion of the manager's salary. He looks after a certain part of the business, and I charged what I considered a fair thing. I have done it for years. On a larger farm the charge would probably not be so much. Those are last year's figures, before we had this extra 2,000 acres.

The poultry-farmer complains that he cannot get along with his business because of the high price of wheat?—Yes, I have seen that mentioned in the newspapers.

The poultry-farmers complain that their business will be completely paralysed if some relief is not given?—I did not know that.

And the dairy-farmers are making complaints that they cannot get cheap animal-food?—I do not think the dairy people would get it any cheaper if the duty were taken off, because our experience when we had to import flour has been that we could not get wheat-offal.

You are dealing particularly with wheat, of course, but would you suggest that the present duty on bran and pollard of £1 a ton be retained?—I have not gone into the bran and pollard question. I am not going to answer that. I have gone thoroughly into the cost of production of wheat from the farmer's point of view.

Mr. Jones.] My understanding is that you have based your costs on land valued at £40 an acre, and have not based it on the cheaper land?—That is so; 420 acres were cropped in wheat.

Mr. Jones: The point I wish to make is that with 2,881 acres of land with an average value of £15 5s. 10d. per acre you are basing your figures on land valued at £40 an acre.

The Chairman.] According to that, some of the land would be valueless?—Some of it would be valued at £4 16s. 3d. per acre.

That is very cheap?—It is pretty poor land, some of it; it would not carry one sheep to the acre.

What we want really is the value of the wheat-growing lands?—I only gave those prices in answer to your questions.

Do you suggest that £40 is fair average value for wheat-growing lands in the South Island?—I am not prepared to say that. I should say land with a yield of over 35 bushels should be.

The average for New Zealand is over that, I think: is it not 36 bushels per acre?—The average for New Zealand is 31 bushels per acre. I am taking the average over ten years.

It runs from 31 bushels per acre in 1919 to 36 bushels in 1928. The average would be over 31 bushels per acre?—I understand it was 31 point something over the ten-year period.

Oh, yes, there was one very low year, when the yield was only 24 bushels. That would bring the average down?—Yes. I have put it down that land valued at £40 per acre would produce 35 bushels per acre. That is more than the average in Canterbury. I should say land valued at £35 per acre would produce 31 bushels per acre.

Is there a reasonable acreage of wheat put in this year?—Yes, the average.

Has the agitation which has taken place in regard to the suggested reduction of duties affected the farmers who grow wheat?—The farmer had to make up his mind what he would put in before there was any serious agitation.

He made up his mind that he was getting protection, and therefore planted the wheat?—I do not think the farmer bargained that it would be interfered with.

What notification would the farmer require of any change in duties?—A fair thing is to give us a chance to work out our own salvation.

Supposing there were to be an immediate change, what notice should the farmer get so as to arrange for cropping?—One could not state any particular length of time.

I am not suggesting any change will be made, of course?—The farmer would need at least twelve months' notice, because he would have to alter his crop-rotation. It would be according to

the time of the year the notice was given; but I would rather you ask a practical farmer that question. No matter what notice is given, some of the farmers whose system with certain areas is worked in with those methods of farming would be affected tremendously.

Rev. Mr. Carr.] It is stated that with regard to the very best types of seed wheat the price is sometimes prohibitive, and when the farmer is able to purchase it has deteriorated ?—The price is fixed by arrangement with the Government. The Department of Agriculture arranges certification, and the price of the wheat is fixed.

There is no foundation for that statement regarding the prohibitive price of wheat ?—No; it is one stated price. The wheat is inspected while it is growing to see that it is pure and free from disease, and the merchants and millers put in applications for certain quantities of the different varieties, and the farmer gets 6d. extra per bushel for the trouble to which he goes in growing pure wheat. The Department works out the price and fixes the price at which the wheat is to be sold, and we are not allowed to charge any more or any less.

The Chairman: That will do, thank you.

Dr. FREDERICK WILLIAM HILGENDORF examined. (No. 18.)

Mr. Wright.] You are a Doctor of Science, and head of the Biological Department of the Canterbury Agricultural College, Lincoln ?—Yes.

You have been there for the last twenty-five years ?—Yes.

You are also Director of the Wheat Research Institute, incorporated by the Council of Scientific and Industrial Research ?—Yes.

The objects of that Institute are to improve the quality and cheapen the production of New Zealand wheat, and to assist millers and bakers in the economical and efficient conversion of wheat into flour and flour into bread ?—Yes.

I think investigations have been undertaken by the Canterbury Agricultural College at Lincoln in connection with the growing of wheat for the last sixteen years ?—Yes.

Will you please proceed with your statement ?—I would like to say that my object is to try to interest the Committee in the work done by the Wheat Research Institute. We have been working at Lincoln College in connection with the improvement of wheat yields for the last sixteen years, and the result has been that we have put out pure strains of all the wheats that are normally grown in New Zealand. These wheats have been tested out at Lincoln College for upwards of five to seven years before being put out, and the result has been that the wheat-yields have increased on an average of about 3 bushels an acre. Ninety per cent. of the wheat grown in New Zealand now originates in wheat produced at Lincoln College. We did that work for seven years out of our own resources, and the Department of Agriculture, recognizing that we were doing good work, gave us a grant of £500 a year, which was afterwards raised to £700 a year, which has always been expended. I want to indicate that the work must have appealed to the farming community as doing some good, because two years ago, with the consent of the farming community, the millers, and the bakers, our resources were raised to £4,000 a year, and the Wheat Research Institute was established. I merely mention that as an indication that the research work is doing some good to New Zealand—at least, the farmers, millers, and bakers think so, otherwise they would not have placed their resources at our disposal. For every 50 bushels of wheat the farmer sells he gives us 1½d., for every ton of flour the miller makes he gives us 1½d., and for every ton of flour the baker buys he gives us 1½d., and those sums, with the Government subsidy of £1 for £1, make up our income of £4,000 a year. The subsidy is given on the assumption that the work of the Institute will benefit not only the farmer, the miller, and the baker, but that the consumer will benefit in the long-run by the improvement in bread brought about by the Institute's investigations. I think I may say it is almost a unique organization to have such a large number of people with different interests all subscribing to one particular fund; and this has placed the Wheat Research Institute on quite a good footing. The first work the Institute is doing is in connection with wheat-breeding, with the intention of producing wheats of better quality than the wheats at present grown, so as to give the baker a more satisfactory flour and the consumer a more satisfactory loaf. For this purpose we have at Lincoln this year 4,995 plots of wheat under observation on the College land, these varying from a single row up to 10 acres. They consist mostly of crossbreds, made with the intention of combining high quality with high production. Besides that, we have 1,100 kinds of wheat from all parts of the world—Cambridge, America, Russia—for the purpose of seeing if we can find any more suitable wheat for New Zealand conditions. The work in the laboratory in Christchurch has been going on for the last six months or so. The laboratory is fitted with all the most modern appliances for cereal research, at a cost of £2,500. The chemist, Mr. West, comes from Winnipeg. The wheat-breeder whom we have at Lincoln comes from Vienna, and has a world knowledge of wheat-production. The objects of the work in the laboratory are to test small quantities of wheat so as to indicate baking-value, and so act as a guide to plant-breeding; to indicate to millers as early as possible in the season the quality of wheat to be expected from different varieties and localities, so that they may regulate their blends and thus produce an even quality of flour all the year round, a most intricate problem; to test various methods of baking, and so help to solve bakers' difficulties; to collect books and periodicals of wheat production and conversion from all over the world, and assist the introduction of any processes that may appear to hold out hope of cheapening or increasing the production of wheat or its products; and to assist in co-ordinating the efforts of all the industries that work with wheat. In testing the various methods of baking we are using various kinds of milk—fresh milk, dried milk, and so on—as additives to bread to see to what extent a more satisfactory loaf can be made. We have quite a considerable library fund, and collect books from all

over the world with the intention of improving these various portions of the industry. The Institute has just started work, and the object of my appearing before you is to say its funds come entirely from the wheat trade. If wheat-growing declines, our funds would decline also. We think it is fair to ask that, since we have made such an organization, we should have an opportunity of putting our plans into operation. If any of the duties are taken off wheat we feel sure wheat-growing will decline and our work will consequently decline. I have here one piece of work our chemist has done comparatively recently—that is, taking out the percentage of extraction of flour from various classes of wheat, and showing the number of loaves of bread which can be made from different kinds of wheat. From that he has estimated that even if the duty were taken off wheat and the price per bushel was 1s. less than it is now the reduction in the price of the 4 lb. loaf of bread would be ¾d. You should realize that there is 4 lb. of wheat, worth about 4d., in a 4 lb. loaf of bread, so that if you got the wheat for nothing the bread would still cost 8d.—that is, the loaf which now costs you 1s. would cost about 8d. That is, roughly, the statement which is included in the figures which are given by Mr. West. His figures are very much more accurate than a rough statement like mine. One of the chief difficulties of the dairy industry is sterility in cattle. Some 30 per cent. of the dairy farms in New Zealand are affected with temporary sterility, and late calving occurs in 25 per cent. of the cows in these herds. If that is true, and the cows do not come into profit until two months after the flush of the feeding season, the loss is in the neighbourhood of a third of a million pounds per annum. The Live-stock Division of the Department of Agriculture has a plan of combating sterility in cows by means of administering a substance called vitamin E, which is extracted from wheat-germs. On the request from the Live-stock Division the Institute is now extracting this vitamin E from wheat-germs with the intention of helping the Department to combat sterility in cattle. It will thus be seen that we are doing good service to the cattle industry.

Mr. Wright.] A report has been made from your Institute to Dr. Marsden, of the Department of Scientific and Industrial Research. It was a considered report from the whole of your Institute. Do you think the report would be of assistance to the Committee?—I presume you mean the memorandum to the Hon. Mr. Atmore, who is Minister in Charge of the Department of Scientific and Industrial Research. It was a considered report by our committee, and I think it should have some interest to this Committee. Our committee was made up of three farmers, three millers, three bakers, and three members of the Department of Scientific and Industrial Research. These persons consulted together for some length of time and made a memorandum to the Minister on the matter of the sliding scale.

The Chairman.] Could we get a copy?—You would have to ask the Minister, because the report was confidential.

Rev. Mr. Carr.] Does the Wheat Research Institute advise farmers as to the best time to harvest and thresh their crop?—No, I am afraid not. It seems to be too individual a question.

Do you think that 8d. on a 4 lb. loaf of bread is a fair price for milling, breadmaking, and incidental charges?—I could not say.

The Chairman.] Do I understand that the Government provides £2,000 annually towards the wheat-research work?—The Government subsidizes the levy £1 for £1, whatever it comes to.

So that your income is £4,000 per annum?—Yes, that is what it would be in a normal year.

Is that a permanent arrangement?—It was incorporated in an Act passed last year, and the arrangement lasts for five years.

You are really concerned in seeing that you get the £2,000 from the miller, farmer, and baker?—That is the reason why I am interested in the sliding scale of duties.

Are those concerned not parties to the agreement for five years?—They are only parties to the agreement for making a contribution on the amount they mill.

They are really bound to contribute 1½d. a ton on the flour milled for five years—that is, from last year?—Yes, provided they mill it.

The yield has been increasing?—We have had three very favourable seasons.

You have a particular agreement to receive these moneys: what difference does the sliding scale make?—For the three years before the sliding scale of duties came into operation our wheat-production was 4,000,000 bushels annually, and for the three years since the sliding scale has been in operation the production has been 8,000,000 bushels.

The sliding scale of duties came into operation in 1927?—Yes. We have had three very good seasons—1927, 1928, and 1929—and the annual yield has been 8,000,000 bushels.

For the three seasons prior to that the average production was 4,500,000 bushels?—Yes. That is to say, our income would be cut down by half if the sliding scale were abolished.

You say your improved seed wheat increased the yield by 3 bushels an acre?—Yes.

Mr. Macpherson.] Did I understand you to say that if by some extraordinary circumstances the duty ceased the millers and the bakers would still carry out the contracts to give 1½d. on each ton of flour?—I do not think so. I do not know how it would be affected by imported flour. I presume we would still get the levy on flour made out of imported wheat.

I am not quite clear, if the sliding scale of duties were abolished, whether you would carry on for the remaining five years?—Our only income will come from wheat which is cropped and milled in New Zealand.

In the absence of duty it would be reduced proportionate to the amount of imported wheat?—Yes.

Mr. Wright: In the regulations it says, "all wheat grown in New Zealand and delivered after these regulations are gazetted."

The Chairman.] You made the statement—I suppose it was a considered statement—that if the wheat were grown for nothing the cost of a 4 lb. loaf would still be 8d.?—7d. to 8d. I was speaking in bold figures.

That is a very important statement, and will have a great deal of publicity ?—It is worked out in the figures given by Mr. West in the table I have supplied to you.

How do you account for bread being sold at Melbourne for 8d. to 9d. for a 4 lb. loaf ?—There is very great variation, of course, in the price of Australian wheat. It was exceedingly cheap for the first part of this season. If we were importing Australian wheat now we would be paying more than 1s. for a loaf.

If it would cost as much as the local wheat, protection is of no value ?—The only thing is the certainty. The sliding scale of duties makes wheat and bread one definite price always, whereas the price on the Australian market varies enormously, and I think it would be very irritating to the public to have cheap bread now and dear bread another time.

Have you not taken into account that offal is subject to duty as well ?—I do not know anything about that.

Mr. JOHN BROWN, Farmer, Lowcliffe, Ashburton, examined. (No. 19.)

Mr. Wright.] I think you filled an official position on the Farmers' Union in the Ashburton district ?—Yes.

What position did you hold ?—I was president of the Mid-Canterbury Farmers' Union.

For how long ?—Two years.

And I think you followed very closely the wheat question for a number of years ?—It was during the two years of my presidency of the Mid-Canterbury Farmers' Union that the controversy regarding free market and control was discussed. I acted during that time as chairman for the different meetings; consequently most of the business went through my hands at that time, and I gained a good knowledge of the wheat question from that.

I think you desire to make a general statement on the position ?—Yes. I shall deal with the matters referred to this Committee in their order. The first question is, "(1) What are the advantages from a national point of view of the policy of the Dominion being self-supporting as far as its wheat requirements are concerned ?"

(*a*) War: I think it is essential that New Zealand should grow sufficient wheat to satisfy her own needs. With the exploits of the enemy vessel "Wolf" during the Great War fresh in our minds it must be apparent to all how easily mines could be sown round our coast to block supplies from other countries entering our ports. "This vessel came out of the North Sea, round the Cape of Good Hope, then to Ceylon and India, capturing another vessel and setting her off in turn as a mine-layer, and then passing through Bass Strait, south of Australia, up towards the centre of the Pacific. Finally, she came down towards New Zealand, where she brought two minefields into being. There were about twenty-five mines in the northern field and thirty-five mines in the southern one. In the field off Maria Van Diemen the small coastal vessel 'Kerrima' was sunk, while the 'Wimmera' struck two mines and went down with heavy loss of life. The liner 'Port Kembla' struck a mine off Cape Farewell, in the southern field, fortunately without loss of life. Some of the mines were washed ashore, and one of these, at Tururangi Point, killed three Maoris." The full story of the war-time activities of the notorious "Wolf" was released for the first time by Mr. Rolleston, then Minister of Defence, and was referred to by Sir James Allen in a speech made in London in 1926. Multiply the efforts of the "Wolf" and you can readily see what might be the result. The late Mr. Corson, miller, of Christchurch, in an address to the Dominion Farmers' Union executive in April, 1925, gave actual experiences that New Zealand had early in the war and later. He says: "In correspondence with the Minister of Customs in September, 1913, I pointed out what eventually would happen—viz., short production in New Zealand, a drought in Australia necessitating imports from the Northern Hemisphere. You will remember the late war commenced the next year, when we met the worst possible combination of circumstances. It will probably be remembered the position in Australia was so critical that the first cargo of wheat purchased by our Government was held up for some weeks, the Commonwealth being afraid of depleting their own supplies. Our Government also made a large purchase of Canadian wheat, and it gives cause for reflection to think what the consequences would have been had hostile action prevented the safe arrival."

(*b*) Strikes: Continuing, Mr. Corson said: "During the period of Government control our wheat-shipments were delayed by strikes. Again, at the end of 1924 we were threatened with a very critical position owing to labour troubles in Australia when our Government had still 14,000 to 15,000 tons of wheat to lift in the Commonwealth. So serious, indeed, was the position that our Government cabled to Australia asking that Government to expedite the despatch of our wheat. This fact was not published, as we wished to avoid anything likely to create panic. Unfortunately, the general public are not aware how near they have been to finding their bread-supplies very seriously curtailed—probably in some districts practically unobtainable. Possibly a little more publicity would have been an education to the public, but it would have created a very serious difficulty at the time."

(*c*) Bran and pollard supply necessary: Besides the question of providing the people's food requirements freed from the possibility of supplies being dislocated by complications in other countries, there is the question of an adequate supply of bran and pollard for the dairy and poultry industries. From what Mr. Corson said in his April speech, there would seem to have been dissatisfaction amongst millers in Great Britain at the large supplies of flour dumped into Great Britain without an equivalent supply of bran and pollard. We know that there has been general dissatisfaction amongst our own wheat-growers and dairy and poultry men over the same thing. Both America and Australia have seemingly a first class market in their own countries for these by-products, consequently a partial cessation of wheat growing and milling in New Zealand would lead to serious hardship amongst the dairy men and poultry men of both the North and the South Islands, but more especially to the North-Islanders.

(*d*) Loss of bargaining-power: I well remember hearing the Hon. Sir William Nosworthy, when Minister of Agriculture, say that in one of our years of shortage, in bargaining for supplies, he was asked 10s. a bushel for wheat in Australia. The price was so high that, though New Zealand could have done with further supplies, she managed by rationing to hold off buying till her own harvest came in. It is very necessary that, even if the full supply is not grown in any one year, there should be enough grown for New Zealand to hold a certain amount of bargaining-power.

(*e*) Capital invested and labour employed: There is a large amount of capital invested in the industries allied to the wheat-growing industry. Flour-mills, stores, threshing-mills, traction-engines, implements, railway-wagons, &c., are all wanted. Dr. Condliffe (late Professor of Economics at Canterbury College), in an article written in April, 1926, on "Economic Aspects of Wheat-production in New Zealand," says of the above: "While economic change ought not to be lightly prevented on the ground of vested interests, it is to be remembered that a number of industries, such as threshing and flour-milling, are directly dependent upon wheat-growing. If it could be shown that the change-over from local production to importation was likely to be permanent and economical, the damage to these industries might be set against the gain to the community as a whole. But the probability is that the disturbance of local production would be irregular rather than permanent, and the consequent uncertainty would result in greatly increased charges for the subsidiary services, which would have to work on wider margins in view of the possibility of lean years." But probably a more serious aspect of this just now would be the dismissal of labour consequent on the closing or curtailment of the activities of these factories or services. Then, there would be the dismissal of a large number of men used on grain-growing farms, because it is well known that in the grain-growing areas the only other alternative is sheep-raising. This latter usually requires a less number of permanent hands and no harvest labour.

(*f*) Wheat Crop helps the Small Farmer: Small settlers, because of their ability to do all the work themselves on the farm, and because of their industry in thoroughly cultivating the ground before putting in the seed, find that wheat-growing pays and fits in well with their usual rotation. They get maximum yields from the usual amount of labour put into the land. If they had to pay for every farm operation at the ruling rates, even they, with their maximum yield, would find it difficult to show a big profit. On small farms sheep-raising cannot be practised without greater risk of disease on account of close stocking. The straw from the crop helps with the cows, and the seconds of wheat help with their fowls. There would have to be another revaluation of most of the soldier farms in Canterbury and Otago, and a further loss to the Government, if wheat-growing was cut out. Taking all these factors into consideration, I think there is a very strong case for protection of the wheat-growing industry.

(2) If that is so, the second question you have been asked to inquire into can be discussed—viz., "Whether the wheat-growers of the Dominion require protection or State assistance to enable them to market their product in competition with the importations from other countries." It can be said quite definitely at the outset that the New Zealand wheat-grower, under present conditions, has not the slightest hope of competing on an even footing with the Australian grower. The Australian farming methods are so totally different from ours, owing mainly to climatic conditions, that the costs cannot be compared; and the fact that Australian mills work, in most instances, twenty-four hours a day, and have a ready market at good prices for bran and pollard in their own country, enables them to export flour often at dumping rates. The current domestic value in Australia is often higher by £2 or more than the export value. Consequently it is not the landed price of Australian wheat in Auckland that rules the New Zealand price of wheat, but it is the price of Australian flour landed in Auckland that rules the New Zealand price of wheat. If we concede this, then the cost of production of the wheat crop in the South Island, plus a reasonable profit, will be the price fixed to enable the wheat-growers to proceed to grow sufficient for New Zealand's needs. If the profit is commensurate with the well-known risks, then sufficient will be grown; if not, then ordinary business prudence makes the wheat-grower stop growing it. That is shown clearly in tables prepared by Dr. Condliffe. We know that New Zealand's needs at present are about eight and a half million bushels. We know also that it is only the farming-lands of Canterbury and North Otago that are specially suited for the growing of wheat crops—there is a limited quantity of such good land, sufficient to grow present requirements without impoverishing the land. If the price is such as to give only a reasonable profit, it is grown. As soon as the price becomes more remunerative the poorer class of lands are brought into cultivation—a surplus is produced; then export prices rule. These, owing to distance from world markets, are low, less ground is prepared the following year, and much less the year after. In breaking-up grassland two crops are usually taken in succession, then it is put in oats and sown down again with grass. The poor-country wheat-growers, even if they only grow one wheat crop, find by experience that, though they may get a fair crop of wheat, there is greater risk through dry spells, and there is decided impoverishment of the soil, seen in the poor strikes of grass following the wheat crop. If the Government of a country decides that it is essential to grow sufficient wheat to supply the people, it is clear that the price of growing the crop will have a decided bearing on any assistance that may have to be given. I have here a table showing the actual yield for the last seven years (on my own land), and also a table showing the average costs of growing wheat on my farm, based on the average yield for this seven-years period. The farm is composed of alluvial soil (with stony ridges through it), the work is done by contract (the contractor has sufficient work to keep him constantly going on the place), and the average actual yield is 31½ bushels per acre. The contractor also uses my implements. A portion of my land is exceptionally suited for wheat-growing. If the field to be broken up is very twitchy the extra cost per acre would be at least another £1 10s., which, spread over three years, would be 10s. more per acre for the crop—roughly, 4d. a bushel more. The wheat crop is more prone to disease than any other cereal

crop we grow, and it causes the most work and worry. At this stage I shall go over the schedule of costs, yields, &c. The figures are from my own farm, starting with the harvest year of 1922—that is, really 1921–22 crop, the last year of Government control. During the slump year, 1921, the price of products was very low, and we had to grow something that would give us a return for our work. The price of wheat was guaranteed by the Government, and in May, 1921, I decided to grow wheat. Owing to the late start, I had to put it in on the one furrow, and in the next year I had to set to work to clean up my land. The following are the tables:—

Table showing Yields of Wheat since the Slump Year (1921–22 Crop).

Harvest Year.	Yield.	Acres.	Average Yield Back.
	Bushels.		Bushels.
1922	5,496	191	$28\frac{3}{4}$
1923	None.	None.	..
1924	2,773	84	33
1925	5,960	166	36
1926	5,276	212	25*
1927	5,810	164	$35\frac{1}{2}$
1928	5,269	129	$40\frac{3}{4}$
1929	3,130	125	25†
Totals ..	33,714	1,071	31·47

* Wet winter. † Take-all.

Estimate of cost of 1 bushel of wheat, taking $31\frac{1}{2}$ bushels as the average crop over the period of years given in the foregoing table: Rent (one and a quarter years) and rates and taxes, £1 19s. 6d.; ploughing, 7s.; cultivating (twice), 4s. 6d.; harrowing, 1s. 3d.; ploughing, 7s.; cultivating, 2s. 3d.; harrowing, 1s. 3d.; drilling, 2s. 3d.; seed (2 bushels at 6s., pickling, 2d. per bushel), 12s. 4d.; manure, 6s.; fence-cutting, 3s.; reaping, 5s. 6d.; stooking, 3s.; twine, 2s. 6d.; stacking, 9s. 6d.; threshing (6d. per bushel), 15s. 9d.; carting (3d. per bushel), 7s. $10\frac{1}{2}$d.; f.o.b. charges, 9s. $1\frac{1}{2}$d.; loss on sacks and twine, 1s. 10d.; interest on money paid out (say, £3 at $7\frac{1}{2}$ per cent. for six months), 2s. 3d.; supervision, 5s.; use of implements, shed, and horse-paddock (£60—450 acres worked), 2s. 8d.: total cost per acre, £7 11s. 4d. £7 11s. 4d. = $31\frac{1}{2}$ bushels = 4s. $9\frac{1}{2}$d. per bushel. If twitchy, the cost would be at least 4d. per bushel more—5s. $1\frac{1}{2}$d. per bushel. My supervision costs may be thought low, and I am not in agreement in the item with many of my farmer friends. If farmer supervision costs were increased by 5s. per acre the cost would be another 2d. per bushel, bringing the cost up to 5s. $3\frac{1}{2}$d. per bushel.

"(3) What form of protection or State assistance (if any) would effect the object without unduly adding to the cost of wheat, flour, bread, fowl-wheat, and wheat-offal to the users?" For reasons given in question (2) a free market can be ruled out if the Government wish sufficient wheat grown in New Zealand for her requirements. Before discussing other forms of protection or State assistance it would be well to give a short history of the wheat industry, because experience of different forms of protection was gained from the 1917–18 crop onwards till to-day.

Government took over control of the 1917–18 crop as a war measure, and carried on till the 1921–22 crop. This crop was the second-largest on record—10,000,000 bushels—and, in my opinion, the slump drove most farmers to grow wheat when they would not otherwise have grown it. The price, 5s. 6d. f.o.b., was the only price of produce that was certain; the prices of other produce were far below cost, and it was a case of getting out of a hole the best way one could, without thought for future trouble in working the land. You will notice by my schedule that I did not grow any crop in 1923; that was because I had to clean the land again. A small loss per bushel, the farmer reasoned, was better than the huge loss on mutton, lamb, and wool that threatened; hence the 10,000,000 bushels. The Government authorities managed to get rid of the surplus reasonably well, but it was the last year of Government control. The next year (the 1922–23 crop) there was an unsheltered market. In order to avert great loss the Wheat Board (composed of representative farmers from the wheat-growing areas) came into existence under the chairmanship of Mr. G. W. Leadley. This Board came to an agreement with the millers on a set of prices—roughly, 5s. 3d. f.o.b. This mutual agreement lasted for the 1923–24 crop at, roughly, 5s. 4d. f.o.b. The result of these low prices was seen in the reduced acreage and yield of the 1924–25 crop. The Wheat Board was still in existence, but farmers claimed higher prices for their reduced yields. An agreement as to prices was come to in Wellington in April, 1925, between the Government, the millers, and the growers, at 6s. 8d., 6s. 10d., and 7s. f.o.b. for the different grades, with a Government embargo on flour. Owing to the shortage, poultry-feed was selling in the spring for more than the milling-wheat had been disposed of earlier in the season, and great dissatisfaction was expressed by poultry men. In May, 1925, a conference was held in Ashburton to try to come to an agreement (at sowing-time) on prices for next year's crop, so that adequate prices might induce growers to increase their acreage. The Government, growers, millers, and poultry men were represented, and a tentative agreement was made, to be presented to the Minister of Agriculture later, at 6s. 5d., 6s. 7d., 6s. 9d. f.o.b. It was freely stated at the conference that bread could be sold at 1s. a loaf at these prices. The Minister agreed to put an embargo on Australian flour so long as the growers grew a required acreage. Owing to most adverse climatic conditions the growers found it absolutely impossible to get the required acreage in, and they placed

the facts before the Minister. Early in December, 1925, another conference, at which Government representatives, farmers, millers, and poultry men were present, ratified the May prices, with the addition of a clause giving poultry men the benefit of the control at lower prices than milling-wheat, on the understanding that the agreement should last for three years in order to get stability, for by that time it was known there would be a big shortage and higher prices than those agreed upon in May. The expected high prices and the poultry-feed clause caused trouble. An agitation arose for a free market, but with duties on wheat and flour at 1s. 3d. a bushel and £3 a ton. A meeting called in Christchurch about the middle of December by the Agricultural and Pastoral Association against control did not succeed. After that meeting, however, owing to continued agitation, the new Government, under Mr. Coates, announced that they were prepared to control the next year, but would not control in subsequent years. This the farmers, who had been willing to carry out the lower December prices agreement for a period of three years, could not agree to, and at a meeting in Ashburton in January, 1926, two resolutions were carried, the first to the effect that, as the Government would not control for subsequent years, the conference asked for a free market (with duties); the second asking for the duty on flour to be increased from £3 to £4 a ton, the duty on wheat to remain at 2s. per cental. The Coates Government granted the request for a free market, and the 1925–26-crop prices opened at 7s. 4d. f.o.b. for Tuscan, but came back a little later. The 1926–27 crop was a good one, and on the free market the prices were back in March, 1927, to 5s. 5d. f.o.b. Monster meetings of wheat-growers at Timaru on the 30th March, 1927, and at Christchurch a day or so later, asked the Prime Minister, who was present, to increase the duty on imported flour from £3 to £4 a ton, as had been asked in January, 1926, at Ashburton. He promised to consider this. The Tariff Commission was then sitting, and he put the question before them. They suggested the sliding scale of duties. These were discussed at the time by the Government representatives, the growers, and millers, and the principle was approved. In October, 1927, Parliament passed the sliding scale of duties, and so Mr. Coates honoured his word given at Timaru and Christchurch to try to solve this difficult problem on an equitable basis to all interested parties. This scheme, in effect, by means of duties rather than by Government control, approaches closely the farmers' scheme of December, 1925. I, as chairman of the Mid-Canterbury Farmers' Union at the time, presided at the Ashburton conferences of May and December, 1925, and January, 1926. The official documents passing during the controversy on control *versus* free market went through my hands, and I have full newspaper reports of the meetings if a fuller account is at any time desired. This short history will show you that some forms of protection have already been tried, and it sheds some light on the effectiveness of them. Taking them separately,—

(*a*) Fixed duties: A stable price over a period of years is more necessary probably in wheat-growing than in any other branch of farming. Once a field is ploughed from grass it means that in order to get full value for the heavy cost of breaking and cleaning, and the renewal to grass again later, several crops must be taken out. It can be readily seen that violent fluctuations in prices from year to year create doubts in the farmers' minds as to whether the heavy costs are warranted. The man who is in a fairly good position financially can risk it, but the man who has to keep his eye continually on his interest payments in order to keep the roof over his head prefers a stable price over a period of years, even if that price is lower. Fixed duties, then, tend towards very high or very low prices. High prices in any one year do not necessarily mean a good profit for the farmer on his year's working, for usually high prices are caused by low yields, and high yields produce low prices. This is so mainly because of our distance from world markets. The consumer either has, or should have, to pay high prices for his bread, or low prices, according to the extraordinary fluctuations. So that neither the producer nor the consumer benefits in the long-run, though the gamble has often a fascination for the farmer; and this gamble either leads to his destruction or his making, especially in the early years of his farming life. But what the Government has to consider more especially is the fact that owing to the chasing of high prices, or the disgust at low prices, the acreage, and therefore the yield, from year to year varies from surplus to shortage, and that is not what is wanted. The price should be high enough to produce sufficient wheat—and not more—for the country's use without giving undue profit to the producers and without injuring the consumers of the product. Fixed duties have not so far done that.

(*b*) Bounties or subsidies: In order to produce sufficient wheat for the country's use these would have to be fairly substantial. As shown in question (2), Australian flour rather than Australian wheat rules the Canterbury price, and we simply cannot compete on an even footing; and yet it is necessary to grow wheat in order to give us bargaining-power, otherwise Australia would clap on an exorbitant price. There is no sentiment in the Australian business man: that is shown in more directions than one. I have tried to show that stability is needed here, and Australia's fluctuations in price would give the New-Zealander either a very payable or a very unpayable price, and so we would defeat the end we set out to get—sufficient each year. A sliding scale might be set up from a basic price in Australia—something like we have now; but if our present sliding scale of duties is effective, why change? But no Government, without a good deal of thought, would plunge into giving a subsidy whose total amount would vary according to the bushels grown. It might be very large or very small, but a constant tax would have to be levied in case of accident. If too much was levied, there would be trouble: if too little, still more trouble. There might be difficulty in devising a tax that would press evenly on all sections of the community—and all consume bread.

(*c*) Mutual arrangements: These have been tried four times within the last eight years. In these arrangements the grower, the miller, and the public (through a Government representative) were considered. The Wheat Board functioned relatively well in the low-price crops of 1922–23 and 1923–24. The following year we had a poor yield owing to the low prices the two previous years making the farmers reduce their acreages. As shown in the short history given at the beginning, a

new arrangement was agreed upon in Wellington in April, 1925. It was not too successful. Even though 6s. 8d. for Tuscan was agreed upon and carried out by most farmers, the poultry men were paying over 7s. in the spring for poorer wheat. Then, owing to adverse climatic conditions, the 1925–26 crop was estimated to give a poor yield. The Wheat Board was asked by the millers to carry out the May, 1925, agreement, and to ration the wheat. The Board could not do this without official status. This was refused by the Government. On top of this came the outcry in December, 1925, for a free market, and in the month following "control" was upset. Altogether, though doing some good, there were many difficulties and a fair amount of dissatisfaction—not all from farmers.

(*d*) Government control: This was instituted in 1917–18 and carried on till 1921–22. A look at Dr. Condliffe's tables shows that there were violent fluctuations in prices and yields, though this was probably, in part, due to abnormal times. More time has been devoted the last few years to an economic study of the farmer's position, and production costs for all farmers' products have been more closely studied. There would, I think, be a better chance for Government control now than then; but my reading has shown me that there was a good deal of friction between the Government officials and the millers then, and I know there was a good deal of dissatisfaction in 1921–22 (the big-crop season) between farmers and officials. However, I think there are possibilities in this, if it could be run smoothly and efficiently.

(*e*) The sliding scale of duties: The friction with Government officials is obviated in this scheme. As I have said in the short history, it practically carries out by duties what was attempted by an embargo on flour, and fixed prices. There is not the same definiteness of prices that farmers would like to see, and they have tried to remedy this by combination (the wheat pool). But even this has not completely overcome the difficulty, though it has gone a long way towards it. The regulation of supplies to the market has stabilized the price at somewhere approaching the price the Tariff Commission considered should be aimed at—viz., 6s. 4d. f.o.b. for Tuscan. This price is within 1d. of the price arranged in the May, 1925, agreement after a good deal of thought. So far we have more than grown sufficient for our needs, this mainly owing to the good growing seasons the last three years. But we cannot expect a run of them. Average seasons will rule, and it would seem as if we had just about reached a price that will compensate the grower for his heavy risks. I must say, however, that the miller considers the basic price in Australia should be £14 a ton on flour, not £13 10s., in order to give the grower the 6s. 4d. f.o.b. for Tuscan. As a matter of fact, the grower is only getting 6s. to 6s. 1d. f.o.b., or, roughly, 5s. 8d. on trucks, country stations, for his best milling-wheat; and you must remember there is always a proportion of "seconds," which sell at anything from 6d. to 1s. a bushel less. When we say "31½ bushels to the acre" we mean both firsts and seconds. That is a point not always taken into consideration when the price per bushel is quoted. The first year of the sliding scale (the 1927–28 crop) the growers did not get the price they should have got, because there was no growers' organization to regulate supplies to the market; consequently prices slumped badly and the speculator had room to work. The second year (this year—1928–29 crop) the wheat pool has to a certain extent remedied this weakness. The man outside the pool has, so far, ridden on the back of the man inside the pool. Some millers have not been too friendly to the pool. They are content to take full advantage of a duty that was put on primarily for the growers; they will not buy from the pool if they can help it, and they allow the grower to take all the load of a surplus. The miller, to put it plainly, gets all the benefits and shoulders none of the losses. The sliding scale might perhaps be extended by automatically fixing the price of wheat per bushel from a basic price per ton of flour and an equivalent basic price per bushel of wheat. This was suggested by the late editor of the *Press* in several leading articles about the time the sliding scale of duties was being discussed, and there is room for thought in it. It would certainly stop the constant argument between the miller and the grower as to whether a fair price is being offered. There are undoubtedly weaknesses in the practical working of the sliding scale of duties on wheat and flour, but it has brought us nearest the ideal—a sufficient supply of wheat for the country, with a reasonable price to the grower, miller, and consumer.

Mr. Jones.] Were you actively engaged in conference with the farmers when the sliding scale of duties was fixed?—Yes, I was, though I was not present at the conference in Wellington.

Was it your impression that the thing was thoroughly investigated, and that a reasonable price was fixed?—Yes, it was a reasonably good price, to enable them to grow wheat over a number of years and to get stability.

Do you think that anything has intervened in the meantime to alter the scale?—Not yet.

I noticed that in your figures you omitted rates and taxes?—No.

Are they included?—Yes.

The question of pollard and bran has been raised: from your experience over a number of years, do you think, as a wheat-grower in New Zealand, that bran and pollard will be cheaper in the future?—I do not think so.

You do not think the position will be easier?—I do not think so.

As far as the poultry industry is concerned, do you think that that industry should be carried on where the wheat is grown, or in a part of New Zealand where the wheat is not grown so much?—I would not like to say anything regarding that. I do not know. It all depends on what you can get the wheat at.

You quoted Dr. Condliffe's remarks as supporting the sliding scale: is he not a Free-trader?—I do not know.

In connection with the present system of farming in Canterbury, would the position in Canterbury be largely revolutionized, as it has grown up, if wheat-production went out — that is, considering the sizes of the holdings there, would the holdings in Canterbury, and the land, be suitable for dairying, or could a man make a living from sheep on the average holdings there?—On the small farms—the soldiers' farms and the smaller settlers' farms—I think that if they kept too many sheep there would be more risk of disease among the sheep.

On a 200-acre farm, say, of average Canterbury land, could a man make a living out of that with sheep alone, and provide enough to bring up an average family ?—It would take him all his time to do so, though he might. That requires some thought. I have not gone into it.

Do you know anything better than the mixed farming in Canterbury to train a farmer ?—No ; it is a first-class system.

Have you taken into consideration in your costs the depreciation in your land through cropping wheat ?—Not there.

Do you think it is a factor worthy of consideration ?—It is a decided factor on the marginal lands, but not on the heavier class of land. Naturally we have a rotation that we keep to as close as possible in order to keep the fertility of the land at its best state.

Has there been any unemployment throughout the Ashburton district, particularly as far as Ashburton Town is concerned, during the last year or two ?—There has been a certain amount of unemployment there, but not so much as in other parts of New Zealand. Mr. Carr, as Chairman of the County Council, will probably be able to give you figures regarding that later on.

Mr. Jenkins.] I think you said that the miller gets all the benefits, and does not stand to lose anything : do you suggest that he does not bear his fair share ?—How do you mean ? Regarding the duties, I stated that at the present time the miller does not need to buy until he is ready to buy ; consequently, if there is a surplus, and the pool is working, the pool is left to carry the load. But the miller at the present time gets the full advantage, whereas the grower at the present time has to shoulder the surplus if there happens to be any ; and if there is a surplus, the price of wheat goes down, and that is reflected upon the grower and not upon the miller.

Rev. Mr. Carr.] Were the poultry men and the dairy-farmers not represented at that final conference when the sliding scale was arranged ? I did not hear you mention the poultry men and the dairy farmers as having been represented there ?—I was not present at the conference in Wellington, so that I do not know ; but at the conference in Ashburton—that was in December, 1925—we had poultry men represented there.

But you did not mention the dairy-farmers ?—I was not present, and I can only state the facts as I know them.

Would the payment of bounties, in your judgment, be more likely to keep the price down ?—I do not know.

Do you recognize the advantages to the millers, as against the growers, by this sliding scale ? Do you think that some millers are going slow as a result of this restricted output ?—Of course, I do not know anything of the millers' costs—not so as to speak of them authoritatively.

But still you would admit, in general terms, that the millers are deriving certain advantages from the sliding scale—perhaps undue advantages ?—Well, they have a decided advantage over the farmer ; in so far as the growers carry the surplus, the growers have to shoulder the lower prices.

And the miller is on a good wicket ?—Yes. It all depends upon costs, and so on, and whether he can carry on. I do not pretend to know anything of the miller's costs. He may be working efficiently or not ; I do not know. I have only given my opinions upon my own lines.

You admit that there is a restricted output ?—I do not follow you, Mr. Carr.

I mean that the bigger mills are restricting it ?—I do not know. That is a matter for this Committee to inquire about from the millers themselves ; regarding the quota given to each mill, you may be able to get an answer from them.

Mr. Macpherson.] You are familiar with the cost per acre of producing wheat. This cost of yours is, of course, based upon particularly easily worked land. I mean that your land is relatively easily worked, and as a consequence your costs are considerably lower than what the average cost would be for the whole of the wheat-growing area ?—Quite possibly. I am giving you my own figures exactly.

But do you admit that your land is level and easily worked ?—Yes.

The Chairman.] But his yield is not high, Mr. Macpherson—31½ bushels per acre ?—That is over a period of years.

It is just your average yield ?—Yes.

Mr. Macpherson.] You admit that your costs per acre are certainly lower than the average costs would be for Canterbury ?—That is quite true, because my land is free-working land. Not only that, but I am particularly fortunate in having a farm of such a size that I can employ a contractor upon the place during the whole year, and consequently that contractor can afford to give a low price which he could not afford to give to any one outside—if he had to go from me to some one else, with a period of unemployment in between.

That is a very important factor ?—Quite so.

As a matter of fact, yours is a bed-rock price—the size of the land is just sufficient to give full employment to the contractor ?—That is so.

In regard to the wheat pool, where we have a small surplus, as during the present year, is it your opinion that the miller derives considerable benefit from the functioning of the pool, inasmuch as he only comes on the market when he requires to buy wheat ? In other words, he does not require to stock up at the beginning of the year. Knowing that there is a full quantity available, he allows the pool to carry the wheat, and he can keep his money invested in something else until he requires to buy the wheat ?—Yes ; but there is no reason why he should not have to pay just as much to the pool later on.

In the event of supplies being cut off, would you consider that the pig-farmer and the poultry man would be at a serious disadvantage in buying offal from Australia ?—Well, if they had to get supplies from Australia alone, naturally the Australians could charge practically what they liked, or, rather, the price at which it could be obtained from other countries.

You think that they would have to pay a high price for offal if we were growing only four or five million bushels of wheat and having to import the balance equivalent in flour?—It all depends upon the price in Australia; but the mere fact of our having bran and pollard here in this country allows them to have a certain amount of bargaining-power. That is quite a consideration. As most of you know, if you have a certain amount of bargaining-power you can probably get your goods cheaper.

You admit that the present system is not perfect, but, in your opinion, it is the best we have had under the circumstances?—Yes.

Have you any suggestions to make with regard to its improvement?—The only suggestion I have is the one that I made in my evidence regarding the fixing of the price to the farmer as well, where I said, "The sliding scale might perhaps be extended by automatically fixing the price of wheat per bushel from a basic price per ton of flour and an equivalent basic price per bushel of wheat. This was suggested by the late editor of the *Press* in several leading articles about the time the sliding scale of duties was being discussed, and there is room for thought in it. It would certainly stop the constant argument between the miller and the grower as to whether a fair price is being offered." That, I think, could be done, and there is a certain amount of argument at the present time between the grower and the miller as to what is a fair price for the farmer's wheat. If that were automatically adjusted, as I think it could be, it would be of benefit to the grower.

It would improve the present system?—Yes, I think it would.

The Chairman: We have had some information given to us about the wheat pool, but we have not had any evidence of how that pool works. Mr. Wright, are any of your witnesses going to give evidence about it.

Mr. Wright: Yes, I am calling the chairman of directors later on.

The Chairman.] That will be satisfactory. Now, Mr. Brown, you stated that your rent and taxes amounted to £1 19s. 6d. per acre. That is a lump sum: can you tell us how you divide that into taxes and rent?—Rent on land valued at £25 an acre.

At how much per cent.?—Six per cent., the ordinary mortgage rate.

And the balance would be rates and taxes?—Yes.

But you could not tell us how much would be rent and how much would be taxes in that lot?—It all depends upon the mortgage exemption for the next year.

I would like to have the land-tax. You have not the details with you, I suppose, of the land-tax you actually paid this last year?—I have lumped them together as rates and taxes.

Mr. Wright.] You could supply those details later?—Yes.

The Chairman.] But we have had a statement that the land-tax on wheat is 10s. per acre—we have had a witness this morning who stated that the land-tax is 10s. or 11s.?—Well, you see, the mortgage exemption affects it.

But that is not the law yet?—Yes, it becomes law as from the 31st March last, and it will affect this price.

We cannot discuss a future law, but a witness has given us the figure that the land-tax was 11s. per acre?—On my place both rates and taxes together would only be 2s. per acre.

That is totally different from what we had this morning?—It amounts to about £100.

There is a vast difference between the two sets of figures. Now, what is your opinion about the duty on bran and pollard, which is the raw material for the farmer in the North Island, who does not grow these things? Do you think the present rate of duty should be continued—£1 a ton in both cases?—I have not gone into that part of it.

Would you have any objection to the removal of the duty?—In those prices that are agreed upon by the Government and others in regard to the sliding scale of duties, no doubt the duty on bran and pollard at that time would be taken into consideration.

But you said that bran and pollard were at a high price abroad, and therefore could not compete here; if so, there would be no need for the duty, would there? You said that the Australian prices for bran and pollard were high, and therefore there should be no need for the duty?—In this case, if we are growing sufficient wheat here to supply the market, it would probably be an advantage to the North Island men to have the bran and pollard produced here.

Yes, he would want it produced here, but at the present time it is understood that he cannot get bran and pollard at all?—I do not know that that is the position.

I cannot get from you as to whether you would be agreeable to the removal of the duty, or whether it should be continued?—As I mentioned, when those prices were fixed the prices of bran and pollard would probably be taken into account. If those prices are lowered it might make a difference to us and lower our prices.

That means that present duty is in favour of the South Island farmer and operates adversely against the North Island farmer: is that a fair proposition? Both parties are farmers, then is it fair that one should benefit and the other suffer?—I do not know whether they suffer or not; if it is so, I do not think it is right. That remains for you to find out from the millers.

Oh, yes, you are not quite of opinion that the wheat-grower gets the whole of the benefit of the protection now given?—That is so, because we have got to carry the surplus.

Would it not be a better system if the wheat-grower received the whole amount of the protection?—If it could be done.

Then, would not fixed prices for his wheat be the better proposition?—Yes, as long as it could be carried on without any friction.

Then, in your bargaining with the Government, the general public were not parties to the bargain?—Yes, the general public was represented by Mr. Collins.

But they had no direct representative?—The Government itself was represented.

But the Government has to hold the balance between all the parties. The millers and the growers had direct representation, but the general public had no direct representation?—I take it that the Government representative was acting for the consumer. He had to see that the consumer got a fair deal over it; otherwise the Government would not agree to it.

The sole reliance of the general public would be upon the Government?—Yes, upon the Government representative.

The present position in regard to the importation of wheat possibly affects the northern farmer to some extent, inasmuch as the Australian Government practically prohibits or blocks his goods, such as butter, cheese, and bacon. They retaliate in some instances because we impose high duties upon their wheat?—And they put an absolute embargo upon our potatoes.

And a high tariff upon cheese and bacon?—Yes; and, as I mentioned, there is no sentiment about the Australian business man in that respect.

We are getting a bit like him down here, do you not think? My point is this: I am not averse to the wheat-grower by any means, and never have been; but the contention of the North Island farmer is that not only does he pay for the high protection that the South Island farmer enjoys, but he also loses his own market—that is to say, his cheese and butter will not be admitted into Australia except under a high tariff. Is not that a huge disability for the North Island farmer to be under?—Well, I have not considered that, and I would like to consider a thing like that before making a statement upon it before such a representative Committee as this.

The Chairman: Quite so. Your evidence has been excellent and carefully considered evidence, there is no doubt about that, and I appreciate very much that point of view.

Mr. Macpherson: I agree, Mr. Chairman, that Mr. Brown's evidence has been very valuable, and I would like to know whether we can each get a copy of it.

The Chairman: You will each have a copy of the whole of the evidence. Mr. Brown's evidence will be ready for members of the Committee next week.

Mr. MARCELLIUS JAMES SCOTT examined. (No. 20.)

Mr. Wright.] You are a Bachelor of Arts, a Bachelor of Science, and an Associate of the Institute of Chemists, and Lecturer on Agricultural Chemistry and Animal Nutrition at Canterbury Agricultural College, Lincoln?—Yes.

You might just read your statement?—During the last three years the Canterbury Agricultural College has been conducting a series of experiments in pig-raising—in ascertaining the values of different types of food available for pig-raising, and the effects of such food in producing a good carcass. We have carried out during that period about one hundred feeding trials at Lincoln College and on neighbouring farms, involving the feeding of about fifteen hundred pigs. Particular attention has been given to trials with skim-milk and whey, with and without supplementary foods. To this end we have been collecting information on farms in the locality and having similar information collected in other localities. Most careful and detailed accounts have been kept of the breed of pig, the housing-conditions, rates of growth, the feeding, quality of carcass, cost of production, &c. We have been practically following the pigs from birth, with periodical weighings, right through to slaughtering, and the prices paid for the pork at Smithfield, London. Pollard is, of course, used as a food for pigs, but the statements made as to this particular class of food being indispensable are altogether out of proportion to the importance of this food in the raising and fattening of pigs. It has been stated that owing to the inability of the North Island producer to obtain pollard at a reasonable figure the pork industry has suffered, and that the flavour of the flesh has been affected at a result, producing a "fishy" taste, and therefore that the duty should be taken off pollard and bran. Such statements will not bear analysis. The opinion that pollard is the only, or even the main, concentrate that can be used in pig-raising is quite erroneous. Mr. Callaghan, of the Department of Scientific and Industrial Research, has compiled a list of pig-foods, all reduced to a common measure—their calorific value. I attach (see Appendix III, B) this list of such pig-feeds for various districts from North Auckland to Southland, and from it it will be seen that wheat-offals, bran, pollard, and seconds form 16 per cent. of total potential pig-feed. These are potential supplies, and of the 16 per cent. here quoted it is estimated that 12 per cent. is now used for poultry, leaving wheat available for pigs at only 4 per cent. of their total feed. Milk constitutes 60 per cent., turnips and mangolds about 20 per cent., and other grains about 16 per cent. In addition to the feeds quoted here, there is meat-meal (freezing-works product), which I am sure as a result of many experiments is the first supplementary feed necessary to make pig-raising a profitable business. In winter-time and in whey districts it is indispensable, doubling the value of present winter feeds, preventing deaths and loss from lack of thrift, and bringing store pigs on to August in good condition. In whey districts its use can increase the return from whey by 50 per cent., and it is the only feed that pig-farmers should buy with the present prices of pork. Grain feed, lacking flesh-forming material, can never be so valuable as meat-meal. The essential feature of pig-raising in the North Island is to use up the skim-milk and whey which dairy-farmers have in such quantities as a by-product in connection with their dairying. It is true that with skim-milk or whey the use of concentrates will give increased production, but at average prices this increased production is not possible. Production can be made profitable, however, by attention to management, regular attention and feeding, and good shelter and clean conditions. With regard to prices, if a farmer uses supplementary feed he can afford to pay £10 per ton for pollard when pork is 5½d. per pound, £9 per ton when pork is 4½d. per pound, and £8 per ton when pork is 4d. per pound, feeding it along with skim-milk. I produce graphs (see Appendix III, C) showing the relation between the price of pork, the value of skim-milk, and the prices that can profitably be paid

for grain feeds. At higher prices for pollard or lower prices for pork there is a loss on using pollard or other concentrate at the same cost, and therefore the farmer must pay attention to the many other factors that operate in giving a return, and not buy to make up for bad management with high feeding on costly bought foods. The following are the present prices per 100 lb. of meals in Hamilton. With the exception of mixed meals (inferior) and linseed (whole), all these meals are of nearly equal feeding-value. Pollard is the lowest price per 100 lb. Barley-meal, 12s. 6d., 12s.; pollard, 12s., 11s., 11s. 6d.; mixed meals, 13s., 13s. 6d., 11s. 6d., 14s. 6d., 13s. 6d., 16s. 6d., 13s. 6d., 14s. 6d.; linseed-meals, 18s. 6d.; linseed-meals with oil, 24s., 25s.; pea-meal, 12s. 6d., 13s., 13s. Pollard, in any case, is now the cheapest of all grain supplements. In further support of the above facts I attach a list of ten Waikato farms where pigs feed mainly on skim-milk, from which it will be seen that the net return per cow from pigs varies from £5 18s. in respect of the most efficient farm to £1 16s. in respect of the inefficient farm. The returns from pigs and the cost of concentrates are given in each case. (See Appendix III, A.) The farm which produced a net return from its pigs of £5 18s. per cow paid only £7 10s. for concentrates (5½ per cent. of total turnover), while one of the farms which produced a net return per cow of £2 13s. spent no less than the sum of £74 8s. in concentrates, or 47 per cent. of total turnover. On the five best farms only 6 per cent. of the turnover is spent in supplementary feeds. On the six worst farms 16 per cent. of the turnover is spent on supplementary feeds. If all farmed like the six best, then we would be producing £3,000,000 worth of pigs and using equivalent to 550,000 bushels of wheat—twice the present pig-production with half the present grain available, which includes barley, maize, oats, &c. With regard to the whey farms, the statement shows a pig return from six whey farms varying from £2 12s. per cow in respect of an efficiently-run farm to £1 10s. 7d. in respect of a badly-run farm. The £2 12s. farm spent £26 in concentrates (18 per cent. of his returns), while the worst farm (which produced only £1 10s. 7d. per cow) spent £31 on concentrates (32 per cent. of returns). On the three best farms 12 per cent. of turnover was spent on supplementary feed; on the three worst 17 per cent. of turnover was spent on supplementary feeds. With regard to the question of carcass-quality, the Canterbury Agricultural College has had two hundred pig-carcasses examined at Smithfield after being shipped from New Zealand. We knew their history from birth to slaughter. In the same feed lot there were excellent carcasses and there were bad carcasses; and we could have said as much before the pigs were killed. From this we conclude that the kind of food has not as much influence on the carcass-quality as has the treatment—housing, water, freedom from disease and consequent checks in growth-rate, and the constant attention which can be supplied only by the feeder. "Fishiness" has been attributed to the feed, but the following statement from H. R. Davidson, Pig Department of Rowett Institute of Animal Nutrition, can be taken as authoritative: "I am writing to say the statements made by curers that the quality of fat in whey-fed pigs was much poorer than that in grain-fed pigs is not in accord with such scientific tests as have been published, nor with reports of curers themselves in Great Britain, Ireland, Denmark, Sweden, Canada, and United States of America. Barley-meal, boiled potatoes, and milk by-products are the best three feeds for producing high-quality pig meat." There have been a number of statements with regard to the feeding of pigs in connection with the abolition of the sliding scale of wheat duties which can only have been made from an insufficient knowledge of the essential facts. In the event of the abolition of the wheat duties, I understand it is by no means certain that pollard in sufficient quantities and at regular intervals would find its way to New Zealand and be sold at a figure which would enable the dairy-farmer to use the same at all times in connection with his pig-raising. I understand, however, that other witnesses who have a more intimate knowledge of the import trade and Australian conditions will be dealing with this aspect of the matter. My principal points are—(1) Wheat-offals available amount to only about 4 per cent. of the total pig-feed available. (2) Pollard is the cheapest pig-feed on the market. (3) All pig-feeds are so dear as to make their use with milk by-products a losing business. The high cost of getting pork from the farm to the table makes it impossible to follow the feeding practices of other countries. (4) When milk is abundant better returns are obtainable with a little supplementary feed than with a large amount of bought feed. Returns so obtained warrant pig-raising. (5) By paying attention to shelter, regularity of feeding, breeding own weaners at the right time, and general organization of the farm nearly twice as many pigs as are at present turned out could be produced off milk by-products alone. (6) There is no evidence to support the statement that quality of carcass is unsuitable when fed on milk or whey without grain supplements. (7) The supplementary feed that will give the most immediate return with pigs is not grain, but meat-meal used in whey districts all the year round, and in milk districts in winter only.

The Chairman.] Apparently you make the definite statement that grain foods are not necessary to turn out good pigs?—I do; and I would not have dreamed of making that statement a year ago, because I then thought that grain was necessary, but as a result of collecting this information I have made this statement.

The general opinion is that the poor quality of bacon is the result of poor feeding: that is absolutely disputed by you?—Yes, and I am prepared to argue the point.

You state that bran and pollard bring higher prices in Australia than in New Zealand?—Yes.

Then, why the necessity for the duty?—I have not gone into the politics of it.

WEDNESDAY, 11TH SEPTEMBER, 1929.

Mr. WILLIAM WALTER MULHOLLAND examined. (No. 21.)

Mr. Wright.] Your name is William Walter Mulholland?—Yes.

And you are farming at Darfield?—Yes.

You have been farming all your life, pretty well?—Yes.

Will you now proceed with your statement, Mr. Mulholland?—Yes. I am a farmer at Darfield, and have been on a farm all my life. I have been farming on my own account since 1914. I am a member of the executive of the North Canterbury Farmers' Union. I was formerly a member of the Dominion executive of the Farmer's Union. I am a member of the Courtney Agricultural and Pastoral Association and the Canterbury Agricultural and Pastoral Association. I am also chairman of directors of the New Zealand Wheat-growers' Co-operative Association, Ltd. I was a Government appointee (at the instance of the North Canterbury Farmers' Union) on the Advisory Committee in connection with the Wheat Control Board. I was also vice-chairman of the wheat-marketing organization which was brought into existence for the sale and purchase of wheat between the growers and the millers under the wheat-marketing contract which obtained during the years 1923–24. Darfield is in the centre of a pretty considerable wheat-growing district in Canterbury, and the wheat grown on Darfield land would average about 30 bushels an acre. I will now deal with the place of wheat in New Zealand agriculture. Wheat-growing was one of the first agricultural activities undertaken by the settlers when they first came to New Zealand, and was grown in quite a number of districts. As settlement developed and a greater diversity of agricultural products became possible owing to the growth of the dairying and frozen-meat industries, wheat-growing tended to become more and more centralized in that area on the east coast of the South Island lying between the Hurunui and a little south of the Waitaki Rivers. This area is characterized by a comparatively light rainfall, fairly well distributed throughout the growing season, a dry climate, and a considerable amount of sunshine. The place of wheat-growing in the agriculture of this area is that of one of the more important crops in mixed farming. There are no purely wheat-farms in New Zealand such as are found in most of the great export wheat-producing countries of the world, where wheat-growing is a specialized form of farming and is practically the sole crop on which the farmers depend for their income. In New Zealand, however, it is frequently not even the chief source of income on those farms where it is an important crop; but on very many of the smaller farms it is a staple source of income. On the mixed-farming areas a number of other cash crops are grown—that is, crops the produce of which is marketed directly and not fed to animals and sold in the form of animal products. In addition a considerable area is devoted sometimes to dairying purposes, but more usually to the raising of sheep, and particularly of fat lambs. On my own farm, which consists of 860 acres, I grew last year, in addition to wheat, oats, grass-seed, peas, clover-seed, rape, and turnips, as well as a considerable area of grass. 130 acres was devoted to wheat, while about one-half, or 420 acres, was used for grazing, and another 150 acres was sown in rape and turnips, the remainder being used for the other crops mentioned. The relation between all these crops is very intricate, and the operation of the mixed farm might, in some measure, be likened to a game of chess, with the fields as the squares on the board and the crops as the pieces. The alteration of any one crop affects the whole position. The planning of each operation on such a farm must be done with the object of obtaining as even a demand for labour as possible, and of maintaining such a balance and succession of crops as will enable all the ground to be kept continuously producing to its highest possible capacity. In particular, no fields should be left lying idle for more than the minimum time possible. It will be seen that in these operations, so necessary for producing the best results from a farm, plans must be laid several years ahead. This means, in general, that about one-half of the farm is under grass while the other half is under cultivation. The plan of management must permit of such a succession of crops as will make use of the land during the term between breaking up from grass and laying down again to the fullest advantage for maximum production. This means choosing crops which have special characteristics to meet the conditions which soil, climate, and this method of farming impose. Wheat is particularly adapted to take an important place in this scheme, as its nature specially adapts it to take advantage of the sunshine and rather sparse rainfall, while its inclusion in the system of rotation enables preparations for the subsequent grassing-down to be carried out advantageously. However, should the rainfall be inadequate during the critical period of growth—that is to say, just at and after flowering stage is reached—or should climatic conditions be in other ways unfavourable, the wheat crop may be very adversely affected. This concentration of risk is the reason for regarding wheat as in a greater measure a gamble than most other farm crops. On larger farms wheat is not so absolutely essential to the management, although even there it is (on the class of land we are considering) usually advisable to grow a certain amount. Wheat is, however, especially a small farmer's crop. As emphasizing this statement, figures taken from a return of the records of the New Zealand Wheat-growers' Co-operative Association give the following results (I would like to point out that these figures are from the returns of wheat-growers covering practically the main wheat-growing districts in Canterbury and Otago):—

Number of Growers.		Percentage.	Acreage.
(1) 581		39·8	Growing under 30 acres.
(2) 953		65·3	Growing under 50 acres.
(3) 507 } 1,460 ..		34·7	Growing over 50 acres.
(4) 131		9·0	Growing over 100 acres.

NOTE.—(1) and (4) are included in (2) and (3).

So that it will be seen that about two-thirds of the wheat-growers are growing under 50 acres and less than a tenth over 100 acres. On small farms it is necessary, furthermore, for the owner to grow wheat to provide work all the year round on his own farm for himself. One of the most important types of farms producing wheat is that where the farmer has several boys, all working for him. Wheat is important to them also to provide work throughout the season. If the price of wheat is seriously reduced

it means practically a direct reduction of wages or earnings to both these classes by making it impossible for them to make the most economical use of their labour. Although wheat is necessary to make the best use of the type of farm of which we are speaking, there is a considerable elasticity about the quantity that may be grown. If wheat is so low in price as not to be payable, naturally farmers reduce the acreage to as low as possible. The returns of the 1920 crop, with 139,611 acres, and of the 1926 crop, with 151,673 acres, are instances of this contraction. On the other hand, if wheat offers prospects of being a highly payable crop the acreage is expanded. Copland, in his "Wheat-production in New Zealand" (p. 122, &c.), shows very clearly the effect which price has on acreage. It would, however, be more true to say "relative price," as the comparative prospects of wheat and other possible uses of the land are the real determining factors. While the growing of wheat may frequently be unremunerative to the farmer, its value to the country is very considerable. I have endeavoured to get an idea of what it would mean by making an estimate of the possible increased exports from the 130 acres which I had in wheat last year if such acreage had been used for producing wool and mutton as compared with the cost of importing the wheat which such acreage would grow in an average season. My farm, as I have stated, consists of 860 acres, of which 130 acres was in wheat, 120 acres in other grain, and 610 acres in grass and forage crops. You might notice I said previously that 420 acres were in grass, but in addition to the grass there are the annual forage crops, such as rape and turnip, which we grow also to feed sheep on. If 130 acres of wheat were changed over to grass and forage, the following additional sheep products would be available for export, based on the production of present 610 acres used for that purpose. It is doubtful, for reasons already indicated, whether a proportionate increase in carrying-capacity could be obtained, but for my purposes I give the benefit of the doubt to the opposers of wheat-production and assume that this has been the case. This 130 acres, carrying 1·55 ewes per acre and 0·44 hoggets per acre (based on the actual carrying-capacity of the 610 acres), would mean two hundred additional ewes and sixty additional hoggets. These would produce: Wool—Two hundred ewes at 8½ lb., 1,700 lb., and sixty hoggets at 10 lb., 600 lb., a total of 2,300 lb.; forty cull ewes frozen—2,240 lb. mutton, 120 lb. slipe wool, 220 lb. fat (oleo), and forty pelts; 130 fat lambs (average 37 lb.)—4,810 lb. lamb, 357 lb. slipe wool, 325 lb. fat (oleo), and 130 pelts. The above would produce, according to actual returns in my possession, £453 3s. 8d., made up as follows:—

	£	s.	d.
Sheep—			
Wool—2,300 lb. at 1s. 6d.	172	10	0
Mutton—2,240 lb. at 3¾d.	35	0	0
Wool (slipe)—120 lb. at 1s. 8d.	10	0	0
Fat (oleo)—220 lb. at £1 15s. per cwt.	3	8	9
Pelts—Forty at £2 10s. per doz.	8	6	8
Lamb—			
Lamb—4,810 lb. (half at 6⅞d. and half at 6⅛d.)	134	0	7
Wool (slipe)—357 lb. at 1s. 9d.	31	4	9
Fat (oleo)—325 lb. at £1 15s. per cwt.	47	7	11
Pelts—130 at £1 10s. per doz.	11	5	0
All at f.o.b.	£453	3	8

I have taken the export value on f.o.b. basis, as that represents the whole amount received from outside New Zealand, and I will take the cost of importing wheat on a c.i.f. basis, as that represents the whole amount paid out from New Zealand. Thus 130 acres might be expected to yield in an average season 30 bushels per acre, which give us the following production of 130 acres: 3,900 bushels of wheat, less seed (which would not be needed if no wheat were grown), 200 bushels, leaving for commerce 3,700 bushels, of which 200 bushels would be fowl-wheat and 3,500 milling-wheat.

	£	s.	d.
3,500 bushels milling-wheat at 5s. 6d. per bushel f.o.b. Melbourne or Sydney, plus 1s. per bushel freight, exchange, insurance, primage, &c.—*i.e.*, 6s. 6d. per bushel	1,137	10	0
200 bushels fowl-wheat at 5s., plus above freight and charges of 1s. per bushel—*i.e.*, 6s. per bushel	60	0	0
Total amount paid by New Zealand in importing the above quantity of wheat	1,197	10	0
Deduct returns from sheep productions on 130 acres as above	453	3	8
Yearly loss to Dominion on 130 acres only by change-over from wheat to sheep	£744	6	4

If the above 3,700 bushels had been produced on the farm there would have been directly paid out in labour upon the farm itself £220 to £250, while another £180, approximately, would also have been paid out in transport and handling charges. The balance would be distributed into numerous other channels, such as blacksmithing, manures, twine, implements, &c. The 260,000 acres minimum acreage usually considered necessary to be planted with wheat to meet the Dominion's requirements—which acreage has frequently been planted—is 2,000 times my 130 acres, and if my 130 acres is fairly representative of wheat land in New Zealand (which it undoubtedly is) the Dominion's loss upon a change-over to sheep would be £744 × 2,000, or £1,488,000. Figures such as these are surely cogent reasons why the Dominion should give pause before adopting a policy which would destroy or even

materially injure or diminish such an important industry. It should be mentioned, in passing, that wheat-growing involves the use of a considerable amount of plant in the shape of machinery and implements, which in the aggregate must represent the capital outlay of several million pounds, much of which would be wholly or partially useless if wheat-growing were abandoned or even considerably reduced.

Distribution: The distribution of wheat and its products in New Zealand has frequently caused comment, more especially in regard to the "spread" between the price received by the producer and that paid by the consumer, more particularly in the North Island. While not expressing an opinion as to the reasonableness of this "spread," I would like to draw attention to some facts which have an important bearing upon the subject. Wheat is a bulky article in comparison to its value. The cost of transport and of handling very soon increases the cost to the consumer very considerably. For instance, the difference in price between wheat delivered on trucks at the farmer's railway-station and an f.o.b. quotation for the same wheat free of commission to the purchaser, if it goes directly alongside the ship from the producer's railway-station (without any intervening storage) is, on an average, about 4d. per bushel. If the wheat is to go through store an additional 2d. per bushel, incurred entirely through this additional handling, has to be added. The cost to the producer of putting his wheat on rail is, at the lowest, 2d. per bushel, so that 8d. per bushel has been added to the cost of the wheat from the time that it leaves the producer's field until it is placed on board ship.

The cost of landing wheat from f.o.b. Lyttelton to store in Wellington and Auckland is as follows: Wellington—Freight, 18s. 6d. per ton weight, 6d.; wharfage, 4s. per ton of ten sacks, 1·44d.; cartage, 3s. 6d. per ton of ten sacks, 1·26d.; exchange, $\frac{1}{8}$ per cent., 0·09d.; insurance, 0·18d.: total, 8·97d., or with sacks costed in (3d.), 11·97d. Auckland—Freight, £1 0s. 6d. per ton weight, 6·68d.; wharfage, 1s. 10½d. for ten sacks, 0·67d.; cartage, 3s. 6d. for ten sacks, 1·26d.; exchange, $\frac{1}{8}$ per cent., 0·09d.; insurance, 0·18d.: total, 8·88d., or with sacks costed in (3d.), 11·88d. In these items you will notice a sum of 8·88d. per bushel is added to the cost between leaving the Canterbury port and arriving at the Auckland store. This 8·88d. is an added cost, and makes no provision for any profit to the dealer. To put prices in Auckland or Wellington on a comparative basis with South Island ports, it must always be remembered that South Island quotations are sacks extra—that is, the buyer pays for the sacks—while usually North Island quotations are with the sacks given in, which represents a difference of an additional 3d. a bushel. Every time that the wheat is handled charges on a similar scale must inevitably be incurred. Consequently it will be readily seen that if, after landing at a North Island port, the wheat is handled a number of times between the wharf and through merchants and dealers to the final user the price which he must pay will have been considerably increased, and one way of reducing prices to the consumer is to have the wheat sent to him as directly as possible.

I also present a table showing a comparison between cost of transporting wheat from f.o.b. Sydney to Auckland (duty-free), and from f.o.b. Lyttelton to Auckland:—

Cost of transporting wheat from f.o.b. Sydney to c.i.f.e. Auckland at 5s. 6d. f.o.b.—

	Per Bushel. d.	
Freight, £1 10s. per ton	9·64	
Exchange, $\frac{3}{8}$ per cent.	0·24	
Marine insurance, 7s. 6d. per cent.	0·25	
		10·13d.

Cost of transporting wheat from f.o.b. Lyttelton to c.i.f.e. Auckland at 6s. f.o.b.—

Freight at £1 0s. 6d. per ton	6·58	
Exchange, $\frac{1}{8}$ per cent.	0·09	
Marine insurance, 4s. 6d. per cent.	0·16	
		6·83d.
Difference in purely transportation charges in favour of South Island ports		3·30d.

It is frequently assumed that the wheat-grower has the protection of the freight from Sydney to Auckland, but you will see from these figures the difference between cost from Australian ports to Auckland and South Island ports to Auckland is only 3·30d. It should be remembered that the price of wheat to the grower is determined by the landed cost in Auckland of foreign wheat worked back to the basis of South Island ports, or of the price of flour similarly worked back to South Island ports, less the cost of manufacture and reduced to the terms of wheat, whichever price may be the lower. This is so because the South Island always has an exportable surplus of wheat. In addition to transportation charges, as the time from harvest increases, the cost of holding the wheat mounts up to an important addition to the price. Experience has shown that the great bulk of the wheat is moved off the farms during the first three months following harvest, and it is usually considered that in a normal season about 80 per cent. will have passed out of the farmer's hands by the end of May. This leaves nine months of the crop year still to go, and some of the wheat will have to be carried in store until nearly the end of the year in a season of sufficient supplies, or in other circumstances (in consequence of a short crop, for instance, which may not be sufficient to meet our requirements) until the whole of the wheat can be used. I append a table, marked A, showing the cost incurred in holding wheat in store in Christchurch from one to six months. I have shown the figures in detail for the first, second, third, fourth, fifth, and sixth month, showing the charges for holding. Everything is detailed there. The charges for the first month amount to 3·32d., the receiving and delivery being 1·62d., which makes that first month's total perhaps somewhat high. The second month is 4·17d.; the third month, 5·26d.;

the fourth month, 6·11d.; the fifth month, 7·68d.; and the sixth month, 8·52d. I also give the basis on which these calculations are made. There are the regular charges for storage in Christchurch, and shrinkage is allowed on what is generally a recognized basis in the trade; bank interest, of course, being the ordinary overdraft rate. These are the costs through the regular stores. Farmers storing their wheat on their own farms, or millers or other users using their own stores, would be able to reduce these costs; but it is of interest to remember that farmers were allowed an increment of ¾d. per bushel per month under the Government wheat-control scheme, starting in May and ending in October, both months inclusive. For example, I give the 1922 price: April, 5s. 6d.; May, 5s. 6¾d.; June, 5s. 7½d.; July, 5s. 8¼d.; August, 5s. 9d.; September, 5s. 9¾d.; October, 5s. 10½d. Ending at October was arbitrary, and for policy reasons. Costs, however, continue as long as wheat is held, but imminence of a new crop prevents recovery of same after about December. I might explain that it was not always ¾d. that was allowed under the Government scheme. It was at first ½d., which everybody agreed was not sufficient, and in later years it was increased to the ¾d.

I will now deal with flour and bread. I will take flour first. Though I cannot claim any very special inside knowledge of milling and baking, there are a few points which I would like to place before you. While the wheat which it takes to make 1 ton of flour varies according to both the quality of the wheat and the technical efficiency of the mill under consideration, there is no difficulty with wheat of average quality and of average condition in obtaining a yield of 1 ton of flour from 47 bushels of wheat. The resulting products would be: Flour, 2,000 lb.; bran, 300 lb.; pollard, 450 lb.; loss, 70 lb.: total, 2,820 lb.—47 bushels of wheat. I might say that these figures vary slightly from time to time and with the various mills. In a modern and efficient mill a proportionate part of the loss shown would be saved and made use of either in bran or pollard or as a special stock-food. Bran and pollard are important factors in determining the relative prices of flour and wheat. For instance, in 1918 bran was £5 10s. per ton and pollard £7 10s.

On the basis given above, the offals obtained in milling 1 ton of flour would be worth £2 10s. 3d. In 1920 bran was worth £7 and pollard £9. In this case offals from 1 ton would be worth £3 1s. 6d., which would either reduce flour by 11/3 per ton or increase the price which the millers could pay for wheat by 2·87d. per bushel. Taking flour at a fixed price, then the price of offals would affect the price of wheat; and taking wheat at a fixed price, then the price of offals affects the price of flour. Taking the yield of flour and offals from 47 bushels of wheat as set out above, with wheat at 6s. 1d. f.o.b., we would get something like the following results in a South Island mill, all figures being on an f.o.b. basis:—

	£	s.	d.
2,000 lb. flour	16	5	0
300 lb. bran at £6 10s.	0	19	6
450 lb. pollard at £8	1	16	0
	19	0	6
Discount, 2½ per cent.	0	9	6
	18	11	0
47 bushels wheat at 6s. 1d.	14	5	11
	£4	5	1

This leaves £4 5s. 1d. for cost of milling and miller's profit. It should, however, be mentioned that a miller will have to purchase fifteen sacks—and I may say that the present price of sacks is 1s. 2d.—also that most mills pay a commission of 2½ per cent. to their selling agents, Distributors Ltd. £4 5s. = 1s. 9¾d. per bushel on the above 47 bushels. It may be observed that to alter the price of flour £1 per ton by adjusting the price of wheat would require an increase or decrease, as the case might be, of 5·1d. per bushel.

Now, with regard to bread, accepting 1 ton of flour as producing 660 4 lb. loaves of bread, I submit the following figures as showing what a relatively small proportion of the price of a 4 lb. loaf is represented by what the wheat-grower gets for his wheat. The Christchurch delivered price of 1s. 1d. per 4 lb. loaf is equal to £35 15s. for the product of 1 ton flour. The Auckland delivered price of 1s. 3d. per 4 lb. loaf is equal to £41 5s. for the product of 1 ton flour. The net f.o.b. price, South Island ports, for flour is £15 17s.

	£	s.	d.
Wheat at 5s. 9d. on trucks (which is equal to 6s. 1d. f.o.b.), 47 bushels ..	13	10	3
Less cartage from farm to rail, 2d. per bushel	0	7	10
Net value on farm	13	2	5
Offals, less 5 per cent. discount	2	12	9
	£10	9	8

Equals value to farmer of wheat in 660 4 lb. loaves.

Dividing the above sum of £13 2s. 5d. by 660, the number of 4 lb loaves per ton as above, we find that the value on the farm of wheat used in making a 4 lb. loaf is therefore 4·77d., but if we deduct the value of the offals we find that the value on the farm of the wheat actually in a 4 lb. loaf is 3·81d. If farmers gave the wheat for nothing bread would still be in Auckland 11·19d., in Christchurch 9·19d., which shows what a comparatively small factor in the price of bread is the cost of wheat.

It has been stated that 640 loaves were obtainable from 1 ton of flour. An instance has been given, and I believe in that case it was correct. But the number of loaves that can be obtained from a ton of flour depends to some extent on the quality or strength of the flour under consideration. Now, I have also worked out some of these figures on the basis of 640 loaves, supposing that that should be the correct figure to take. In that case, instead of the 4·77d. as the value on the farm of the wheat used in making a 4 lb. loaf, we will get 4·92d. And similarly for the value of the wheat actually in the loaf—instead of 3·81d., we would get 3·93d.; and the cost of bread in Auckland and Christchurch if the farmers gave the wheat for nothing would be 11·07d. in place of 11·19d., and 9·07d. in place of 9·19d. To put the equivalent of wheat and bread in another way, 1 bushel of wheat makes fourteen 4 lb. loaves of bread and 1s. 1d. worth of offals, so that to alter the price of a 4 lb. loaf of bread 1d. is equal to or requires an alteration of 1s. 2d. per bushel in wheat or of £2 15s. per ton in flour. To reduce the price of a 4 lb. loaf by 3d. per loaf at the expense of the wheat-grower would mean reducing the price of wheat by 3s. 6d. per bushel. Taking this from the present price on truck of 5s. 9d. would leave to the grower the exorbitant price of 2s. 3d. per bushel delivered on truck. Professor Copland, in a paper read before the Australian Association for the Advancement of Science, at Hobart, in January, 1928, quoted from a recent Commission of Food-prices in Great Britain the following analysis of the cost of a 4 lb. loaf (presumably in London) which may be of interest to the Committee: Paid to farmer, 4·125d.; cost of handling wheat, commissions, &c., 0·45d.; transport, 0·95d.; milling, 0·55d.; profits of milling, 0·275d.; cost of baking, 1·675d.; cost of sale and delivery, 1·175d.; baker's profit, 0·8d.: total, 10d.

The official prices from the *Abstract of Statistics* for July, 1929, show Auckland 1s. 3d., and Dunedin 1s., per 4 lb. loaf, a difference of 3d. The farm value of wheat in a 4 lb. loaf, as I have stated, is 3·81d. (or 3·93d. if you take the computation of the 640 loaves), and this difference of 3d. between Auckland and Dunedin represents more than 75 per cent. of the farm value of the wheat used, whichever computation you take. Flour is also quoted in the *Abstract of Statistics* at £17 13s. 4d. per ton Auckland, and £16 10s. per ton Dunedin, a difference of £1 3s. 4d., or equal to 0·42d. (or 0·43d. on the computation of 640 loaves) per 4 lb. loaf. Therefore the difference between Dunedin and Auckland prices, which is due to internal conditions and not to transport of flour or anything to do with the price of wheat, equals the difference between this 3d. and the above 0·42d.; in other words, 2·58d. per 4 lb. loaf. This difference of 2·58d. per 4 lb. loaf would be equal to a difference of 3s. per bushel in the price of wheat, or to £7 2s. per ton in the price of flour. In the face of these figures, how can it be said that the high price of bread in Auckland is as a result of the alleged high price of wheat? I court the fullest inquiry into and analysis of these figures.

The next point I want to deal with is, Is the wheat-grower getting too much? I have not submitted a schedule of the cost of production. I knew that other schedules were being submitted, and I know, and I presume that this Committee realizes, that individual costs of production must vary considerably, and I expect the Committee will feel some difficulty in their minds as to what they should consider as an average. Now, I have endeavoured to help the Committee by examining the position from a broad point of view, which may help them to assess in some measure the value of those estimates. The surest indicator of whether wheat is yielding too much or too little to the grower is the acreage which is grown from year to year. If we examine the prices and the acreage sown during the past few years, remembering the proved fact that the price is the greatest factor in influencing the acreage, we find that, starting with 1922, when the second-biggest crop in our history was grown, the price for Tuscan was 5s. 6d. The acreage for that year was 352,918. In 1923 the acreage fell to 275,000. The March–April price for Tuscan that year was 5s. 1d., and the acreage again fell by 100,000 acres to 173,000 in 1924. The price in this year was 5s. 3d., and the succeeding year (1925) a fall to 166,000 acres was registered. In this year the price was 6s. 3d. to 6s. 8d., and the fact that in 1926 the acreage had again fallen to 161,000 might seem to upset our theory that the price is the main factor in influencing the acreage sown; but we must remember that the position in the autumn of 1925 from a seller's point of view was very unsatisfactory. Millers were not buying freely and were not paying prices which growers considered reasonable, and this, no doubt, prevented the price, though higher than the preceding year, from having its usual effect. In the following sowing season—viz., autumn of 1926—high prices were obtaining, according to the Government Statistician. Tuscan varied from 6s. 10d. to 7s. 10d. f.o.b. Lyttelton. The harvest of 1927 showed the usual response, rising to 220,000 acres. The price for that year was round about 6s. 1d., and the acreage increased to about 260,000 in the following year (1928)—that is to say, about equal to our requirements. I wish especially to point out that the prices I am quoting are f.o.b. prices. I think other prices were quoted for those years which were "on truck" prices. That accounts for the difference which perhaps you will notice. The price was again round about 6s. 1d. for 1928 autumn, but this figure was evidently not high enough to induce further increase in acreage, and a slight reduction was recorded in the 1929 harvest—viz., 255,000 acres. The price for this year in the autumn (that is, this past autumn) was again round about the same figure — viz., 6s. — and the indications are that the acreage will remain very much the same as the last two years, but probably slightly lower. That is not a guess, sir. The Wheat-growers' Association, of which I am chairman of directors, has collected information from its members which enables us to say that fairly definitely. The fact that this season and the preceding two the acreage has remained fairly constant would seem to me to indicate that the price was about sufficient to induce our requirements to be sown, but that it was not sufficiently remunerative to induce farmers to sow a great lot of wheat. This analysis corroborates the impression gained from an examination of the costs submitted by other witnesses—that the wheat-grower is not getting a price which places the return from his industry out of proportion to those received from other branches of agriculture; and it should be remembered that these past three years have been years of extraordinary yield as far as wheat is concerned. The average of 36·13d. in 1927, 36·56d. in 1928, and 34·58d. this year has only been equalled once for any other three consecutive years in the history of wheat-growing in the Dominion.

I have heard the suggestion made that the present sliding scale of duties should be reduced in its effect by 9d. per bushel, either by reducing the basic price to 4s. 9d. per bushel or maintaining the present basic price of 5s. 6d. per bushel, reducing the duty to 6d. A reference to the table of wheat-prices which I append, marked " B," and which I have compiled from past numbers of the *Pastoralists' Review* for the dates from January, 1924, to July, 1929, will show that for twenty out of the fifty-five months for which prices are given the duty would be nil, and the wheat industry would have no protection at all. With reference to what I said when dealing with the relation between wheat and bread prices, it will be seen that a reduction of 9d. per bushel could only affect the price of the 4 lb. loaf to the extent of a little more than ½d.—if, indeed, in practice it had any effect at all—while a 2 lb. loaf would remain as at present. Obviously, it would be bad policy to penalize the producer unless some real benefit could be given to the consumer.

In considering the amount of protection necessary to maintain a given price to the wheat-grower the factors to be taken into consideration are (1) the landed cost of South Island wheat at Auckland at the South Island f.o.b. price which it is desired to maintain, (2) the cost of holding wheat until the end of the season, and (3) so adjusting the duty as to make the landed cost of Australian wheat equal to these two factors. It should also be remembered that the price of Australian flour often works back to a lower price than the price of Australian wheat, and that would be the determining factor. I would remind you that I said earlier that by the end of May usually some four-fifths of the wheat had been sold by growers. As the sliding scale of duties makes the landed cost of wheat practically the same at any time during the year, it follows that, as the holders of wheat must recoup themselves for the expenses incurred in holding it until it is required, the price paid to growers in March, April, and May will be determined by the price which can be paid in, say, December, less cost of holding the wheat until then, as well as cost of transportation to Auckland. I have already given a table showing the cost of holding wheat for six months. The resulting price to the growers after harvest would be as indicated below.

Australian Wheat at 5s. 6d. f.o.b. Sydney compared with New Zealand Wheat on Trucks, Country Sidings.

	s.	d.
1 bushel wheat, sacks in	5	6
Duty	0	6
Freight, 3s. per ton	0	9·64
Exchange, ⅜ per cent.	0	0·24
Marine insurance, 7/6 per cent.	0	0·25
Primage, 2 per cent.	0	1·32
Total c.i.f. & e. Auckland	6	11·45
Less value of sack	0	1
Cost of 1 bushel Australian wheat landed in Auckland	6	10·45
Less freight, &c., Lyttelton to Auckland	0	6·83
F.o.b. October	6	3·62
Less cost of holding in store six months	0	8·52
F.o.b.	5	7·10

Equals 5s. 2·94d. on trucks, country sidings, for Velvet quality.

In regard to the item " Less value of sack, 1d.," might I explain that, while Australian wheat is sold " sacks in," the sack is weighed in, but in the South Island the weight of the sack is deducted from the weight of the wheat and payment is made on the net weight of the wheat, and the sack is paid for extra. The Australian sack is of much less value than our New Zealand sack, and we have put down the difference as being equal to 1d. per bushel.

As to prices for New Zealand wheat, our wheat is principally discussed on Tuscan quality. The present market difference is very probably more than its real economic difference, but the least difference would be 4d. per bushel, so that you have to take off 4d. per bushel to get the on trucks value of Tuscan, which would make it 4·11d. From what has been said regarding the effect of price on acreage it will be evident that such a reduction would be followed by a great decrease in acreage —on recent experience, probably amounting to 50 per cent. This would have a very severe reaction on those industries that are dependent more or less on wheat and its products. Bran and pollard would rise to prices which would seriously interfere with the industries that require them. The loss of the transport of this amount of wheat would probably so affect many of the branch lines of railway in Canterbury that they would have to be scrapped. As the whole industry has been organized on the basis of dealing with New Zealand's whole requirements, the overhead costs would be greatly increased, with correspondingly heavy charges to the consumer or loss to the producer.

The following table shows cost of holding wheat from 1 to 6 months through stores.

Table A.—Table of Costs.

Month.	First Month.	Second Month.	Third Month.	Fourth Month.	Fifth Month.	Sixth Month.
	d.	d.	d.	d.	d.	d.
Receiving and delivery ..	1·62	1·62	1·62	1·62	1·62	1·62
Sampling and branding ..	0·37	0·37	0·37	0·37	0·37	0·37
Storage and insurance ..	0·46	0·92	1·38	1·84	2·30	2·75
Shrinkage	0·48	0·48	0·72	0·72	1·44	1·44
Bank interest	0·39	0·78	1·17	1·56	1·95	2·34
	3·32	4·17	5·26	6·11	7·68	8·52

Receiving and delivery taken at 4s. 6d. per ton; storage and insurance, 3½d. per 10 sacks per week; shrinkage and vermin, 2 per cent.; bank interest, 6½ per cent.; sampling, 7s. 6d. per 100 sacks; branding, 3s. per 100 sacks.

Table B.—Prices at Melbourne as Quoted in the "Pastoral Review."

Month.	1924.	1925.	1926.	1927.	1928.	1929.
	BRAN.*					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
January	6 0 0	5 15 0	..	..	6 10 0	5 15 0
February	..	6 5 0	..	6 15 0	6 10 0	6 15 0
March	6 0 0	6 5 0	7 10 0	6 15 0	6 15 0	6 15 0
April	6 0 0	6 5 0	7 10 0	7 0 0	..	6 15 0
May	6 0 0	8 0 0	7 10 0	..	6 15 0	6 10 0
June	6 0 0	8 0 0	7 5 0	7 10 0	6 15 0	6 10 0
July	5 10 0	7 10 0	7 5 0	7 10 0	6 15 0	7 0 0
August	..	7 10 0	7 10 0	..	6 10 0	..
September	5 10 0	8 5 0	7 15 0	7 0 0	6 0 0	..
October	5 5 0	8 5 0	7 5 0	..	6 5 0	..
November	5 15 0	..	..	..	6 5 0	..
December	..	8 10 0	..	6 0 0	5 15 0	..
	POLLARD.					
January	7 0 0	7 0 0	..	..	7 10 0	6 5 0
February	..	7 15 0	..	7 10 0	7 10 0	6 10 0
March	7 0 0	7 15 0	9 5 0	7 10 0	7 10 0	6 15 0
April	7 0 0	7 15 0	9 5 0	7 10 0	..	6 15 0
May	7 0 0	8 10 0	9 5 0	..	8 10 0	7 0 0
June	7 0 0	8 10 0	9 0 0	7 10 0	8 10 0	7 0 0
July	6 10 0	8 0 0	8 10 0	7 10 0	8 0 0	7 10 0
August	..	8 0 0	10 0 0	..	7 10 0	..
September	7 0 0	8 15 0	10 10 0	7 10 0	7 0 0	..
October	7 0 0	8 15 0	9 10 0	..	6 5 0	..
November	7 0 0	..	..	..	6 5 0	..
December	..	10 15 0	..	7 10 0	6 5 0	..
	WHEAT.†					
January	0 4 6	0 6 6	..	..	0 5 6	0 4 8
February	..	0 6 7	0 6 1	0 5 2	0 5 2	0 4 8
March	0 4 7	0 6 8	0 5 8	0 5 2	0 5 3	0 4 9
April	0 4 8	0 6 0	0 6 4	0 5 0	..	0 4 8
May	0 4 9	0 5 9	0 6 4	..	0 5 10	0 4 7
June	0 5 0	0 6 2	0 6 3	0 5 8	0 5 8	0 4 6
July	0 5 3	0 6 3	0 6 4	0 5 6	0 5 6	0 5 0
August	..	0 6 6	0 7 3	0 5 5	0 5 1	0 5 6
September	0 6 0	0 6 5	0 6 10	0 5 8	0 4 10	..
October	0 6 6	0 5 10	0 6 9	..	0 5 0	..
November	0 6 0	..	..	..	0 4 11	..
December	..	0 6 6	..	0 5 7	0 4 10	..

* These are local prices, but are probably closely equivalent to f.o.b. prices. † Seaboard basis, sacks in.

That, sir, completes my written evidence, but yesterday I heard you ask a witness a question relative to the activities of the Wheat-growers' Association, commonly known as the wheat pool. I do not think you want me to enter into a lengthy dissertation regarding the working of the wheat pool, but I am chairman of directors of the Wheat-growers' Association, and can tell you anything you wish to know about it.

The Chairman.] We would like you to give us a statement covering its operations?—I am sure you would like me to put the position briefly. The organization is moulded very largely—almost entirely, in fact—on the great wheat-pool organizations of Canada, with which I presume you are fairly well acquainted. Great difficulty was experienced by growers in selling their wheat when they were in an unorganized state, even with a less than normal crop. The improvements which have been made in harvesting during the last ten or fifteen years have caused the harvesting to be got through much more quickly than used to be the case, when threshing continued sometimes for the greater part of the year—almost always well into the winter—thus spreading delivery over a great many months. Now threshing is almost finished by the end of March or some time in April, meaning that the whole of the wheat is on the market at the same time, exceeding the facilities of the market to absorb it, and actually exceeding the physical facilities for the transportation and handling of the wheat. The consequence was that the growers, many of whom are for financial reasons obliged to obtain the value of their wheat immediately, or a good proportion of it, were forced on the market, and an immense offering of wheat—quite apart from whether or not the crop was in excess of our requirements or insufficient—was brought forward on to the market. This had the effect of forcing the price down temporarily. Now, it will be well known to you that a temporary movement of the market for primary produce is never reflected in an advantage gained by the consumer. The consumer never got any benefit from these temporary reductions in price, but when you consider what I have said—that some 80 per cent. was marketed during this period—you will realize that the farmer suffered very severely, and it was to correct this situation that my organization came into existence. Our idea was that we should sign contracts. I have brought with me specimens of our contracts which we make with our members, giving us the control of their wheat as far as marketing is concerned. This contract gives us the sole control of the marketing of our members' wheat. This enables us to do two things: in the first place, to make an advance to the grower on the value of his wheat, thus tiding him over the immediate pressure of financial necessities. It also enables us, as one seller of all this wheat, to offer it according to the ability of the market to absorb it. We have had only a bare year or eight months' experience, and perhaps I am rather hasty in making this statement, but this year it has enabled us to prevent that very severe slump which would undoubtedly have occurred, but which did not occur this season entirely because of our operations. So we have to a very great extent eliminated the speculator, who was the sole person who benefited by the slumps in prices. It has eliminated him, and it has had the effect of making that money available to the wheat-grower, who, we maintain, is the person who is entitled to it. That, sir, in rough outline, is the aim of the organization. The organization itself is a company registered under the Companies Act, and it carries out the work of pooling. I may mention that the contract does not give the company the property in the wheat, but it makes the company the absolute selling agent of the grower and is irrevocable for five years. There is another point which we have in view, and that is the reducing—if it can possibly be done—of distribution costs. I have already indicated the heavy nature of the costs in connection with the handling of wheat, due to its bulky nature. The less the wheat can be handled in its transit from the producer to the consumer the less will the charges incurred amount to, and one of our aims is, and will be, to reduce as far as possible those handling-charges. We have not yet been able to do much along that particular line, but we are hoping that results, one way or another, will be obtained before we are very much older.

Mr. Wright.] The wheat pool, or the Wheat-growers' Association, really supplements the efforts of the Wheat Institute, does it not?

The Chairman.] Is it a purely marketing institution?

Mr. Wright: Yes, but they are endeavouring to improve the marketing.

Witness: All the interests of the wheat-growers are naturally the interests of the Institute, and, in particular, we desire the production of a better-quality wheat at a lower price. That is natural, in pursuance of our marketing functions. The more wheat we have to handle the better for us, and the better the quality of the wheat the better we are able to handle it. Those are the main functions of the marketing organization.

Mr. Wright.] How many growers have you got in your co-operative company, roughly?—Between two thousand five hundred and three thousand.

Representing what acreage, do you think?—At the time we closed our active campaign we were representing about 130,000 acres, on the basis of the previous year's acreage. This year the acreage has not greatly decreased. It has decreased somewhat, but our membership has increased, so that I should say that of this coming season's acreage we represent at least that much, and probably more.

Now, liens upon their wheat were given to stock and station agents and merchants by growers?—Yes.

What proportion would you say of the wheat-growers coming under your business are under mortgage with regard to their crops?—I could not say that. We have never taken out those figures, but my own personal opinion is that at least 80 per cent. of the growers are under a financial obligation.

And did that mean in many cases that these growers had to dispose of their wheat in the earlier portion of the year, after threshing?—Yes, most decidedly.

The result was to force down the price of wheat?—Yes.

Was there a corresponding reduction in the price of bread and flour as a result?—No. As I pointed out, the fluctuation was of too short a duration for its effect to reach the distributing end of the industry.

The result of this wheat pool has been to give a distinct advantage to those growers who were under financial obligations?—Yes, a very distinct advantage.

And you have made periodical payments somewhat on the basis of the dairying industry, have you not?—Yes, that is a fair analogy to our methods.

When did you make your first payment?—We made our first payment immediately the returns in connection with the receipt of the wheat could be put through our office—generally running about twenty-one days. That was our aim—to make the payment within twenty-one days after the receipt of the wheat.

You have made payments on over 50 per cent. of the value of the wheat?—Yes; with the present payment which is going through, it will amount to close on 75 per cent. of the value of the wheat.

Close on 75 per cent. of the value of the wheat has been paid out already?—Well, the latter payment is going through now.

Now, this institution is merely a selling organization?—Yes.

Before, you had six thousand sellers and only a comparatively small number of buyers?—That was the position.

Is it any part of the aims and objects of your association to unduly inflate the price of wheat?—No; that would be fatal to our organization for several reasons. In the first place, we would immediately get public opinion against us, which would be very detrimental to us. A more certain result would be that if we raised the price of wheat unduly a large amount of wheat would be grown, and we would have a very large surplus to deal with, which would mean trouble for the wheat-growers and for ourselves.

Now, you say that this year you have largely eliminated the element of speculation?—Yes, we claim that.

And that, instead of the profit going into the pockets of the speculator, you have endeavoured to so operate that it shall be retained for the grower—reasonable profit for the grower?—That is our main object.

You know the causes that have led to the setting-up of these pools in Canada?—Yes; I have frequently studied their figures, and they are most striking.

And you know that those pools had a striking influence upon speculation in the Chicago wheat-pit?—Yes, and influence contributing towards the stablizing of prices; and while we have cables reporting wild fluctuations on the Chicago market, the price of actual wheat has not fluctuated as far as the Canadian growers are concerned, to anything like that extent.

The capital of your company is £50,000?—Yes.

And every grower is a shareholder—it is a purely co-operative concern?—That is so; every grower has an equal say in the management of the association, an equal vote, no matter how big or how small he may be.

A very democratic organization?—Yes.

You said you had not taken out the cost of growing wheat, but that at a meeting you obtained a number of costs from representative farmers?—Yes.

And these costs—possibly they can be put in later?—Yes.

Hon. Mr. Cobbe.] Mr. Hewlett, in his evidence yesterday, submitted figures showing that, taking land in the Ellesmere district at £40 an acre, it would cost 5s. 7¾d. a bushel to produce wheat. I see that that is for an average of 35 bushels to the acre, but I note that you say that at Darfield the average was 30 bushels. I presume the land would not be so good there?—No, it would not be so valuable. I would say that the value of my place would be about £28 for some of it, and I would put the average at about 30 bushels. I am not sure whether that is not rather high. You know, our ideas have been put out of tune during the last few years, but I think that would be pretty right.

But you think that the cost would be about the same as Mr. Hewlett's costs?—Yes. I have at different times roughly costed out my wheat and the wheat in the district. These costs, which I will put in later, and which Mr. Wright has referred to, were costs which were obtained at a meeting of farmers at Darfield. They were fairly representative of the district; but, of course, in preparing costs you have to take a suppositious case. We took a suppositious case of 30 bushels to the acre, and worked out the costs on that basis. I think they were 5s. 4½d. on truck, Darfield; that would be about 5s. 8d. f.o.b.

You have figures showing that in certain instances it is an advantage to grow wheat, and you understand the price of lambs. I do not quite understand the gross price per pound for your lambs?—I did not take it on that basis. They were on figures which I had obtained. It would be about £1 9s. per head.

Of course, you recognize the importance of the poultry industry to New Zealand?—Yes.

Do you not think that something must be done on behalf of the poultry man to bring down the cost of the offal, and the cost of the bran and pollard to the man raising pigs?—Well, sir, it is a question of what can be done. You cannot possibly reduce it by doing away with wheat-growing. I did, for my own information, rough out the cost of landing in store Australian pollard for five years in Auckland compared with the prices given in the *Abstract of Statistics* for local pollard, and the average was 2s. or 3s. a ton more than the average of our local prices. I admit that at times Australian pollard could be obtained quite a bit cheaper. Australia is a land of great extremes of production of stock-foods, and while at most times they may have a drought in some districts, there are times when they are having a good season everywhere, and then they must find some outlet for

their pollard. On those odd occasions we could obtain pollard cheaper from Australia than it could be bought locally in New Zealand. But I doubt very much—and in this connection you must remember what I said previously about sharp fluctuations not reaching the consumer—whether the consumer of pollard would get the advantage.

What is the present price of pollard ?—In the South, £8 f.o.b.

You gave figures showing that the amount of wheat in a 4 lb. loaf really works out at about 3·81d. ?—Yes.

You know, probably, what it costs to produce a 4 lb. loaf ?—No, but all the loaves I referred to were 4 lb. loaves.

I have the actual figures showing the cost of producing a 4 lb. loaf in the average bakery. The cost of the flour is taken at £17 15s. per ton, and I find that the flour in a 4 lb. loaf is taken at 6·65d. Somebody must be making a good profit: who is it—the millers, the merchants, or who ?—Well, it is impossible for me to suggest. It may be that these high costs account for it wholly; but it would be useless for me to try to analyse either miller's or baker's figures and costs, because I have not the knowledge.

Mr. McCombs.] By way of preface, might I compliment the witness on the very fine evidence he has given. Mr. Mulholland, you have considered the question of protection by means of bonus or subsidy ?—Yes, I have given that some thought, particularly because at the meeting of the Farmers' Union of which I am a member the representatives from the northern part of New Zealand were in favour of a bonus being granted, and I did make a statement that if a bonus were practicable, as far as I was concerned, it would be acceptable to me. But in considering the matter the difficulty that I see is the difficulty which wheat-growers have been up against that in the Government's attempts to foster the interest of the wheat-grower and the consumer there has been always introduced such an element of uncertainty. If we could be assured of a certain bonus on wheat—and, mind you, this is not as simple as it looks, because in working out the details it is complicated—if we could be assured of a bonus on wheat that would give us a price equal to our production costs, and if it could be absolutely assured to us without any question of a parliamentary Committee investigating it in two years' time, I would see no objection to it; but I cannot see how it can be divorced from the annual discussion of the country's financial affairs. It would have to come out of the Consolidated Fund, I presume.

Your wheat-pool organization might make it easier, in that the bonus would be given on the wheat consumed. You have got to hold the carry-over, anyhow. The existence of your wheat pool might help matters ?—You could make use of our organization. But is it possible to make it stable ? Mixed farming requires planning out for a considerable time ahead, and any doubt tends to lessen production, and there may be an interregnum when there may be production at a loss.

Supposing there was a subsidy, with the farmer taking the risk in regard to overproduction ?—Yes, we are quite prepared to take all those risks, but the risk I am afraid of is the risk of politics. I do not want to be thought offensive in saying this.

The Chairman.] But why condemn political action when you have had so many favours from it ?—I do not think we have been particularly favoured. The principal point is this: I take it that this bonus would have to be annually appropriated by the House, and consequently we would be in politics every year. That is the main objection that I see to it—it is the uncertainty of it.

Mr. McCombs.] But that uncertainty exists even in regard to the duty ?—But the duty is more stable than any annual appropriation would be.

I thought you might have some suggestion to make as to the amount of subsidy, and how it would work ?—If it were a question of the amount, I should say it should be an amount equal to the duty: there would be no discussion about that.

The average duty is £2 10s.: then a subsidy of 1s. a bushel would cover it. Now, you gave us figures in regard to the production from 130 acres. The amount you stated was £453: how much did the farmer net out of that ?—I have not gone into it from that point of view, but his net profit would not be a great lot. It would be almost impossible to answer that without going into it elaborately. I have taken a part of a farm. He might net £1 an acre.

One pound an acre out of £453 ?—I do not think he would net that.

Say £100 then: do you think that would be about it ?—Well, I think it might work out at 10s. an acre. Mind you, these figures are practically useless.

Now, there is the equivalent of the imported wheat ?—Take it at an average of about 5s. 6d. on the farm—that is to say, 5s. 9d. on trucks for Tuscan: 5s. 6d. would be in excess of what he would get, but it would be sufficiently accurate for the purpose.

Have you worked out the gross figure ?—No.

What is he likely to net on that 5s. 6d. basis, on that same land ?—I think that on my figures he would net about 3d. a bushel.

That is 7s. 6d. an acre ?—As far as the actual result to the farmer is concerned, that would be pretty much the same as with sheep. The extra 6d. would make a big difference. The farmer is always looking to strike a good year. You understand that a good year or a bad year with sheep does not make the difference it does with wheat: your production from sheep is more even, while wheat is very much up and down.

Might I tell the witness and the Committee that from the figures given here in the 1912 Commission report they give 680 loaves (4 lb. loaves) with a 200 lb. bag, which is higher than any bakery you have given ?—In fairness to everybody, I would draw your attention to the fact that the quality of the flour plays an important part in the number of loaves got from a ton of flour.

Mr. McCombs.] That witness said that if it were Australian dried flour he could get more. There are four witnesses to that statement.

Mr. Bitchener.] In our statistics there are given the prices of bread delivered at various places. The price of the 4 lb. loaf delivered in Auckland is given as 1s. 3d. I do not suppose that is on a cash basis?—No, it is a booked transaction, I understand, although that is not definitely stated in the *Abstract of Statistics*. Unfortunately, the *Abstract of Statistics* does not state the basis of the prices given. That does not apply only to bread, but to a good many other things—wheat, in particular.

But is not the farmer's price quoted on practically a cash basis: if he has not the cash he has to pay interest on the money?—You are referring to *Abstract of Statistics* questions? Those quotations for wheat, as far as I can understand, are f.o.b. Lyttelton, and on the usual trade terms; that is usually payment in seven days.

That is practically cash. But my point is that the farmer is a cash payer to all intents and purposes. If he has not the cash himself, the firm which finances him makes him pay interest. He has to pay practically a cash price for producing that wheat, inasmuch as the firm charges him interest on daily balances for his overdraft?—That is true; but in all the estimates that I have had to deal with personally I have always seen that the interest was charged on the working-capital, so that we allowed for that in making our estimates. It is necessary to do that to get correct estimates.

You said that the importation of pollard and bran from Australia was an important factor, but are you aware that at the time it is impossible to obtain those products from Australia?—Yes, sir. Although pollard was quoted at practically given-away prices last December, I understand that in April quotations could not be obtained from Australia.

And you are also aware of the fact that large exportations of bran, and possibly of pollard too, have been made to Australia from New Zealand?—Not of pollard, as far as I am aware.

Bran, at any rate, has been exported to Australia within recent years?—As a matter of fact, I did look that up, and I think I found that about three years ago a quantity of bran was exported to Australia, but I do not know of pollard being exported within recent years.

Mr. Jones.] When you mentioned that 80 per cent. of the farmers were being financed, did you mean that 80 per cent. of them were using current accounts?—No, I did not mean that 80 per cent. were tied.

Are there speculators amongst the merchants as well as amongst the retailers?—Yes.

Do you think it is fair for the wheat-grower to assume that he should have been left until the new tariff was brought down?—Well, whether it was fair or not, we did assume that we had been trying for a number of years to get a stable position. That was really the crying need. I may say that the sliding scale of duties was not a suggestion of the wheat-growers, but was adopted more with the idea of protecting the consumer than of assisting the wheat-grower—that is, to prevent the consumer having to pay a high price when the world's prices were high.

In reply to Mr. Wright's question, you said that if you raised the price of wheat unduly high it would make a bad impression upon the public mind, and also in regard to the growing of wheat, but could you raise the price above parity?—No, not above parity of import values; and if we were to do anything unfair the recoil upon ourselves would be so great that we should not attempt it.

Is it not a fact that the sliding scale prevents you doing anything like that?—Yes, that is so.

As to the profit from wheat and sheep being about the same, would that apply to the small man with 200 acres of land?—No, it would not apply to him in quite the same measure. The smaller man would do better on wheat than the larger man—that is, in cash; actually he has put more of his own labour into it; but if you took it upon a labour return I doubt whether there would be much advantage. Unfortunately, however, we farmers have got into the habit of looking at the cash, and not at the labour costs.

Mr. Waite.] In the past, before the present wheat pool was inaugurated, did the farmer get the full benefit of the sliding scale of duties?—No, he did not, on account of the dumping of wheat immediately after the harvest.

Do you consider that now the farmer would get the full benefit of the sliding scale of duties?—As far as we are able to, I think we are getting fairly near it. In my opinion, the price of flour at £16 5s. is slightly below what it could be maintained at, and in consequence if the price of flour is raised the price of wheat could be raised; but that is a question of opinion to some extent. At all events, the price paid is £16 5s. f.o.b., and allowing that a cost of £4 for conversion is fair, then we are getting our fair share of the value of the protection.

If your organization functions reasonably well, you consider that the farmer will get the full benefit of the protection?—Yes, I do.

You contend that the farmer's share in the 4 lb. loaf is less than 4d.?—Yes.

If the protection is reduced, that will mean a less share to the farmer?—Yes, undoubtedly.

In regard to the question of subsidy, at the recent Farmers' Union Conference there was a statement made by the president that the present Government was determined not to give a subsidy?—That statement was made, yes.

Do you know on what authority he made that statement?—I could not say at all.

You are quite sure that the statement was made by Mr. Polson that the present Government was determined not to give a subsidy?—Yes, I heard him make that statement, but I cannot say on what authority he made it.

You do not know on whose authority he was speaking?—No.

If protection was taken off bran and pollard, would it affect the basic price of the sliding scale of duties?—It would, when Australia has a surplus of food, of which I spoke, and had supplies which she must get rid of. In that case the price of offals would be forced down here. The price which can be paid for wheat, if it is being based upon the price which can be obtained for flour, must be affected by the prices of bran and pollard.

Mr. Jenkins.] Am I right in assuming that your land could be profitably farmed without the growing of wheat?—Yes, I think you can assume that.

As profitably farmed as with the growing of wheat?—You must take prices into consideration. With the present price, I should say that it could be more profitably farmed with the growing of wheat. You are speaking of it from my point of view, of course.

Yes, because according to your evidence you have only a certain number of acres under wheat, and you are not certain which pays the better, the wheat or other class of farming?—It is a question of prices, you understand.

In the case of 1,460 growers, 581 grew under 30 acres: can you tell me the average yield of those 30-acre growers?—No, I have no statistics available that would show that.

It would be about the same as your own percentage?—Yes.

What I want to know is whether it would be possible for them to grow sheep profitably?—In most cases those are one-man farms, and though, if you cost their labour in, they would not be doing any better, actually they do make a greater cash return.

It is said that one advantage of the growing of wheat is that it keeps the farmer's family employed, but should New Zealand be penalized by means of protection in order to keep the farmer's family employed?—In the first place, I do not admit that New Zealand is penalized.

In view of the costs that were given to us yesterday it would appear that with wheat at 5s. 7¾d. it only leaves the farmer 11d. net. Your figures are £450 from growing sheep on those 130 acres as against £1,100 for growing wheat. With only 11d. netted for wheat, and since you have stated that it was a risky business owing to the uncertainty of the harvest, I would suggest that you would make a greater net profit from sheep than out of wheat, when you take the risks into account?—Yes, that is possible. I would not argue it. But I will admit that the profits as between those, from the one and the other, are pretty close. But, after all, is not the question not what I make, but what the country will make?

Are you of opinion that one-half the present number of flour-mills could cope with the wheat? I am inclined to think that the flour-millers are one of the causes why bread is so dear. Do you think that less than half the present number of mills would be sufficient?

The Chairman: Mr. Jenkins, would not that question be more aptly put to the millers?

Rev. Mr. Carr.] Will you tell us whether, in your estimation, the wheat pool is necessary for the protection of the farmer?—I think it is necessary.

Mr. Macpherson.] I would like to put what to my mind is one of the most important questions in the whole business—that is, looking at it from the national point of view. You have placed before us very valuable information in connection with wheat and sheep production in your farming operations. You are satisfied in your mind that the discrepancy in the amount involved as between wheat and sheep is considerable, amounting to £744 6s. 4d. in your case. It means, then, that the economic value of growing wheat in New Zealand is enormous. In other words, if the whole of the wheat-growing farmers were to go in for the growing of sheep we would deprive the working element—the harvesters, ploughmen, men on the railways and other transport services—of a sum equal to £1,488,000 a year, which would be reflected upon the whole of industry. In other words, all those costs would practically be diverted to Australia instead of being expended in New Zealand?—Yes, that would be the position.

On 130 acres, which is a fair average for New Zealand, the amount of money put into circulation is £1,197, while the same land if farmed with sheep would only circulate £453. Therefore we have a discrepancy of about £700 on account of 130 acres?—Yes.

You are of the opinion, then, that the economic value of growing wheat, quite apart from whether it is too dear or too cheap, is enormous to New Zealand?—I am very definitely of that opinion.

And it would ultimately mean that we would put out of employment a large number of our business people, working-men, and men on the railways and other transport services if we were to depend entirely upon wheat from outside New Zealand?—Yes, that would be the position.

To my mind that is a very important aspect of the question. Our Government would then have to go into the question of providing labour for the large number of men who would be thrown out of their natural sphere of employment?—I could not say who would have to provide it, but just that much employment would not be available if we went out of the wheat-growing business and imported all our requirement from Australia.

With regard to a subsidy, are you of opinion that it would be certainly more complicated than the present system of the sliding scale of duties?—Yes, it becomes more cumbersome to work it out on a basis that would be perfectly equitable to all concerned—that is, to avoid paying a subsidy which would be in excess of what is necessary and at the same time to ensure paying a subsidy which would be fair to everybody.

Would it lead to a good deal more violent fluctuations in the price of wheat if we were to pay a subsidy—that is, by allowing a free and open market, and to be at the mercy of the speculator, who would juggle the market with prices? The farmer would not be in such a stable position as under the present system?—Taking the experience of the past few months, the subsidy would have to be adjusted on the basis of about 4s. 6d. f.o.b. Australia, with a price which possibly may be 6s. f.o.b. Australia, or more, before the end of the season. It would have to be adjusted on a difference of 1s. 6d. within one crop season.

Do you think that the farmers as a whole, including the wheat pool, are sufficiently capable to regulate these things?—I do not know. As far as the farmer is concerned, he is practically helpless; he is in the hands of the markets. What we can do remains to be demonstrated, but we would do our best for our members. I would not like to say that we could prevent the manipulation of a speculative market, but we would do our best to obtain the best return for our members under the conditions then obtaining. Further than that I could not go.

The possibilities are that the ability of the outside speculator would be more than you could control, and the liability to fluctuations would be more than at present?—We could not control fluctuations. If the prices in Australia fluctuated to the extent of 1s. 6d. a bushel within one season, we would be at the mercy of those fluctuations if the market were free.

Do you think there would be a likelihood of any possible surplus being grown under subsidy?—Well, that would depend upon the amount of the subsidy. If a subsidy was offered amounting to something near 7s. per bushel, I would say that there would be almost certainly a surplus grown. If we were offered a subsidy which offered a prospect of 5s. I should say that there would be a very short acreage grown. If the subsidy were about medium between those amounts, we would get about our acreage.

In other words, you think that you require quite a substantial subsidy to warrant you in accepting the change from the present system?—It would need to be substantial, yes, but more particularly it would need to be stable.

Have you any reason to believe that it would be any more stable than present conditions?—I have already indicated that it would keep us in politics eternally, which is not where the wheat-growers wish to be.

Hon. Mr. Cobbe.] Have you considered the question of the Government subsidizing flour? That would have the effect of ensuring to the wheat-grower a fair price, and would give the poultry man an opportunity of getting wheat at a reasonable figure?—I think it would be simpler to do that, but it still leaves the objection that the position would be unstable from year to year. I have already made the point that I presume that no subsidy could be devised which would not require an annual appropriation, and if that were the case the matter would have to come before the House and be debated every session. In a session like this, when you have a shortage of money, there would be a strong disinclination to vote that subsidy, and you would perhaps be paying for what you would not get. The idea of paying a subsidy would be to obtain the growing in New Zealand of wheat sufficient for our requirements. If a subsidy were paid it would amount to a considerable sum; but the effect on the grower would be that if he felt uncertain when making his plans for his crops from now on until February or March he would say to himself, "I cannot be sure about conditions; I will go a bit canny." That has been demonstrated in the past. That is my main objection to the subsidy. If that could be overcome I would have no more objection to that method.

It should not be difficult to arrange a fixed subsidy. What I am aiming at is this: we want if possible to get flour down to such a figure that people will be able to get bread cheaper, and, further, we want to assist the poultry industry?—Yes, I have every sympathy with both of those objects.

Do you not think that a flour subsidy would be the best way?—Is there a way of overcoming that objection? Can it be made a permanent thing?

The Chairman.] The Wheat-growers' Association, I presume, aspires to control the whole of the wheat grown?—Well, we endeavour to obtain as full control as possible.

You have already got 80 per cent.?—No, I did not say 80 per cent. Of the actual acreage over the whole of New Zealand it would not be over 60 per cent.

Practically you have control over half the wheat in the country to-day, and you aspire to get control of the fullest possible quantity?—Yes.

What will happen in the event of conflict between your organization and the millers?—We will win. Do you mean what will be the economic position? In the first place, both of us are absolutely vitally interested. We stand to lose so much if we do anything foolish that we are bound to take a common-sense view of the situation.

My point is that between the holders of the wheat and the millers of the wheat there may possibly be a conflict: how are the rights of the public to be protected?

Mr. Wright: We say by the sliding scale of duties.

Witness: I should say that a conflict between the two would be perhaps to the advantage of the general public, if you mean by cheapening prices.

The Chairman.] No; by you holding the wheat against the millers, where would the public be safeguarded?—I cannot visualize such a position as that.

There are two factors in the case, one in opposition to the other. You hold the wheat, and the key of the situation; the miller is demanding a lower price, and the public is not being represented at all. Importation would be the only alternative. Is that the answer?—That would prevent us charging an exorbitant price; but if you think there would be a deadlock between us, I cannot possibly visualize such a situation. All selling organizations dealing with an annual product must sell their product within the season of production, or nearly so: that is vital. Now, if we held up consumption for any time it would mean, even supposing that it would not be possible to import from outside, that we would be piling up our stocks.

But your idea is to get a better price for the farmer?—I would not say a better price, but it is to prevent him suffering from the slump.

Was it not stated that before the institution of the wheat pool the prices obtaining were not satisfactory?—That is quite so. I say that about 80 per cent. of the growers had to dispose of their wheat within three months. That overloaded the market and the facilities for handling and transport, and the pressure upon the growers to sell forced the market down. The speculator came in and bought. There was demoralization of the market, and the result was that the grower lost anything up to 9d. per bushel. That is the main thing we have come into existence to remedy. One might say that it was the real cause for our coming into existence.

Then, the only safety for the public in the event of a deadlock is to import flour or wheat?—Yes.

And the imported price would regulate your price?—Yes.

Your association would fix its price at what the wheat could be imported at?—Yes.

Therefore the sliding scale of duties is a protection by giving you a higher price?—Yes.

In the event of a tendency to overproduce wheat, would your association actually intervene in preventing extra acreage being put into wheat?—That position has never arisen, and I do not think it is likely to arise. We would, perhaps, if there were an indication that 320,000 acres would be sown and there were large stocks of wheat on hand, indicate to growers that there was a possibility of a big acreage being sown, and that it would be in their interests to divert some of their land to other purposes. I would not like to say "Yes" or "No" to that.

Have you heard it stated that the value of the poultry industry is equal to the value of the wheat industry?—No, I have not heard that stated, and I find it hard to credit.

It has been stated that the value of the wheat industry is two and a half millions a year, and that the value of the poultry industry is about the same amount?—I have not heard of that. The value of the wheat industry depends upon what point one takes the value at. You can take the value on the farm: then it would probably be round about that figure; but if you took it at the various stages along the road from the producer to the final consumer it is increasing like a snowball. It must be worth about from eight to ten millions finally.

Regarding the situation in connection with bran and pollard, you had a good crop of wheat last year?—Yes.

Are you aware that bran is unprocurable in New Zealand to-day?—I do not know that that is the case.

And that pollard is also in short supply?—Well, of course, that would not be very much influenced by taking the duty off bran and pollard; while, on the other hand, if you discourage wheat-growing, that situation would become more intense.

Then you would get a higher price?—But that is not in the interests of the consumer.

No, the present position of the consumer is that he cannot get the goods at all?—Then, how is he going to get them if you reduce protection?

Would you agree to £1 per ton being taken off?—No. I have pointed out the effect of that—that Australia occasionally has its big surpluses of natural feed, which prevents the pollard and bran going to consumption fast enough. It cannot be held there, and they must get rid of it. They send it here at any price, and that disorganizes the New Zealand market, and then perhaps a few months later they are unable to supply at all. The consumer gains no benefit. Now it appears to be impossible to get pollard in Australia.

Then, you oppose any alteration of the duty on bran and pollard?—Well, I think that £1 a ton is so little; it is really a buffer against those occasional occurrences which disorganize our market. It is not much of a handicap upon any industry, while it gives a small measure of stability.

You are probably aware that people who use pollard and bran in the North Island have to export their goods without a bounty of any sort.

Hon. Mr. Cobbe: They do get the bounty.

The Chairman.] Is it a fair thing that those who use bran and pollard should pay £1 duty when they export their goods and sell them in the open market of the world?—I do not admit that they pay £1 a ton duty. As a matter of fact, I am sure that the prices they have been paying for pollard and bran in New Zealand throughout the last five years have been less than it could have been imported for from Australia with the prices that have ruled. If we had been buying 50,000 tons of bran and pollard in Australia, it is undoubted that the prices would have been higher than they were, and the average prices of Australian bran and pollard during the last five years were higher than the cost in New Zealand, not including the £1 a ton duty. The value of the duty is acting as a buffer against the disorganization of our market by the lower price of Australian pollard if they have had for a month or two a period of plenty, when they cannot use all they are producing there at the moment and they must get rid of it.

At that rate you deny the right of the user to get the advantage of a cheap rate?—I deny that he would get the advantage of a cheap price, because the drop would never get to the consumer.

Would you say that if wheat were supplied by the farmers in New Zealand bread in Auckland would cost 11·9d. per 4 lb. loaf? How do you reconcile that with the price of bread in Melbourne at 8½d.?—That has entirely to do with the cost of producing the bread from wheat. I have bought bread in Dunedin for 9d.

Then, it is costing more for the production of bread in Auckland than it costs in Melbourne?—Apparently that is so.

Mr. Wright: I think the assumption is incorrect. I have the latest copy of the *Victorian Baker*, and the official price is 11d. We are giving evidence later on that the price of bread in Melbourne is 1s., and a Royal Commission is now sitting inquiring into that matter. They seem to have the same troubles there as we have here, and they have the same trouble in Chicago.

The Chairman: We have a statement from the Board of Trade that the price of bread in Melbourne is 8½d. for a 4 lb. loaf.

Mr. Wright: I will put in the findings of this Commission.

Witness: I have also seen an official Australian publication saying that in the country districts of New South Wales bread was as high as 1s. 2d. per 4 lb. loaf.

The Chairman.] The highest price stated there is 1s., delivered and booked. In the event of your having to go in for sheep, the net return would be approximately the same?—Yes, roughly.

There would be no reduction in the price of the land?—No. But this comes into it; the price of land in Canterbury has grown out of its ability to produce a number of products. If you take any one of these products away, you are going to reduce the value of the land.

In regard to the cost of production of wheat, will you be able to furnish those particulars later?—I can, if you wish, give you the particulars. I will do that.

What would be a fair price to the grower, in average land, for first-quality milling-wheat ?—About what we are getting now—about 5s. 8d. on trucks in March and April. I think that is about as near as we can go. That is for Tuscan.

And the other qualities ?—Well, there is a difference of opinion as to what the spread should be. I would suggest Hunter's 3d. more, and Velvet and Pearl 3d. more than Hunter's, sacks extra.

Would those prices actually satisfy the farmer, if he were quite certain of getting them year after year for ten years ?—Well, my best evidence is the effect they have had during the past ten years, when they have been in operation. The effect upon acreage would indicate that they will result in reaching about the acreage of from 240,000 to 260,000 acres—always, of course, remembering that any change in the price realized between other products and wheat would have some effect.

Mr. McCombs.] We had a witness before us the other day representing the poultry industry, and he stated that he wanted to take advantage of a suggestion made on a previous occasion that if the poultry-keepers applied direct to the pool they would get their supplies cheaper. He accordingly applied directly to the pool, with the result that he had to pay a higher price than he would have had to pay if he had got his supplies from a number of dealers in Auckland. How would you account for that ?—The dealers must have been selling at a very reasonable price. There is a vast difference in quality in wheat of which poultry men have no knowledge. We know that wheat is being sold to poultry men as good milling-wheat which we would not class as good whole fowl-wheat.

Your pool could help to get over the difficulties by giving the very lowest price ?—We have told them that if they would so organize themselves that they could purchase direct from us we were prepared to do business with them direct.

They were willing to do that, but found they could not purchase from the pool advantageously—the statement was made here ?—I would want to know the prices and also to see the samples of wheat before I could discuss that.

Mr. Macpherson.] Is that not the whole crux of the question—the poultry man is not a judge of the wheat he is buying ?—That is a fact. That application did not come before me.

W. J. POLSON, M.P., President of the New Zealand Farmers' Union, examined. (No. 22.)

The Chairman : The question came up a while ago regarding an alleged statement made by Mr. Polson regarding a subsidy on wheat-growing, and I think it only fair that Mr. Polson, who is president of the Farmers' Union, should be allowed to make an explanation.

Witness : I understand that a statement was made by Mr. Waite that I had said under no circumstances would the Government agree to a subsidy on wheat. Is that the position, Mr. Waite ?

Mr. Waite : Mr. Chairman, is the witness not here to give evidence, and not to ask questions ?

The Chairman : He occupies the responsible position of chairman of the Farmers' Union, and it is only right, in my opinion, to give him an opportunity to state why that statement was made by him. You raised the question, and I wanted to have the matter cleared up before the Committee.

Witness : The statement I made was as a result of a deputation of a number of farmers which I introduced to the Prime Minister after a business executive meeting some months back. This matter has been sprung on me at a moment's notice, and I cannot remember all the questions discussed with the Prime Minister. However, one of the questions had to do with wheat, and the Prime Minister told us definitely that he did not consider there was any prospect of the difficulty in regard to the wheat question being got round by means of a subsidy, and he explained his reasons—very cogent reasons—why a subsidy was impracticable. We all heard those reasons, and in referring to the matter subsequently at a conference of the Farmers' Union I gave that information to them.

Mr. Waite : I think the position is quite clear. When Mr. Mulholland was giving evidence I asked him, regarding the question of a subsidy on wheat, whether, at the recent conference of the Farmers' Union, the statement was made by the president of the Union that the Government was determined not to give a subsidy, and Mr. Mulholland said he heard that statement being made, and Mr. Polson agrees with the answer Mr. Mulholland gave.

The Chairman : You wanted to know on what authority Mr. Polson made that statement.

Mr. Waite : Oh, no.

The Chairman : Yes, you asked that definitely.

Mr. Waite.] For the sake of argument we will admit I wanted to know on what authority the statement was made. Mr. Mulholland said he did not know. Obviously he did not know. It is quite a complete answer when Mr. Polson says he makes it on the authority of the Prime Minister. At that deputation, Mr. Polson, there were several members of the Farmers' Union present ?—Yes, there was a considerable number of them.

Can you give us the approximate date of the meeting—was it long before the Farmers' Union conference ?—I think it was the end of January or February. I could ascertain the exact date.

Some time previous to the Farmers' Union conference the Prime Minister assured you that the subsidy would be unworkable ?—That is practically what he said.

The Chairman : It was really better that this matter should be cleared up. We understand definitely that Mr. Polson had the authority of the Prime Minister when he made the statement.

Mr. Waite : That is how I understood the position all along.

ROBERT EDWARD ALEXANDER, A.R.C.Sc.I., Director of Canterbury Agricultural College, Lincoln.
(No. 23.)

Mr. Wright.] You are the director of the Canterbury Agricultural College, Lincoln ?—Yes.

For four years previous to coming to New Zealand you were in charge of the Albert Agricultural College, Glasnevan, Dublin ?—Yes.

During that time you were closely associated with Mr. H. Hunter (now Dr. Hunter), First Assistant to Professor Biffen ?—Yes.

Dr. Hunter is a very eminent agriculturist ?—Yes. He is plant-breeder at Cambridge now under Professor Biffen.

You have occupied the position of Director of the Canterbury Agricultural College at Lincoln since 1909 ?—Yes.

And you have been closely associated with wheat-growing ever since ?—Yes.

I understand you wish to make a statement ?—Yes. I shall not refer to the headings which have been referred to the Committee, but shall confine myself to making a statement. It is clear that it is essential that a country depending almost solely on its primary products for its wealth should produce its own foods. It is doubly essential in New Zealand owing to its geographical position. I am firmly convinced that a measure of protection is necessary in order to enable New Zealand farmers to produce wheat in competition with other countries. No one can claim that even with the present moderate protection any wheat-grower is amassing profits. Estimates of the cost of production prove this conclusively. The best that can be said with regard to wheat-growing at the present time is that it is paying wages to the farmer and is a necessary part of the system of farming. I have here an estimate of growing wheat on the College lands for the information of the Committee. It might be asked, then, why does the farmer grow wheat ? Wheat-growing is an integral part of the system of farming adopted in the arable areas of the South Island. Any action or happening which upsets the system or custom in farming dislocates the whole machinery, with serious and lasting results. Wheat-growing may be divided into two classes—(1) Large farmers, who grow a proportion of wheat (and employ labour to do it) ; (2) small farmers, who grow a relatively larger area to utilize their own and their families' labour, and make the best use of their small holdings. In either case wheat-growing is necessary to the system. All farming is carried on under a definite system of rotation which cannot be upset without grave risks and losses. The farm, plant, and everything is bought based on the premise that the same system continues, and plans are laid for a number of years ahead. It is easy to see that the system of farming which requires and involves an outlay for a special working plant, and careful mapping-out of a programme for years ahead, cannot be altered or abandoned at will. Further, there is the personal element. The wheat-farmer fits himself for his job and becomes expert. His stock-farming is a side-line which he manages indifferently to well. Can he become an expert stock-farmer in a moment, any more than a grocer can change over to a draper ? This and the previous point were well exemplified in Britain during the war. The Government failed in all its appeals to farmers to grow wheat, and in the end had to adopt compulsion and appoint expert advisers to control and advise the farmers. The farmers were in no wise unpatriotic or unwilling to help, but they simply could not change their practice. They lacked the necessary knowledge, and they were bound up in a system which they had planned out and which their plant was suited to work, and the change meant a loss of capital, in addition to embarking on an unknown quantity. So far as the larger farmer is concerned the effect of ceasing to grow wheat would not be so serious. It would involve sacrifice of plant, reduction of labour employed, and employment of fresh capital to buy more stock. I think it is very questionable whether the average person in New Zealand understands clearly the very large plant involved in wheat-production. By "plant" I mean power—horses and tractors, ploughs, harrows, drills, and other implements such as drays, reapers-and-binders, cultivators, &c. It should also be clearly understood that wheat must be put in in the autumn, the most difficult season of the year to cultivate and prepare the land. A bigger plant and more wear-and-tear is necessary for wheat than to put in other crops which may be grown on the farm alongside of it. In other words, it is what is known as a "rush" crop. While, then, it might be argued that this plant could or would be utilized for growing these other crops, if wheat-growing were suspended or seriously diminished I maintain that a very small proportion of this plant would be necessary, and very much less power would be necessary. It would be a safe and moderate estimate to say that as to the plant on a farm where wheat is grown fully 75 per cent. of that plant is directly referable to wheat-growing. I do not think that the average man realizes that, taking the big farm with the little farm, the farmer's plant in the wheat-growing area, on an average, runs into at least £500. There are six thousand wheat-growers, and you will therefore see that at least £3,000,000 is sunk in plant. As 75 per cent. of this is directly referable to wheat-growing, it will be seen that £2,250,000 is directly invested in the wheat-industry plant alone. If this plant were thrown upon the market through the cessation of the wheat industry, or even if a considerable portion were thrown on the market by a diminution in the industry, there would be a huge loss to the country. Take horses, for instance : the present price of a good draught gelding is about £50. They would immediately drop to nothing, or practically nothing : we would be lucky if we got £10 for them. This, then, would seriously affect breeders and the horse-breeding industry generally. The other part of the plant would be unsaleable and become a dead loss. If the duties were removed it would mean that many farmers would struggle on for a few years, growing wheat at a loss and hoping for better things, until they eventually landed in the Bankruptcy Court. Suppose that after embarking upon this costly experiment it became necessary to resuscitate the wheat industry (as I am confident national exigencies would demand), the difficulties of doing so would be enormous. The first thing is that horses would have practically disappeared from farming operations ; and it has been definitely proved that horses cannot be wholly replaced by tractors. The

figures compiled by economists in various parts of the world vary, but show that only 15 to 25 per cent. of the horses have been displaced by tractors. It would take at least five years to rebuild the draught-horse industry, and it would have to be fostered by guarantee before you would get people to embark upon it. The other portion of the plant would have to be scrapped, and replaced wholly by new implements. Where would the capital come from? It would need between £2,000,000 and £3,000,000. The average value of wheat-land is between £30 and £40 an acre—say £33 an acre—and there were 260,000-odd acres put in wheat last year. This only represents a portion of approximately 1,000,000 acres of wheat-growing land in New Zealand which, in the ordinary rotation of crops, is used in the production of wheat. That land would fall anything from £5 to £10 an acre, possibly more; but take £5 an acre: the direct loss in land-values alone would be £5,000,000. It should be remembered also that land-values in other departments of farming would fall in sympathy, and it is impossible to say what would be the ultimate loss occasioned through the destruction or serious diminution of this industry. What a risk to run for what, after all, is merely an experiment! As to the reduction in employment of labour, this is a serious matter, as it will throw on the labour-market men of the best type, and increase the present unemployment, which is most undesirable. In regard to provision of fresh capital to purchase stock (as there is no other form of saleable crop which can replace wheat), the large farmer may be in a position to supply this capital, or he may not. If not, who is to supply it? Will he be compensated? What of the small farmer—the man who is referred to as the backbone of the country—whom successive Administrations have fostered and created? His whole floating capital is invested in wheat-growing. Cut off wheat-growing and you take his living from him; he loses his capital. He has no outlet for his labour—he is a wheat-grower; all his training and experience have been in that particular line. At the most he keeps a few cows, from which he gets a few pounds of cream, which provides enough to buy his household necessities; or he fattens a few lambs, the capital for which is provided him by a stock-agent or freezing company: but he is not a dairy-farmer or sheep-farmer, and he cannot change to another type of farming in a year, or even two years, and in the meantime what is to become of him? He has lost his capital and his employment. Those who say that land which will grow wheat will also suit dairy-farming have not, I am afraid, studied the question on the spot in the South Island, on clay soils under a South Island climate. It is also clear that he cannot become a sheep-farmer, as he has not the scope; he cannot support himself on the area, and he has no scope for his labour, not to speak of that of his family. We want to keep our labour fully employed, and he and his family will therefore be thrown on an already glutted labour-market. Surely it is wrong, from a Dominion point of view, to say that because New Zealand is geographically a scattered country it should cut off one of the biggest and most fertile areas from being profitably utilized. If we have to give up wheat-growing we will have to drop the difference between £9 an acre from wheat and £3 to £4 an acre from sheep—that is, about £5 an acre; and this £5 an acre constitutes labour costs, money that is distributed very widely. Why should we suffer this loss when there is no guarantee that, if all that were done, we would be able to import wheat from Australia or anywhere else at a less cost than we can grow it? I wish to make it absolutely clear that, especially on the larger areas where wheat is grown, fat-lamb raising is run in conjunction with it, and each has benefited by the other. Even on the small farms mentioned lambs from the higher country are fattened as part and parcel of the rotational system. If fat-lamb raising were gone in for solely, there is the attendant risk, so well known to sheep-farmers, of serious losses as the result of parasitic infection brought about by close stocking and grazing, which is largely kept in abeyance by the introduction of the wheat crop in the rotation. Let us also be clear on one point, and that is that the loaf when it reaches the home represents more in wages than anything else. From the moment the small farmer starts or decides to grow wheat till he is finished with it he is himself contributing or is paying for labour directly or indirectly all the time. This goes through railage, milling, baking, delivery; and an analysis would show the loaf as a labour gold-mine. The largest proportion of it represents wages, while a very small proportion represents capital and farm returns. The small farmer's position is serious if he cannot grow wheat. His only course, to me, seems to be to get off the land and get employment; but with whom? If his land is to be utilized it must be by a large farmer—or, in other words, we must have land-aggregation. This is exactly what happened in England, where nothing was done to protect the wheat-farmers after the slump. The small man went under, and land-aggregation has taken place, and unemployment raised. The present sliding scale of duties, which has been in force for two years, has not increased the acreage of wheat, nor is it likely to do so, for the simple reason that the farmer is now growing the quantity of wheat that suits his land and his farming system best. The present basis of duty was arrived at after full and careful consideration, and the circumstances have not changed since. If anything is done to give a secure and fixed policy the tendency will be to get a fixed area of wheat—a definite area, not varying from year to year. The present duty does this. The only thing that is wanted is an assurance from Parliament that it is not going to interfere with the duties in the future. They have worked very satisfactorily for the last two years, and in my opinion are not too high. With regard to the conditions necessary to secure prosperity in a farming community—and I think it is the wish of every one to see our country and primary producers prosperous—one can only point to two factors as being essential: they are fixity of tenure and a steady market for our produce. "Tenure" includes a policy in regard to non-interference with production as well as land. Tenure is regulated by the Government of the country for a definite period, and such period should be of considerable length; or if the right of revision cannot be denied, then that revision should only apply after a fixed period. In the case of the arable farmer, at least five years, which is the average rotation, should elapse to give him sufficient time to work out and make the change-over. Unless some security is given no progress can be made in farming generally, and our lands cannot and will not be used to the best advantage, and the application of science and research to farm problems will be more difficult and costly. No industry can flourish unless there

is security of continuity, but least of all can agriculture thrive under a cloud. This statement can be proved positively and negatively in every part of the world. Of the countries noted for the primary products, Denmark provides an excellent example of stability and speeding-up of production. The necessity for producing their own food is forced upon the Danes; they have nothing but primary products to export, and surely it would be ridiculous to exchange their own primary products for other primary products. Successive Governments there, from extreme Conservative to the present Social Democratic, have affirmed the principle of protection. What is the remedy? I can only state that I was satisfied, as were the majority of wheat-growers, when the sliding scale was agreed on that something definite had been obtained, and that an equitable and lasting arrangement had been secured which protected not only the grower, but also the consumer as well; with the result that the grower went on with his work relieved, as he thought, of one nightmare—so much so that plans were formed and a scheme evolved for further and more extended research. Might I here point out that any research we have done was done on the full assumption that New Zealand must grow its own wheat, and that any and every Government would insist on this. Beyond this I do not wish to refer to research schemes, as they are being fully dealt with by other witnesses. A suggestion has been made that the present system of sliding scale of duties should be replaced by a bonus to grower. This, to my mind, would not be a satisfactory means of stabilizing the industry. The bonus system at the best is a clumsy, unwieldy, and costly method of fostering any industry, especially a primary production. The cost of administration would be much greater than at present. The bonus would be subject to revision each year, and this would immediately create unrest and suspicion and would fail to give any security—the thing the farmer wants above all others. So far as I know the bonus system has failed to place any primary products on a sound footing, and only leads to discontent and dispute; for instance, see the present attempt to foster the sugar-beet industry in Great Britain. No one can say that the wheat-grower has no right to protection in face of the enactments now in force to protect secondary industries and others dependent on primary producers. If one branch is sheltered all should be sheltered; or, in the alternative, if protection is taken from wheat it should be taken away altogether. As already pointed out, if legislation is brought forward to deal with primary products, let it be such that confidence will obtain amongst farmers—fix a policy that is not to be tampered with for a period of five, ten, or twenty years. Stabilize farming, and you will make the country prosperous. The following is an estimate of growing wheat on the College lands, referred to earlier in my statement:—

Canterbury Agricultural College.—Cost of producing Wheat on Land valued at £40 per Acre.

(Estimated yield, 40 bushels per acre.)

	£	s.	d.
Interest on land at £40 at 6 per cent.	2	8	0
Land and local tax at 2d. in the pound	0	6	8
Water rates at £2 per 100 acres	0	0	5
Waste land, fences, buildings, &c., 5 per cent.	0	2	9
	£2	17	10

Cost of wheat (*a*) contract, (*b*) direct labour:—

Contract Prices.

	£	s.	d.
Rent	2	17	10
Skim ploughing	0	7	6
Disking and cultivating (two strokes)	0	6	0
Harrowing	0	1	6
Deep ploughing	0	12	6
Cultivating	0	3	0
Harrowing	0	1	6
Drilling	0	3	0
Harrowing	0	1	6
Seed (1½ bushels at 6s. 8d.)	0	10	0
Manure (1 cwt.)	0	10	0
Spring harrowing	0	1	6
Fence-maintenance	0	3	6
Residue from grass	1	0	0
Cutting and stooking	1	0	0
Stacking and carting	0	12	6
Threshing (6d. per bushel)	1	0	0
Carting grain (at 2d.)	0	6	8
Sacks and twine	0	2	6
Supervision, interest on capital, incidentals	0	10	0
	£10	11	0

Direct Labour (see Costs).

	£	s.	d.
Rent	2	17	10
Skim ploughing	0	6	6
Cultivating	0	5	10
Harrowing (two strokes)	0	2	4
Deep ploughing	0	7	3
Cultivating (two strokes)	0	5	10
Harrowing (two strokes)	0	2	4
Drilling	0	2	6
Harrowing	0	1	2
Seed (1½ bushels at 6s. 8d.)	0	10	0
Manure (1 cwt.)	0	7	0
Spring harrowing (two strokes)	0	2	4
Fence-maintenance	0	3	6
Residue from grass	1	0	0
Cutting and stooking	0	14	6
Stacking and carting	0	8	6
Threshing (6d. per bushel)	1	0	0
Carting	0	6	8
Sacks and twine	0	5	4
Supervision, interest on capital, incidentals	1	0	0
	£10	9	5

An extra charge is included under supervision with direct labour—this includes interest on plant, incidentals, insurance.

Cost of ploughing is based on the assumption that one man and six horses will plough 27 acres per week.

	£	s.	d.
Cost of six horses per week..	5	4	0
Cost of man per week	3	2	5
Shares (3d. per acre)	0	6	9
Oil and upkeep of plough	0	1	6
	£8	14	8

No allowance is made in above for a spare horse, which is usually kept to provide against accidents, sickness, sore shoulders, &c.

Mr. Wright.] Could you give us an estimate of the cost of harvesting the Dominion wheat crop, taking it at 8,000,000 bushels: what would be a fair sum to pay for the cost of harvesting?—I have not gone into those figures. I know what used to be the contract prices: 15s. an acre was the contract price for harvesting, and stooking and stacking added to that price would make it something like £1 7s. 6d. to £1 10s. by contract.

Would it be on the conservative side to say harvesting costs would be 6d. a bushel?—It costs more than that.

If we take it at 6d. a bushel to harvest the crop, that is well within the mark?—Oh, yes.

At 6d. a bushel for 8,000,000 bushels for harvesting, that would make the cost £200,000 a year?—Yes.

I think you and Dr. Hilgendorf have gone into the costs of farm labour and found that there would be a reduction of one permanent hand for every 250 acres of wheat grown? That would be a permanent reduction of wheat hands of 1,300 in the wheat area?—One of the students worked out the figure and we checked it. That was the result of his finding.

They would be skilled farm hands—skilled in wheat-raising?—The best type of men you would get in the wheat areas.

Could you utilize the services of those men on farming if you discontinued or seriously diminished wheat-growing?—You mean the surplus labour. They would be definitely displaced.

What would be the cost per bushel for threshing the 8,000,000 bushels?—The contract price would be 6d. a bushel.

That would be another £200,000?—Yes.

I think it is safe to say that 50 per cent. of that goes in the payment of wages?—A little over 50 per cent.

We will say 50 per cent. That is a loss of £100,000 a year on wages alone for threshing?—Yes.

With regard to the cartage contractors, I think you put that down at 6d. a sack?—6d. a sack is what we are paying in the district with which I am acquainted. It would be roughly 2d. a bushel.

That would be another £66,000 for cartage contractors in moving the wheat?—Yes. It is not all done by contract. The farmer would do it sometimes, but he would pay it out in wages. He could not, however, do it for under 2d. a bushel.

Do you happen to know how many tons of twine it takes to harvest a crop of wheat?—In running out the number of costs you can charge up twine at 1d. a bushel—that is, taking the average cost of twine in New Zealand. For a 40-bushel crop it would run out at 3s. 4d. an acre, and for a 30-bushel crop 2s. 6d. an acre.

That would be £30,000 or £40,000 in twine alone?—Over £40,000.

Do you know how many tons of flax it takes to make a ton of twine?—No.

The flax mainly comes from the North Island, does it not?—I do not know where it comes from. Some of the twine is made in the South Island and some in the North Island.

The Chairman.] By what you have said in your statement you seem to have the idea that some one is out specially to kill the wheat-grower?—That is the prevailing idea.

What foundation have you for that idea?—There are two ways of drowning a man: one is to throw him into the river, and another way is to keep his head under water; and if the returns to the wheat-grower are very much reduced you will kill him.

That is an assumption?—That is the assumption I am going on—that the wheat-grower would be killed.

I think you are beginning with the wrong idea. The previous witness said very much the same thing. He thought it was apparent some one was out to eliminate the wheat-grower altogether. No one has suggested that in evidence before this Committee—that is, that the wheat-grower should be eliminated or abolished?—It has been suggested in the newspapers that the wheat-grower is getting too much for his wheat.

I have never heard it suggested that the grower was getting too much, but it has been suggested that the man who buys his bread pays too much for the bread?—Why are you making inquiries about the sliding scale?

The Government set up this Committee to inquire into the wheat industry?—It should have been an inquiry into the cost of bread-production.

That will come within the scope of the Committee later on. What were your grounds for assuming that there was an evident desire to eliminate the wheat-grower completely?—We must base our assumption on something. If we came up here and did not have any assumption at all, how could we give you any evidence?

It is merely an assumption ?—If the returns to the wheat-grower are very much reduced he must eventually go out of business.

There is no evidence before the Committee that the wheat-grower is getting too much for his wheat: there has been an objection by the poultry people to the price of fowl-wheat ?—I think you will admit that there is an assumption abroad that the farmer is getting too much for his wheat.

Mr. Jones: I think that if there were not that assumption the Committee would not be sitting.

The Chairman.] I took it that it was a question of the price of bread ?—That is the assumption, at any rate.

ARNOLD WRIGHT SMITH, of Christchurch, examined. (No. 24.)

Mr. Wright.] You are the chief grader in the employ of the New Zealand Wheat-growers' Co-operative Association, Ltd. ?—Yes.

You have a statement to make to the Committee: will you please make it ?—I served my time as a grader with Messrs. A. S. Paterson and Co., grain-merchants. I have had a wide experience in the grain trade, and particularly wheat, for many years. In 1917 I took up a position with the New Zealand Government as Chief Grain Grader. I occupied that position until 1923. While occupying this position I was appointed to the position of Assistant Wheat Controller, and then, when Mr. McDonald left and went to Distributors, I became Wheat Controller, which position I occupied for approximately one year. I then resigned from the Government and took charge of the Farmers' Wheat Board. This was an organization set up at the end of 1923 as a result of an agreement between growers and millers, which agreement was made with the knowledge and approval of the Government, who placed an embargo on the importation of wheat and flour. I was appointed to administer the above agreement, and I occupied this position until 1926, handling two wheat crops. After the second crop this agreement was not renewed. Until the present time I have never heard it questioned that New Zealand should not as far as possible be self-contained as regards its food-supplies, more especially its most important foodstuff—namely, wheat. Each successive Government as far back as I can remember has regarded this as axiomatic. I consider it essential that we should continue to grow our own wheat as a country, and I think the retention of the sliding scale of duties will, more than any other proposal that has yet been brought forward, effect this. The sliding scale of duties has given a confidence to the wheat-grower in that if continued it would effectively settle a difficult matter that has been agitating the producers of wheat for many years past. I think we should grow our own wheat, because we are so far by sea from other countries that in times of national stress and emergency there is always a chance of interruption of communications; and, further, in the event of it being necessary to import wheat there is always the possible difficulty of transferring tonnage that might be more advantageously employed in the export of our own products. As we do not grow very much surplus we may some time find ourselves cut off from outside supplies. You cannot say that if there is a shortage in Australia there will be a surplus in Canada. Australia, as a wheat-producing country from which we would, if we discontinued growing nationally, draw our supplies, is peculiarly liable to droughts, thus reducing her exportable wheat. Australia is also peculiarly susceptible to labour and shipping troubles, often at a time when the greatest demand is required in exporting her produce. These troubles are too fresh in the minds of every one to need emphasizing. The far-reaching effects these must have, if we discontinued growing wheat, upon the Dominion's food-supply must be apparent to every one. If we were dependent on Australia, they would, in most cases, send us flour and keep the offals themselves. Wheat-offals sell at a higher price in Australia over a number of years than in New Zealand, and when drought conditions prevail the demand for these in Australia is practically unlimited. They might send us flour at a cheap price, because the Australian miller gets his profits on the gristing of products. On 48 bushels of wheat, it does not matter to him whether he gets it off the flour or off the bran and pollard—flour to some extent becomes the by-product with him, and the Australian miller can dump it: he manufactures for bran and pollard first in times of drought. The reason why these products are so high in Australia is that drought conditions come along, and farmers and graziers must have those articles, and flour really becomes in the nature of a by-product. It would be most unwise to endeavour to build up a pork industry in New Zealand in reliance on securing Australian bran and pollard. These supplies might, for a variety of reasons, as I have shown, give out just at a time when they were most essential to the industry, in which event grave loss would in all probability result. Before I was with the Government in 1916 the New Zealand Government bought a shipment of wheat from Canada; then in 1917 they purchased 1,000,000 bushels from Australia, and a further 2,000,000 bushels shortly after—early in 1918. They paid about 5s. 6d. a bushel to the Australian Government, and the Australian Wheat Board, which was a Government institution, was selling to the Imperial Government at 4s. 9d. f.o.b. (see Board of Trade Report, 1918, p. 2). At the end of 1921 it looked as if New Zealand would be short of wheat to carry on until the next harvest. The New Zealand Government sent across to Australia for a quote, but just prior to this a cable had been sent to Sydney stating that New Zealand was 2,000,000 bushels short of her wheat requirements. The consequence was the price quoted to New Zealand was very high—10s. 10d. a bushel for 500,000 bushels, half of this to be taken in the form of flour; the Australian miller, or Board, to retain the offals; the balance of such wheat to be shipped at Sydney, Melbourne, or Adelaide at their option; no sampling to be allowed, no rejections, but if when the wheat reached New Zealand we were not satisfied, the matter could be submitted to

arbitration. Mr. W. G. McDonald (then Wheat Controller) and I, as Assistant Wheat Controller, saw the Minister of Agriculture, Sir William (then Hon. Mr.) Nosworthy, and went very fully into the matter with him. The Minister, Mr. McDonald, and myself all considered the price was exorbitant, and after full consideration the Minister declined to pay such an exorbitant figure, and decided to rely on an early harvest and run the risk of a shortage. This was done, and so serious was the risk that at the time the New Zealand harvest came in there was only about seven days' supply of flour in the New Zealand mills: a delay in the harvest through broken weather or other causes might have caused a most serious bread-shortage. The matter was kept quiet, as it was most undesirable to cause a panic, but the position was one causing the authorities the gravest concern. It should be remembered that we were dealing at that time with an Australian Government institution, the Australian Wheat Board. Shortly after this a prominent member of the Australian Wheat Board there told our New Zealand buyer that they considered at the time that they had New Zealand "in a cleft stick." They asked the New Zealand Government £20,000 to £30,000 more for a cargo of flour than they were asking any other buyers in the world. In addition to international complications cutting off our supply, the shipping between here and Australia is a serious menace, and you never know when there is going to be an industrial upheaval in Australia: we experienced that during the war, and a delay of nearly two months occurred. I think the sliding scale of duties should be retained. It protects the wheat industry, ensures confidence, and prevents dumping. In my view the present duty is satisfactory. It has stabilized wheat-growing as nothing else has done. It is giving the farmer a feeling of security and confidence in raising this important crop. At the present time we have as much if not more than our requirements. We require 8,000,000 to 9,000,000 bushels—last season's crop was about 8,750,000 bushels. There was approximately 1,500,000 bushels carried over from the previous year. If you take the duty off wheat you would have to take it off flour, otherwise you would be injuring the wheat-grower and practically destroying the wheat-growing industry and at the same time be conferring no benefit on the consumer. When I was on the Wheat Board the then Minister, the Hon. Mr. MacDonald (later it was the Hon. Mr. Nosworthy), went round amongst the farmers urging them to grow wheat, and even offering to assist them with seed wheat, so important did the Government regard the production of wheat from a national standpoint. It used to be the practice of the bakers in the North Island, when they bought flour, to insist upon having the offals produced in gristing the amount of flour they purchased. By this means they obtained considerable quantities of bran and pollard. North Island merchants have told me they could not get bran and pollard unless they went to the bakers. There would then be a double handling, increasing the cost to the consumer, besides an intervening profit to the baker. The wheat-grower should not be blamed for this expensive method of marketing and distributing bran and pollard through the North Island. Although flour is cheaper in Australia, bread is the same price as here. This is noticeably so in Melbourne and in Sydney. There are grave practical difficulties in administering a system of bounties. There are six thousand wheat-growers in the Dominion, and the distribution of bounties amongst them would entail enormous work, and the cost of doing so would be considerable. There was an organization to distribute the subsidy—viz., the Wheat Control Office—who paid direct to the millers. When the Wheat Board commenced operations a bonus was paid to the wheat-growers under the terms of the wheat-marketing agreement I have mentioned, and the cost was enormous. There is an organization—viz., the Customs Department—which collects the sliding scale of duties, thus obviating the expensive and cumbersome method of bounties without any additional expense. If you pay bounties you will have to start another organization or Department with very elaborate machinery, and it practically brings in Government control again, which was definitely ruled out as a failure. I put down 2,000,000 bushels of wheat as the annual amount of wheat the poultry men require for their industry. The trouble with the poultry man in the North Island is that when there is plenty of wheat, from March to May, the fowls are moulting and not then producing. He cannot be said to be in a position to buy wheat freely till the fowls are in full profit, which would be about September. Wheat is then more expensive, as the storage charges and interest must be included in the price charged for the wheat. Further, about September the miller comes on the market again for further supplies, and the market tends to harden in sympathy. The poultry men's methods of buying are all wrong. They have well-organized bodies, who should do the buying for them. Instead of adopting this course they purchase often a small quantity from the merchant who handles their eggs, in many cases being tied to their merchant. The New Zealand Wheat-growers' Co-operative Association, Ltd., is selling good fowl-wheat at 5s. 11d. f.o.b. South Island ports. It should be landed at North Island ports at another 6·83d. a bushel direct over line, but if the wheat goes through store there would be an addition of 2d. per bushel for the first month and ¾d. per month after the first month. It has been stated that the North Island poultry man has to pay 1s. per bird more for feed than the South Island poultry man, assuming a fowl eats a bushel a year. Against this the North Island poultry man, it is generally conceded, gets 2s. more on his eggs per bird per year than the South Island poultry man, so he is the gainer by at least 1s. per bird per year after allowing for the additional cost of his feed.

Mr. McCombs.] Could not a subsidy on flour be conveniently arranged?—I do not think so.

Did not the Government have a subsidy on flour once and not on wheat?—At that time the Government was buying all the wheat. If there were a surplus, how would the subsidy be paid out on wheat?

Perhaps the subsidy could be paid out on wheat milled?—But the question arises as to who would take the surplus wheat.

I merely want to know whether it is convenient to pay a subsidy on flour?—I do not think it can be done, unless there is Government control of the wheat in the event of a surplus.

Would there be any difficulty of the Government finding out how much flour was milled in a particular mill, and pay out on that?—No difficulty.

Mr. Jenkins.] You state the poultry man did not buy wisely when obtaining poultry-food. It has been given in evidence that the poultry man can very often buy cheaper from his merchant than from the South Island ?—It is a matter of the quality of the wheat. There is some wheat which we would not send out as good fowl-wheat, but wheat of that description is often sent to the North Island and sold as good fowl-wheat.

We have evidence that the poultry men buy cheaper from the merchant than from the South Island ?—Until we know the whole of the circumstances we cannot go into it.

The Chairman.] You say the Wheat-growers' Association is selling wheat at 5s. 11d. f.o.b. : is that sacks extra ?—Yes.

Does the organization sell to any buyer ?—Yes.

It is not limited to any particular circle ?—Oh, no. It has made sales to dairy factories, poultry people, and so on.

Or merchants ?—Yes.

You sell to any one ?—Yes.

At the one price ?—Yes.

Does that system of obtaining bran and pollard through the bakers still prevail in the country ?—I could not say. That was the custom. The manufacturers of poultry-food said they could not get bran and pollard unless they paid a premium to the baker.

You said it would be very foolish for the pork industry to rely on building up its business by obtaining food-supplies from Australia : but supposing they cannot get sufficient food in New Zealand ?—They should not rely wholly on Australia.

The offals are not always procurable from the mills here. You say we should not rely on Australia for our wheat and flour : how do you reconcile that with the fact that England relies wholly on importations ?—They may have so many markets to draw on.

ARTHUR SHIRTCLIFF examined. (No. 25.)

Mr. Wright.] You are the manager of the Canterbury Farmers' Co-operative Association, Timaru ?—Yes.

I think they are stock and station agents in a very large way of business ?—Yes.

You have been interested in the wheat-growing industry and in farming pursuits for many years ?—Yes.

Will you please give us your experience in regard to the wheat industry ?—I have been connected with the wheat trade for some twenty-five years, and directly in the service of the Canterbury Farmers' Co-operative Association, which is essentially a farmers' business ; therefore I have been dealing with farmers' wheat-growing over a very long period. During the war time I had a good deal to do with the wheat-control and with the organization under Mr. McDonald, and in 1918 I went to Australia on behalf of the Government and made a purchase of 4,000,000 bushels of wheat. New Zealand is essentially a primary producing country whose prosperity is almost wholly dependent upon production from the land, and my desire is that my evidence will serve to emphasize the necessity of protection to the wheat-growers by the retention of the sliding scale of wheat duties now in force.

National safety : It is necessary that New Zealand should be self-supporting in wheat, owing to its isolated position in the Pacific, in case of war. If the Dominion had to depend on Australia for its supplies it would run the risk at intervals of having to pay extremely high prices for wheat or flour, owing to drought conditions ruling in Australia, and again at ordinary times by serious delays in strikes, maritime and otherwise. In 1915 Australia had insufficient wheat for her own requirements, owing to drought, and in that year was willing to pay New Zealand 7s. per bushel f.o.b. for all the surplus here, but owing to war conditions ruling the Government of the day would not allow export from this country : this notwithstanding that Australia undertook to repay the wheat from next crop in December of the same year at 5s. per bushel. In 1916 drought conditions prevailed in New Zealand, consequently there was a very short crop, and the surplus from 1915 was required to see the Dominion through till the 1917 crop was available. With so many men going to the war, labour became very short in farm-work in the year 1917, with the consequence that in 1918 New Zealand had to purchase from Australia. The negotiation of this purchase was placed in my hands, and on behalf of the New Zealand Government I arranged for the purchase of 4,000,000 bushels to be supplied to New Zealand, spread over a period of two years. The price was 5s. 7½d. f.o.b. Williamstown ; 1,000,000 bushels to be taken during each six-monthly period ; payment to be made as delivered. I instance this to show the serious movement in wheat in Australia over a comparatively short time. When I went to Australia to make the purchase there was a surplus there of some 60,000,000 to 70,000,000 bushels, besides many hundred thousands of tons of flour in depots that had been gristed from wheat purchases made by the Imperial Government. The flour alone in special depots that were provided outside Melbourne was sufficient to keep New Zealand supplied in this commodity for probably three years. It will be noted, therefore, that at the time the purchase was made there was a huge quantity of wheat available in Australia, but during the two years that elapsed before delivery was completed to New Zealand very serious changes in the market took place, as follows : Purchase price, 5s. 7½d. f.o.b. ; price six months later, 6s. f.o.b. ; at the end of the first year, 7s. f.o.b. The market then commenced to rise very rapidly,

and during the third six-monthly period the price rose to over 10s. per bushel; and in the fourth period, whilst we were taking delivery of the last 1,000,000 bushels, the price varied from 14s. to 16s. f.o.b. Williamstown. In a large measure, if I remember rightly, the last very high prices were due to drought conditions ruling in the Commonwealth. I should like to add here that that wheat was bought in the last year of the war, 1918, and this big price was ruling in 1920, two years after the war closed; therefore it could not be understood that it was owing to war that the high prices ruled. The foregoing points to the necessity of New Zealand providing its own supplies, as it would appear that such difficult times come in Australia in fairly frequent cycles, and it shows how quickly the position can alter from plenty to conditions of scarcity.

At this stage Mr. D. Jones took the chair.

Witness (continuing): Scope of protection: Under the protection afforded the wheat-growers by the sliding scale of duties New Zealand should be in the position of permanent self-support at a fair return to the grower, with the knowledge, on the other hand, to the consumer that by the same scale of duties the price cannot rise in New Zealand above the average, at the worst, of, say, 6s. 6d. f.o.b. Therefore, because the wheat-grower has the protection in a fair return, the consumer also is protected in that wheat cannot go to extreme prices through unfavourable conditions ruling in other countries. It could not go to 14s.

The Chairman: That is right.

Witness: Rotation of crops: Balance of exchange and substitution for wheat-growing: Wheat in New Zealand is mainly grown in Canterbury and North Otago, which provinces contain lands suitable for the growing of this cereal, and for the successful farming of wheat lands it is necessary that there should be a system of regular rotation in cropping, including wheat. The provinces in question, I think, could not make the same value-production from any other form of farming as a substitute for wheat-growing. If the Dominion ceased to grow wheat it would mean that some two and a half millions sterling at least would have to be sent out of the Dominion each year to pay for supplies, which would greatly upset the balance of exchange, and leave the wheat country unable to make an equal return from, say, sheep-farming on the wheat lands. To illustrate this I would say that New Zealand growing 250,000 acres with a yield of 34 bushels would have 8,500,000 bushels of wheat available for use. The value of this, even at 5s. per bushel, which is about the average Australian f.o.b. price, would be £2,250,000. The same land under sheep would carry, say, 500,000 ewes, and with 100 per cent. of lambs at £1 5s., and 8s. for the fleece, would give a revenue of £825,000, against the above revenue for wheat; added to this, the wheat lands, were sheep-raising continued, would be in serious danger of deterioration.

Employment: I submit that the Wheat Committee will find that the subject of wheat-growing bulks very largely indeed in employment, and as one of the primary industries is very far-reaching in this regard, a great amount of skilled and unskilled labour being catered for in its production, as under: (1) Labour employed on farms in sowing and harvesting of wheat; (2) threshing-mill proprietors and men employed on the threshers; (3) hauling to railhead or port of shipment; (4) handling and hauling on the railways; (5) handling wheat into stores or flour-mills, and the work at ship's side at loading and discharging ports; (6) its indirect employment in many trades, as follows: Implement-makers, and the importation of machinery necessary in growing wheat; saddlers; blacksmiths; flax-mills; twine-mills; coal-miners and others. Again, I submit that wheat-growing is a very valuable asset to the whole farming community of New Zealand in both North and South Islands, in that under-grade wheat for poultry-feeding, and the use of offals in dairying and pig-farming, bulk very largely in the success of those following these farming pursuits; and did such farmers have to depend on importation, and probably at much enhanced prices, for their supplies, there would be times when they would have to pay very dearly for same, or even find that they could not get their requirement owing to drought conditions ruling elsewhere; in consequence their businesses would suffer very seriously. This applies chiefly to the farmer in the North Island.

Value of wheat lands: I submit that if the necessary protection in sliding scale of duties is taken away from the wheat-grower the value of wheat lands would be jeopardized, in that growers could not successfully compete in times of plenty with other countries, and the land under any other use would not give anything approaching a proportionate return, because of its relatively high price.

Cost of growing: No doubt expert evidence will be submitted by growers giving detailed costs of growing wheat, and it will be noted that labour is a considerable factor in the expense. I would submit, in addition, that costs of machinery and implements necessary to wheat-growing have advanced out of all proportion to the increased price that farmers can obtain for their wheat on sale, as per the following instances:—

	Cost in 1915.			Cost in 1929.		
	£	s.	d.	£	s.	d.
Ploughs (walking)	30	10	0	48	10	0
Ploughs (riding)	47	5	0	76	0	0
Harrows	5	12	6	9	12	6
Drills	43	0	0	92	10	0
Binders	40	0	0	70	0	0
Ploughshares, per dozen	0	12	6	1	6	6
Wheat (delivered Timaru), per bushel	0	6	8	0	6	0

Farmers' accounts: The following table serves to illustrate the progress of the smaller farmer who indulges in mixed farming, including wheat-growing. There are seven accounts, taken from each district in Canterbury South, so that I may obtain the average of the position:—

Account.	Year.	Debt.	Liquid Assets.	General Surplus.	Improvement on Year.	Back on Year.
		£	£	£	£	£
A	1927	160	371	1,549	..	..
	1928	211	532	1,626	77	..
	1929	383	789	1,652	26	..
B	1927	2,244	3,030	1,944	..	..
	1928	1,697	2,633	2,009	65	..
	1929	1,499	2,431	2,175	166	..
C	1927	994	1,056	929	..	..
	1928	1,004	1,178	1,044	115	..
	1929	855	1,350	1,439	395	..
D	1927	347	383	708	..	..
	1928	567	459	621	..	87
	1929	305	342	745	124	..
E	1927	3,719	2,439	1,228	..	..
	1928	3,063	2,710	1,910	682	..
	1929	2,694	2,070	1,914	4	..
F	1927	375	430	1,436	..	..
	1928	462	562	1,487	51	..
	1929	510	457	1,083	..	404
G	1927	584	808	724	..	..
	1928	440	626	717	..	7
	1929	335	616	816	99	..

In Account A the capital invested is £1,652. He is a small farmer.

Mr. Wright.] What is the size of his farm?—It might be 300 acres. In Account D the farmer went back £87; he is a very small farmer. In Account E, with liquid assets to the extent of £2,070, the improvement was only £4, which will serve to show you how the years vary with the individual farmers. In some years they do well; in others they look as though they were going out. In Account F, where there was a loss of £404, the position is that the farmer had a surplus of £1,100. In Account G the farmer went back in the first year by £7, and last year he improved his position by £99, and he had a surplus of £800. It will be readily seen from the foregoing figures that if the protective duties on wheat were taken away these farmers would most probably be forced out of business.

Flour-mills: An industry very closely allied to wheat-growing is that of flour-milling. With the large amount of money invested in plant and property, the protective duties on wheat are very necessary to the flour-milling industry also, in that mills here could not compete with mills in Australia without tariff protection. A good deal of labour also is involved in the running of flour-mills; and, again, they are a source of revenue to the railways in transport. Besides the labour affected in the mills, considerable benefits in wages go out to labour in other occupations, such as coal-miners, railway employees, waterside workers, and carriers. No doubt opportunity will be taken by the flour-milling industry to submit expert figures regarding conversion of wheat to flour, and probably these could be continued from the bakers to the cost of bread, for it would appear that, with wheat at 6s. per bushel, 48 bushels give £14 8s. to the farmer, whilst the baker receives £32 for the bread made from this flour—that is, 640 4 lb. loaves at 1s. It would appear, therefore, that a range of conversion from wheat to bread is very heavy in intervening costs. I have based the receipts to the baker on the minimum quantity.

Mr. Wright.] What areas would they range at, roughly, as to the schedule of farms you have quoted?—Not more than 600 acres, and down to 250.

You have had a considerable experience with the small farmers' accounts?—Yes.

Is it possible for the small farmer in Canterbury to make a success upon his land—say, an area of 150 to 200 acres—with wheat-growing alone?—Not as far as he has got land suitable for wheat-growing.

And that land in the main would not be suitable for dairying?—No; the dairying-land in our district is purely dairying-land. In what I am dealing with here I am referring simply to wheat land.

You also know the land around Christchurch, North Canterbury?—Yes.

And the small farms in the Ellesmere district?—Yes.

Can those farmers carry on unless they grow wheat?—In my opinion, No.

And in that district farms are held in very small areas, are they not?—Yes.

I suppose your experience goes back to the time when New Zealand used to export wheat?—Yes.

Before the rise of sheep-farming and the export of frozen meat?—Yes; we used to export anything up to 100,000 sacks per year through the Farmers' Co-op.

You heard Dr. Hilgendorf's evidence with regard to the growing of wheat?—Yes.

If there were an overproduction, would you say as a business man that you should not export?—No; I think an overproduction would be rather a good thing, in that it would encourage export and so bring new money into this country.

You do not think it highly improbable that in the future you might be able to export ?—I am hoping that with the improvement in wheat-quality, and probably with the stabilizing of wheat-prices mainly through the wheat pool, the business will get into a healthy position, that a surplus of wheat will be grown, and that we can enter into the export business as well as the local trade.

I think you have some figures with regard to the labour costs of threshing ?—Yes.

In the Timaru district can you tell me what they are ?—The following information was given me by the secretary of the Threshing-mill Proprietors' Association : There are fifty threshing-mills in South Canterbury, each employing ten men ; the average working-season is 600 hours per mill ; the average wages are 2s. 6d. per hour, which excludes the value of keep, estimated by the proprietors at 6d. an hour. Fifty mills running for 600 hours gives a total of 300,000 hours. If you write that down to 270,000 hours to be on the conservative side, it is computed that the wages paid on the average in the mills amount to £33,750 in a season lasting ten weeks—£75 per man. I would add that the threshing-mill employees, after the season is over, go on to other work, such as shearing and store work, until the threshing-season comes round again. So that they have a cycle of work which gives them steady employment.

Mr. Macpherson.] Those figures do not include the stooking and stacking ?—Simply the threshing of wheat only.

Mr. Wright.] Have you large stores in Timaru where the wheat is stored ?—Yes.

Have you any idea what you pay in labour in those stores in the storing and handling of wheat ?—Yes, and I can give you a computation as nearly as possible for this year. It is a little difficult to get information from some firms, but I managed to find out how much we paid in the case of the Timaru stores this year, and it was £4,000 for storage and handling of grain in wages.

You also ship your wheat from Timaru. Can you tell us what wages you paid on the waterfront for the direct handling of wheat ?—I can give you the actual amount from the Harbour Board report, which is issued up to the 31st July. In the twelve months preceding we had shipped from Timaru 213,922 sacks of wheat, and the wages paid in handling that on to the shipping amounted to £2,495. In flour we shipped from Timaru 166,144 sacks, and the wages paid for shipping were £1,938. In bran and pollard there were 67,728 sacks shipped, and the wages paid were £790 : a total of wages paid in shipping wheat, flour, bran, and pollard, which is all combined with wheat-growing, of £5,223.

Are you able to give the figures for Oamaru ?—No. I am sorry to say I got a wire this morning that we were unable to get the figures, because some of the merchants are divided about giving the information. But it would be in the same ratio.

You know that there are some very big stores in the Ashburton district ?—Yes.

Can you give any idea of the capital value of the stores in Timaru which are available for wheat-storing ?—Probably £70,000.

Any idea of what they are valued at in Ashburton ?—Probably £40,000. In regard to the threshing-mills, the association gave me £50,000 as the capital value of those mills in the South Canterbury district alone.

Mr. Wilkinson.] Do you suggest that the present sliding scale of duties is the best possible system ?—I do.

Better than the fixed price ?—I am a strong believer in the law of demand and supply.

Regulated by a sliding scale of duties ?—Yes.

Do you say that the farmer in your opinion now gets the whole of the benefit ?—No, I do not.

You inferred that ?—I say that the farmer does not get all the benefit ; and I would suggest to you that you should make inquiries regarding the intervening costs from wheat to bread.

Can you suggest a better way ? You suggested just now that the sliding scale was the best system : have you any better way still to suggest ?—You mean as to actual value ?

I mean so that the farmer gets the actual benefit of the protection, and nobody else ?—I sincerely believe that the sliding scale of protection is the right one for the farmer.

And that he is not getting the full benefit now ?—Yes. But he can get the full benefit, and I think this Committee will have sufficient evidence before it to put the farmer in the position of getting the full benefit.

Go on a minimum duty first ?—Yes.

The price of wheat in Australia and the price f.o.b. New Zealand is not very different, is it ?—5s. 3d. in Sydney to-day.

And here ?—6s., and 6s. 3d. f.o.b.

If these figures are correct, he seems to be getting some of the protection ?—Yes, some protection ; but he has to carry the surplus to get that protection.

Can you suggest any way whereby the poultry-farmer can get over his trouble ?—Yes. If the poultry-farmer in the North Island can combine with the farmer in the South Island, and if the farmer in the North Island works in with the wheat pool, he can get his fowl-wheat at a successful price.

Would that be a reasonable price, landed to the North Island poultry-farmer, to enable him to carry on his business ?—I have worked out some prices this morning that I think would be a good basis of negotiation. I am satisfied that there is too much money wasted between the farmer in the South and the farmer in the North.

You suggested that it is wasted by some one getting the benefit of his protection ?—Yes.

If you shared this levy, that would get over this difficulty to some extent ?—I consider that wheat is well worth 5s. 11d. after being held since last February in store.

Unfortunately the poultry-producer seems to suggest that he cannot get on at all at the high prices?—I think I put the price at 5s. 11d. ; but it is sold to the poultry-producer in the North Island at 8s., and he sees no end to it, and is afraid to incur further trouble. In the South Island the farmer was the trouble ; and the North Island wants something in between the two prices mentioned.

Have you any idea of the difference between the two Islands ?—About 1s. a bushel, putting it through to Auckland. I am speaking of our own figures. At 6s. 11d. c.i.f. it should not be over 8s. there.

Do you suggest that the poultry-farmer can pay 8s. and carry on his business ?—No. I think he is paying too much for it at 8s.

That is your lowest price ?—It is not our latest. The price here is 5s. 11d.

You suggest that it should not be more than 8s.—There is no need of it.

At 8s. can he carry on ?—I have no idea as to what way I could tell him to carry on his business.

You heard this morning there was a shortage of bran ?—Yes.

How do you account for that shortage ?—By the grinding of flour.

I suppose they grind all the flour they can sell now ?—Yes. New Zealand is under a little disadvantage, as we cannot export flour at a profit. If we could we would be in a much better position. You cannot grind more flour to-day. I think a business industry could take some risk of carrying a surplus over for the year, and of supplying the bran.

You admit it is the actual position that people who want bran for poultry are not regularly able to get it ?—It is wrong; but they can get it from Australia.

There has been an embargo on Australia from time to time, has there not ?—It is wrong that any industry should be in such a position. It is an absurd position that any barrier should be placed on the production of bran when there is a surplus of wheat, and that applies particularly if there is a surplus this year.

If we could remedy that trouble it would be very helpful for the wheat-growers, would it not ?—If the poultry-farmers were willing to carry their share of the load that trouble could be remedied.

Mr. McCombs.] In your evidence you made some remarks about the intervening costs. Do you think the intervening costs are reasonable ?—I am not an expert, but I think I can interpret figures when I see them. I have not got the practical experience of milling or baking, however; but I am of opinion that from £14 8s. to £32 is too high a cost of conversion. I think you can get expert evidence from the milling and baking trades.

Then, you are only giving an opinion here ?—I have sufficient knowledge to check those figures.

Can you give us some reason for your opinion as to the high intervening costs ?—It is a case of efficiency; and we have all had to face in the last four or five years the question of efficiency. I have had to do it in our own business, and by the reduction of overhead charges see that the cost of the article is reduced to a proper selling-price. The overhead charges are, in my opinion, too high, because I think that probably, with regard to the mills, the efficient mills are working down to the scale of inefficiency. I think the milling trade can give you very valuable evidence in that regard.

To what extent do you think—£1 per ton ?—Yes.

You fix it at that figure ?—I would not fix anything. I am quite prepared to take figures, and I know the costs are too high. I know what a mill can do by working three shifts a day.

Do you think it would be a good thing for the wheat-growers if they could produce an exportable surplus ?—I do, because that exportable surplus would keep things running smoothly here. By enabling New Zealand to export wheat, and so bringing new money into this country, prosperity would be assisted. Many years ago we did that. In the business I have charge of many years ago we imported I suppose from £70,000 to £80,000 worth of goods from London every year in exchange for the goods we sent Home.

High protection would not be a good thing if the wheat-grower of New Zealand produced an exportable surplus. Would not that tend to give him export parity ?—If the farmers were loyal to themselves, and put their wheat through the pool, they would share and share alike, whether their wheat was exported or sold locally in New Zealand.

If they would share with the consumer here, would not the latter pay a different price to the foreign consumer ?—It might be the other way about. There might be a slight difference, but it would not be very big, because, after all, New Zealand is governed by the world's parity.

We know that in cases where New Zealand has an export market the price is governed by the world parity. The protection is now over £3 10s. in value, so that if wheat is selling in Australia at 5s. the grower there has to take less than 5s. He has to accept the 5s. less the cost of sending it to a market. Is that not so ?—I do not agree with you, because on the sliding scale of duty wheat is always the same price in Sydney, no matter what the State market is.

If the growers could produce an exportable surplus, you really think that would be an improvement ? Obviously the growers would be bound to accept export parity now they are getting the import parity ?—It would probably ease the price in New Zealand, which is dependent on its land for its welfare. All of us are living on the land.

The export parity might be 6s. 3d. a bushel ?—I would not ship it at that price. I would hold it rather.

Would you go on producing a surplus year after year, and holding it ?—On the average yield of wheat there is never a surplus for more than two years running.

In that case it would be very bad advice, would it not, to give wheat-growers, to encourage a condition of affairs where they had to accept export parity instead of import parity ?—The cycles of drought the world over are almost regular, and any surplus cannot last for an indefinite time. You notice the position in America that comes about in just a few weeks through climatic conditions; and it might readily come about in Australia on account of climatic conditions and if the strikes took place at the right time. The figures I have quoted regarding Australia show that the position at that time was entirely due to drought, and if New Zealand had to put up with what they have to contend with over there in drought times it would run up the average in the first month.

Mr. Waite.] When you say it would be better for New Zealand to adopt the policy outlined you were thinking of the producers of wheat ?—I was thinking of production generally. We have to live

on the land, and the more this country produces, the more new money it brings in, the more prosperous it will be.

Have you considered the question of a subsidy on wheat as against a sliding scale ?—I would not recommend it.

You are inclined to suggest a subsidy on flour—that it would be better than a subsidy on wheat ?—Yes.

Mr. Jenkins.] As to the world parity, do you not think that the New Zealand consumer would expect to get his bread, in the event of an exportable surplus of wheat, at a parity price also ? Is it not only reasonable that he should if other countries can get it ?—Not necessarily. Take Australia, which is one of the biggest wheat-producing countries in the world : there is a local price, and an export price, and the same would have to apply here.

Mr. Macpherson.] Which is the higher ?—The local price.

Mr. Jenkins.] You as a business man must have a close connection with the farmers in your district. What is your opinion with regard to the dairy-farmer's prospects after he has expended all the energy he can possibly put into his work and paid all the charges : do you think his position would be any better than, or as good as, that of the wheat-producer who has got the protection ? The dairy-farmer has to sell against world parity, has he not ?—They are two different businesses.

Who owns the best cars—the dairy-farmer or the wheat-grower ?—The dairy-farmer's car is a good one : he has a Ford.

You have given us figures as to 250,000 acres producing wheat worth two and a half millions sterling, and if the same land were producing sheep it would return £825,000 you say, which amounts approximately to £3 10s. per acre, gross. The two and a half millions sterling is also the gross. We have had figures put before us showing that the net profit to the grower amounts to 11d. a bushel, or 1s., which gives £1 10s. an acre as the net return for the wheat produced on the 250,000 acres, and I suggest as a sheep-farmer that it would be a bigger net return than the £3 10s. per acre recovered for sheep-raising. I think he would get a net return of £1 10s. per acre there and not run as great a risk owing to climatic conditions. I think the producer there is as well off as the wheat-producer ?—Do you want my opinion ?

Yes.—The farmer in the wheat-growing district is largely in the same position as the small farmer on a small block of land, and has to go in for intensive farming to be able to live at all, and without rotation of crops he cannot exist more than a minimum of three years or a maximum of four years. He could not otherwise get the return from a small block of land. For instance, on a small block of land which could only carry two hundred sheep we usually reckon a return of £1 10s. per sheep, and after allowing for his interest, depreciation, and the keep of his family he could not live on the £350 a year.

I am referring to the average ?—I think the figures probably refer to a special area, to a fairly big block of land—say a big block of 250,000 acres.

With regard to the purchase of wheat by the egg-producers, is it not possible that if there were a ratio of wheat-control between the North and South Islands the egg-producers could not purchase their wheat excepting through some agent who is acting on behalf of control ?—I say absolutely "No" to that.

We had evidence given the other day that they could do better through the local agent in Auckland than they could do in Christchurch : is that so ?—I say No. There are no sole agencies for the supply of wheat to the farmer in the North Island.

Rev. Mr. Carr.] It was suggested by a previous question that the wheat-grower was in a much better position than the dairy-farmer. Do you think the dairy-farmer works the hours the wheat-grower does ?—I do not think you can compare the dairy-farmer with the wheat-farmer or the mixed agricultural farmer in regard to their working-hours ; they are in a totally different position, and the result from each business all hinges on the cost of land and the management of the business itself.

My impression is that the wheat-grower is working all day long : is that not so ?—Yes, and even sometimes after that.

How much did you say was paid in wages to the waterside workers ?—£5,223 ; £36,000 to the men in the threshing-mills, and £4,000 to those handling the grain in the stores.

And we could regard that as a pretty good indication of what would be lost in the wheat business if it ceased ?—Yes.

Can any other amounts be added to those ?—Yes ; the town workers. Wheat-growing covers almost every walk of life.

You have not estimated the actual money value that would be lost ?—No, but it would mean a very large sum, and involve untold misery. I do not know how much labour would be absorbed in other work.

These men who are working in the mills follow a sort of rotation, do they not—shearing, harvesting, and then back to threshing ?—Yes.

What would be the value of the plant operated by the millowners right through the district of South Canterbury, between the Rangitata and the Waitaki ?—£50,000. That information is given to me by the Threshing-mill Owners' Association.

And the coal consumed by the mills would be how much ?—I could not say.

Would it be 3,500 tons for the season ?—Yes, it would run into that quantity.

It would be New Zealand coal ?—Yes.

Then, there would be the wages earned in repairs to mills, and engines, and the engineering trade generally ?—Yes—the engineering employees' trade.

Mr. Macpherson.] Have you any knowledge of the actual cost of converting the wheat into flour—the wages paid by the flour-mills in your district ? That amount will have to be added to the other figures ?—Yes ; the cost of converting into flour is added to the cost of the wheat by the miller.

You do not know what that runs into ?—That is what I have to supply.

You might give also the cost the farmer has to pay out in wages over and above the threshing men—the man who attends the binder, the man who attends to the horses, the men who are stooking and stacking ?—That is all included in the cost of growing, and you have that per bushel now.

Mr. Jones.] You heard the evidence of Mr. Mulholland and Mr. Alexander this morning ?—I did not hear Mr. Alexander, but I did hear Mr. Mulholland.

They were very emphatic that the large farmer can get on without wheat-growing, but they were equally clear that the small farmer could not carry on without it. Do you agree with that ?—That is entirely my view.

You no doubt handle a large number of accounts of wheat-growers in your business. Would you say from an examination of those accounts that the wheat-farmer is getting too much for his wheat at present ?—No, sir, I would not. That schedule of balance-sheets and accounts I have given you I think will show that they are simply a little more than paying their way.

We had it in evidence here from one of the pig men that a line of some kind of feed-grain was offered in Australia for £2 10s. a ton, but because of the duties it could not be brought over here. What sort of stock would it be at that price ?—Very poor.

Would it be worth buying there ?—I doubt it.

The question of bran and pollard has been raised. Do you think the man in the North Island would be better or worse off, if wheat-growing went out in New Zealand, than he is to-day with the £1 per ton duty ?—I think he would be worse off if wheat-growing went out, because there would be times when he could not get bran or pollard at all, or have to pay an exorbitant price for it; and if we did not grow wheat here, and Australia had a surplus, she would still make us pay.

Mr. McCombs.] Does she not make us pay now ?—No, because England is the check on the world's market.

What about Canada ?—It is only a short distance from England to Canada, and England is still the head of the markets of the world. Everybody is selling to her, and they could not "put it across" England, because she has the call on the markets of the world.

Mr. Jones.] In connection with the poultry question in the North Island, let us assume that no wheat was grown in New Zealand, and the North Island poultry man had to purchase his wheat from merchants who imported it into New Zealand: do you think that on the average he would buy his wheat where he says he is buying it to-day ?—No, no; market for market. I think that if the farmer in the North Island will recognize that it is a very valuable assistance to his business to buy through the wheat pool in the South Island, and if they would organize at both ends, each working in with the other, he will not pay too much for his requirements.

Mr. Macpherson.] You said just now that it would be easier for the large farmer to go out of wheat-growing than the small farmer ?—Yes. And, personally, I would be very sorry to see any wheat-grower, large or small, going out of the industry, because I know from my experience in managing the Farmers' Co-operative concern the value of wheat-growing to those around, and that without it a lot of them could not carry on. I say that distinctly and sincerely.

Mr. Bitchener.] Do you know of a specific case of the smaller growers—the men who are running their farms by themselves and their families—where, if wheat-growing was taken away from them, it would practically put the young people off the farm ?—I know plenty of instances. I have just run through my mind, and can recall twenty-five cases where, if these small farmers were pushed out of growing wheat, they could not carry on.

Mr. Macpherson.] And the members of the family would be driven into unemployment ?—Your difficulties in that respect would be intensified.

Mr. Bitchener.] The question has been threshed out over and over again about farmers going in for other lines of farming, as it were, to make it up. Do you think that those small farmers who grow this wheat—I think Mr. Mulholland told us this morning that a large proportion of them were men who grow 30 acres—would grow anything else on their small farms, and live on that without growing wheat ?—No, I do not think that they would; in fact, I know they would not.

Rev. Mr. Carr.] Could you give us the actual amount in money that would be lost if anything serious happened to the wheat industry in New Zealand ?——

Mr. Wright.] I will get that evidence from the next witness.

Mr. Wilkinson.] I think you raised the question of the cost of carriage from your port to Auckland being excessive ?—No, not excessive. I spoke of the cost, which I considered excessive, as between what the farmers pay in South Canterbury and what the farmers in the North Island pay.

I have a copy of a freight-note for one sack of wheatmeal, and it shows the freight on the one bag of meal to be 7s. 7d. between the South and the North, and that is perhaps one of the reasons why the charge to the farmer is so high—because of the tremendous charge for freight. What is your opinion ?—Well, sir, it is wrong: there should not be a freight of 7s. 7d. on a bag of wheat. I think that is the freight through a carrying company.

It is the freight from one railway-station in the South Island to one railway-station in the North. —Then, it is a very dear way of getting it through to there. They could get it up in boats for about 2s. a bushel to Auckland, and then you would have more transport by road to where it is going. In Otago farmers can combine and get the minimum rate for 1½ tons.

It was suggested by a witness that wheat could be bought through the Wheat-growers' Association in the South Island at 5s. 11d., and that there is a very high margin of cost after that before it reaches the poultry-farmer and after it is delivered at the station ?—The question is how far he is from the station.

It may be to anywhere in the North Island ?—It should not cost, for anywhere in the North Island, for transport more than 1s. 4d. a bushel; and I would say that that is much too high a price.

At this stage Mr. Wilkinson again took the chair.

WILLIAM HENRY NICHOLLS examined. (No. 26.)

Mr. Wright.] You are a public accountant carrying on business in Christchurch?—Yes. I have been asked as a public accountant to examine into and report on the undermentioned matters for the purpose of submitting same to the Select Committee inquiring into the sliding scale of duties. The matters dealt with may be set out under the following heads: (1) To ascertain the amount of capital invested in the wheat industry; (2) to detail the industries dependent wholly or in part upon the growing of wheat and directly affected by the destruction or substantial diminution of the wheat industry; (3) to ascertain the amount of wages paid and the cost of labour employed in the wheat industry and in the industries affected by the non-production or decreased production of wheat; (4) to state what the probable effect will be from a monetary and labour point of view of a change-over from wheat-growing to sheep-raising; (5) given the cost of production of wheat, to ascertain whether the grower is getting an undue return on his capital and labour; (6) to ascertain the production and consumption of bran and pollard in New Zealand, and the New Zealand and Australian prices of these commodities for a period of years; (7) to ascertain particulars as to the production and consumption of bread in New Zealand, and the cost and prices here and abroad; (8) to ascertain the effect upon the price of bread in New Zealand of an increase or decrease in the price of wheat, and to state the effect of such increase or decrease upon the family cost of living.

Statistics published in the New Zealand Official Year-book, 1929, at page 455, show that the areas under wheat, and the value of the crop, are as under:—

	Area in Wheat. Acres.	Value of Crop. £
Season 1924–25	166,964	1,793,220
„ 1925–26	151,673	1,558,251
„ 1926–27	220,083	2,452,003
„ 1927–28	260,987	3,033,372

The area sown therefore fluctuates violently, and in 1919–20 fell as low as 139,611 acres, or approximately by one-half of the 1927–28 crop. If, therefore, there are other industries interested in the well-being of the wheat industry, a substantial drop will obviously affect such others as a direct result. These effects are considered below.

(1) Amount of capital invested in the wheat industry, and in (2) industries dependent on the growing of wheat: A very large sum is disclosed as being invested in the wheat industry and in those other industries which are to a greater or lesser extent dependent on wheat-growing. A schedule is attached (Appendix VII, Schedule 1) giving details and showing that the total capital involved is very nearly £13,000,000, the details of which can be summarized as under: 260,987 acres devoted to wheat-growing at an average of £33 per acre, £8,612,571; invested in plant in or around farms, £3,000,000; invested in flour-milling industry, rope and twine industry, agricultural-implements and dairy-machinery industry, and in grain-stores for handling wheat, £1,369,282: estimated total capital involved, £12,985,131. I have not been able to apportion the amounts between the agricultural implements and the dairy machinery, which are very little affected. The following explanatory comment is made on the above figures:—

Land: This still exists for farming purposes, whether used for wheat-growing or sheep-raising; but its importance lies in the fact that its value is injuriously affected if a change-over is made. Mr. R. E. Alexander has stated that a fall in values of between £5 and £10 would result, and this would mean at £5 per acre a loss of capital of over £1,250,000. A £1-per-acre drop on the wheat area alone represents just over a quarter million pounds sterling, and the wheat areas are but a proportion of the area of the average farm. Farm plant and implements: This is based on a conservative estimate by Mr. R. E. Alexander of £500 as being the average value of plant and implements owned by each of six thousand wheat-growers, and in his opinion 75 per cent. of this value, or £2,250,000, is referable to wheat-growing and would therefore be affected. Of the secondary industries, the flour-milling and the threshing-mill industries would be directly affected by the non-growing or serious diminution in the growing of wheat; the rope and twine industry, and the agricultural-implement industry, would be indirectly though seriously affected. The 1929 annual report of the Department of Industries and Commerce, for instance, states that the value of the output of the rope- and twine-making industry for the year ended 31st March, 1928, was £214,344. Of this amount £42,000 is required for harvesting the wheat crop. Thus the wheat crop requires 20 per cent. of the total output of the rope- and twine-making industry employing (see Appendix VII, Schedule 2) 228 men. In this connection also I quote extracts from the various reports of the Department of Industries and Commerce which throw light on the interdependence of this industry and wheat-growing: 1924 annual report, page 24 (giving details of the twine industry): "This industry shows every promise of being a most useful one to the Dominion, although its success is largely dependent upon the wheat and oat crops. Last year, unfortunately, owing to drought conditions, the yields in grain were abnormally low, and this greatly affected the sale of twine." 1928 annual report, page 23: "Large wheat crops have increased the demand for binder-twine, which is the main product of these works." 1929 annual report, page 29: "The volume of the binder-twine trade depends to a great extent on the quantity of wheat sown." So far as the agricultural-implements industry is concerned, the statistics of factory production do not make apportionments between agricultural machinery and dairying machinery, but the industry will be materially affected by the non-growing

or serious diminution in the growing of wheat. Statistics showing the fluctuations in production are of no assistance because of the fact that reduced business in this industry may be due to importations of machinery rather than to reduced demand. From the Official Year-book, 1929, at page 449, the information is obtained that (1) the total number of tractors in use is 2,883, of which 2,025 are in the South Island; (2) the total number of reapers-and-binders in use is 15,432, of which 11,855 are in the South Island; (3) the total number of threshing-machines in use is 406, of which 273 are in the South Island. Necessarily, the work of renewing these implements and machines, and of attending to repairs and maintenance, must provide employment to a considerable number of skilled workmen. At page 566 of the 1929 Year-book the statistics of the agricultural and dairying machinery and implement-making industry are set out as—Number of employees, 885; wages paid, £191,002; capital sunk in land, buildings, plant, and machinery, £346,012: total value of manufactures (including repairs), £607,339. The amount invested in grain-stores, and facilities for handling wheat, has been estimated at a conservative figure of £100,000. The cost of the grain-store of the Lyttelton Harbour Board alone, as shown by the Harbour Board's accounts, is £17,579 19s. 1d.; the Railway Department have several grain-stores which they lease to stock and station agents, and one company alone advised that it paid a rental of £500 per annum for its store, thus giving a value of £10,000 on a capitalization of rents at 5 per cent.; and, finally, each of the large stock and station agents has grain-stores in Christchurch, Timaru, Ashburton, and the main country towns. In addition to the above, mention must be made of the fact that capital expenditure has been incurred for years at Canterbury College with a view to improving the quality of wheat. The Wheat Research Institute at Christchurch has expended £2,500 in laboratory plant, and the wheat-growers, bakers, and others have levied themselves to produce an annual sum sufficient to run this Institute at Christchurch. Dr. F. W. Hilgendorf advises that Lincoln College, in connection with its investigations on behalf of the wheat industry, received—from the State, £500 per annum for seven years, £3,500; from the State, £700 per annum for the next two years, £1,400; from wheat-growers, millers, and bakers, and subsidized by the State, £4,000: total, £8,900.

(3) The wages paid to labour employed in the wheat industry and in other industries materially affected by the growing of wheat: A schedule is attached (Appendix VII, Schedule 2) giving details of the total amount paid under the above headings, and, as will be seen, the estimate of wages per annum in respect of the industries mentioned is £821,226. No estimate has been made of the effect on the flax-growing industry, which supplied for the twine industry something over 5,000 tons of green flax for the 600 tons of binder-twine used in the harvesting of wheat. This is based on figures given by Messrs. William Wood and Co. that it requires 8 to 10 tons of green flax to produce 1 ton of stripped fibre. Manure-works, the country blacksmith, and the elaborate selling organizations in the Dominion will also be affected, but these and all others more remotely affected have been excluded from the figures given owing to the difficulty in arriving at an estimate of the total.

(4) The effect on labour and on monetary conditions of a change-over from wheat-growing to sheep-raising: Before dealing with the details showing the effect on labour as a result of a change-over, it may be stated that the value of the Dominion's wheat crop for 1927–28 in respect of 260,987 acres sown was £3,035,372 (New Zealand Year-book, 1929, page 455). If the above area were used to raise sheep the average return would be two sheep to the acre, according to the estimate given by Mr. Alexander, and, assuming a lambing percentage of 100 per cent. at a value of £1 5s. each, the return per acre is—Sale of lambs, £2 10s.; sale of wool (16 lb. at 1s. 6d.), £1 4s.: gross return per acre, £3 14s. Mr. Ruddenklau's estimate, however, is one sheep and a half to the acre, which gives an even less return than the above. On the acreage of 260,987 in wheat this gives a total production of £965,650 from sheep-raising—that estimate has been made on two sheep to the acre and not on one sheep and a half—as compared with £3,035,372 from wheat. It is obvious that there would be a serious displacement of production as the result of a change-over. Furthermore, a better balance of trade (other things being equal) is preserved by farmers growing the country's wheat requirements than to export an additional £1,000,000 worth of frozen meat and wool but to import something considerably over £2,000,000 worth of flour. (New Zealand consumption, 160,461 tons; see 1929 Year-book, page 458). A schedule is attached (Appendix VII, Schedule 2) showing (*a*) the approximate value of labour affected by a change-over in production, this amounting to £821,226; and (*b*) an estimate of the annual loss in railage to the New Zealand Railways amounting to £66,867; or a grand total of £888,093. So far as the wages question is concerned, it has been estimated by Dr. Hilgendorf that the growing of wheat requires the permanent employment of an additional man per 200 acres, and this on the 260,000 acres in wheat means 1,300 permanent hands employed over and above the number that would be employed if pastoral pursuits were followed. As to the effect of throwing an additional 1,300 men on the labour-market, the following figures may be of assistance to the Committee: Assuming that it takes on an average three months for a man thrown out of employment to be absorbed in some other industry, then at £3 10s. per week, including keep (which is a low average, but I wish to err on the low side), the loss in wages to each man totals £45, and in respect of the 1,300 employees a total of £59,150. I have shown in the schedule (Appendix VII, Schedule 2) what the effect would be should such labour, and the labour employed in other industries affected, not be absorbed for a period of six months. Employees in flour-mills, rope and twine industry, threshing-mills, agricultural-implement factories, cartage contractors, are all injuriously affected, and the details shown in the schedule give the respective amounts in wages affected in each. The effect on the wages paid in the manure industry, flax-milling, country blacksmiths, and in the various selling organizations has not been computed. Casual labour: A large sum is paid out annually to casual labour during the grain season, and these men are vitally affected by a stoppage or decline in the wheat-growing industry. Particularly is this so in connection with the harvesting of the crop

and handling in grain-stores and over the wharves; and, as will be seen by (Appendix VII, Schedule 2), the casual labour paid in this connection amounts upon investigation to £200,000 for harvesting and £27,965 for handling. Labour harvesting: Additional labour at harvest-time is necessary to get in the wheat crop, and the estimate given by Dr. Hilgendorf and Mr. R. E. Alexander of the cost of this extra harvesting labour is 6d. per bushel for the cutting, stooking, and stacking. This on a yield of 8,000,000 bushels means that £200,000 is paid away for this work. Labour handling: In Christchurch the amount paid for the twelve months ended 31st July last by one large company for handling wheat alone amounted to £1,758, and the grain-manager of this company stated that the quantity handled through store by his company would represent about 25 per cent. of the total. The same company in the country districts of Rangiora, Ashburton, and Leeston paid £1,563 for the same period for handling wheat. The estimate of casual wages paid in grain-stores in Christchurch and country districts on the above basis amounts to slightly over £13,000. Full details of the amount paid in grain-stores at Timaru, Oamaru, and Dunedin for handling wheat are not available, but at a conservative estimate these towns would handle at least one-third of the total in Christchurch, and this would give an estimate of £4,000 paid to casual labour in grain-stores. The estimate is borne out by the manager of the largest stock and station company in Timaru; and, furthermore, as will be seen below, Timaru shipped slightly over half the quantity handled through Lyttelton, and this gives an indication of the quantity handled in stores.

In addition to the above there is the important question of wheat and wheaten products being handled over the wharves at Lyttelton, Timaru, Oamaru, and Dunedin for transhipment to the North Island. The quantity of wheat, flour, and offals handled over the wharves at Lyttelton for the twelve months ended 30th September, 1928 (see Harbour Board's annual accounts, at page 57), was as follows: Wheat, 45,589 tons; flour, 17,751 tons; bran and pollard, 6,672 tons: total, 70,012 tons. The quantity of wheat and wheaten products handled at Timaru (year ended 31st July, 1929) was 38,683 tons; Oamaru (wheat only) (year ended 30th September, 1928), 2,790 tons; Dunedin, not available: total, 111,485 tons (as advised by the secretaries of the respective Harbour Boards). I understand from the secretary of the Lyttelton Harbour Board, and also from the secretary of the Oamaru Harbour Board, that the Railway Department's charge for the wages handling ex truck into ship is 1s. 5d. per ton, which on the above grand total handled over wharves means that casual labour is paid £7,896 for handling wheat and wheaten products. The point has not been overlooked that the wheat would be replaced by mutton and wool, but the tonnage of wheat handled is so much greater than the mutton and wool which it is estimated would be obtained on a change-over that casual labour would be very adversely affected as a result. An analysis of the Harbour Board's handling-costs (labour only) can be accurately computed, as statistics are given of the wages paid, and the quantity of grain and merchandise handled in the store, and the labour cost works out at 2s. 2d. per ton. The estimate given of 1s. 5d. per ton for wheat handled by the Railways over wharves therefore appears correct. So far as the respective tonnages of wheat as compared with frozen meat and wool to be derived from the land on a change-over are concerned, the difference is strikingly illustrated by a simple illustration. The average yield of 30 bushels to the acre gives a production of 1,800 lb. dead weight of wheat, whereas, assuming a change-over to live-stock with a carrying-capacity at Mr. Alexander's estimate of two ewes to the acre, all that would be handled through the different ports would be two lambs weighing, say, 100 lb., and 16 lb. of wool. It is the weight handled which is the dominant factor in handling-charges, and the difference between the two is obvious on a consideration of the position. It is this difference in weights, of course, which is the explanation of the loss in railage mentioned below.

Railage: An examination of the position shows that there will be a permanent annual loss of earning-power in the event of a change-over in production from wheat to sheep-raising amounting to £66,867 per annum, computed in the following manner: After discussing the matter with station-agents, and also with the Railway Department, an average rate of 7s. 8d. per ton for railage of wheat is earned, this being based on an average railage of thirty-five miles, and on this figure there is a revenue to the Department from wheat of £82,142 per annum (on 8,000,000 bushels). The manager of the wheat pool advises that the average rail from country station to grain-store is 3d. per bushel, which would give a revenue of £100,000 on 8,000,000 bushels; so that the figure taken (£82,142) is low. If a change-over to live-stock were made the Railway Department would transport 500,000 lambs (although a great number are driven to freezing-works and not railed) and 12,000 bales of wool extra. If all sheep were trucked at a railage of £1 13s. 10d. per truck of sheep and 3s. 9d. per bale of wool, the revenue therefrom would be £13,025 from carriage of live-stock and £2,250 from carriage of wool. This leaves a deficit amounting to £66,867 per annum. The estimate is a reliable one, and has been checked so far as the average railage earned on wool is concerned by comparison with the Railway Department's figures. I was not able to obtain from the Department the railage earned on wheat, but the Traffic Manager supplied the return of wool traffic for 1928–29, which disclosed that 92,968 bales of wool were carried by rail in Canterbury, and earned £16,387 8s. 2d. in revenue. I have estimated that the 12,000 additional bales of wool to be produced on a change-over from wheat to live-stock would earn £2,250 in revenue, and this figure (although taken out before discussing the matter with the Traffic Manager at Christchurch) is in exact proportion with the 92,968 bales of wool earning £16,387. It is, moreover, to be noted that a number of stock and station agents lease large grain-stores from the Railway Department and pay siding-rents in respect thereof, and also in respect of country sidings, and there would be a loss of revenue in this connection also. One company reported that in respect of its Christchurch grain-store it paid to the Department a rent of £500 per annum, with siding-rents at various country stations varying from £25 to £50 per annum. Unfortunately, the Railway Department did not wish to supply figures showing

the revenue from this source, but it is apparently very considerable. Although general merchandise is also stored, wheat is the largest item, and the matter becomes of such importance under this head that it is respectfully suggested that some report on the position from the Railway's point of view should be obtained.

(5) Is the grower getting an undue return on his capital and labour? Farming-costs are a division of farm economics rather than a matter of applied accountancy. It has been necessary, therefore, to work from the details of costs supplied by farm economists and practical farmers, and to ascertain whether, assuming these costs of production, the farmer is getting too high a price for his wheat, and an undue return from his labour and from capital invested. The estimates of costs of production vary between £8 to £10 per acre, and for the ten seasons ended 1928 the production was, according to the Official Year-book, 1929, at page 459, 32·56 bushels per acre. Working on the average New Zealand production of 32·56 bushels, at varying prices to the grower, the gross returns are—At 5s. per bushel, £8 2s. 9d. per acre; at 5s. 3d. per bushel, £8 10s. 10d. per acre; at 5s. 6d. per bushel, £8 19s. per acre; at 5s. 9d. per bushel, £9 7s. 2d. per acre; at 6s. per bushel, £9 15s. 4d. per acre; at 6s. 3d. per bushel, £10 3s. 6d. per acre. Consequently the farmer working on the average production and at the present price of wheat of 6s. per bushel has a very narrow margin of profit. This problem is not peculiar to New Zealand apparently, and the question as to whether growers were getting an undue price for wheat was recently considered in Australia. A Victorian Government official, Mr. T. Forristal, in a report dated 7th December, 1927, stated (paragraph 30): "From the material before me I am of the opinion that the wheat-grower does not at present obtain an undue advantage, but that, on the contrary, it would appear that he does not always obtain a reasonable return for his labour. Consequently it cannot be said that the consumer is paying an excessive price for wheat." This point becomes of importance here in view of the fact that the report was made on the basis of prices to the farmer in Australia, varying from 5s. 2½d. in March, 1927, to 6s. in October, 1927. These prices are remunerative prices compared with those operating in New Zealand, because of the lower costs of production which I understand operate in Australia, due to favourable climate, cheaper harvesting operations, and the lower price of land. The position in New Zealand, according to published data, seems to have been investigated only on the one occasion when in 1917 the Board of Trade invited evidence regarding the cost of wheat during the war period. The estimates of the cost varied from £5 10s. to £8 per acre. (See annual report of Board of Trade for 1917.) Since these figures were submitted the cost of raw materials, labour, &c., has, of course, increased considerably.

(6) Bran and pollard—position in New Zealand: The consumption of bran and pollard in the Dominion is approximately 60,000 tons per annum, produced, of course, as a by-product of the gristing of wheat. The basis usually worked on is that 48 bushels of wheat produce 1 ton of flour and 800 lb. of bran and pollard. The New Zealand Official Year-book for 1929, at page 458, states that 160,461 tons of flour are required annually in the Dominion, and this quantity would mean the production of slightly over 64,000 tons of bran and pollard if no flour were imported and the 160,461 tons of flour all produced from wheat gristed here. The present price of bran and pollard f.o.b. Lyttelton is £6 and £8 per ton respectively, and in Auckland £8 and £9 10s., to cover freight and charges. Returns are attached (Exhibits 5 and 6) [not printed] giving details of prices for the last five years, and showing also the wholesale prices in Australia. Imports of bran and pollard into the Dominion from Australia have been as follows:—

	Bran.	Pollard.
	£	£
1924	24,249	23,207
1925	16,894	24,780
1926	15,330	27,014
1927	195	22,923
1928	468	14,121
	£57,136	£112,045

Average per annum, £33,836 for bran and pollard combined. The figures from 1924 to 1927 are extracted from the New Zealand Official Year-book, page 330, and the 1928 figures are supplied by the Government Statistician. If the 60,000 tons produced are valued at £7 per ton average, the total production of bran and pollard is worth £420,000 per annum, and imports averaging £33,836 per annum are therefore about 8 per cent. in value of the Dominion production.

Position in Australia: The last available figures of the production of bran and pollard in Australia refer to the 1926–27 year (see Commonwealth Year-book, 1928, page 840), where the production is given as 464,375 tons. The exports were small, since there are no statistics published giving these details. At page 676 of the Commonwealth Year-book referred to above, however, where the Government Statistician was dealing with the phosphoric-acid question, I find that over a period of ten years the total exports of bran and pollard from Australia were 9,866,975 bushels, or an average of just on 1,000,000 bushels per annum, equivalent to 10,000 tons. Thus it is estimated that only 2 per cent. of the total production in Australia of bran and pollard is exported, and the balance is used for home requirements. A comparison of prices of bran and pollard in New Zealand and in Australia over a period of five years discloses that there is little between the prices in the two countries (see Appendix VII, Schedules 3

and 4) in this connection. At times, no doubt, variations in market prices, or short supply in the Dominion, have made it either profitable or necessary to import small quantities from Australia, but taking the New Zealand prices as disclosed in the *Abstract of Statistics* and comparing with the cost of the Australian article landed in Auckland there is very little between the two. Whatever surplus of bran and pollard there has been in Australia has of course had to compete with practically full production in New Zealand—that is, a market supplied to the extent of over 90 per cent. by the wheat industry of Canterbury; and this would be a determining factor as regards the price the Australian seller could ask.

(7) The production, consumption, and price of bread in New Zealand and Australia: Under this heading investigations have been made of the costs of baking bread in Christchurch, and same have been compared with the baking-costs in Australia and also America. The reports of Royal Commissions appointed in Australia, and figures given in American publications, have also been perused and analysed.

Baking-costs: In the cost of baking and distribution of bread the overhead charges and costs of distribution are the main cause of the high price of the loaf. No attempt has been made to ascertain whether the baker is getting an undue price, and the immediate concern of this portion of the report is to compare costs and prices here and abroad, and to show what is the value of wheat in the 4 lb. loaf. Figures were supplied by a large baker in Christchurch of the actual costs month by month for a period of twelve months, and data were obtained of the costs incurred by a Christchurch baker in a small way of business. Returns are shown (Appendix VII, Schedules 5 and 6) giving details of costs. It will be seen that the small baker on the margin of profit could not produce bread at the present price of flour—viz., £16 5s. (less discount)—under 12¾d. for the 4 lb. loaf, whereas the large baker with well-organized plant and delivery can produce at 10½d. per loaf. An analysis of the figures in this schedule (No. 5) shows that the baker with well-equipped plant and large output could save 1d. per loaf in the bakehouse and 1¼d. on delivery. The saving in the delivery expenses in the large bakery under review is greatly due to the fact that contracts to supply large institutions, shops, and wholesalers cut down delivery charges per loaf. The outstanding point, however, and one which must be emphasized, is that, even if the wheat were supplied free of charge to the baker, bread could not be sold at under 6¾d. per 4 lb. loaf in the case of the small baker, and 4½d. per loaf in the case of the large baker, or an average, say, of 5½d. per loaf.

Australian prices of bread: In 1923 a Royal Commission was set up in Victoria to consider bread-prices, and the following extract is of interest here. The costs of production per 4 lb. loaf established by the Commission were as follows: Flour at £11 5s. per ton, 4·05d.; fuel and other materials, 0·36d. to 0·72d.; bakehouse wages, 1·30d. to 1·50d.; carters' and yardmen's wages, 1·40d. to 1·80d.; horses, 0·20d. to 0·48d.; depreciation, 0·25d.; interest, 0·15d. to 0·20d.; management, 0·36d.; goodwill, 0·24d.; and the conclusion of the Commission was that with flour at £11 5s. per ton 9¼d. represented the fair cost of production (including distribution). These overheads compare closely with the New Zealand figures, and it will be seen that of the 9¼d. cost 4d. represented flour; so that the wheat in the 4 lb. loaf would be less even than 4d. Again, the point is emphasized that even in Victoria, if the baker were supplied with his flour free, bread would still cost slightly over 5d. per 4 lb. loaf to produce. I have not seen any subsequent Australian costs of production, but it would seem clear that the overhead expenses have not since decreased. In 1927 a further report was made in Victoria with reference to the price of bread (see extract from Victoria report dated 7th December, 1927, by Mr. T. Forristal, into prices of wheat). Paragraph 38 of this report quotes the prices of flour, which varied from £13 per ton in January, 1927, to £13 15s. in November, 1927. The report stated (paragraph 47) that the price of bread in Melbourne delivered for cash in the inner or closely populated area was 11d. per 4 lb. loaf, in Geelong a flat rate of 1s., and in country districts the prices varied from 10½d. over the counter to 1s. 2d. delivered. A further report was made in the present year by the same officer of the Treasury, but I have not been able to obtain a copy of this report. The matter has, however, been commented upon in the *Australasian Baker* dated 31st July, 1929, which states that the evidence obtained by the officer of the Treasury in the course of his investigation showed that the present price of bread in Victoria per 4 lb. loaf varied from 10d. to 1s., and 10½d. to 1s. booked. The report also apparently stated that millers and bakers were making undue profits having regard to the present price of wheat, but this was denied by the millers and bakers, who contended that the report was inaccurate. Another Commission to inquire into the position was appointed, but the report is not to hand, and I think the Commission is now sitting. On at least three occasions, then, the matter has been closely investigated in Australia, but it is evident that up to the present, at any rate, nothing definite has been done towards bringing the price of bread down.

American prices of bread: American figures as published in the *Bakers' Weekly* (America) of the 8th June, 1929, at page 54, disclose that in that country also the matter has received close attention, and the costs of production are even greater than Dominion costs. A copy of the cost of production of a 1 lb. loaf of bread in America, as shown by the *Bakers' Weekly*, is given in Appendix VII, Schedule 7. Attention is drawn once more to the fact that on American costs of production, even if flour costs nothing, and the grower gets no price for his wheat, the 1 lb. loaf would cost 4·46 cents or 8·92d. per 4 lb. loaf. The cost of production of bread in America, and the price at which it is sold, are higher than in either Australia or New Zealand. Wheat, although the basis of our loaf, is not the largest element of cost, and even with flour at £19 per ton is only a little over 50 per cent. of the total cost of production. Consequently an increase in the price of wheat per bushel has not the effect on the price of bread that the average person assumes, nor yet the effect assumed by some economists.

Mr. McCombs.] What economists are referred to there?

Mr. Wright: Professor Belshaw and Dr. Neal.

Witness: The figures given hereunder set out the effect of the respective prices of wheat on the price of flour and on the cost of the 4 lb. loaf based on the present costs of production and selling-prices of bran and pollard :—

Wheat at (per Bushel)	Means Flour at (per Ton net)	Means Bread (per 4 lb. Loaf) costing	Cost of Wheat included therein is
s. d.	£ s. d.	d.	d.
5 0	13 8 2	10·03	4·00
5 3	14 0 8	10·28	4·20
5 6	14 12 8	10·48	4·40
5 9	15 4 8	10·67	4·60
6 0	15 17 0	10·92	4·80
6 3	16 8 8	11·17	5·00
6 6	17 0 8	11·41	5·20
6 9	17 12 8	11·82	5·40
7 0	18 4 8	11·82	5·60

The significance of the above figures is to be found in the fact that a rise of 1s. per bushel in the price of wheat means slightly under 1d. increase in the cost of the 4 lb. loaf: thus an increase from 5s. to 6s. per bushel raises bread from 10·03d. to 10·92d., or an increase of 0·89d. per loaf; and from 6s. to 7s. per bushel the increase is from 10·92d. to 11·82d., an increase of 0·9d. per loaf. I have just recently perused figures taken out by officers of the New Zealand Wheat Research Institute, and they, by working from an entirely different basis and at a 72 per cent. extraction of flour, show that a 1s.-per-bushel increase in the price of wheat means an added cost of ¾d. on the 4 lb. loaf—thus confirming the above figures. I attach a copy of this return as prepared by Mr. H. E. West (Appendix VII, Schedule 8). Although the costs of milling might be higher or lower than those taken in arriving at my figures, yet the effect of the price of wheat on the price of bread will be as above stated.

(8) Effect on cost of living of increases in price of wheat: The effect of increases in the prices of bread on the average family will now be examined.

The Chairman.] What would you call an average family?—A family of four children. Inquiries amongst bakers elicit the fact that the average family consumption of bread is under one 4 lb. loaf per family per day—*i.e.*, six loaves per week. The opinion of bakers is that the consumption is on the decrease, and this is certainly borne out by the investigations made in America and published in the "Annals of the American Academy of Political and Social Science for 1929," where, at page 119, figures of the Food Research Institute of Stanford University are quoted. These show that the consumption of wheat-flour per person average 224 lb. in 1902, 220 lb. in 1907, 211 lb. in 1912, 203 lb. in 1917, and 176 lb. since 1917. Comparative figures such as the above are, however, not obtainable in New Zealand. The basis of six loaves per week per average family, however, would appear to be correct. It was pointed out that a rise of 1s. per bushel in wheat means slightly under 1d. per loaf, and on the above consumption of six loaves per week the increase means an additional cost of slightly under 6d. per week per family, or approximately £1 5s. per annum. I have not the figures of the Government Statistician showing the items making up the cost of living of the average family, but it would seem clear that bread costing 6s. per average family per week is by no means the largest item of cost. Butter must be at least equal to the bread item in the average family, meat must be considerably more, milk must be as much, and even to the average working-man earning £4 10s. per week bread must be considerably less than 10 per cent. of the total domestic expenditure.

Mr. Bitchener.] And 10 per cent. on the £3 basis?—Yes. All the evidence quoted above therefore shows that even where flour is cheap bread is still in the neighbourhood of 1s. per 4 lb. loaf because of the high costs of production and distribution. At the present time the price of bread is affected by 1d. per 4 lb. loaf. I understand that the average amount of duty collected last year under the sliding scale was £2 12s. per ton. On the basis of 640 loaves produced from a ton of flour, this extra £2 12s. duty has meant 1d. on the 4 lb. loaf. Consequently, in Auckland, where, according to the *Abstract of Statistics*, the price of the 2 lb. loaf is 7½d., it would not have been retailed at less than 7d. even if Australian flour were admitted free. If anything is to be done towards reducing the price of bread it would seem that an important step is to endeavour to reduce the costs of production and distribution, which are such a substantial element in the price. The wheat-growers state that the imposition of the present sliding scale of duties is necessary to ensure a proper supply of wheat to be grown here. The problem therefore resolves itself into the questions—Should the consumer pay 1d. per loaf extra on his bread (*i.e.*, an average duty of £2 12s. per ton) to protect the grower? or, Should the duty be removed and the risk taken of a serious drop in the New Zealand production of wheat? The first problem means, taking the average number of families in the Dominion as being 190,000 (six members per family), a total increase of approximately £225,000 per annum, which the bread-consumers of the Dominion pay. This may be said to be the price the country pays for the protection of the grower. The alternative is the saving to the consumers as a whole of the amount stated, but in its place to subject the Dominion to the risk to labour and railage, on a conservative estimate, amounting to £888,093 per annum (see Appendix VII, Schedule 2). On the basis of three months' unemployment the loss amounts to £272,172; six months' unemployment, £477,478—as per the details shown in the exhibit mentioned. It has been impossible, of course, to ascertain to what extent the consumer might be penalized in higher Australian prices should the Dominion have

insufficient wheat for home requirements and suffer a loss of bargaining-power as a result. Such a state of affairs existed in the Dominion in 1918, when the Government was required to pay 5s. 6d. per bushel in Australia for 1,000,000 bushels, as against the price paid by the Imperial Government of 4s. 9d. per bushel, or an extra price of £37,500. (See Board of Trade report for 1918, at page 2.)

General observations: The question of wheat-raising would appear to be one affecting mainly the small farmer. Reference to the agricultural and pastoral statistics for 1927–28 shows the classification of holdings in Canterbury to be—Farmers with holdings of 1 to 50 acres, 5,849; farmers with holdings of 50 to 500 acres, 5,297; farmers with holdings of over 500 acres, 2,171: total, 13,317. A distinction is not given of those following agricultural pursuits as compared with dairying or sheep-raising, but the figures are probably representative of the wheat-growing farms.

Cost of administration of subsidy or bounty: So far as the financial aspect of a bounty or subsidy is concerned, it is difficult to say what the cost of administration of such a system would amount to. I have inspected the audited account of the Wheat Control Board of 1924, and find that the administration expenses amounted to £3,617 9s., which sum included the cost of inauguration, amounting to £723 18s. 6d. The number of growers affected by the Board in this year amounted to 5,562, and the quantity handled to 6,053,109 bushels—roughly 25 per cent. below the actual number of growers and the production at present. It would seem, however, that the cost of administration of a bounty or subsidy if brought into operation would be probably £3,500 to £4,000 per annum.

Mr. McCombs.] That would not be a very big percentage on two and a half millions?—No. I was asked to prepare figures to give some idea as to the probable cost of administering the subsidy as compared with the cost of collection of the sliding scale of duties.

The figures in connection with the subsidy are what the Government bought and sold under the pool?—Yes; those were the only figures I could obtain in regard to the administration of a subsidy.

Supposing that the subsidy was only to be given in connection with the audited accounts of the sixty-six or sixty-eight mills, that would be a very simple matter, would it not?—Well, probably it would not run to as much as stated here. But I would not like to express an opinion as to how much it would run to; it depends on so many other factors.

Even the £3,500 to £4,000 is a very small item?—It would not be more than an item against the subsidy, if at all; but I am not expressing an opinion.

In your evidence you referred to the fact that if the bakers get their flour for nothing the bread would still be a certain price. Would you agree that the farmer is now getting his land for nothing on which he grows the wheat by reason of the 1s. 3d. duty, which on 40 bushels to the acre comes to £2 10s.?—I do not think that is so, and I could not subscribe to that statement.

There is the 40 bushels at 1s. 3d.?—What is the 1s. 3d. for?

The scale of duty. That is £2 10s., whereas his interest bill, 6 per cent. on £40-per-acre land, is £2 8s. So that the duty, provided the farmer gets the 1s. 3d.—and that has been assumed all along—means that the farmer under existing arrangements gets his land free of any rent or cost. I am only putting that argument up as against the other.—It you put it up that way I will best answer it by taking the other side of the question: you cannot presume the fact that he is getting his land for nothing unless you also take into account the other costs of production he has to pay out.

Under the existing arrangement he has the equivalent of rent-free land, has he not?—That is so; but he is getting the 1s. 3d. now by virtue of the sliding scale, which he would not have if it were not the policy of the State.

You say that if the duty is taken off it would mean a reduction of £5 an acre in values for that particular land—£1,250,000. Has not that £1,250,000 been created, to put it the reverse way, by the duties?—Oh, no, I do not think that is so, for if that duty were removed the land would drop that much in value. But I do not think the converse holds good—that it was created by the duty.

If it goes out of existence by taking the duty off, is it not a reasonable assumption that it came in in the same way?—I do not say so. I think that is explained by the fact that for a period of years the farmer grows wheat, and expects to get a certain return which is based on the value of the land. And the land-value depends on what you get off it.

Precisely. And he gets the full amount off it by reason of the duty, and if that duty is removed, down goes his value by £5 an acre; and that value exists because the duty is there—we will put the matter that way. Is that not so?—If your theory is right you could play about with the land-values as you please. But I do not think that would be so, because there must come a time when overproduction will regulate the price charged for the wheat, a price which you say is maintaining values at artificial levels.

In preparing a statement of the cost of production could not that be eliminated, and could not the £8,612,000 be reduced by £1,250,000 to ascertain what the land is worth intrinsically for that production. Has it not only become worth £8,600,000 because of the duty?—Oh, no.

You think you are entitled to take advantage of the duty, and capitalize it in this way, and then convert into a private interest what the community has created?—I do not think it is a community-created value at all. The value of the land depends on what comes off it; but that value may be there quite apart from the sliding scale of duty. For instance, one can assume an occasion when the crops may be so bad in Australia that they have no exportable surplus.

The Chairman.] Australia is not the only supplier, is it?—No; Canadian flour comes in here to a very small extent. There is the fear of droughts in Australia, and if there were no exportable surplus from there, so that there would be no necessity for the sliding scale to operate here, what becomes of the question of values then?

They would go up, would they not?—No, they would remain the same, because I estimate the price of wheat would keep about the same—5s. 6d. to 5s. 9d. to the farmer on contracts.

If there were no exportable surplus in Australia, so that no duty was levied here, I am not assuming that the price of New Zealand wheat would go up as a practical result of that position—rather do we know that it would come down more or less; certainly one cannot say that it would go up. Is that the position?—It might not come down. If the wheat duty were removed so that our farmers did not grow wheat they would have to put on the land something which is of less value and brings in a less return.

Mr. McCombs.] In putting the case for protection you are basing your land-values as though the duty did not exist. You could not put into the calculation a value that has been created by the duty, could you?—I am not prepared to agree with you that there was naturally a £10-per-acre increase in the value to the grower because there was a sliding scale of duties on wheat.

You contend that the value of land would fall £5 if the duty were taken off?—Yes.

From £40 to £35. Then, in subsequent years if the duty were put on again the value would also go up again, to £40 or £50?—I do not think it would go up and down as quickly as that, because the value of the production, over a term of years, would go up again if the farmer went into the wheat-growing industry again.

Mr. Jones.] Following on Mr. McCombs's line of thought, if the cost of growing wheat increased by the protection that the farmer has to pay, would not everything else rise?—I think that that undoubtedly would be the case.

Therefore the cost of his land is being adversely affected by the protection?—Following on Mr. McCombs's line of argument, that seems so.

Apparently the main line of your evidence is directed to the question of what concession the housewife might expect if the duty were removed?—She expects it because she now pays the whole of the overhead expense, which is 5½d. per loaf.

Mr. Jenkins.] Commenting on the value of the land, £33 per acre, that seems to be a very big price for farming country?—You will understand me when I say that I am purely an accountant without practical experience in farming-costs. The £33 is the price of the land that is growing wheat as given by Mr. Alexander. When you change over to sheep-raising I take it that it is a very obvious inference that the price of the land must drop, and the matter therefore comes back to the original argument.

They grow wheat in Western Australia on land valued at £2 per acre: are you aware of that fact?—I have heard of it; but then they get 12 bushels to the acre.

Only 12 bushels, as against 55 here; but the total cost, including the land, does not amount to more than the land charge in New Zealand?—I am not here to discuss comparisons as to Australian costs, but to deal with New Zealand costs.

Mr. Macpherson: The point raised by Mr. McCombs was a most ingenious one, and I would like to have it cleared up a little better. I feel sure, however, that all practical men will understand the question.

Mr. Jenkins.] As to the cost of manure, is it not reasonable to assume, Mr. Nicholls, that if the wheat-grower went in for any other form of farming he would still want manure and fertilizers, possibly in greater quantity?—That may be so, but I am not competent to discuss how much manure would be required for oats as compared with wheat.

We have figures here that 75 per cent. of the wheat-growing land in the North Island requires superphosphates, and it is raised to £100 per acre?—If there is any loss in regard to manures I have not given it any money value in working out my figures.

The Chairman.] On page 5 of your statement it says that the wheat-growers, workers, and others have levied themselves to produce an annual sum to run this Wheat Research Institute at Christchurch. Are those the only ones contributing?—I think it says the flour-millers also.

And not the Government?—That is shown at the foot, "Subsidized by the State." I should make it clear that the amount produced under the levy was £4,000.

What is the State subsidy?—I think, pound for pound.

It was mentioned that a certain baker could not afford to use Canadian flour because the price did not permit him to purchase it. What was the price of his bread?—It was 1s. 1d.

Where was that baker?—In Christchurch.

And he could not afford to buy Canadian flour?—No.

What was the price of converting the wheat into flour?—There are 48 bushels required to produce 1 ton of flour, at 6s. per bushel. That costs the miller so-much, on which he gets a reduction of 500 lb. of bran and 300 lb. of pollard, worth per ton £6 and £8 respectively. The net result is £16 5s.

Do you consider that a reasonable price?—I think that really wants looking into to justify the £4 5s. in comparison with the Australian costs, which according to the last Commission that investigated those costs were put at £2 7s. 8d.

In connection with the payment of the duty, you understand, of course, that the duty protecting the industry now is paid by the bread-consumers. Would it not be a much fairer system to give a subsidy, and let the people pay their taxes, rather than through the actual bread-consumption?—I think that is getting into a realm I have not touched on; but, speaking generally, I think the man who eats the bread should pay the duty. And is he not really doing so through the sliding scale?

Do you not think that a fairer system would be that the amount should be paid out of taxes rather than by the consumer only?—I certainly think it would be better under the present method, of the consumer paying as he eats the bread.

It is a matter of national policy that wheat should be grown; and should the poorer user be made to pay for the bread consumed because of the national policy in question?—I see your point; but the question resolves itself again into the point raised this morning, that if the farmer feels the

subsidy is something that is permanent, and not depending on the state of the grain harvest each season, he will be quite prepared to grow wheat as long as he gets a remunerative price.

He is not concerned with how it is got ?—Not as long as there is a certainty in its operation.

What length of period would you require for a fixed policy so that the farmer would know how to set about his business ?—I could not say.

You did not come to any resolution on the data as between sheep-farming and wheat-growing ?—I have not examined that aspect.

I think that no result is given ?—I think that to the country as a whole the gross result is a very important matter.

I think you made a statement that if wheat were grown the price of bread would still be high. How do you account for the fact that bread is much cheaper in London, where the 4 lb. loaf is supposed to be 4½d. ?—I have not seen the cost of production there, or what they pay their men for baking, or what they get for counter prices, or for delivery prices. There are all sorts of factors that have to be taken into consideration before you can make a comparison with London. I have tried to get details of English costs and prices, but was unable to.

WILLIAM WALTER MULHOLLAND re-examined. (No. 27.)

The Chairman.] I understand you wish to make a further statement ?—Yes. I thought when I heard Mr. Jenkins's question some time ago that some very serious allegation had been made against the Wheat-growers' Association. Mr. McCombs was kind enough to hand me a copy of the evidence, and I find there is really nothing very serious in the matter at all. This is the evidence referred to :—

> " Have you, as poultry-farmers, made any combined effort to get your wheat at bedrock price from the southern grower ?—The suggestion has been put forth that the organization might do something of the kind, but at the same time we have been dealing through merchants experienced in the handling of wheat, who charge us on the basis of 2d. per bushel. Could an organization of poultry-farmers handle it at 2d. per bushel ? I say they could not.
>
> " The South Island poultry-keepers are organized, and they are buying on better terms than you are ?—Well, we are organized here, and find that we cannot buy on better terms. What we have had from the South is the opportunity of buying through the organizations in the South. The result was that those organizations could not land their wheat in Wellington any cheaper than the merchants do for us."

I understood Mr. Jenkins's question was a charge that we have refused to sell to the poultry men.

Mr. Jenkins : Oh, no.

Witness : Perhaps it would be well if I put on record what has acutally happened between the Wheat-growers' Association and the poultry men, so far as the discussion is concerned. They had, I think, a Dominion conference in Christchurch some months ago, and some of the directors and the manager, and myself, from the wheat-growers' organization asked if we could go along and have a talk with them about the possibility of making an arrangement to supply them on more economical terms. We discussed the position with them, and they told us—more particularly the North Island poultry men—that they had no organization which was capable of handling the business on a business footing. We told them that we had the organization at our end, and that if they would set up an organization that could deal with the matter, on a business footing of course, we could come to an arrangement. We told them plainly that we would not consider dealing with them unless it was on a business footing ; and they quite agreed. We also said if they put the matter on a proper footing then we would be quite prepared to deal with them directly, just as though they were merchants, and they replied that they would go back and see what could be done. They gave us to understand that an organization of that nature would not eventuate in a day or two, but they thought they could make such an arrangement. We have endeavoured to keep in touch with them, particularly through Mr. Bradford, of the Poultry Association in Christchurch, but as far as I can learn they have not made very much progress in regard to the suggested organization. We are still ready to do business with them when they are in a position to do business with us.

The Chairman.] That is merely as far as selling is concerned ?—Yes.

You are not prepared to meet them in any price arrangement whereby they might carry on their business ?—We are not prepared to sell at 6d. a bushel cheaper, or anything like that. I do not think we would be expected to.

I am just wondering ?—There is no harm in wondering.

Mr. Jenkins.] It might be better than having to accept 6d. a bushel on the whole ?—We cannot sell to the public.

The Chairman.] You quite understand they are in trouble with their industry, and they claim they cannot carry on with the high prices, and your answer is that your organization will not meet them by giving them any reduction in price ?—Poultry-wheat has been quoted at very considerably less than milling-wheat.

Not very much from the figures put in ?—Yes ; even to-day milling-wheat is 6s. 5d. f.o.b., and poultry-wheat is 5s. 11d. There are many qualities of wheat besides good fowl-wheat, and there are some that could be put down to about 5s. 3d. ; in fact, I know that one or two lines could be quoted below 4s.

But the poultry-grower requires good-quality wheat for his fowls ?—Yes. They say they insist on milling-wheat, but we know they do not get it.

We understand that your answer is that you are not prepared to supply them with wheat below the market price ?—We could not do it.

I want to put on record officially the attitude you take up?—I do not see any attitude in it.

Mr. Wright.] Are you prepared to put the matter before your organization, and let the Committee have a considered reply?—I am quite prepared to do that.

The Chairman.] We are inquiring into the case from your point of view as well as theirs?—I quite agree with you; but I really cannot see that it is a fair proposal.

If there are any further comments you think would be of value let us have them, but I do not want you to commit yourself any more than you have done?—We are always prepared to discuss the question with anybody. I feel sure that by organization the price would be reduced from perhaps 5s. 11d. There are the storage charges, which perhaps could be avoided with proper organization.

Mr. McCombs.] The price is down to 5s. 11d. to-day. You mean future harvests?—But there are storage charges that have gone on to that since harvest. I think that 5s. 7d. f.o.b. was about the price when we were asked to meet them.

Mr. Wright.] What would be the most advantageous time for them to buy?—March or April, before the storage charges go on. They pay storage charges.

Mr. McCombs.] What would they get it at in Auckland if they dealt with you in sufficient quantity?—6s. 11d., or 1s. more. But it would be less than that if they dealt with us at the time referred to. It would then be 6s. 6d. to 6s. 8d.

I think we had evidence from the poultry-farmers that they are paying 8s. 6d. and 10s., and even in Christchurch we are paying as much as 10s. 6d.?—Those costs have gone on to the price through the handling. In the cases I have quoted there have been no profits.

If they dealt direct with you, could they get it for 6s. 6d. and 6s. 7d. in Auckland in March and April?—Yes; but the trouble is they usually ask us to spread delivery, which means once a month for a long time, which in turn means carrying the whole of the stuff in store, and that puts the price up. It is not an economical way of working.

You could not put it at an average cost of 6s. 11d. in Auckland?—Not if the market was the basis of the deal.

They only have to pay 5s. or 5s. 4d. in Melbourne?—The average price of wheat for the past five years has been something over 5s. 6d. in Melbourne.

You are chairman of directors?—Yes.

I think you said in your evidence that of course you had to take cognizance of public opinion and behave in a reasonable manner. It is possible that you might on reconsideration realize that there is another big industry as big as your own being affected. I think you said that the Board would consider that aspect?—I will bring it before them, but I cannot at the moment see how we can do it.

Rather than risk your own protection you might make some concession?—I am quite willing to investigate. It is not a matter of making a concession so much as a matter of how it can be done, and at present I cannot see how it is workable.

Mr. Jenkins.] The egg-producers contend that if they could get wheat at Australian prices they would not require the Government subsidy they are receiving at present, and they could continue in business, whereas without a reduction in the price of wheat they will have to give up. You have put a very good case for the small farmer and the small wheat-grower, but the egg-producers are mortal also. Is that not so?—We realize that they cannot get wheat at Australian prices; they have to pay the cost of transport.

They ask for your help and guidance in this matter, that is all?—Thank you, Mr. Jenkins; and we would be very glad if the poultry people would put up an organization with which we could deal, as it would be to our mutual advantage, I am sure.

Mr. Wright: I have here the statement of Mr. Sofus Larsen, farmer, of Swannanoa, who is unable to attend. I understand that it was the ruling of the Committee that the witnesses had to attend. The importance of this statement is that Mr. Larsen has farmed both in New South Wales and in New Zealand, and he has instituted comparisons between the systems of farming in both countries.

The Chairman: You may put the statement in.

Statement of SOFUS LARSEN, of Swannanoa, Farmer. (No. 28.)

I have been on my farm at Swannanoa, North Canterbury, for the last seven years. I grow wheat, and have been growing wheat all my life—in New Zealand and in Australia. For fifteen years—from 1908 to 1923—I had a farm at Cowra, New South Wales, in the wheat-growing area. On my present farm at Swannanoa I grow from 300 to 350 acres of wheat a year, on the average. Taking it year in and year out, my land yields about 34 bushels to the acre, and is worth £34 an acre. I employ three permanent men, besides casual labour. With regard to casual labour, I employ on the average equal to one casual man all the year round, and twelve to sixteen men at harvest-time. My farm comprises about 834 acres, and in addition to the wheat I carry about 850 ewes, and generally grow 40 to 50 acres of turnips and about 50 acres of rape. I grow wheat in rotation in connection with my sheep-farming. My farm when I got it had been let for years and years, and was infested with wild oats, so that I have to stick to one crop of wheat, not two in succession, as most farmers are able to do. With my wheat I also sow down for pasture, and leave it in pasture for two seasons, then break it up and put in wheat again—or possibly take a crop of green feed off first. This process applies to the whole 834 acres in rotation. I do not always sow in green feed first: sometimes I grow turnips and other root crops. The land is not suitable for dairying. To say that the Canterbury wheat

land, if not used for wheat, could be used for dairying is incorrect. Wheat land is not suitable for dairying. For dairying, I should say, land of a swampy nature is a necessity. I have known of farmers nearby on similar land—in fact, better land than mine—who had ideas of dairying on this class of land. They were good, hardworking, industrious farmers. Unfortunately, out of three cases where dairying was tried there was not one who was successful, and in each of these three cases the farmers have had to leave their farms. On this land of mine, for instance, there is a good deal of lightish land. The wrong ideas which prevail in this connection are somewhat similar to those which compare New Zealand conditions with Australian conditions for growing wheat. New Zealand land cannot be compared with Australian for growing wheat, and Canterbury land cannot be compared with the North Island land for dairying. The conditions in each instance are totally dissimilar. The position of the Canterbury farmer is rather a hopeless one if he cannot grow wheat at a price which at any rate will enable it to pay for itself. The value of land is too high for anything else except mixed farming, and wheat-growing is a most important part of this mixed farming. If the farmer does not get a certain price for his wheat, then he cannot grow it. The only thing he could turn to, then, would be sheep. Sheep would necessitate the renewing of pastures, and it would not be nearly such an economical renewing of pastures as growing wheat, and his returns would consequently be less. The growing of wheat is an integral part of Canterbury farming. If I turned to sheep, the gross returns would not be nearly so much as at present. So far as labour is concerned, if they cut the wheat-market out I could cut my labour down to one-half or even less. I now employ three permanents and one casual all the year round, and twelve to sixteen casuals at harvest. I could cut it down to one man permanently, with a little extra help at shearing and lambing—say, two extra hands for six or seven weeks all told. We would still have to crop to a certain degree, but that is not a thing which has been absolutely proven. One year, in the boom time, my wheat crop was nearly wiped out by a hailstorm, but that year I was carrying an extra number of sheep, and that pulled me through.

Estimated contract price of growing wheat on my farm: The average value of my land is £34 per acre, and the average yield of wheat 34 bushels per acre. The area is about 834 acres. I farm it as follows: Wheat, 300 to 350 acres, followed by green feed, 100 to 120 acres, and grass (sown with wheat), 200 acres (the grass remaining down two years). In addition I carry 850 ewes, and grow turnips, 40 to 50 acres, and rape, 50 acres. The rest is grazing. The average cost of growing 1 acre of wheat on my land:—

		Cost per Acre. £	s.	d.
Dec.	Skim plough	0	10	0
Feb.	Roll (up to eight times, and calculated at rate of 15 acres a day)	0	2	6
Mar.	Double-disking (at rate of 14 acres a day)	0	7	0
	Disking (up to eight times)—half again	0	3	6
	Roll	0	2	6
April	Deep plough and disk ploughing (I do not always disk-plough, but I do it nine times out of ten)	0	15	0
	Two cultivations	0	7	0
May	Drilling	0	5	0
	Seed (2 Tuscan at 6s., or 1¾ Pearl, same cost)	0	12	0
	1 cwt. manure at 6s.	0	6	0
	Pickling	0	0	3
	Harrow	0	1	6
	Roll	0	2	6
Sept.	Spring harrow	0	1	6
Jan.	Reaping (contract price 10s. an acre in my district)	0	7	6
	Twine (one ball per acre)	0	4	0
	Stooking	0	6	0
Jan. Feb.	Stacking (five men stacking 300 bushels, or approximately 10 acres in a day)	0	10	0
	Plus drays, say	0	2	6
Mar.	Threshing (at 6½d. per bushel)	0	18	5
	Loss on ten sacks (per acre) at 2d. each	0	1	8
	Seaming-twine at ¼d. per sack (10 sacks)	0	0	2½
	Cartage to station, four miles at 4½d. a sack	0	3	9
	Working-expenses	£6	10	3½
Other expenses—				
	Rent, fifteen months (6 per cent. on £34 per acre)	2	9	9
	Rates, county and water (£110 on 834 acres)	0	2	4½
	Land-tax (1928–29, £142) (my super-tax will be over £100 a year)	0	3	4
	Total (contract) cost of wheat per acre	£9	5	9

Total cost per bushel (34 bushels to the acre), 5s. 5¼d.

Economies effected: Owing to my being in a position to have my own motor-truck and threshing-mills, tractors, &c., I am able to reduce the above costs as mentioned: Threshing, 3½d. instead of 6½d., saving 3d. a bushel, 8s. 6d.; cartage, 1d. a bushel, 2s. 10d.: total, 11s. 4d.

I attach a list of my implements—present price, £2,215. In the above statement of cost I have not included anything for depreciation on implements, nor the repairs. Nor have I charged depreciation on buildings, nor costs of management. A short time ago, while in hospital, I was about to offer a man £300 a year to do my job.

Australian conditions: Conditions in Australia are very different from what they are in New Zealand. First and foremost is the price of land, which is based on getting one good season out of three. For fifteen years I had a farm in the district of Cowra, in New South Wales. The land there is worth anything from £2 to £8 an acre, and it is excellent wheat land. A friend of mine at present has a farm near Cowra in New South Wales, and he is producing practically bushel for bushel per acre of wheat what I am producing on my land at Swannanoa. He is a good and an exceptionally successful farmer. A great deal of crop is put in in Australia in a haphazard way, which is largely accountable for the low average yield per acre. My friend's land cost him about £6 an acre. In another farmer's hands it probably would not produce anything like what my friend obtains from it. I know a farmer whose land adjoins that of my friend, and he has been growing wheat for twenty years in succession on the same ground, and gets only 6 to 8 bushels per acre. The maximum amount of seed sown in Australia is about 40 lb. per acre, against 120 lb. in New Zealand. Labour over there is rather more than ours, but harvesting methods are very different, and exceedingly simple. Here is an instance: My friend told me he had taken off 320 acres of wheat in seventeen days, with a 10 ft. header, which does everything except sew the bags. The cost to him was £20 for wages of the man sewing the bags. Using the header or harvester is a little more expensive than our method of cutting a crop with a binder, but it does everything. This eliminates (per acre) twine, 4s.; stooking, 6s.; stacking and drays, 12s. 6d.; threshing, 18s. 5d.: total £2 0s. 11d. Then, too, in Australia they are using silos instead of sacks, which cuts out about another 2s. an acre. A farmer in Australia, if he has a header, a plough, a set of harrows, and a roller, is practically equipped. They do not need half the machinery we do. Then, also, there is the cost of grass-seed. It costs me in New Zealand about 12s. per acre at least for grass-seed and clover-seed, besides the additional expense of sowing down. In Australia this cost of seed is totally eliminated. The natural grasses and clovers come up directly the crop is taken off; there is no sowing of grass-seed done there. Also, in Australia they do not do anything like the work in preparation for sowing that we have to do. A good farmer leaves it to the atmosphere. The farming community generally are a happy-go-lucky class of people. The climate for one thing is at the back of that, and the low cost of the land makes the farmers comparatively easy, and they do not worry. The difficulty we are up against in New Zealand with regard to the header is the fact that generally there is more moisture in our climate. For the last two years I know I could have used a header in New Zealand, but there is a far bigger percentage of risk in using the header in New Zealand than in Australia. Because of our north-westerly winds also we run a risk of losing a large percentage of the grain. If you headed a crop inside of a week to ten days after you would ordinarily have cut it, it would not keep in the bags; it would go mouldy. Further than that, there is only one year perhaps in three that you could do it at all, owing to climatic conditions. I should say it would be a week to ten days at least before you could put the crop through the header after it could ordinarily have been cut by the binder, and that ten days is the most critical time of the whole season, the grain being in a condition to be shaken out by wind or hailstorm. It is in a condition to go. Up to cutting-time, or within a day or two of cutting-time, according to our present practice, there is practically no risk so far as wind is concerned—the wind will not shake it out—but when it once gets what we call "ripe" it will go any time—or a good percentage of the best grain will go. The risk of using a header would be too great. In my experience in Australia for the last twenty years I have only once known of a gale of wind with heavy rain that laid a crop down. As a general rule, in Australia at harvest-time the weather is very calm and even. At this critical ten days of the crop the risk in New Zealand is 90 per cent. greater than the risk in Australia. There is too much moisture in our atmosphere, and in many seasons a header would be absolutely useless here.

List of implements, and prices:—

Implement.	Price new.	Clearing-sale Value.	Implement.	Price new.	Clearing-sale Value.
	£	£		£	£
Four-furrow plough ..	110	60	1 mill	640	400
Three-furrow plough ..	75	35	2 tractors	1,000	500
1 one-way	97½	90	5 drays	220	75
1 disk	30	15	1 truck	240	120
2 drills	160	70	6 horses	240	240
3 binders	220	100	Harness, chains, covers	100	50
3 six harrows ..	40	20	1 disk plough ..	75	50
4 cultivators ..	160	90	Sundries	..	200
1 hay-loader ..	53	45			
1 broadcaster ..	55	45			£2,215
1 mower	24	10			

Statement of Mr. JAMES CARR. (No. 29.)

I am Chairman of the Ashburton County Council, past president of the Mid-Canterbury executive of the Farmers' Union, past president of the Methven Agricultural and Pastoral Association, chairman of Mount Hutt Dairy Co., Ltd. I was a member of the Meat Board for two years, and relinquished this office at the end of August last. I am a director of the New Zealand Wheat-growers' Co-operative Association. I have been farming in the Methven district for the last seventeen years.

History: Following the war period, during which the price of wheat was fixed by Government regulation, we had a Wheat Board set up by the growers. This Board entered into an agreement with the millers to sell wheat at an agreed-upon price. This functioned for a period of three years, following which we had a similar period of Government-fixed prices. Later on a large number of wheat-growers asked for freedom from control of all kinds, with an increased duty or an embargo on Australian wheat and flour. Later a deputation of growers waited upon the Government asking for increased duties, and the Right Hon. J. G. Coates suggested the present sliding scale of duties. The growers, after a consultation with the Taxation Committee, decided to accept the sliding scale if the amount was so fixed as to give the growers 6s. 4d. f.o.b. for milling Tuscan, brokerage included. The sliding scale of duties was fixed after the taking of a very considerable amount of evidence by the former Government through the Controller of Customs. It has worked satisfactorily; given stability to the wheat industry that nothing before has done; it possesses advantages over Government control, fixation of prices, payment of subsidies, or any other method of dealing with the wheat industry.

The importance of the retention of the duties: Small farms from 50 to 300 acres in extent on the Canterbury Plains are not a paying proposition for sheep only, because of the climatic conditions owing to the prevalence of hot, drying north-west winds, and for the same reason they are unsuitable for dairying except where there is swamp land, or near the foothills, where there is a higher rainfall. Therefore farmers have concentrated upon wheat-growing and the raising of fat lambs, two branches of farming which dovetail well into each other. To carry on the business of wheat-growing there is a fairly large overhead in the purchase of implements and traction power—viz., ploughs, disks, harrows (both tine and tripod), roller, drill, grass-seed sower, binders, a six-horse team, or tractor, drays for carting the crops into stack, forks, &c. Present-day prices of these are, say, from £700 to £1,000. If you take a low estimate of, say, six thousand growers at a cost of £700 each, it totals up a sum of over £4,000,000 invested in implements, teams, &c., alone.

The wheat-grower suffers more from passed-on costs of protective tariffs than any other branch of farming, and it is because of these costs that he is compelled himself to ask for protection; otherwise he would not require it. It has far greater claims to protection than boot-manufacturing and other secondary industries, in that it deals with the most necessary portion of the people's food. To do without bread is unthinkable. If we depend solely upon outside resources it may be difficult to keep up the supply, especially in case of shipping troubles, drought, failure of crops in other countries, or war. It has been suggested that silos could be built to protect the country against such an event, but the cost of storage would amount to more than the present duties. If the small farmer gave up wheat-growing there would not be sufficient work to keep his team, or tractor, and implements at work. He must keep them to renew his pastures, and so wheat becomes one part of a necessary rotation of crops.

So far top-dressing, which has proved so successful in the North Island and in Southland, has not proved itself on the lighter and drier plains of Canterbury. Officers of the Agriculture Department have been taken over paddocks that have been top-dressed with 1 cwt., 2 cwt., and 3 cwt. of 44–46 per cent. superphosphates and have not been able to locate control strips. The stubble feed following wheat, in a good season, allows the farmers to fatten thousands of lambs coming from the big stations off the higher country. Wheat does not clean land—in fact, it has the opposite tendency—and it also impoverishes the land, and this is where a rotational system of farming is so important.

The effects on the labour-market in Canterbury if farmers discontinue wheat-growing, or even if it is materially lessened, would be very serious indeed, as there would be an immediate easing-off in the demand for teamsters and tractor-drivers. Casual harvest labour, which is recruited from the unskilled ranks in every walk of life, would lose several weeks of remunerative employment; even the smallest wheat-grower requires at least three extra men for about three weeks in harvest-time, while larger growers need up to ten and sometimes more. If you take, say, six thousand wheat-growers, who each average four extra men for only twenty-one days, you get an aggregate of 504,000 days' work for casual harvesters alone. There is also labour for above two hundred threshing-machines each with a complement of eleven men, or 2,200 in all. On a good run men look to make a cheque of £100. After threshing you have the transport to rail, freight to port or flour-mill. If wheat-growing goes out I doubt if any of our branch lines of railway in the South Island could be kept open. Then, there are the subsidiary trades, such as implement-making, horse-breeding (the Year-book shows 58,000 horses in Canterbury alone), saddlery, twine, storage, coal-mining, and flour-mills (which now employ nearly seven hundred hands).

As mentioned, the cost of producing wheat is increased considerably by the tariff protection, and by awards given to other industries, such as implement-making, coal-mining, timber-workers, manure-workers, wharf and railway workers, boots, clothing, and many other things. One very definite aspect is when a threshing-mill arrives on the farm to thresh wheat from stook the men on the mill work under an award of the Arbitration Court as to conditions and wages, and naturally the regular and casual hands employed by the farmer cannot be expected to handle the same wheat at a less rate, or under less favourable conditions, than the men who are working under an award of the Court. One may ask, "Is bread dear at 3d. per pound compared with butter at 1s. 6d., or bacon at 1s. 5d., or beef at 10d.?" The sliding scale has also the advantage in that it protects the grower, and also the consumer, and stabilizes the price.

Would the cessation of wheat-growing have any ill effects upon any other primary industry? Seven years ago the total number of sheep in the Dominion was 22,222,259. Of this number 12,496,054 were breeding-ewes, and from these the following year 4,769,583 fat lambs were killed for

export. Six years later, in 1928, the total number of sheep had risen to 27,133,810, and the number of breeding-ewes to 15,534,051, while the resultant lamb export had risen to 5,924,876; and the interim sheep returns which are just to hand show that our flocks have passed the twenty-nine million mark. This year the export of lamb has reached six million carcasses. The Argentine during the first five months of this year increased its export of lambs to London by half a million, with a consequent dropping of the price on the London market as compared with last year. Now, if the duties on wheat are reduced, it may mean an increase in the number of lambs produced from New Zealand. Let us assume that the average wheat land will fatten three lambs to the acre. As there are this year 260,000 acres in wheat, this would give an increase in the number of lambs for export of 780,000. Can we afford to do this, thus breaking the price, which would affect every lamb exported from New Zealand, North Island and South Island alike? In the cable news from Australia on the 4th September reference was made to the increase of lamb-export from New Zealand, and the meat-market at Home has broken to some slight extent. If this happens under normal wheat-growing conditions, how much greater is the danger to the New Zealand exporter if we export, say, an additional three-quarters of a million carcasses of lamb a year? The interdependence of one system of farming upon other branches is shown by the above, and you cannot injure one branch without its having serious effects on other branches.

Statement of ALEXANDER F. CAMPBELL, of Fairlie. (No. 30.)

I am a member of the South Canterbury executive of the Farmers' Union, member of the Mackenzie County Council, and member of the Timaru Harbour Board. My farm at Fairlie consists of 816 acres, valued at £15 an acre. I consider wheat-growing in New Zealand, on lands that are suitable, most essential for the welfare of the country. It enables farmers with small holdings of good land to carry on more profitably than they could do with sheep, as they would be unable to carry a sufficient number of sheep in order to make a living, whereas with wheat, provided the season is reasonably good and the selling-price right, a bigger return could be obtained from wheat than from sheep. My estimate of a return from an acre of wheat would be, say, 30 bushels at 6s., £9; cost of growing, as per estimate given later, £8 10s.; leaving 10s. I append schedule of my costs. Of course, included in the cost of the wheat-growing would be the farmer's own work, which when considered would give him a better return. If wheat were not grown in New Zealand we would have to depend on outside sources for our supplies, which in some years might be very costly. We would also have to send out a huge sum of money to pay for these supplies, which would be most undesirable. It would also give the supplying country a good opportunity to exploit our helplessness. Look at the amount of employment wheat-growing gives—putting the crop in, harvesting, threshing, carting, railway carriage, storage, handling on wharves when being shipped, besides employment given to flour-millers and mill hands, also implement-manufacturers, horse-cover makers, tractor-makers, and a host of others, who, if it were not for the great amount of work entailed in growing wheat, would otherwise have to be idle. After all, a few pence difference in the price of a loaf of bread is nothing if a person can earn good wages through growing the bread. If a man is unable to get work, what matters it if he gets the loaf for next to nothing if he has no money through lack of employment to buy the loaf with? Bread is the cheapest article of food on the table. Meat is the costly item. The North Island, it should be remembered, is a very large supplier of beef for the South Island; but our wheat crop, what effect is this going to have on the South Island's purchasing-power for North Island beef? I think it is to be regretted that tractor cultivation, although very beneficial for rush periods, is fast supplanting the horse on the farm, and the essentials for running the tractor are not produced on the farm, necessitating sending money out of the country to keep the tractor going. Horse cultivation has the advantage that the supplies are produced on the farm, consequently the running-expense is not felt to the same extent. If the sliding scale of duties is taken off and nothing put in its place to ensure farmers getting round about 6s. per bushel for growing wheat—well, the uncertainty would compel them to discontinue the wheat industry. Farmers have enough to gamble on with the weather without having to gamble on the price. What with the risk of north-westers, blights, wet harvests, grubs, take-all, &c., the game is too risky if the price is not guaranteed. The farmer will have to try and eke out an existence some other way. There is also another matter which in my opinion requires investigation—viz., the profits the flour-miller makes from flour made from a ton of wheat; also the profit the baker makes from bread made from a ton of flour, as compared with the profit of the farmer from a ton of wheat, and the time he has to wait for his return compared with the others. I think if that were done it would not be hard to find who gets the lion's share.

Cost of growing wheat (per acre):—

	£	s.	d.
Putting in—			
Skim ploughing	0	10	0
Disking (later on), double stroke	0	5	0
Harrowing (one stroke)	0	1	3
Deep ploughing	0	12	0
Disking (twice)	0	5	0
Harrowing (double stroke)	0	2	6
Drilling	0	3	0
Harrowing after drill (one stroke)	0	1	3
Seed wheat, 2 bushels at 6s. 6d. per bushel	0	13	0
Fertilizer, 1¼ cwt. at 7s. per hundredweight	0	8	9
Pickling wheat and, with fertilizer, carting to paddock	0	1	0
Rolling in spring	0	2	0
Also, perhaps, stroke of harrows	0	1	3
Forward	£3	6	0

	£	s.	d.
Forward	3	6	0
Harvesting (say, 30 bushel crop)—			
Cutting (5s.) and twine (2s. 6d.)	0	7	6
Stooking	0	3	0
Perhaps restooking	0	1	0
Stacking	0	15	0
Threshing (30 bushels to the acre)	1	0	0
Covering and attending to	0	1	0
Cartage to station	0	10	0
Railage, say, 2d. from station	0	5	0
Loss on sacks containing 30 bushels	0	1	6
Rent and depreciation of land	2	0	0
	£8	10	0

30 bushels wheat at 6s., £9 ; cost to produce, £8 10s. : profit, 10s. Cost per bushel, 5s. 8d.

Statement of COLIN MCINTOSH, Farmer, of West Eyreton. (No. 31.)

I am president of the North Canterbury provincial executive of the Farmers' Union. I occupy a farm containing 1,500 acres, 212 acres of which is wheat-growing land. The rest I carry on as a sheep-farm. Taking one year with another I average about 75 acres of wheat a year. I find the wheat works in with my farming very beneficially, as follows : I have to have a team for either my wheat or for preparing the ground for turnips, rape, green feed, &c., for the sheep, and I can utilize this team advantageously in putting in wheat throughout the season not occupied in growing sheep-feed. I put the rape in in October, and turnips in December. We start to prepare the ground for rape and turnips in July, and commence to sow rape in October, then prepare for turnips and sow in December. After the turnips are in the harvest comes in late in January or early in February. The harvest takes about six weeks. Immediately after that we break up the ground again for the autumn sowing of wheat. If I am breaking up lea (*i.e.*, grassland), I skim plough in December. We sow wheat in the middle of May, and usually have it all in before the end of June. Then we have the question of preparing the ground for rape and turnips. I have one team—seven horses, six working and one stand-by. I employ one teamster permanently, one permanent hand, and I work myself. There is no doubt that the growing of wheat on my farm, and on many others, is beneficial to the farm, in that it cleans the farm and enables the farmer to use his labour thereon between the intervals of preparing for sheep-feed, &c. The cleaning of the land is very beneficial. I follow a system of rotation of crops. After three years the grass in Canterbury is pretty well run out. We break it up and put it into wheat for two years, and then back into grass. Sometimes we take a crop of peas or of green feed intervening between the first and second crops of wheat. Undoubtedly the fact that the ground has been in pasture for three years is a beneficial thing so far as wheat is concerned, and the wheat in turn has a cleaning process so far as the ground is concerned, eliminating its impurities, and gives a cleaner pasture for the sheep when next laid down. In my opinion also this cleaner pasture is reflected in our lower hogget mortality compared with the North Island. If I did not grow wheat I could not employ so much labour. The day man I have on permanently would have to go, and during six weeks in harvest there are four additional men on for six weeks, and these would not be necessary. I have gone into the cost of growing wheat, and I give a schedule of my costs at the end of this statement. I put the cost of growing wheat per acre at £9 5s. 9d., and I think that this, over a given number of farms, would work out at a good average cost. In some farms it would be higher, in others it might be a trifle lower. My land would run about 40 bushels of wheat to the acre. Thirty bushels at 5s. 9d. on truck would give £8 12s. 6d. an acre. Forty bushels at 5s. 9d. on truck would be £11 10s. In other words, I would make a profit of £2 5s. 9d. an acre : that for a year's work on 75 acres cannot be regarded as an excessive profit, and more especially when one takes into account that there are only two wheat crops in a five-year rotation. I would like to put this farm all into sheep and make the same as I am making out of wheat, but if compelled to do so we would be sure to experience the same parasitic trouble with our sheep, owing to the continued heavy stocking and fouling of pasture, as is taking place in the North Island. This would not only be a serious loss to the farmer, but a national loss. I think it is necessary in the interests of Canterbury farming that wheat-growing should continue. There is no doubt that wheat-growing is a large employer of labour, and if the wheat-grower cannot be afforded that amount of confidence as to the future the effect would be, in many instances, that the farmers would grow either no wheat or much less than they do now. This decrease in the area put in wheat does not end, as it might be thought at the first blush, with the farmer and the employing of less labour. The wheat industry has become so much a part of the business of the country that its effect in other walks of life, both directly and indirectly, would be of very far-reaching consequences. For instance, it affects the implement-manufacturer, threshing-machine proprietors, storemen, carriers and hauling contractors, railways, the poultry industry, and other industries which depend upon offals from flour, &c. As I have stated, the continuance of the growing of wheat in a sufficient quantity to meet, or nearly to meet, the national requirements depends upon the security and confidence which the farmer will feel as regards it. It is not to be expected that he should be asked to grow wheat at a loss, and if the action of the Government in altering the sliding scale of wheat duties destroys this confidence a lot of people will go out of wheat-growing. Once they do this you cannot re-establish the industry again immediately. Implements will have gone into disuse and disrepair, and before a farmer can start again he will be met with a big initial outlay ; and in view of this lack of confidence to which

I have referred he will think twice before again embarking on the purchase of implements and teams and all other necessary equipment to enable him to effectively carry on his wheat-growing. If a farmer did not go wholly out of wheat his team and implements would still be employed, but not to their full capacity, with consequent loss, while if he went wholly out of wheat-growing his team could not be nearly so effectively employed, with a corresponding loss to labour.

Bounties: I am opposed to the suggestion of bounties, for the reason that here again there is no certainty as to the bounty—there is no certainty as to a continuity of policy, the cost of administering the bounties is considerable, and the farmer would not know except from year to year, and then probably not until his crop was in or harvested, what he was going to get, and it would be unreasonable to expect him to gamble in this respect. It would destroy confidence in the rotation of crops. Then, again, the bounties would depend not upon the advantage or otherwise of the wheat crop to the community, but would merely depend upon political expediency, political considerations, and the condition of the exchequer for the time being, and the effect would, I think, strike a blow at the confidence of wheat-growers, without which it is utterly impossible for New Zealand to become a self-contained country as to its wheat-supply.

Pig-raising: With regard to the suggestion that the persons raising pigs cannot get the offals of wheat to enable them to properly feed their pigs, I think this is accounted for largely by the fact that they are not purchasing direct from the millers, but from merchants and storekeepers, and that the merchants and storekeepers are bleeding them. It is a well-known fact that Australia largely consumes her offals from wheat, particularly in drought times, and the price of pollard and bran in the North Island is very largely dictated by the prices in Australia, and not by the local price. Assuming that our wheat industry went, and we imported from Australia, they probably would not let us import wheat, but would send us flour, keeping their offals for themselves. I know this has been done in the past, and is a recognized fact, and the pig industry would be in a worse plight than ever if it had to depend upon outside supplies.

Schedule of my costs:—	£	s.	d.
Rent	2	17	9
Skim ploughing	0	7	6
Cultivating	0	6	0
Harrowing	0	1	6
Deep ploughing	0	12	6
Harrowing	0	1	6
Drilling	0	3	0
Harrowing	0	1	6
Seed (1½ bushels)	0	9	0
Manure (1 cwt.)	0	6	0
Rolling	0	2	6
Harrowing (spring)	0	1	6
Fence and ditches	0	3	6
Residue from grass	1	0	0
Reaping	0	5	0
Binder-twine	0	4	0
Stooking	0	4	0
Stacking	0	11	6
Threshing	1	0	0
Carting grain	0	5	0
Sacks and twine	0	2	6
	£9	5	9

Average per acre, 40 bushels. Cost per acre, £9 5s. 9d. ÷ 40 = 4s. 7¾d.

It will be noted in the above that I have made no provision for interest on working-costs, no charge for depreciation of plant or buildings; nor have I made any charge for supervision or management, nor any charge for land-tax.

Statement of ALAN GRANT, Farmer, of Waimate. (No. 32.)

I am a farmer residing at Waimate, where I own a farm containing 233 acres of rich agricultural land. Formerly I leased a property at Orari, South Canterbury, containing 268 acres, which I relinquished in 1924 and acquired my present holding. I engaged in mixed farming at Orari, including from 40 to 50 acres of wheat every year, and although I sold my wheat one year at 7s. 2d. a bushel I was forced to the conclusion that, taking one year with another, there was no profit in the industry, and I decided to turn my attention to something more profitable, if possible. I therefore acquired a stud-sheep farm, my present holding, but having certain paddocks in rotation for wheat I continued wheat-growing on my present property. After taking three crops and still making no profit even with fair prices for that cereal I formed the opinion that if the market happened to fall the position would be serious for me, and I decided to confine my activities to sheep-breeding. My family is young and any labour required I have to pay for, and my opinion is that in these circumstances it is next to impossible to make a profit from wheat-growing under these conditions. I realize that a farmer with his own family to do the work may make wheat-growing pay, but not as I am situated. The risks of growing wheat are too great for me to take. The farmer must take the risk of the yield, which

includes weather conditions, disease, &c., but when added to this there may be a drop in market values I simply cannot afford to take the risk. If, however, an assurance were given me that the protection afforded by the sliding scale of duties was to be continued for a few years I would take the earliest opportunity of including wheat in my rotation of crops. My great fear is that unless wheat-growing is encouraged by protection—and I know of no better method than the present sliding scale of duties—wheat-growing will be so much reduced that we will be dependent on importation for our bread-supply. In these circumstances this Dominion would be in very bad shape in the event of a world shortage, or even an Australian shortage. Another point I would like to raise is the effect that any considerable reduction in wheat-growing would have on employment; we are not free of unemployment to-day, but any material reduction in wheat-growing would increase it immeasurably. The only alternative to wheat-growing is the production of mutton and wool, as there is no market for any other cereal produced in quantity, and the labour employed in this industry is infinitesimal in comparison with wheat-production. Sheep would give the following return per acre on land costing £25 per acre:—

	£	s.	d.
By Lambs from four and a half ewes	5	17	0
Wool	1	16	0
	£7	13	0

	£	s.	d.
To Interest on land (£25 at 6 per cent.)	1	10	0
Rates and taxes	0	3	0
Manure	0	10	0
Lime (½ ton every third year)	0	5	0
Depreciation and mortality	0	11	6
Wintering (eight weeks at 6d. per head per week)	0	18	0
Interest on flock	0	10	0
Upkeep fences	0	2	0
Shearing and dipping	0	1	6
Balance (profit)	3	2	6
	£7	13	0

It is to be noted that land farmed for sheep-raising improves in quality, whilst in wheat-production it deteriorates. To be safe I am of opinion the Dominion should plant 300,000 acres in wheat every year. This acreage would produce 9,000,000 bushels with an average yield of 30 bushels per acre, and in my opinion it is unwise to rely on any bigger average than this.

I attach schedule showing my costs for growing wheat, taking the land at £35 an acre with a yield of 34 bushels per acre.

Cost of growing wheat: Opinion of Messrs. J. G. Ruddenklau, Waimate, and Alan Grant, Morven, giving their considered costs of growing wheat, taking land at £35 per acre, with an anticipated yield of 34 bushels:—

	Per Acre. £	s.	d.
Skimming	0	10	0
Two diskings (7s.) or two grubbings (7s.) or disk-ploughing (7s.) and two harrowings (3s.)	0	10	0
Deep ploughing	0	10	0
One harrowing (1s. 6d.), one disking (3s. 6d.)	0	5	0
Drilling	0	3	4
One harrowing	0	1	6
In spring, one harrowing (1s. 6d.), one rolling (2s. 6d.)	0	4	0
Cutting	0	6	6
Stooking	0	3	6
Stacking	0	12	6
Threshing, at 5d.	0	14	2
Carting to truck	0	6	0
Loss on sacks	0	1	8
Seed wheat, 1¾ bushels at 7s., pickled	0	12	3
Manure, 1¼ cwt. at £5 15s. (16 bags to ton), and carting to paddock, 8s.	0	7	9
Twine binding, three-quarters of a ball	0	2	6
Twine sewing, 3s. 6d. lb. of two hanks (160 strands)	0	0	2
Rent, 17 months, £25 per acre, 30 bushel yield	2	2	6
Rates and taxes, including present rate of land-tax	0	6	1
Interest on outlay	0	10	0
Depreciation of land	1	0	0
Insurance, fire and accident, 2½ per cent. on rent	0	1	0
Waste land, 5 per cent. on rent	0	2	0
Cost per acre	£9	12	5

TUESDAY, 17TH SEPTEMBER, 1929.

MR. WALTER NASH examined. (No. 33.)

The Chairman.] What is your full name, Mr. Nash?—Walter Nash.

And you represent?—I am representing the National Labour Legislative Committee, which consists of delegates from the Alliance of Labour, the Trades and Labour Councils Federation, and the New Zealand Labour Party.

Will you proceed with your statement, Mr. Nash?—Yes, sir. I will not take up the time of the Committee for a lengthy period. The purpose I have in coming here this morning is to make two points in particular, although there may be one or two other points that may be made incidentally. The first point I wish to make is that whatever protection you give to the wheat industry or any other land industry will ultimately be reflected in an increased price for the land. There may be one or two other qualifying factors, but, in the main, if you cause an increase in the price of any commodity that is produced from the soil of the Dominion, then automatically the land-prices will increase. I say that because, as probably every member of the Committee is aware, the price of land is determined by the net return that the average man can get from it in the average year. There may be other minor factors, but, in the main, that is how the price of land is determined. Having said that, I want to point this out: If the duty as at present in existence is continued, then that duty of 1s. 3d. on the sliding scale will automatically be reflected in increased land-values, and when the land is sold by the present occupier he will sell it at a price to the other man which will be very much higher because of the fact that the duty is there. That does not mean, of course, that there should not be any protection for the wheat-grower. There is quite a lot to be said for the wheat-grower having some protection to-day, because there is the fact that he has had protection in the past, and he may have bought his land on the protection advantage, and if you take the protection away from him you will be robbing him of something that has been given to him in the past. That is because of the fact that the duty has been sold to the present occupier of the land either by way of the added return to himself or because of the fact that the previous owner has transferred the land to somebody else at an enhanced price. That is one point I wanted to make. Another point is that it has been suggested that we should grow all the wheat that we require for this Dominion in the Dominion, because of some suggestion that we have to send away some mythical sum of £2,000,000 or £2,500,000 to other countries overseas if we do not grow it in this country. Every member of the Committee knows that the only way that we can pay for any goods imported into this country, or the only way that any country can pay for any goods imported into that country, is by exporting goods to pay for the goods that they import. One other fact that has been mentioned is that we should grow our wheat here because of the danger in war-time—the danger of a conflict between the nations endangering our food-supply. That may be so; but I think that the danger to the food-supply would be just as great to the people of the North Island during times of conflict if the wheat was all grown in the South Island as it would be if the wheat was grown in Australia, because the wheat would have to be transported by sea from the South Island to bring it here. Then, it has also been stated that there is a danger to the food-supply, if the wheat is imported from Australia, because Australia sometimes suffers from droughts, and we may not be able to get the necessary wheat from them. That may be quite correct, but if you take the average of all the countries you will find that when one country has a shortage another country has a surplus. That is generally the position. I would say, then, summarizing the points, that we ought to grow the wheat we require here because of the fact that the farmers have been given protection for many years, and if we take off the existing duty, leaving them with no measure of protection, they will suffer unjustly. I would say that it is quite reasonable to give them a measure of protection in some form, provided steps are taken to prevent them selling the measure of protection that is given to them. Another factor why we should continue some form of protection, of course, is the displacement of labour that would take place if we did not, which would create hardships in a number of homes in the Dominion through the people now engaged in the various agricultural occupations in connection with wheat-production and flour-production being put out of employment. There would also be some difficulties, probably, for the other industries which are connected with the wheat-farming industry. The poultry and other industries might suffer through shortages of bran, pollard, and other by-products which come from the growing of wheat. The other point I want to make—and this is the main point—is that a duty on wheat is one of the most unfair methods of taxation that could be found, the reason being that wheat, in the main, is used for the production of flour, which again is turned into bread; and bread is the main ingredient in the food-supply of the majority of the people, and the more so in connection with the poorer people than any other section. To substantiate that statement I have worked out some figures from a memorandum supplied to the British Board of Trade many years ago, in 1904; but the figures are relatively valuable to-day. In 1904 the British Board of Trade set up a Committee of Inquiry, and they obtained budgets from 1,944 families. Of those families 261 had an average weekly income of £1 1s. 4½d.; 289 of them had an average weekly income of £1 6s. 11¾d.; 416 of them had an average weekly income of £1 11s. 11¼d.; 382 families had an average weekly income of £1 16s. 6¼d.; and 596 families had an average weekly income of £2 12s. 0½d. The point I want to stress in connection with these figures is that to the extent the family income is low, so a greater proportion of the income is expended on food. It is automatic. You must have food. It is not so necessary to have a nice house. It is not so necessary to have clothes as to have food, and that is substantiated by the investigation of these figures. Where the average income is £1 1s. 4½d. weekly, 14s. 4¾d. is spent on food; out of the average weekly income of £1 6s. 11¾d. there is 17s. 10¼d. spent on food; out of the average weekly income of £1 11s. 11¼d. there is £1 0s. 9¼d. spent on food; out of the average weekly income of £1 16s. 6¼d. there is £1 2s. 3½d. spent on food; and

out of the average weekly income of £2 12s. 0½d. there is £1 9s. 8d. spent on food. The size of the families varied from 5·1 to 6·4, in no case being more than 1½ increase. If you take the expenditure on bread and flour you will find that out of the 14s. 4¾d. spent on food 3s. 0½d. is spent on bread and flour; out of the 17s. 10¼d. spent on food 3s. 3¾d. is spent on bread and flour. That is almost the same-sized family as the former. Out of the £1 0s. 9¼d. spent on food 3s. 3½d. is spent on bread and flour; out of the weekly income of £1 16s. 6¼d., of which £1 2s. 3½d. is spent on food, there is 3s. 4½d. spent on bread and flour; and out of the weekly income of £2 12s. 0½d., of which £1 9s. 8d. is spent on food, there is 4s. 3¾d. spent on bread and flour. The main point is this: that the percentage of bread and flour expenditure to total food expenditure was, in the case of the family with the lowest income, 21 per cent.; in the next, 18 per cent.; in the next, 15½ per cent.; in the next, 15 per cent.; and in the highest, 14 per cent. As the income grew, so the percentage of expenditure on bread and flour automatically declined. That is supported by an inquiry that was held by our own Government Statistician in 1920. The Government Statistician in 1920, through the Labour Department, made some inquiries with regard to household budgets, and in his inquiries into prices he sets out the expenditure on the various commodities in families where the budgets gave incomes of less than £4 10s. a week as compared with others with incomes of £4 10s. a week and over. He gives the "number in family" as 2, 3, 4, 5, and 6. The percentage of total income expended on bread and flour in a family of two where the income is under £4 10s. a week is 4·28; in a family of three, 4·32; in a family of four, 4·31; in a family of five, 5·17; and in a family of six, 5·36. When the income is £4 10s. a week and over the percentage expended on bread and flour in a family of two is 1·19; in a family of three, 3·25; in a family of four, 3·57; in a family of five, 4·41; and in a family of six, 5·06. In every case the percentage of expenditure on bread and flour declined as the income grew. And this is on small incomes. Of course, with a man who has £1,000 a year or £2,000 a year the percentage of expenditure on bread and flour would be practically a few shillings per cent.—say, 10s. per cent.—because he cannot eat any more bread and flour than the ordinary person. The point I want to drive home here is that the lower the income the greater the expenditure on bread and flour. There is more bread and flour consumed in the home of the lowest-paid worker than there is bread and flour consumed in the home of the person with £1,000 a year. A tax on wheat, then, automatically means that the people with the lower incomes pay the greater sum. That is the iniquity of the thing. It may be possible to do something for the wheat-grower, it may be possible to do something for the flour-miller, and it may be possible to do something for the baker; but that is not the point. It is unjust and iniquitous to so organize your taxation that the persons with the lower incomes pay more than the persons with the higher incomes. Those are the two points I wanted to make. There are other things I could go into. There is the question of wages, for instance; but I do not want to go into those particularly. But I may say that I have gone into the question of bread-prices. I find that the Wellington Hospital, for instance, manufactures its own bread, and I have obtained a return from them during the last few days which shows that the cost to them is 2¼d. per pound. That is, roughly, 9d. for the 4 lb. loaf, or 4½d. for the 2 lb. loaf. That apparently, however, does not make any allowance for overhead charges, and it is certainly necessary that there should be some allowance for overhead charges. And that, again, does not make any allowance for delivery charges, and I should say that the average cost for delivery is 1d. a loaf.

The 2 lb. loaf or the 4 lb. loaf?—The 2 lb. loaf. I think I can give you some information in regard to that. I know of one baking organization that employs four drivers, with four motor-cars. They deliver, on the average, to shopkeepers and boardinghouses and private houses 6,000 loaves of bread per week. It varies slightly. Last week it was 6,018, and the week before it was 6,110, but on the average it is about 6,000 loaves of bread per week, for which they have four drivers and four motor-cars. They have not worked out the detailed costs, but I know the drivers' wage-rate is, roughly, £4 11s. per week; so that they have to pay £18 4s. a week in wages alone; and on top of that there is the upkeep of the four motor-cars. So 1d. per loaf is a small estimate for the cost of delivery. Talking to the son of the proprietor this morning, he was of opinion that 1d. per loaf was a fair estimate.

One penny on the 2 lb. loaf?—Yes, 1d. on the 2 lb. loaf. He said that they charged 5d. to the shopkeeper, who sells it over the counter at 6d., and that they deliver it for 7d. This man's returns would be more valuable than the returns of the ordinary baker, because he does nothing else but bake bread and deliver it. I have looked into the work of the average baker, and for the life of me I cannot see that he is getting too much at 6d. per loaf, or delivering at 7d. per loaf, considering that the price of flour is £17 13s. (He has to pay £16 5s. for the flour down South, plus £1 8s. freight and delivery charges.) The baker is not getting it, and yet the baker is getting 100 per cent. higher prices compared with the 1893 to 1912 period. He is getting 100 per cent. on the prices ruling at that time. I am satisfied that he does not get a penny too much for the service he renders to the community. So the price of bread is not unfairly or unjustly high because of the charges made to the community by the baker. There might be ways and means, of course, by reorganizing the baking industry whereby we could produce and deliver the bread at lower prices. We could get scientific distribution, and we might get scientific manufacture, and then it might be possible to reduce the baking-charges. But I think it is in the cost of the flour that the high cost of the bread is to be found. A lot of contradictory statements have been made in various returns, &c., with regard to the price of turning wheat into flour, but I have here an extract from the Department of Industries and Commerce report for 1919. In that they set out what they consider should be fair prices for the various commodities that are used, including flour and bread. When wheat was 5s. 3d. the price of flour should be £13, and the price of bread 7d. for the 2 lb. loaf.

What, report is that you are quoting from?—It is the report of the Industries and Commerce Department for 1919. It was called the Board of Trade at that time. This was the recommendation of the Board of Trade in 1919: "We have considered the question whether the fixation of maximum prices

by legal enactment for wheat, flour, and bread, or by the method of 'recommended prices' which was adopted in England shortly after the outbreak of the war, would be best suited to the conditions prevalent in New Zealand. There are difficulties to be encountered under either system, but on the whole we prefer the latter method, and suggest that the following table should be the recommended prices, subject to alteration by the Board of Trade as may be required by changing conditions from time to time." Then they set out the prices, as follows :—

Wheat (delivered at Mill).				Flour (f.o.b.).	Bread (Cash over Counter).
s. d.		s. d.		£ s. d.	d.
At 3 9	..	..	..	9 10 0	6
,, 3 9	to	4 0	..	10 0 0	6
,, 4 0	,,	4 3	..	10 10 0	6
,, 4 3	,,	4 6	..	11 5 0	6½
,, 4 6	,,	4 9	..	11 15 0	6½
,, 4 9	,,	5 0	..	12 5 0	6½
,, 5 0	,,	5 3	..	13 0 0	7

It will be seen that when wheat is 5s. 3d. per bushel delivered at the mill the flour ought to be sold at £13 a ton, and the bread ought to be sold at 7d. for the 2 lb. loaf. Well, if £13 a ton for flour justifies a charge of 7d. for the 2 lb. loaf, it will be seen that the responsibility for the high charges at present does not rest with the baker. There is apparently something wrong in between the wheat-grower and the baker. I think it is necessary that fuller and more complete inquiries should be made into that point. Again, quoting from the report of the Department of Industries and Commerce for 1927, referring to Australian prices, it says : " It will be noted that the export price of flour does not maintain by any means a constant relationship to the price of wheat, nor do prices in the Australian States always move together. An examination of the quotations shows, however, that, on the average, when wheat is 5s. 5d. export flour is quoted around £11 to £11 5s. ; when wheat is 5s. 9d. export flour is worth £12 or a little more ; and when wheat is, say, 6s. 6d. flour is priced around £13 10s. per ton." Now, the price in New Zealand for wheat to-day is, roughly, between 6s. and 6s. 4d. per bushel. I saw a quotation about a week ago at 6s. 4d. a bushel. If, then, the Australian mills can sell flour at £13 10s. when wheat is 6s. 6d., why do we have the charge of £16 5s. for the same commodity when wheat is from 6s. to 6s. 4d. ?

Mr. Jones.] What are you quoting from now ? — I am simply quoting from the report of the Department of Industries and Commerce for 1927. That is their statement, and if it is not correct you must get at the Department. Then, no doubt, the Department will satisfy you with what it has to say. I have no doubt it will be able to substantiate its figures, because it usually goes very carefully into figures. What I want to drive home here once more is that, no matter what protection you give to the wheat-growing industry, the amount of your protection will automatically be reflected in the price of the land ; and the duty which you put on will be sold by the present occupier when the land is transferred. And I substantiate that by saying, as an economic fact, that the price of land will always be determined by the net return that any man of average ability can get from it in the average year. And the second point I want to make is that it is unjust and iniquitous for the duty to be placed on wheat under the present circumstances, because of the fact that the lower the income the greater the expenditure in bread and flour ; and that means that the lower the income in the average home of the Dominion the more they have to pay by way of taxation. It is against all equitable principles of taxation in this or any other country. That is materially what I wish to say. I wish to drive home those two points.

Mr. Jones.] You are positive that the fault does not lie with the baker ?—On the evidence I think I should say so. I cannot be positive about anything, but on the evidence, and on the investigations that I have made in the time I have looked into the bakery business, I am satisfied that the average baker does not get too much for the services he renders, taking the price of flour into account and the price he charges for the bread.

The evidence is contradictory with regard to the price of bread. At the Christchurch Hospital the contract price is 9d., and in the town it is 1s. 1d. ?—I do not know anything about the contract prices of bread in Christchurch.

Well, the Christchurch Hospital gets it at the price of 9d., and yet it is charged at 1s. 1d. to the general consumer ?—Certainly from 9d. to 1s. 1d. seems an unfair charge. If the 9d. is the economic price for it, then the 1s. 1d. in Christchurch would be an unfair charge.

What is the price in Wellington ?—The price of bread in Wellington is 5d. to the shop for the 2 lb. loaf.

And delivered ?—It is 7d. delivered. But I am told that one large organization is cutting the price down to 6d.

If it could be got by contract in Wellington at 9d. per 4 lb. loaf, and the charge to the consumers was 1s. 2d. per 4 lb. loaf, do you think you could justify that ?—I cannot justify it on that basis.

There is a difference of 2d. between the 5d. charged and the 7d. for 2 lb. loaves for delivery in Wellington ?—No ; there are three prices. The 5d. is charged to the grocer to enable him to charge 6d.

Then, you say that the cost of the 4 lb. loaf is 1s., and delivered 1s. 2d. ?—Yes. I admit that they are charging 1s. 2d. per 4 lb. loaf in Wellington for bread. At the same time, there is one large organization which is only charging 1s.

Do you admit that the 10d. is a fair price to charge to the grocer ?—No, I do not say that.

You do not say that ?—No, I do not say it is a fair price.

Well, the position is that there is 2d. put on to that price, which brings it up to 1s. a loaf over the counter ?—Yes.

What would you say if the farmer guaranteed to produce the wheat for a loaf of bread at the same price that it takes to deliver that loaf ?—I would want to go into that. I would want the actual facts.

Would you be surprised to know that the whole of the work of growing the wheat and delivering it to the mills amounts to 4d. a loaf ?—I would not be surprised, but I would want to know the facts with regard to the whole thing. For instance, if a man writes a book, he would get about 3d. as his share of the book, but the man who sells it gets 2s. 6d. for selling it. But I know who renders the greater service to the community.

Now, with regard to the price of land, the bulk of the evidence given here is to the effect that the large farmer is not as much interested in the duty on wheat as the small farmer. The majority of the wheat grown in New Zealand is grown by farmers who grow 100 acres or less. The large farmer is not so much concerned as the small farmer, because the large farmer can go in for sheep. The man on 200 or 250 acres cannot get a living out of sheep ?—I would do everything I could to help the small farmer; but, as I pointed out, the increased duty is reflected in the price of the land, and when the small man buys the land he pays the higher price.

Realizing that there is something like £13,000,000 invested in the wheat industry in New Zealand in connection with machinery, flour-mills, and agricultural implements, on the basis of the protection, would you wipe that out ?—Oh, no. I have not suggested that. I have only suggested, firstly, that your protection is automatically reflected in the price of the land; and, secondly, that it is iniquitous to put the tax on to the poorer man.

You are not in favour of wiping out the wheat duty ?—No. I said I was not in favour of wiping out the protection. I said I was not in favour of being unjust to the farmer. But I think the duty is the wrong method. I think another method should be found so as to ensure that the tax is placed on somebody else rather than on the poorer man.

Will you not admit that the protective duties on boots and clothing, and so on, are a burden to the wheat-grower; and do you not think, under those circumstances, that the wheat-grower should also have protection ?—There is a slight difference between the duties on primary products and manufactured products; but if you start giving protection to one section of the community, of course other sections of the community will ask for it also.

Mr. Waite.] Do you say that the duty increases the value of the land to the present occupiers of the land ?—Yes, in so far as the land has been sold since the duty was put on. The principle I enunciated was that the value of the land is determined by the net return that the average man can get from that land in the average year. Every benefit or advantage that goes to him automatically increases the price of the land.

Do you condemn the duty on wheat ?—I do not condemn the duty on wheat because it affords protection to the wheat-grower. I simply state facts. I condemn the duty on wheat because of its unfair incidence.

Do you say that the wheat duty increases the capitalized value of the land ?—Yes. It will do so in the future, if it has not done so already.

Do you suggest that the value of land is increased by the loans made by the State Advances Office at a low rate of interest ?—Yes, certainly. Your object should be to prevent the farmer selling the advantages of the loan which you have given to him.

You said that the wheat duty increased the taxation on the poorer people: do you know what is the cost of bread in Wellington to the average family ?—I should say that the average family of four consumes about 28 lb. of bread or flour a week. The duty on that would amount to probably round about 1s. a week. That would be the extra amount paid because of the duty. The average family has to pay about 1d. extra on the 2 lb. loaf on account of the duty. That would be 1s. 2d. per week.

You say you consider there is something wrong between the wheat-grower and the baker ?—Yes, something in between those two. From the information I have, the price of flour seems wrong.

Do you think the price of flour is too high when compared with the price of wheat ?—Yes, it looks like it. If the reports of the Department of Industries and Commerce are good evidence, then the price of flour is too high.

The baker in Christchurch can supply bread to the hospital at 9d. ?—The baker in Christchurch might be able to supply bread to the Hospital at 9d., but there is a difference between Christchurch and Wellington: in Christchurch the flour is on the spot; here there is something like £1 8s. to pay in connection with freights and other charges.

I am not comparing Christchurch with Wellington ?—Even in Christchurch, if the baker there is delivering bread at 9d., I do not think he would be able to carry that on for long.

Do you know how long he has been doing it ?—No; but it is not possible for the private baker in Wellington to deliver bread round about the price of 9d. and make a return on the overhead charges and also interest on capital.

Mr. Macpherson.] It seems to me that there is some discrepancy somewhere. The farmer produces the wheat and the miller produces the flour, and some of the bakers are producing the bread at 9d. or 9½d., and then the cost of delivery to the consumer amounts to more than the farmer is getting out of it. It does seem an extraordinary position ?—Well, that applies in just the same way to the analogy I mentioned: the man who writes a book gets 3d., and the cost of delivering that book to the public is 2s. 6d.

With regard to your statement that the value of the land is increased owing to protection, I presume that is only an assumption on your part ?—No, it is not an assumption. That has been

fairly well proved throughout the ages. There is five hundred or six hundred years of economical research behind that.

We have had the evidence of one witness here to the effect that he put a certain area in wheat and put more than the usual amount of work into it, but the wheat was almost all lost because one of those natural diseases or pests came in and destroyed the greater part of it. Do you not think the farmer should receive protection under those circumstances ?—There must have been something wrong with his farming methods.

No ; he was experimenting in connection with Lincoln College, trying to help in the research work ? —Then, that is a charge to research, and not a charge to the ordinary farmer.

But that sort of thing happens to all wheat-growers, unfortunately ; it is not confined to Lincoln College. In our district probably 50 per cent. of the growers have had the same kind of experience ?—But that is in connection with the cost of producing the wheat. That would happen whether you had a duty or not.

But he has to carry those risks himself. The miller and the baker do not have to carry any of those risks ?—Well, it ultimately balances itself out according to the amount of labour put into it and the value of the land. The farmer would not pay a big price for the land if he has to take all those risks.

But in that case it would not increase the value of the land to the extent of the 1s. 3d. protection that he gets : it would be too risky to do that ?—That is a question of the value of the land without the duty.

Have you any suggestion to make ? I understand you are willing to give some protection to the farmer : have you thought out anything ?—I suggest that the duty system is wrong, and that a bonus or a subsidy should be worked out.

You prefer a bonus or a subsidy ?—I would prefer anything that would ensure that the farmer gets a reasonable price, rather than the present system of taxing the poorer people out of all proportion to the wealthier people.

Considering that the wheat-grower employs so much labour and pays such a large amount in wages, do you not think he is justly entitled to receive protection in the same way as the boot-manufacturer or the woollen-manufacturer ?—The reason that he is in business is to make profits, and not for the purpose of employing labour. He only employs labour because he can make a profit out of labour.

But does not that also apply to the boot-manufacturer or the woollen-manufacturer ?—Yes.

Well, do not you think he is just as much entitled to protection as the others ?—I suppose he is, in the main. In the past few years he has had it through his Dairy Control Board, his Meat-marketing Board, and so on. He is gradually coming to see that things ought to be done properly and wisely and with proper organization.

The farmers have arrived at that stage ?—Yes. They are coming closer together every day, every week, and every year.

Do you think that the discrepancy between the price of wheat and the price of bread rests with Distributors Ltd. or the Bakers' Association ?—I do not know. But I think there is more in common in the work of the farmer who grows wheat and the man in the factory who makes boots than there is in the people in between.

Well, that being so, do you not think it is a fair thing that the farmer should be put upon the same basis ?—As I said before, I think the farmer should have some form of protection, but I do not say that that protection should be obtained by a tax upon the poorer people.

The Chairman.] The average price here is 6s. 3d. per bushel ?—Yes.

And the average price in New South Wales is 6s. 1d. to 6s. 2d. ?—Yes.

That does not seem to indicate that the farmer gets the benefit of the protection ?—Do not they pay duty in New South Wales.

No ; it is an exporting country ?—I think they have a duty, but I do not think it makes any difference.

That does not seem to indicate that the farmer here is getting the benefit of the protection ?—I would want to go into that.

What is your opinion of a fixed price for wheat in preference to the present system ?—I have not thought that out. I would want to get more information before I could answer that.

You stated that, in your opinion, 2d. for the 4 lb. loaf was not an excessive price for delivery in the cities ?—I should not think so, in Wellington.

What about the country districts, where they have to deliver from ten to fifteen miles ?—They deliver in different quantities there.

But it would be a relatively extra cost ?—I would like to go into that. Looking at the question from a casual point of view, I do not think 2d. a 4 lb. loaf is too much for delivery in Wellington.

What is the price in Wellington over the counter ?—The charge for the 2 lb. loaf is 5d. to the shopkeeper, and 6d. over the counter, and 7d. delivered.

Mr. Macpherson.] Do you believe that the farmer is getting 1s. 3d. a bushel protection to-day ?—Well, he is getting the difference between 5s. 6d. and 6s. 9d. in the tariff. I think he is getting 6s. 4d. a bushel to-day.

Of course, you realize that the duty goes down when the price of wheat in Australia goes up ?—Yes, I recognize that. And when the price of wheat goes down the duty goes up. When the price of wheat in Australia goes down to 2s. the duty is 4s. 9d. a bushel.

Yes, but if it was 8s. a bushel in Australia you would still have your wheat here at 6s. 4d. ?—Do not worry about that, Mr. Macpherson. I only wish that was true.

The Chairman.] You stated that you did not approve of the present method of duty ?—Yes.

Can you suggest what, in your opinion, would be a better method ?—That is rather a difficult question to answer. I know there are difficulties and complexities with respect to subsidies and bonuses. What I am showing is that the present system is unfair and unjust.

It is easier to be destructive than to do something of a constructive nature ?—It is easier, of course. I think something should be done to find out what is right and equitable. I have pointed out, as far as I can, that this present system is unjust and iniquitous, and I believe it ought to be altered. I would like to get more information and think it out.

We would particularly like to have your opinion as to what would be a better method ?—I will be glad to let you have my opinion on that later on.

Mr. James Mitchell examined. (No. 34.)

The Chairman.] What is your full name, Mr. Mitchell ?—James Mitchell.

And who are you representing ?—I have been nominated by the North Otago wheat-farmers to appear before this Committee and give evidence.

Will you proceed with your statement ?—Yes, sir. I shall endeavour to place before you the whole position as I see it. I desire to say at the outset that I do not represent any particular interest associated with the matter under consideration. I am not a grower of wheat nor a manufacturer of flour, or even a baker of bread. I am simply a journalist with over half a century's experience in a wheat-growing centre, and one who can claim to have devoted a good deal of thought to the industry and written very freely upon the subject. I am going to assume that there is no real thought of singling out the wheat-growing industry as the only industry not to receive any protection under the tariff. I am conscious that wheat enters into other industries of a very minor character, but I cannot conceive it possible that it is seriously contemplated to sacrifice an industry worth between two and a half and three millions of money upon the altar of two minor industries that are themselves protected, and one of which is bounty-fed upon its exports, in order to foster exports that are not deemed of sufficient importance to receive separate mention by the Government Statistician. I take the view that it is intended to continue protection in some form to wheat-growing as an essential industry of the Dominion. Then, I say that the best and safest method of affording protection is by a sliding scale of duties upon wheat and flour, in which I claim a kind of parental interest. Its outstanding merits are that it ensures for the producer a constant price for his wheat on a basis giving him a reasonable return, and guards the bread-buyer against exploitation in the event of a shortage of supply. The Committee has already received evidence as to the merit of the sliding scale in official statements that ever since it came into operation the duty payable has been below the fixed duty previously in operation. The system has the inestimable merit of banishing anything in the nature of speculation or gambling in what is a prime article of the people's food, for it stabilizes prices all round and eliminates disturbing fluctuations begotten of outside conditions. That, I respectfully suggest, is a condition of security that cannot be lightly disregarded. It should not be necessary to urge the value of the wheat-growing industry to the Dominion, but I cannot refrain from emphasizing a few points. New Zealand has been bountifully blessed by Nature in that it is capable of producing an infinite variety of things that minister to the needs of man. A large part of its area is specially adapted to the production of wheat, and it would be a grave and costly mistake not to take advantage of that adaptability. It is, I think, a sound proposition that a country enabled to pursue a self-reliant course and cater for the needs of its people is in a stronger position than one dependent very largely for sustenance upon other countries. That is specially so in the case of a country like New Zealand, separated by oceans from other lands. There is a mine of wealth in the advice not to carry all your eggs in one basket, and the same advice is applicable to a country, which should not be content with the stimulation of a limited number of primary industries, but should exploit the whole of its potentialities, and so secure the widest range of industries and a broadening of the knowledge and adaptability of its people. A point that is worthy of emphasis is that for farmers who occupy high-priced wheat-producing land in small, or comparatively small, areas it is essential to them to grow wheat as an integral part of mixed farming. To enable them to do this with profit it is desirable that they should have a market which will assure them a reasonable return. Such an assurance has a decided tendency to encourage close occupation of the land, which is of positive advantage to the State. I invite the attention of the Committee to the fact that the wheat-growing industry contributes a far higher percentage of its wealth production to the wages fund of the Dominion than does any other of our industries that can be named. This contribution is not confined to the mere production of wheat, for it is found in manifold directions. It occurs in the transport of the wheat and its manufacture into flour and bran and pollard ; in the rope and twine industry, to which the wheat-growing industry contributes about one-fourth of its total income ; to the coal-mining industry ; to the agricultural-implement industry ; to the payment of men employed in stores ; and in various other directions. It may be answered that so far as the flour-milling industry is concerned it would not be prejudiced, for, as we must have bread, flour must be forthcoming. But that is a fallacy to which I will make reference when dealing with another aspect of the main question. To sum up on my present point, I believe, after an examination of the details, that out of a wheat-production valued at £3,000,000 fully one-third finds its way into the wages fund. Any industry that could replace wheat-growing would give no more than a mean percentage of that contribution to the wages fund, for no other industry is capable of returning so much wealth per acre as does wheat. So far, then, as wheat-growing is diminished, so far will the wages fund be depleted and unemployment be intensified. I respectfully submit that the Committee cannot face the responsibility of doing anything calculated to jeopardize the wheat-growing

industry as to deprive growers of a reasonable return and so drive them out of the industry. The question to be considered and answered is at what price for his wheat can a grower derive a reasonable return. To arrive at a conclusion it is first necessary to determine the cost of production. It is impossible to get exact figures, because conditions governing individual costs, or the average costs over whole localities, vary a good deal, and that variation necessarily affects the general result. I have seen the average cost of production set down at from £8 to £10 an acre, or even a little more. I eliminate the higher figure because it represents high-priced land held in large areas and amenable to higher taxation, which is included in the statement of production costs. My reason for excluding from my estimate exceptional land is that it is capable of producing bigger average yields, thus giving a monetary return more than equivalent to the taxation levy. For the same reason I decline to entertain any extra cost of intense cultivation involving the use of more than the ordinary amount of fertilizers and their application, which more than pay for themselves. My aim is to cover the general range of wheat-growers, which includes the holder of small or comparatively small areas of land. For the purpose of my presentation of the case I split the difference between the two estimates of £8 and £9 and adopt £8 10s. an acre as the basis of calculation. The average yield of wheat in the Dominion for the past ten years is officially given as about 32½ bushels per acre. This on a basis of £8 10s. an acre gives an average of 5s. 3d. per acre as the common average cost of production. Under the present sliding scale the aim is to give the wheat-grower a constant average price of 6s. a bushel; but from this has to be deducted the brokerage charge, which reduces the net price to the grower to less than 5s. 11d. a bushel. Deducting the cost of production of 5s. 3d., the net return to the producer works out at £1 per acre. That cannot be deemed an unreasonable return, much less an excessive profit, especially when consideration is given to the fact that the grower must accept all the risk of adverse climatic conditions affecting acreage yield of wheat. It can be asserted that if any step is taken that will reduce such a return a fatal blow will be struck at the wheat-growing industry, which, as I have already said, is worth between two and a half and three millions of money annually to the Dominion, while the welfare of other contingent industries will be seriously prejudiced. No mere tinkering with the price of wheat can prove of any benefit to the buyer of bread. If, for example, it were decided to reduce the price of wheat by 6d. a bushel, less than half the way would be travelled to cheapen the 4 lb. loaf by 1d. The result would be to give to the miller and the baker an increased profit at the cost of starving the producer of the wheat and driving him out of the business. To ensure a reduction of 1d. in the price of bread the price of flour must be reduced by from £2 12s. to £2 15s. a ton. How are you going to bring that about? In this connection it may be well to advert to what happened when cheap Australian flour was being dumped into Auckland and other North Island centres. Did the bread-buyer derive any benefit from the advent of cheap flour? I have sought evidence upon the subject and have failed to discover any reduction at that time in the price of the loaf. The profits of the business went into the pockets of the merchants handling the flour and the bakers transforming it into bread. At the same time our own producers of wheat and its gristers were hard hit, and a number of workers deprived of employment. To get flour down to a price permitting of 1d. being taken off the price of bread would entail a reduction of over 1s. a bushel in the present assured and far from extravagant price of wheat, unless severe economies could be effected in other directions. As the present basic duty is 1s. 3d. a bushel, such a proposition would practically leave the wheat-growing industry without protection—the only industry reduced to such a condition. And wherein could be found any gain? If any gain were discoverable it would be swamped by an overwhelming volume of loss, direct and indirect—loss in employment because of a depletion of the wages fund; loss in the depreciation of the value of wheat lands; loss of an enormous amount of capital invested in buildings and machinery; loss of traffic upon our national railways; loss, in short, in an infinite variety of directions. For it must be clearly understood the wheat-growing industry could not stand without protection any more than could our secondary industries—as, for example, boot-manufactories, clothing-manufactories, and woollen-mills. The balance of our overseas trade would also suffer, for if the wheat lands were turned to other productive uses the utmost addition that could be made to the value of our exports would be £1,000,000 a year; and that addition would be purchased at the cost of sending abroad over £2,000,000 a year for the purchase of commodities that, with protection through the Customs tariff on the present basis, would be produced in sufficient quantities to meet the Dominion's requirements. To secure an addition of a million a year to our exports at the cost of adding over two millions to our imports cannot be viewed as an attractive proposition from either a commercial or economic standpoint, while it is in emphatic conflict with true patriotism and a desire to render our little nation great and prosperous. If we have any real aspiration in the direction of creating a strong nation it is imperative that we should cultivate an individual and collective spirit of self-reliance and avail ourselves of every means of making the nation self-contained. Nature has richly endowed New Zealand with the means of attaining that end, and we would be abusing our inheritance were we to sacrifice the wheat-growing industry at the call of designing self-seekers supported only by a small section of unreflecting consumers. Here I may be permitted to touch briefly upon a point that incidentally arises in connection with the wheat question. We are lamenting the flocking of people to the cities and the towns, and the cry of "Back to the land" is being heard on all hands. There is reason for both the lamentation and the cry, for if we are to sustain a growing population industriously and profitably employed it is to the land that we must turn for the means of doing so. Is it, I may ask, sound national policy to adopt any course that threatens strangulation of a primary industry giving a return equal to £2 per head of the whole population, providing employment for thousands of rural workers, besides thousands of others engaged in urban vocations? It seems to me that none other than a negative answer can be given to that question. The true policy for us to pursue is to exploit in full measure the potentialities of our well-endowed country. I now purpose glancing briefly at the position New Zealand would occupy if rendered dependent upon, say, Australia for a supply of breadstuffs. Here I first purpose answering those who contend that, as we

must have flour, the milling industry would not be affected by any destruction of the wheat-growing industry in New Zealand. Those who hold that view ignore the fact that a very large proportion of our breadstuff needs would come to us in the form of flour. The millers of Melbourne and Sydney would be able to sell flour at a price that New Zealand millers gristing Australian wheat could not compete against. In support of that statement it is only necessary to recall what has happened in years when there has been a shortage of wheat in New Zealand and it has been necessary to seek supplies elsewhere. The reason for such a line of action lies upon the surface. In the first place, the flour-mills of Melbourne and Sydney are on a much larger scale than those of the Dominion, and naturally there is a realization of the axiom that the greater the output the lower the average cost of production. The supply of flour to New Zealand would add little to the overhead costs of the mills. On the other hand, a diminished output of the New Zealand mills would quite naturally increase the average overhead costs. The competition would be uneven, and the Australian millers would practically control the market. Then, a decline in the quantity of flour milled in New Zealand would involve a decrease in the available supply of bran and pollard. That would place the users of those products at the mercy of Australian millers, and it does not require any stretch of the imagination to picture them taking advantage of the situation, to the detriment of users of bran and pollard in this Dominion. Again, it is necessary to bear in mind that Australia's exportable surpluses of bran and pollard are very limited, and in years of drought are transformed into shortages consequent upon the demand for feed for starving stock. In such an eventuality, what would be the position of users in New Zealand? Their source of supply would be entirely cut off, and the pig industry would be given a severe shock, while those having horses to maintain would be placed in a very awkward position. I am not prepared to follow the lead of some who fear a severe drought in Australia seriously affecting this Dominion in the matter of breadstuff-supplies. Australia does not control the price of wheat. The greatest danger of relying upon Australia would be a maritime strike cutting off supplies. I am quite convinced that, taking a broad and comprehensive view of the whole subject, the soundest, safest, and the best economical policy for New Zealand to pursue is to render the country independent of outside supplies of foodstuffs. To that end it is absolutely essential that tariff protection should be given to the wheat-growing industry. I am perfectly assured that the present sliding scale of duties is the best that has been devised, and a study of all the facts convinces me that the sliding scale with a basis of 1s. 3d. has been well devised. It assures to the producer a fair margin of profit and nothing more, and, so far as I am aware, it has not increased the price of bread. It stabilizes prices all round from year to year, and eliminates the element of speculation. Under it prices are not affected by the condition of outside markets and fluctuations of prices in the great outer world. I am strongly of opinion that the world is approaching a period of higher prices for wheat, and consequently of flour and bread. Already prices have moved upwards to some extent, and I have noted that in July last two advances of a ½d. per quartern loaf took place in London within the space of ten days, with no certainty of halting there. Under the existing scale of duties on wheat and flour the New Zealand consumer is freed from any feeling of anxiety as to what the price of his bread may be a few months hence. Though wheat may soar to great heights abroad, the price in New Zealand is fixed under the sliding scale on a basis which assures to the producer a fair and reasonable return without inflicting hardship upon the consumer, whom it safeguards against any advance. I appeal to the Committee not to do anything that will militate against the continuance of that happy condition.

Mr. Jones.] If the farmer had the benefit of free-trade in everything he uses in the production of wheat, could be produce wheat cheaper than he does now?—Of course he could. That is a natural sequence.

Would it be reasonable to say that protection of other industries reduces the value of the farmer's land?—It naturally increases the cost of his production, and whatever increases the cost of production of anything coming from the land necessarily must affect the value of the land. Land is worth only what it will produce.

You think it is reasonable to say that if increased protection is granted on other industries it will have the effect of bringing down the value of the land?—It has that tendency, most decidedly.

The Chairman.] The wheat-growers in the South Island are forming themselves into a wheat-growing pool?—Yes.

With a view, of course, of getting a higher price for their wheat?—I am not quite so sure about that. I may say, as a journalist, I had occasion not long since to comment rather adversely upon a certain action taken by the pool, and one thing and another led to their sending down the manager of the pool to me to place every detail of the working of the scheme at my disposal, even to their banking and storing arrangements, but I have not seen anything which leads me to imagine that the pool is designed to force prices. The pool was designed to enable wheat-growers to hold.

For better prices, of course?—No, because the price is fixed by your sliding scale. When we are producing 8,500,000 to 9,000,000 bushels of wheat a very large proportion of the growers are farmers who necessarily are looking for an early return for their twelve months' labour. They work for twelve months practically in order to produce that wheat, and they have to get a return for their labour as speedily as possible. If the whole of the growers of wheat, or a very large proportion of them, put their wheat on the market at once there would naturally be a glut on the market, and the price would suffer accordingly.

The pool is therefore to get a higher price?—No. The State has practically said, "We will assure to the producers, as an encouragement to them to grow wheat, a certain price." That was done by the sliding scale. If the wheat was put on the market in accordance with that scale it would be all right, but if the farmers all rushed to the market at once you would find some of them would take 1d. a bushel less in order to make an early sale. The pool is designed to enable them to carry on. The arrangement is that they put the wheat into store, and when the miller buys the cost of storage is added to the price of wheat. Another object the pool has is to enable wheat of various varieties to be sold proportionately.

If that wheat gets into the hands of one organization, and, on the other hand, you have one buyer of wheat—the flourmillers' organization—where, then, would the safety of the public lie ?—The safety of the public lies in the fact that the sliding scale of duties is upon a fixed figure. By the operation of pools, immediately you force wheat up above the price fixed to keep out Australian wheat you open the door to Australian wheat to come in.

The only safety the public has is in the importation of flour and wheat ?—The safety of the public lies largely in the administration of the sliding scale. You keep the price of wheat steadfast, and that is based on the actual cost of importation. No organization can far exceed that fixed figure without causing an importation.

Importation, therefore, is the public safeguard ?—Yes. The possibility of importation is the safeguard to the public just as the sliding scale of duties is the safeguard to the wheat-producers.

Do you think the present basis of the sliding scale of duties is fair and equitable to the public ?—My point is that to get to the consumer you have to reduce the price of wheat by 1s. a bushel.

Reduce the price of bread ?—Yes, to get to the consumer.

There are intervening factors ?—I am looking to the two great parties—the producers and consumers.

There is something in between ?—Yes, the poultry industry and, to some extent, the pig industry.

Further than that, the cost of baking bread and flour, and the distribution of bread: those are the factors intervening ?—Yes. I do not profess to know whether the bakers or millers are making undue profits.

Do you think the sliding scale is a fair basis ?—Yes; in examining it very carefully, I do.

You say you are conscious that wheat enters into other industries of a very minor character: do you refer to the poultry industry as a very minor one ?—Certainly.

You would be surprised to know that the poultry people claim that poultry products are equally valuable to wheat as sold by the farmer: the poultry people claim that ?—I do not know that that is so. That does not seem correct.

We have that in evidence ?—Well, turn to the Government Statistician's book and see what poultry products were exported.

There is not much wheat exported ?—No.

The Chairman.] We are very much obliged to you for your valuable evidence, and I have to thank you, on behalf of the Committee, for coming such a long distance to give evidence.

Witness: Thank you. As one centered in an agricultural centre, I recognize the value of the farming industry—particularly wheat-growing—and what I have done has been simply in order to assist, as far as is within my power, a valuable industry, such as wheat-growing.

Captain FRANK COLBECK, Morrinsville, examined. (No. 35.)

Witness: I should like to state, before giving my evidence, that I am fundamentally opposed to all protective taxes and subsidies. I recognize, however, that as soon as you step on the "vicious spiral" of aid to industries, whether you call it protection, safeguarding, or subsidies, you find it very difficult, if not impossible, to call a halt. Wheat would require no subsidy if it were not for the subsidies and protection given to other industries. You have artifically raised the cost of production of wheat, and now you find you must either subsidize the growing of it or take the risk of getting your supplies from other countries overseas. I first propose in my evidence to try and show you what the present method of encouraging wheat-growing is costing the Dominion. Taking the five years 1923–27 (inclusive), the average annual consumption of wheat in New Zealand has been 8,296,143 bushels. Taking the increased price at 1s. 3d. per bushel means that the people of the Dominion have paid £518,508 per annum above world's parity. The average area sown during the same five years amounted to 197,096 acres; so that we subsidize the growing of wheat to the extent of £2 12s. 7d. per acre. If you capitalize this at 5 per cent. it means, roughly, £52 10s. per acre. I understand the land has actually a market value of from £25 to £45 per acre. Speaking as an Auckland man, I am giving you the Auckland figures. However, the increased cost of wheat is only the first step in the increased cost of bread. The second step on the vicious spiral is when the miller buys the wheat, say, at 6s. 8d. per bushel (the price is usually less). The amount of wheat turned into flour is, on the average, about 7,702,110 bushels. At 6s. 8d. this would cost the miller £2,567,370. He (the miller) turns this into 171,158 tons of flour at £18, £3,080,844, and 59,905 tons of offal at £9, £539,145, a total of £3,619,989. Deduct the cost of wheat, £2,567,370, and there is a gross profit of £1,052,619. For each 2,000 lb. of flour there is 700 lb. of offal = 2,700 lb. This divided by 60 (pounds to bushel) = 45. The third step up the spiral: The baker takes this 171,158 tons of flour and turns it into 2,760 lb. of bread, or 690 4 lb. loaves per ton. These loaves at 1s. 1d. cost the consumer £37 7s. 6d. He pays £3,080,844 for the flour and sells it in the shape of bread to the consumer for £6,397,029. This is at the cash-over-the-counter price of 1s. 1d. If you take the booked price of 1s. 2d., which nearly every one pays, the baker's bill is £6,889,109. If you take the delivered price of 1s. 3d. the bill is £7,381,189. In support of my assessment of the cost of the three steps on the vicious spiral I would point out that in England, where most of the wheat is imported, our annual bread bill would only amount to £5,143,298, or a saving of £1,253,731. That would be the saving of our bread bill in New Zealand at London prices. In addition, our poultry and pig farmers pay £30,000 more for offal than they should, and also another £17,800 for the grain they use—a total tax of £47,800 on their raw material. I see the argument advanced that if we cease to grow wheat Australia will advance the price on us. It has been truly said that "The fear of monopoly is the beginning of folly." Very few countries

have a monopoly of the production of any commodity, and certainly, in the production of wheat, Australia is a very small factor. If Australia asks too high a price we can buy from Canada, the United States of America, Russia, or Argentina. I come now to the second portion of my statement—that is, suggestions for putting things right. I think I have proved that at present things are wrong. The only way to satisfactorily settle the question is to do away with subsidies, under whatever name they exist, and let us all start from scratch. It would seem, however, manifestly unfair to sacrifice the wheat-growers to make a Protectionist's holiday. Consequently the only reasonable way out of the difficulty, under existing circumstances, is to grant a subsidy to the wheat-growers.

The Chairman.] You said you were opposed to all subsidies or protection ?—I am terribly opposed to it.

Yet you are advocating a subsidy ?—If you commit one evil, you have to commit another to put it right. You can mitigate the offence by committing another offence. However, you want a way out of the difficulty, and this is my way : I would abolish all subsidies and protection, and, as you know this is impossible, this is my suggestion to get over the difficulty : I think, as the wheat-growers would gain equally with the rest of the people of the Dominion in the reduction in the cost of production which would come about under my proposal, that a fair subsidy to offer them would be 1s. per bushel. If this were carried into effect the result would be as follows : Saving to the Dominion—1s. 3d. a bushel on 8,296,143 bushels wheat, £518,509 ; 10 per cent. profit on above, £51,850 ; 6 per cent. on reduced working capital, £31,110 : total, £601,469. The Dominion would have to find and lose—Subsidy on 6,177,360 bushels wheat at 1s., £308,863 ; revenue lost on 2,114,253 bushels at 1s. 3d., £132,180 : total £441,043. I have quoted not the total quantity of wheat used, but what has been produced in the Dominion in the last six years, and I have based the amount of subsidy on that. The Dominion would have to find that subsidy by way of taxation. Saving to consumer—£3 10s. on 171,158 tons of flour, £599,053 ; offal, £30,000 ; fowl-wheat, £17,800 ; 309,180 bushels seed wheat at 1s. 3d., £19,324 : total, £666,177. The great advantage of the subsidy method would be—(1) We should know exactly what the growing of wheat was costing us ; (2) the consumers would buy their bread at world's parity ; (3) the injustice now done to the poultry and pig farmers would be removed ; (4) we should as a nation save over £200,000 per annum. A subsidy does not necessarily raise the price of the product, whereas the tariff not only raises the price, but raises it cumulatively. A subsidy is what it professes to be, a levy on the public for the protection of a given industry, and clearly shows its purpose and the cost involved.

Mr. Bitchener.] With regard to your proposal to grant a subsidy on wheat, do you know of any country in the world that has adopted that principle of paying subsidies ?—I do not know, but there is no reason why we should not give them a start. It is bound to come in the end.

They have been a long time about it ?—The reason is that as the price rises the evil is accentuated. For instance, a pair of boots which cost £1 in 1914 costs £2 to-day. You have doubled the Customs duty on that article, and you have doubled the profit on it. The cost of living is so high that we do not know where we are. It is not confined to this country. As we live on our exports and we are automatically raising the cost of producing these exports, we are gradually losing our markets. That is quite clear. The time will come when even our butter will cost so much to produce that we will be unable to export it. We now have a subsidy on the export of pigs, a subsidy on fruit, on eggs, and on various other things.

You think they should all be done away with ?—Most decidedly. It is a wicked thing that we should require a subsidy on the things we have to export.

You consider that if our industries should be protected it should be by way of subsidies ?—I do not think they gain anything by protection. I think it can be clearly demonstrated that they do not. The ready-made tailor is protected to the extent of 25 per cent. nominally (it is really 33⅓ per cent.), but he pays 20 per cent. more for his raw material—the woollens that he buys—whether it is produced locally or overseas. His cost of labour is raised by fully 25 per cent., and where does he come in ? He gains nothing by it. Take any industry you like, you find the cost of raw material is raised, the cost of labour is raised ; the industry gains no advantage at all.

You think they would be as well off without any protection whatever ?—Certainly ; they would be far better off.

Mr. Jones.] Your chief ground of objection to protection, I take it, is that as protection is increased it reduces the value of the farmer's property ?—It does, undoubtedly. Manifestly, that must be so. You are working in the direction where, as you know, land is becoming valueless. I maintain that second-class land in New Zealand to-day is of no value whatever.

Your values are all fixed on the Auckland basis, which is the highest basis ?—It is not material, because if you take a lower price for wheat the baker would make a bigger profit.

It would be more difficult ?—The same proportion would hold good. He would pay less for his raw material, but his profit would be just the same. The question of price is immaterial to my argument.

Do you think bran and pollard are worth anything to the North Island ?—It is the most valuable product of the lot. It is the foundation of our poultry and pig industry. If the cost is raised a lot of other industries are affected by it. It is most important.

The evidence so far has shown very clearly that bran and pollard could not be imported from other countries into New Zealand except occasionally : would that affect your judgment ?—I do not think the milling industry would be affected at all. You would still have the offal, because, as you know, flour will not keep. You cannot import it largely. The same thing applies to wheat-offal : it is unsafe to import it in large quantities, whereas in the form of wheat it is very safe to import it, because wheat will keep and you can store it. Flour deteriorates very rapidly, and so does the offal.

You are basing your costs on the lessened production of wheat. We produced more wheat in New Zealand during the last three years than we required ?—I have taken an average. But that is not very material to the point.

Yes it is. Since the sliding scale of duties was brought in we have produced more wheat than we required ?—If you continued to produce wheat in larger quantities the duty would be ineffective. No duty is effective when a country begins to export. We have a duty on butter, but I have not heard of any butter being imported into the Dominion.

If we increase largely our production of wheat, the export price is the ruling price, anyway ?—Yes.

The Chairman.] If the wheat is held by one holder, how does that follow ?—You can legislate against that. You have the power in your hands.

Mr. Jones.] If we had a subsidy on wheat, and supposing we grew 12,000,000 bushels of wheat in New Zealand, how would the subsidy operate ?—Well, I would have to consider the subsidy on export. I do not think it would be wise to grant a subsidy on export. On the other hand, I do not know that it would be unwise to subsidize on the export. It is in the interests of the country that we grow our own wheat, and if there is a little excess, rather than interfere with the growers who attempted to grow sufficient, they should get the benefit of the 1s.

That is knocking a hole in your protection and free-trade ?—That would only go to prove that wheat was paying too well. When you get overproduction of wheat the farmer gets too much.

Twenty-five bushels an acre is the yield sometimes, and sometimes it is 36 bushels. Supposing there were a yield of 36 bushels and there was a surplus of 4,000,000 bushels, do you suggest the Government should pay the subsidy on the whole export ?—It would be cheaper in the long-run. It is not so much the cheapness, but the injustice. I was listening to Mr. Nash's evidence, and I fully agree that at present this tax is paid by people less able to pay it. I want the tax paid by the people who are able to pay it. It is an injustice that the working-man should pay a greater tax than the rich man.

You are quite positive that if the farmer is having to pay an increased price for everything he grows he is entitled to some protection ?—I agree with that, certainly. I think we are suffering a grave injustice, and are entitled to have that put right.

Mr. Waite.] Were you present at the last Farmers' Union conference in Wellington ?—No.

Are you aware that the statement was made there that the present Prime Minister is definitely opposed to paying subsidies in connection with the wheat industry ?—It does not follow that he will be Prime Minister for ever. If he is opposed to it, and it is in the interests of the country, appoint somebody else. I would take the job.

It has been stated that owing to the great difficulty of arranging the subsidy it is not practicable politics: do you agree with that ?—I think that is "all my eye." As long as the people do not see they are being taxed they do not mind, but the moment they realize they are being taxed they kick up. If they knew they were paying this huge tax in connection with the wheat industry you would all lose your jobs to-morrow. But they do not realize it, and you cannot drive it into their thick heads. I cannot convince them that it is so, but it is so all the same.

The president of the Farmers' Union stated that the Prime Minister told a deputation that there were great difficulties in the way of granting subsidies ?—The subsidy would not be a very large sum.

Have you any knowledge of that statement ?—I have seen statements in the newspapers, but I never take any notice of them—they are the opinion of an individual.

Do you know that in 1898 the yield per acre in New Zealand was 18 bushels, and in 1903 it was 38·3 bushels: does that suggest to you that there may be some difficulties for the Minister of Finance in arranging subsidies ?—He could have an equalizing fund. If he had too much one year, he could provide for the short years. The difficulty is easily got over. I do not think there would be any need to assess it to a penny each year. Surely the Government can have a little overdraft, in the same way as the individual.

You do not think there will be any practical difficulties ?—No. It is so small a sum that it is not worth talking about. Compared with sums which are being expended on other things, it is a trivial sum.

Do you believe in equality in protection—that is, the agricultural farmer should have the same treatment as other industries ?—I believe we should all start from scratch.

Rev. Mr. Carr.] Previously when the question of a bonus or subsidy was raised and witnesses were asked whether they favoured that as an alternative they said it would be bringing the farmers into the hurly-burly of politics, and it would become a matter of uncertainty, and would therefore be unsatisfactory. Do you consider that a subsidy or bonus would be any more the shuttle-cock of practical politics than the sliding scale ?—No, not at all.

Is not the continuance of the sliding scale dependent on the political issue ?—Certainly.

Just as much as a bonus ?—There is no question whatever about that. In fact, the bonus is plain straight-out sailing. You know exactly what the country is paying.

Mr. Waite.] The bonus you suggest is a sort of sliding bonus ?—No, 1s. a bushel all round.

Did you not state that you would adjust it each year ?—Oh, no.

Rev. Mr. Carr.] How would you propose to reimburse the Consolidated Fund ?—Out of the ordinary taxation. We pay this increased money now. It would only be a different way of paying it.

The Chairman.] I understand that you suggest that this 1s. a bushel should be a subsidy on all wheat grown, regardless of the quality of the wheat or whether it was for export ?—Yes; it might be subject to some little adjustment, but, roughly, I mean that.

There are different grades of wheat ?—I do not think you need enter into that.

The miller might want the highest grade, and the grower might supply the cheaper article ?—You would find that the grower would grow what the miller wanted. We are importing wheat at a higher cost than it can be purchased in New Zealand, because it makes better flour. The wheat is still coming in, for the reason that it is used for mixing purposes.

Mr. Bitchener.] In what quantities is it coming in ?—A large firm in Auckland stated it was getting large quantities over.

I should say the quantity is not worth speaking about: it would be a negligible quantity?—It is coming in at 7s. 9d. a bushel. It costs 5s. 9½d. a bushel in Adelaide. Freight costs 1s., and duty 11½d. at the present time.

The Chairman.] In the figures you have supplied you have assumed the grower gets the whole of the present duty?—No; that is the amount it costs the country.

Do you think the wheat-grower gets the duty?—No. I am not looking at that point, but the cost to the Dominion. What I am worrying about is the overhead cost to the Dominion.

Your complaint is that the public pay too much for what they buy?—Yes.

Well, who gets the extra amount, if the public has to pay too much?—Somebody gets it, and the present system of duties is responsible for it.

You will not admit the wheat-grower gets it?—He should, but I am not certain whether he does. If he gets a fair deal he will get it. I am not a merchant; I am a farmer, and cannot give evidence on that question. I do not pretend to know.

How would you suggest that the subsidy be paid to the grower of wheat?—In Canada it would be very simple. The farmer delivers his wheat to the elevator and gets a certificate for so many bushels of wheat. The same principle could be adopted in New Zealand in some form or other. On his sale-note he could get it stated that he sold so-much wheat.

Is your suggestion that the payment should be made through the buyer of wheat?—That is a matter of detail. It does not matter whether it is paid direct by the Government or by the buyer of wheat. It will have to be paid by the Government in the end. It is a matter of collecting it.

Do you suggest that the present price the farmer gets for his wheat is too high?—Oh, no.

But yet the price of the goods—bread, wheat, and flour—is too high?—Yes, owing to this protective system of ours. The farmer's costs are raised, and because his costs are raised he has to charge extra price for his wheat.

Have you noticed that there is a great difference in price between New Zealand wheat and Australian wheat?—The price in Sydney to-day is 4s. 9d.

Oh, no; the price on the 31st July was 6s. 1d. to 6s. 2d.?—I will give you the quotation from the *New Zealand Herald* of the 12th September. It is a Press Association message and reads, "The following are to-day's quotations on the Sydney produce-market: Wheat—At country stations, 4s. 9d.; ex trucks Sydney, 4s. 10d. Flour, £13."

Mr. Waite.] I could not trust the *New Zealand Herald*?—It is a Press Association telegram.

The Chairman.] The Melbourne price for wheat on the same date was 5s. 7½d., as against the price of 4s. 10d. in Sydney. Those prices are on trucks, not f.o.b. However, we will get the prices of wheat. It does not appear from these figures that the New Zealand farmer is getting the full benefit of protection?—No, but I have figures here which show that he is fairly getting it. Adelaide wheat landed here is 7s. 9½d. a bushel. In Adelaide it is 5s. 9½d. The freight is 1s.; that is 6s. 9½d. Then there is the duty on it.

The New Zealand price is 6s. 3d. on the average?—It is 7s. 3d. in Auckland.

There is freight on that?—I am giving you the Auckland prices.

The Chairman: You are giving the price of New Zealand wheat delivered in Auckland, but not the Australian wheat delivered in Auckland. You have given the price of Southland wheat. However, we will ascertain the price of wheat at various places.

Mr. Bitchener.] You have mentioned the importance of the wheat-offal to the pig industry: are you aware that the protection on bran and pollard is £1 per ton?—Yes.

Have you any figures to show how much extra it costs to feed the pigs owing to that duty? How much pollard does it take to fatten a pig, in your opinion?—I could not say. I do not know.

You do not know anything about it?—No; I do not use it, it is so expensive.

You mean to say you do not use pollard at all in your farming?—No. In my district there is practically none used. We are using nothing but molasses and milk to feed the pigs, and complaints have been received from England that the pork is too soft. We will have to get offal of some sort, because the people in England cannot continue to buy if we do not harden the pork.

Mr. S. H. JUDD, Cambridge, examined. (No. 36.)

Witness: Mr. Chairman and gentlemen, I am here to give evidence before the Committee from the point of view of the pig-fattener. I am representing the Federation of Pig-marketing Associations, comprising five different co-operative associations—namely, the North Auckland, the Northern Wairoa, the Whangarei, and the Manawatu associations, as well as the New Zealand Co-operative Pig-marketing Association, of which latter organization I am chairman. These associations represent sixty-odd co-operative dairy companies which have combined in this connection for the purpose of marketing fat pigs in bulk in the interests of their suppliers. As members of the Committee will be aware, there have been strong endeavours made to build up a good export trade in fat-pig products, but certain difficulties have arisen in connection therewith. Endeavours were made to overcome the difficulties by the payment of an export bounty on pork. In order to stabilize the position and create a market two things are absolutely essential: one is a continuity of supply for a period, and the other is the quality of the meat. The particular associations of which I am chairman exported thirty-five thousand carcasses last season. The reports from Smithfield, where the carcasses are handled in the United Kingdom, are to the effect that our carcasses are quite satisfactory with regard to type. They say that the type we are sending is quite satisfactory, but they complain that the quality of our meat is not satisfactory. It appears that the quality of our meat is satisfactory up to a point, but beyond that point it is contended that the quality is not up to requirements. They state that a

considerable percentage of the carcasses show that the pigs have not been finished off with grain or grain products, and that the fat is not sufficiently firm owing to the lack of hard feeding. That hard feeding can only be obtained by the use of grain and grain-offals. That brings us to the question of this grain feed in New Zealand, and there is no doubt that the high costs, caused by protective duties and other factors, has brought the price of grain and grain-offals to a point where the ordinary farmers refuse to use them in sufficient quantities, or decline to use them at all. The lack of proper feeding has a twofold effect, and both factors have a detrimental affect on the industry. One factor is that the quality of the meat is not as good as it should be, and another factor is that the full benefit of the skim-milk-fed pigs is not being obtained. That has a double-barrelled effect: on the one hand the quality of the meat is not as good as it might be, and on the other hand this by-product—the skim-milk—is not being utilized to the full. It has been shown conclusively that in feeding experiments conducted by the Lincoln Agricultural College skim-milk as a food by itself is a very wasteful way of using that valuable by-product. It has also been shown by experiment that where a pig is reared and fattened on skim-milk—say, 2 gallons per day—in conjunction with grain-offal the meat produced is of the finest quality. That method has considerably increased the value of the skim-milk per gallon. There are many farmers in the Dominion to-day who are giving their pigs as much as 8, 10, or 12 gallons of skim-milk per pig per day in order to fatten them, instead of feeding them with skim-milk in conjunction with grain-offal. Besides being a wasteful method of feeding, it does not ensure the obtaining of the best-quality meat. There is not the slightest doubt that if we can obtain this hard feed at reasonable prices a larger number of fat pigs will be turned out on a given quantity of skim-milk than would otherwise be the case. The use of this hard feed in conjunction with skim-milk increased the value of the skim-milk to probably three times its value as when used on its own. With three or four times the quantity of fat pigs being turned out the number of carcasses available for export would increase correspondingly. It is simply a question of cost. That is the crux of the matter, and it is the governing factor in this problem. The fact also remains that when our pig carcasses arrive in the United Kingdom they are subject to competition with pig products from other countries. Denmark, of course, enters into active competition in the baconer class. The same thing applies to Belgium, Holland, and the Russian States. The bacon they export comes into competition with our bacon carcasses, and in a good many countries, like Denmark, for instance, grain-offals can be purchased at a lower price than in New Zealand, and consequently the pig-producers enjoy that advantage, apart from the fact that they are closer to their markets than is the case with the New Zealand producer. There is the further disadvantage that the quality of their meat is superior to ours. We cannot get away from that fact. Their pigs are fed with this hard food, and consequently the quality of the meat is distinctly better than ours. The only way in which we can hope to have a satisfactory and expanding export market in the United Kingdom in this connection is to hard-feed the pigs to something like the extent adopted by the Danes. In that way we will be able to get fuller benefit of our natural advantages in the way of climate, and so on. There is no doubt that we are losing those benefits to a certain extent owing to the increased costs of production preventing the extended use of grain feed, thus lowering the quantity and quality produced. We are actually throwing away our natural advantages owing to protective tariffs on grain and grain-offals. Pollard and second-grade wheat are very valuable foods when used in conjunction with skim-milk, especially in topping-off the pigs. It is not only pollard and wheat that are protected; we find that there is a protective duty on all classes of grain-offals. We have no alternative: no matter which way we turn we find this protection which causes the costs to go up. As this question is being investigated by this Committee, I am here to give evidence in connection therewith and to show what an important bearing this matter has on the pig industry. It is essential that we should have available to us at a reasonable price grain or grain-offals if we are to develop and promote the interests of this industry, which is of such value to New Zealand. We must have this hard feed if the pig industry is to develop. Instead of the number of pigs increasing in New Zealand, we find that the number of pigs in the Dominion to-day is thirty thousand less than it was twelve months ago. For some years the number of pigs had been increasing by something like fifty thousand per annum. This year we are down thirty thousand, so that the actual loss is in the vicinity of eighty thousand. If we could obtain a supply of grain or grain-offals at a reasonable price there is no doubt that the production of fat pigs in New Zealand would be increased tremendously, even when used in conjunction with the existing quantities of skim-milk, and not allowing for the steady natural increase which would go on. In my opinion, we could treble and quadruple the number of fat pigs produced in this country if this method of feeding were adopted. The net result to the farmer of using this hard feed in conjunction with skim-milk would be that he would produce more, and the quality of the meat would ensure his getting a greater price per pound than he is getting to-day. The farmer would get a very much bigger return per gallon of skim-milk used. That is the opinion we have come to after reading the results of the experiments conducted by the Lincoln Agricultural College, published in the report of the New Zealand Department of Scientific and Industrial Research. These conclusions can be very clearly drawn from the result of these feed experiments conducted in 1928. These conclusions have been confirmed by the experiments conducted in Denmark, and they show how unwise it is to fatten pigs on skim-milk only, and how essential it is that grain or grain-offal should be used in conjunction with the skim-milk in order to obtain the best value from the foods used.

Mr. Bitchener.] You made a statement, Mr. Judd, with respect to the desirability of obtaining pig-food for fattening purposes at a reasonable price. What do you consider is a reasonable price?—I consider that a reasonable price would be a similar price to that enjoyed by our competitors. We should be placed on the same basis as our competitors, and should be able to purchase on the same basis as, for instance, the Danish people.

What price would that be ?—At present we are paying approximately 50 per cent. more than they are. Pollard in Auckland is £12 10s. per ton f.o.r. I have been endeavouring to obtain the Danish prices for this year, but have not been successful; but I know that last year the Danes were buying English pollard at £6 10s. per ton.

Would you say that 4s. 6d. for wheat offal would be a reasonable price to-day ?—Yes, if we could get it for 4s. 6d. I would be only too pleased to feed it to my pigs.

Have you ever considered buying peas at the same price for fattening pigs ?—I would not suggest the use of peas.

You would not suggest the use of peas ?—No.

You think they are not good for fattening purposes ?—No; there is too much oil in them. It is considered that the feeding of peas to pigs makes the fat soft, and that is what we want to avoid.

Have you tried peas ?—Yes. The use of peas as a pig-food has also been the subject of an experiment, and that is the result. In order to obtain the best results, grain, like wheat, barley, and maize, should be used. These grain foods are excellent when used in conjunction with skim-milk. Peas could be used in conjunction with skim-milk for store pigs.

You would not suggest that peas should be used as a substitute ?—No, not in the same proportion. Peas could be used as a partial substitute, but wheat, barley, and maize have been found to give the best results.

The duty on grain-offal coming into New Zealand is £1 per ton ?—Nominally it is £1 per ton, but actually it is considerably more.

How is that ?—I will give you a concrete example. We purchased some maize-meal—it is not a similar grain, but it will do for purposes of comparison—and we found that the price was £4 15s. per ton in Melbourne f.o.b. We had to pay a duty of 41 per cent. on that price, to which was added 10 per cent., so that in actual practice we found that we paid rather more than 50 per cent. on the cost of that maize-meal. The same thing occurs with other commodities: another 10 per cent. is added.

The primage duty is passed on ?—Yes. We pay a primage duty on manures. The same thing would apply in the case of pollard or anything else. It is passed on.

How much of this grain is required to finish off a pig ?—I would suggest fattening the pigs on the lines suggested—that is, 2 gallons of skim-milk per day per pig, with the addition of the hard feed. One can take it, on the average, that to bring a pig from the weaner stage to the baconer stage would take probably 3½ lb. to 4 lb. of grain per day, plus the other food. If a pig is weaned at six weeks it would be about seven months old when it was ready. That would mean that it would have to be fed for six months on 3½ lb. of grain food per day. That would mean that something like 630 lb. of hard feed would have to be provided per pig of 180 lb. dead weight.

Then, I say that if it costs that much the pig industry in New Zealand is an absolutely impossible one to-day ?—No, sir.

Yes, if it takes 630 lb. of hard food to fatten a pig that is worth 5½d. per lb. when fattened, then that is an impossible proposition you are advancing ?—No, I do not agree.

How do you assess the value of the pig ?—I have kept pigs for the last forty years, and if I thought that it cost that much to fatten them I would not keep another one. The cost would be in the vicinity of £1 10s. if we got the food at the Danish parity values. The value of the baconer would probably be in the vicinity of £4 10s.

You could not get 600 lb. of food for £1 10s. in the Dominion ?—That is the complaint: we cannot, and I say that we should be able to get it at that price.

It would have to be practically given to you ?—It is only a quarter of a ton.

You suggest £1 10s.: that is on your farm, I take it ?—Yes. The Danish people can buy it at that figure.

I say the position is an impossible one from the point of view of the pig industry of New Zealand ?—I do not agree with you. I have kept hundreds of pigs in my time.

Mr. Jones.] I take it that very little grain food has been used in the North Island during the last four or five years ?—Very little indeed amongst the pig-farmers. There are a few who in spite of the high price persist in using grain food. They might give a bushel during the last few weeks to top them off. Comparatively speaking, the quantity is small.

Are you aware that without the use of that grain food our pork exported has got the best name on the English market—that is, apart from the latest objection ?—I am inclined to dispute that. I will agree that the New Zealand pork exported is the best frozen pork made available on the Home market, but the best fresh pork is English or Irish. I will agree with you when you say that ours is the best frozen pork. We are competing with a lower-grade article. In order to get the best value for the producers we must compete with the higher quality and thus realize the higher values.

The point is that in regard to the frozen article there is nothing superior to the North Island pork, taking all grades into consideration ?—If you say Auckland pork, I will agree with you.

We do not export any pork from the South Island: we can take it as North Island pork ?—The Auckland pork has been found to be of the best quality. With the exception of frozen pork coming from the United States of America and Canada the Auckland frozen pork is practically the only pork going on the Home market. The Auckland frozen pork is the best frozen pork handled at the Smithfield market.

We find no difference in our qualities so far as the whole of the North Island is concerned. Where do you get the evidence that the pig-producers in Denmark can get 600 lb. of grain at approximately £1 10s. ?—I got the information from a Danish farmer who lives at Otorohanga and who gets the Danish newspapers regularly. He gave me the information, which he secured from a Danish paper published about nine or ten months ago.

Are you aware that in Australia there are some of the most efficient flour-mills in the world ?—I do not dispute the fact. I do not know anything about Australian farming and milling conditions.

Are you aware that Australian wheat is exported to Great Britain ?—Yes.

I have in my hand a statement showing the average prices of Australian bran and pollard over a period of years: it runs out at £9 15s. 4d. for bran and pollard. Do you think that, with that as the Australian price, wheat could be exported and sold in Denmark at £6 10s. ?—You must remember that Australian wheat is not the only wheat that goes to Great Britain or elsewhere. I would not suggest for a moment that that could be obtained from Australia. The prices I have quoted were taken from the Danish paper given to me by a Danish farmer. He also gave me particulars of the present price of wheat in Denmark. I have the paper before me. It gives the value of wheat in Copenhagen in July last. The values are given for the different grades. Unfortunately, in this particular paper pollard is not mentioned; it only gives grain-prices. It shows that in Copenhagen in July last wheat was 5s. 6d. per bushel. That was the price for first-grade wheat on the 11th July last in Copenhagen.

Are you aware that within the last few months there has been an increase in the price of wheat all over the world ?—Yes. The figures I have quoted are the latest available figures. I know that we cannot buy wheat in Auckland at anything like these figures. I am referring to first quality.

Where do you think you can get 600 lb. of grain at 3s. per bushel delivered on your farm ?—I have never suggested 3s.; £6 10s. per ton was the figure I mentioned, and that was for a ton of pollard.

Well, where can you get 600 lb. of grain for £1 10s.—where can you get that in any part of the world ?—Well, we can get gaplemeel made from the cassava-root.

Is there any duty charged ?—Yes, 40 per cent. is put on.

What is the price of this article ?—We can buy it at Samarang at £3 9s. 8d. per ton, and we can land it in Auckland at well under £6 10s. per ton. It is an excellent pig-food. It could be made available to the farmers at £6 10s. per ton. There is a possibility of a direct service from Java to New Zealand.

You referred to the Lincoln College experiments: you would expect that their experiments would be fairly authoritative ?—Yes, I think we can take them as being sound, especially when they are confirmed by Danish and English experiments.

Are you aware that Mr. M. J. Scott, of the Lincoln College, gave evidence before this Committee about a fortnight ago ?—No.

I have not a copy of his evidence before me, but he made reference to experiments. I will leave that aspect of the matter for the Chairman to deal with. I will pass on to another matter. Do you think the farmer is getting the benefit of the ½d. per pound by way of export bonus on pork ?—No, of course not. The only way in which he is getting any benefit is through the co-operative marketing associations. In the other instances he is not getting the benefit. I have proved that most conclusively.

Do other buyers compete with you with regard to the purchase of pigs ?—We do not buy them, but we receive them and make an advance on them.

If you give the ½d. to the farmers, will not the other buyers do the same ?—It all depends on whether the farmer is anxious to get the cash straight away or not. If he is in the co-operative movement he receives an advance payment only, and has to wait four or five months before he receives the balance. Certain farmers who are hard up financially will sell to the other buyers in order to get the money straightway, and they will make a sacrifice accordingly.

How do you compare your prices with, say, Borthwicks at Waitara ?—I could not tell you.

The point is that you say that the farmer is not getting the advantage of this export bonus. If that is so, then we should recommend to the Government that the bonus should be wiped out ?—No, not necessarily, but it could be paid in some other way.

This is an important matter ?—I agree.

I would like to know whether you can submit proof that Borthwicks at Feilding and the other places are not giving as good prices as you are giving ?—During the months of July to November inclusive there were no buyers operating in the Waikato district. Fat pigs not put through us during that time were sold in the saleyards.

That is, during the months the freezing-works were closed ?—No, they were not closed at any time during that particular season. The Southdown works were operating the whole of the time, and they are situated alongside the Westfield market. The London values during the months in question—that is, during the period the pigs would be arriving on the Home market—were from 6½d., rising to 9d. During that period Borthwicks's prices, I understand, were not higher than 3½d. per pound.

But that does not prove anything. I want to know what you were giving at that particular time ?—We were giving from 4¼d. to 4¾d. The cost of handling these pigs right through is barely 3d. per pound.

I know the costs, but the point is that when you buy the pigs you do not know what prices they are going to bring in London. I would like to know what the average prices were over the last twelve months ?—I could not tell you at present, but month by month we have always received the scales prices. A price per pound is paid out over the scales, and that price is supposed to include the export bonus.

Do you say that your prices were equal to the scales prices ?—Yes, and even in excess.

If your prices are equal to the scales prices, and you are allowing the ½d. per pound bonus, does not that prove that the other people are doing that, too ?—Borthwicks, for instance, is a highly organized firm——

But my point is that, if your prices are equal to the scales prices, the other man is paying the bonus also ?—You refer to the ½d. bonus ?

You have said that your prices and the scales prices are the same ?—Yes. That proves that during the months in question the farmer was getting the advantage of that; but we were paying in excess of that amount. During the months July to November we returned to our suppliers up to 1¾d. higher than the value given to the farmer at the saleyards, and during that time the farmer did not get that value elsewhere.

How is the price assessed ?—It simply means that the buyer goes to the market, and if there is no competition he gets his value.

It was stated some time ago that the price was 3½d. during the period mentioned. It may, or may not, have been; but what I want to know is, how is that price assessed ?—These pigs were bought on the hoofs.

But when the scales prices are given your prices are roughly the same ?—Yes, but we used to be able to pay out a fraction more.

How much more ?—About ⅛d. to ⅜d.

And will the farmers in the Auckland District sell to other buyers for ⅜d. less than you are giving ?—Our sellers would not know exactly what they were going to get at the time of sale. You must remember that it takes four or five months before they get the full value of their products.

You struck a rising market; the year before you struck a falling one ?—You might put it more correctly by saying that this year we struck a normal market, and last year we struck an abnormal one.

Well, the position was that the man selling over the scales last year got the best return, and the year before he got the best return from you ?—This year the position was more or less normal.

Mr. Jones: Thank you, Mr. Judd.

Mr. Waite.] I understood you to say that the three best grains for fattening pigs were wheat, barley, and maize ?—They are the foods commonly used, when procurable.

Some reference has been made to the importation of crushed maize from Victoria at £4 15s. per ton ?—Yes, we imported some in September of last year.

What duty did you pay on that shipment ?—The actual duty we paid was on a sample ton. The amount paid was £2 17s. 2d.

Was that per ton ?—That was on the total weight shipped, which was a shade under a ton—about 30 lb. under a ton.

The Chairman.] But ground maize comes in free ?—Yes.

Mr. Waite.] Are you aware that since November, 1927, crushed maize from British countries comes in duty-free ?—That was our impression, but when we tried this sample shipment we found that such was not the case.

The Chairman.] It must have been wrongly described ?—It was described as maize-offal, and that was perfectly clear.

Mr. Waite.] You say that maize is one of the most desirable pig-foods, and that, although crushed maize from British possessions was placed on the free list in 1927, on a shipment subsequently you had to pay duty ?—Yes. Here is the actual document. It shows that we paid £2 17s. 2d. as duty on a little under 1 ton.

The Chairman: This must be ruled out. This commodity comes in free of duty, except for the 1 per cent. primage or the 2 per cent. primage duty. That consignment must have been wrongly described.

Witness: It was sold to us as ground maize. We protested against the duty, and the Customs Department told us that that was the duty and that we would have to pay it.

Mr. Waite.] You admit that maize is a good grain food for pigs. If you could get ground maize duty-free, would that solve the problem so far as the supply of grain feed for pigs is concerned ?—It would, so long as maize was obtainable at a reasonable price. The price fluctuated. It is not advisable, however, that we should depend on one commodity in this connection. We want cheap pollard as well.

Do you know what the duty is on pollard ?—Nominally it is £1 per ton.

The Chairman: Actually, not nominally.

Witness: When one pays duty through the Customs one finds that the charges are increased. In actual practice they put 10 per cent. on.

The Chairman: That statement is not correct. The duty is £1 per ton, and 10 per cent. is not added at all.

Witness: Is there not an *ad valorem* duty ?

The Chairman: No. I have a Customs officer at my elbow, and he assures me that the position is as I have stated.

Witness: I was under a misapprehension. I admit that I was wrong. The duty was paid, anyway.

The Chairman: Apparently it was wrongly described, and that is why you paid it. If it was described as "ground maize" it would have come in free.

Witness: It is unfortunate, because the cost of this shipment was so high that it was considered inadvisable to go further into the matter.

Mr. Waite.] What is the difference in value per pound of skim-milk-fed pork as against grain-fed pork—that is, on the prices realized on the London market ?—The difference in value between the first- and second-grade pork is usually ½d. per pound. A good many pigs not topped off go in as second grade.

Would you say definitely that pork from pigs fed solely on skim-milk would be graded second grade ?—Not for one moment, but I do say that if we topped off our pigs with hard feed we would get better prices. We have been advised from the Home people that if we improved the quality we could expect better value.

Can you inform the Committee whether you have received higher prices for grain-fed pork as against skim-milk-fed pork?—No, sir. The fact remains, however, that a good deal of second-quality pork comes through in the autumn, when the supply of skim-milk available is getting low, and if these farmers were able to get hard feed at a reasonable price pigs could be topped off with that feed, and that would bring the pork up to prime quality.

What is the average weight of the porker you export?—Do you mean pig carcasses?

Yes; what is the weight?—The average weight is 111 lb. over all carcasses. These are the Auckland figures. Some 120,000 are killed per annum. The average weight of our pork parcels is from 78 lb. to 83 lb. I am referring to pork pigs. The heavier weights go into the baconer class, and they average about 147 lb.

In this morning's paper there is a report of an inquiry being held by the Tariff Board in Australia, and one witness is reported as having said, "We receive New Zealand's surplus products at a lower price than we receive from the consumer. Pig-raising in New Zealand is more profitable than here because of the more favourable climate. This permitted cheaper production." Do you agree with that?—If you take the natural advantages I will agree with you absolutely; but there are other factors which counteract that.

Will you deny that the New Zealand producer is competing with the Australian producer on an unequal basis owing to the cheaper costs of production in New Zealand?—No. Circumstances compel us, under the British regulations, to sell a certain percentage of our pigs either in Australia or New Zealand, and we simply sell in the best market. After a pig is killed it is graded exportable or unexportable. They are classed unexportable owing to certain defects in the carcasses, thereby prohibiting their export to the United Kingdom, and these carcasses must, of necessity, be disposed of in New Zealand or Australia, and the position is that they are disposed of in the best market: Twelve or fourteen per cent. must be disposed of in either Australia or New Zealand.

Mr. Macpherson.] Assuming that you can procure the necessary equivalent, either in maize or other grain food, in order to finish off the pigs, do you consider that it would cost on the average £1 10s. per pig for such food, on the basis of 600 lb. of grain to each pig?—It would cost £6 10s. per ton.

Assuming that it cost £6 10s. per ton, would you have to spend £1 10s. of that to finish off a pig?—Yes, to 180 lb. dead weight.

What is the difference in value between the first-quality and second-quality pork?—About ½d. per pound.

Supposing it was 1d. per pound, and there was no duty against you, it would seem to be a great mistake to give this grain feed to the pigs at all, because, according to your reckoning, it takes 160 lb., costing £1 10s., to top off a pig—that is, at £6 10s. per ton—whereas the difference in value between the first and second quality is only 13s. 4d. In effect, the proposal is to put £1 10s. worth of feed into a pig to secure an additional return of only 13s. 4d.?—Your argument appears sound on the face of it, but there are other points which you have overlooked: one is that our meat which is classed as first quality is not really first quality, and another is that we are using skim-milk without the aid of grain foods, thereby lessening the value of the skim-milk as a pig-food. The increased production and the better quality would make up the leeway.

Assuming that you can import from any part of the world the grain-offals which you consider necessary for pig-food, what would that mean in the value of the pig: would it mean 5s. per pig?—The increase would be considerably more than that.

You have indicated that it would require at least a quarter of a ton of some sort of grain food to top off each pig, and if the duty against you is £1 per ton, then the difference, provided the duty was removed, would be about 5s. for each pig?—We must remember that the importer passes on his charges to the consumer.

The Chairman.] Your association could import just as the merchant does?—Our organization deals solely with the marketing of pigs. If we are forced into the position where we will have to import, I have no doubt that there will be no delay in doing so. At the same time, we do not want to do this.

The whole trend of your argument is that you want this pig-food at a more reasonable price?—Yes.

How much more profit would you receive if the grain pig-food were admitted duty-free?—We maintain that it would encourage the extended use of these foods, and consequently the value of the meat would be greater owing to the better quality. According to experiments, it would increase the value of the skim-milk used in conjunction with such hard feed by about 2d. per gallon—from 1d. to 3d. Just what the extra value would be would be hard to say. We have improved the value of our butter by improving the quality, and why cannot we do the same in the case of our pig products? At present our baconer class is between low-grade Continental and Danish qualities, and by improving the quality of the baconer pig we could undoubtedly bring our product above the Danish value, and we could compete successfully with the English baconer carcasses.

Mr. Macpherson.] You contend that by improved feeding the value of the pig products could be enhanced?—Yes.

Have we any evidence that our wheat or wheat-offal is better than these imported commodities?—That point has not been settled.

Do you think that the imported foods from Java and elsewhere would be as good as our wheat-offal here?—I think so.

You only think so?—Well, that is used in Denmark to-day. It is called gaplemeel.

The Chairman.] Do you say the price of pollard in Auckland to-day is £12 10s.?—That is so.

I have before me the prices of the Northern Roller Mills for various commodities. The price shown there is £9 10s. per ton?—My price is £12 10s., quoted by our merchants. That is f.o.r.

Is your organization able to buy from the Northern Roller Flour-mills, Ltd. ?—No.

And the merchant's price is £12 10s. ?—Yes. I know that we cannot purchase from the mills because the whole of the output is sold.

Have you not considered the question of getting this material from the milling companies ?—Our preliminary inquiries pointed clearly to the fact that the whole of the output was sold.

There is a big discrepancy between £9 10s. from the mill and £12 10s. from the merchant ?—Yes.

In regard to the Java food, what is it made from ?—It is made from the cassava-root.

Have you made inquiries from the Customs Department with respect to the duty that would be charged on that commodity ?—Yes. We were told that the duty would be 40 per cent. plus 1 per cent. primage.

It would be 2 per cent. primage now ?—Yes.

Mr. Waite.] The trouble with that is that it is of foreign origin ?—That is so.

The Chairman: This is one of the things into which we might make further inquiries.

You referred to the experiments conducted at Lincoln College in connection with pig-raising feed. As Mr. Jones has already pointed out, Mr. Scott, a lecturer at that college, has already given evidence in this connection before the Committee. Mr. Scott endeavoured to demonstrate to the Committee—and I think he did so—that pollard used for the feeding of pigs was not a profitable proposition: is that news to you ?—At present-day values it is not news to me. If we got it at a reasonable price things would be different. The position, nevertheless, is rather extraordinary in view of the reports of the experiments which I have investigated. The report I have was made by Mr. Scott in 1928.

The report we have is dated 1929 ?—Probably further information was obtained as a result of the earlier experiment.

In his evidence Mr. Scott said, "Grain feed lacking flesh-forming material can never be so valuable as meat meal." Do you know that ?—No, and I do not know it now.

Have you had experience with meat-meal in the feeding ?—No, I am rather afraid of using that.

It has been definitely stated that "In whey districts its use "—that is, meat meal—"can increase the return from whey by 50 per cent." What is your opinion of that statement ?—There is very little whey available in my district. There is more skim-milk available.

Mr. Scott also said, "It is true that with skim-milk or whey the use of concentrates will give increased production, but at average prices this increased production is not profitable" ?—That is my point. We want to bring these prices down in order to make it profitable.

What prices are you getting for your exports to-day ?—To-day's values are about 6d. per pound net for baconers, and about 5½d. per pound for pork.

What price are you prepared to pay for food at that rate ? Your figures include the ½d. bonus, I suppose ?—Yes. I consider that if we could get grain-offals at £6 10s. per ton we could well afford to utilize them in conjunction with skim-milk. There is another point I would like to mention in this connection. If you feed pigs on skim-milk the shrinkage between live and dead weights is materially increased; if hard food is used in conjunction the amount of shrinkage is reduced. If you take 200 lb. at live weight you might find that there is a loss of 25 to 27 per cent. between the live and dressed weights; with a grain-fed pig that loss may be as low as 15 per cent.

According to Mr. Scott, you paid £10 per ton for pollard when pork was 5½d. per pound ?—Yes.

I think you will have to improve your buying methods somewhat ?—Yes.

The keeping of pigs is a necessity on the part of many dairy-farmers ?—Yes.

Mr. Scott shows that where the least grain is used the net return per pig per cow is greater ?—That is under present values, but if you reduce the value of the grain the other figures would have to be altered accordingly.

Mr. Jones: That experiment was carried out in Canterbury, where the grain is grown.

Witness: Yes.

The Chairman.] With regard to the Java food, have you had any experience with it ?—No. It is used in Denmark.

Would it not be a good thing for your organization to import ?—Yes, perhaps it would. We propose, in spite of the duty, to obtain some. We could get Dr. Marsden to arrange for an experiment to be undertaken under official supervision.

Would you agree, if the duty were taken off pollard, to forgo the ½d. per pound now paid by way of export bonus ?—If we could get the value of the food down to the world's parity values, that would be of greater benefit than the ½d. per pound bonus.

If you could import pig-foodstuffs on that basis you would be prepared to forgo the ½d. per pound bonus ?—In my opinion, that would be the position.

The Chairman: I thank you for your evidence, Mr. Judd.

WEDNESDAY, 18TH SEPTEMBER, 1929.

Mr. EDWIN DUDLEY GOOD, Investigating and Advisory Officer, Customs Department, examined. (No. 37.)

The Chairman.] What is your full name, Mr. Good ?—Edwin Dudley Good.

And your official position ?—I am an officer in the Customs Department.

You are here to give us some information with respect to a new kind of pig-food which has been referred to by one of the witnesses ?—Yes, sir. This gaplemeel meal is made from the cassava-root, which is a tropical plant. It is unrefined, and contains, so we understand, the fibres of the root as well. From this same root tapioca is also made. But the root itself cannot be classed as tapioca, because tapioca is really an extract from the root. To make tapioca the starch is taken out in

solution, and then dried into the form of tapioca. This pig-food is classifiable under the tariff at present as "food for animals," and is liable to a duty of 20 per cent. under the British preferential tariff and 40 per cent. under the general tariff. By the way, 40 per cent. is a lower rate of duty than that at which tapioca is classifiable, which is 1d. a pound under the general tariff if in packages containing over 5 lb. net weight.

What does it work out at?—At £5 or £6 a ton.

Say £5 a ton?—With the addition of the statutory 10 per cent. it would be £5 10s. The duty at 40 per cent. would be £2 4s., and then the 2 per cent. primage would be 2s. 2d.

The net duty would be how much?—£2 6s. 2d. per ton.

Could it be used for any other purpose than pig or animal food?—Yes, I understand it is used also for making yeast.

Is it imported into this country?—Certain quantities have been imported under the name of "manioc," and it has also been imported under another name. Ground cassava-root is used for making yeast.

Mr. Jenkins.] It is not classed as "tapioca"?—No, it is classed as "food for animals." The tapioca is taken out of the ground cassava-root. As far as we know this is just the root ground up.

Mr. Jones.] What is the value of it?—I do not know anything about the value of it.

Mr. Macpherson.] Is it the refuse left after the tapioca has been taken out?—Not as far as we know.

The Chairman.] Would there be any way of not charging the full duty if it is only used for feeding pigs? Is there any way of arranging that?—That could only be done under the tariff if it is brought in for manufacturing purposes. Provision is made for articles and materials specified by the Minister of Customs suitable for manufacturing goods in the Dominion being brought in free.

If the manufacturer can get it free, could you devise any means by which the man who feeds pigs would not have to pay the full duty?—No, I think not, under the tariff at present in force.

Is there much of it coming into the country?—Not as far as I know.

Mr. Macpherson.] What does it cost?

The Chairman.] We are assuming that it may cost £5 a ton.

Mr. Macpherson.] Landed here?

The Chairman.] No, at the port of shipment.

Mr. W. D. HUNT examined. (No. 38.)

The Chairman.] I understand, Mr. Hunt, that you wish to make a statement before this Committee on behalf of the Unemployment Committee?—Yes, sir.

Will you proceed with your statement?—Mr. Chairman and gentlemen, I prepared a paper on "The Possibilities for Increased Farm Production" for the consideration of the Committee now investigating unemployment. That Committee consists of three members of the Civil Service, two representatives of labour, and two representatives of employers. I am one of the employers' representatives. The Committee has asked me to put this paper before you, and has authorized me to say that, while all the details of the proposal have not yet been finally considered, the Committee is unanimously in favour of the general idea. The carrying-out of the proposal put forward in this paper will make it necessary to remove all duties on stock-foods entering this country, which will include wheat and wheat-offals for consumption by stock. It will not be necessary, however, to interfere in any way with duties on wheat or other grains used for human consumption. The paper, with some portions cut out in order to shorten it and take up less of your time, is as follows:—

There is probably no country in the world more dependent on farming than this Dominion. It is true that in countries such as Australia and the Argentine farming products form almost as large a proportion of the exports as in New Zealand, but in these countries their larger population and consequently larger home market makes possible the economic production for home consumption of many lines of manufactured goods that cannot now be undertaken in the comparatively small population of New Zealand except at undue cost. The general experience in other countries that are substantial exporters of manufactured goods has been that they first manufactured to satisfy the needs of their home market, and then, when experience showed the lines with regard to which they were relatively well placed as to production costs, they produced a surplus of those lines for export.

As the population of New Zealand increases, so will its manufacturing possibilities increase. The greater the population the greater will be the proportion of its requirements in manufactured goods that it will be economically possible to manufacture within its boundaries. The time will no doubt come when, in certain lines of manufactured goods the production of which New Zealand conditions particularly suit, an export trade will be possible. At the present time farming is the foundation upon which the economic structure of New Zealand is erected. Enlarge the foundation and a larger and more complex structure can be built on it. Continue growth in this way and the time will come when the superstructure can put down roots of its own, which will further enlarge and strengthen the foundation and make further increases to the superstructure possible. Any undue forcing of the superstructure that will increase the costs of those engaged in putting in our economic foundations will weaken our whole structure and retard growth. The immediate necessity is to enlarge the farming foundation, and with the growth of this foundation the natural economic growth of the superstructure and the laying-down of foundations other than farming will follow.

The farm-products that we now produce largely in excess of home consumption requirements, and which form almost the whole of our exports, are few. They are—(*a*) The products of the sheep—wool, lamb, mutton, pelts, skins, casings, tallow, &c.; (*b*) dairy-products—butter and cheese chiefly,

with some dried milk, condensed milk, casein, &c.; (*c*) fruit—this comes a long way behind our sheep and dairy products, but it shows signs of growth, and may yet become a large industry. Our sheep and dairy production is growing rapidly. The rapid increase in the use of fertilizers in recent years has had a good deal to do with this. The use of fertilizers and improved farming methods will no doubt further largely increase the production of sheep and dairy products.

Are there any other lines of farm production in addition to those already mentioned in which a considerable export trade could be developed? If other lines can be substantially developed without interfering with existing production it would be possible not only to increase the volume of farm-products available for export, but, by increasing the variety of products exported, to make the Dominion less dependent upon the market fluctuations of the small number of lines we now send overseas. Pigs and poultry are two lines that I have given a good deal of thought to, and I am satisfied that these can be put on to a profitable export basis under New Zealand conditions. The inquiry naturally falls into two lines: First, is there an export market for pig and poultry products if we produce them in excess of our home consumption? and, secondly, if there is a market, can we produce and export to that market profitably?

First, as to the market: Our only big export line that has a world market is wool. In dairy-produce, meat, and fruit we are confined largely to Great Britain. Other markets of consequence are largely closed to us by tariffs. Without the steady market that we have in Great Britain our dairy-produce, meat, and fruit production on present lines would not be possible. Our pig and poultry pro-products would have to seek the same market as our dairy-produce, meat, and fruit—that is, Great Britain. What are the possibilities there? In 1927 the United Kingdom imported pig products to the value of £56,351,758. These pig products consisted of—Bacon, £38,677,205; hams, £4,653,877; pork, £5,095,477; lard, £7,585,423; hearts, kidneys, livers, &c., £337,776: total £56,351,758. The supplying countries for pig products were—Denmark, £23,923,094; United States of America, £13,765,133; Netherlands, £5,862,166; Canada, £3,884,598; Irish Free State, £3,696,598; Sweden, £2,049,585; Latvia, £644,372; Poland, £568,204; Argentine, £530,697; Russia, £430,880; New Zealand, £333,381; Estonia, £195,709; Belgium, £183,479; Germany, £122,778; France, £54,961; Brazil, £4,387; China, £2,370; South Africa, £2,234; Australia, £1,092; Uruguay, £566; other foreign countries, £73,056; other British countries, £22,418: total, £56,351,758.

In the poultry section the imports into the United Kingdom in 1927 were—Eggs, £19,252,574; poultry, £2,979,584: total £22,232,158. The eggs consisted of—Eggs in shell, £15,914,257; eggs not in shell (liquid or frozen), £2,796,326; dried (except albumen), £283,725; albumen, £258,266: total £19,252,574. The poultry consisted of—Poultry, alive, £222,926; dead, £2,756,658: total, £2,979,584. The supplying countries for poultry products were—Denmark, £4,592,587; Irish Free State, £4,016,615; China, £3,671,229; Netherlands, £1,815,243; Belgium, £1,677,134; Poland, £1,547,834; Russia, £890,597; France, £802,432; Latvia, £664,754; Sweden, £393,980; South Africa, £331,796; United States of America, £307,622; Egypt, £290,609; Austria, £270,765; Italy, £202,121; Hungary, £184,155; Germany, £152,941; Australia, £107,049; Argentine, £93,586; Canada, £41,929; Switzerland, £38,573; Estonia, £29,859; Serb Croat State, £14,273; Norway, £7,748; Lithuania, £6,192; Rumania, £4,788; Morocco, £339; other foreign countries, £64,721; other British countries, £10,687: total £22,232,158.

To give an idea of the relative importance of the markets in the United Kingdom for pig and poultry products, they compare with the imports of beef, mutton, and lamb as follows: Pig products, £56,351,758; poultry products, £22,232,158; beef, £34,654,407; mutton, £6,221,846; lamb, £11,767,881. It will be seen that the imports of pig products exceed beef, mutton, and lamb combined, and the imports of poultry products exceed mutton and lamb combined.

The foregoing figures show that there is a market in the United Kingdom for pig and poultry products. What prospects has New Zealand of entering it? The United Kingdom's largest supplying country for both pig and poultry products is Denmark, with the United States second in pig products. The United States can be ruled out as a lasting competitor, as she is fast coming to the point when she will require all her own meats for her own fast-increasing population. Twenty-five years ago the United States exported far more beef to the United Kingdom than all other countries combined; to-day she does not export any beef. Denmark is by far the largest supplier. Can New Zealand compete with that country? Denmark is also New Zealand's big competitor in the butter-market. When New Zealand entered the butter trade seriously Denmark was already established as the chief supplier to Great Britain, and had a firm hold of the market. The following figures show the quantity of butter imported by the United Kingdom from Denmark and New Zealand respectively at five-yearly intervals for the last twenty-four years:—

	Denmark. Tons.	New Zealand. Tons.
Year ending 30th June, 1905	82,000	16,000
,, 1909	94,000	12,000
,, 1914	88,935	16,609
,, 1919	2,856	18,179
,, 1924	91,056	51,847
,, 1929	105,162	64,876

In addition, New Zealand exported to Canada 12,251 tons butter in the year ended 30th June, 1929. In the previous years in the table she did not export any butter to Canada. During the year ended 30th June, 1919, Denmark, as in the previous war years, sent nearly all her butter to Germany, and this accounts for her small showing in that year. These figures show how steadily New Zealand has forged ahead, and she has done this notwithstanding her distance from her market and Denmark's proximity thereto. New Zealand has a great advantage over Denmark, as far as butter-production

is concerned, in her climate. In New Zealand cows are grazed outside the year round; in Denmark they must be housed and their food brought to them for six months of the year.

The by-products of the dairy industry—skim-milk, buttermilk, and whey—form part of the rations required for the pig and poultry industries. New Zealand does not utilize the by-products of its dairy industry to full advantage; Denmark does. Every 100 lb. of average cow's milk contains about 13 lb. of dry matter available as food. Less than 30 per cent. of this dry matter is utilized in the making of butter, and 60 per cent. in the making of cheese. The balance is left in the skim-milk, buttermilk, and whey, and is a by-product of the industry available for stock-food.

To raise pigs and poultry on an export basis it is necessary to compete with world costs. To do this successfully the requirements are a suitable climate, the best of grazing, dairy by-products and grain at world prices. New Zealand has a better and more suitable climate than Denmark, better grazing the year round, and the same dairy by-products as Denmark. New Zealand cannot produce grain at world's prices, but neither can Denmark. Denmark imports the grain she requires for stock-foods, and so can New Zealand.

Seeing that Denmark is New Zealand's main competitor in butter, and will be New Zealand's main competitor in the pig and poultry industries if New Zealand enters these upon an export basis, it is worth taking stock of Danish doings and conditions and comparing them with those that obtain in New Zealand. Denmark has an area of 16,750 square miles, which is less than one-sixth of the area of New Zealand. Upon this area she supports a population of three and a half millions, chiefly on a farming basis. Four-fifths of her exports consist of farm-produce. Denmark's chief exports in 1927 were—Butter, cheese, milk, and cream, £25,800,000; meats (almost entirely pork and bacon, but including a very small quantity of beef, mutton, and lamb), £24,373,000; living animals (chiefly cattle), £5,101,000; eggs, £4,825,000. For the sake of comparison New Zealand's exports of similar lines are given for the same year: Dairy-produce, £16,985,508; meats (chiefly lamb and mutton), £9,341,378; living animals, £123,564; eggs and poultry, £1,104.

Danish farmers lead the farmers of any other country in knowledge of stock-feeding. From their small area they exported the great quantities of animal products mentioned, in addition to supplying the wants of a population of three and a half millions. They do this (*a*) by producing the bulky foods required by their stock on their farms, (*b*) by utilizing their dairy by-products to the full, (*c*) by importing grains which they use to supplement and balance the rations produced on their own farms. Grains and grain products form by far the largest import line in Denmark. In 1927 she imported these goods to the value of £20,446,000, and of this total approximately £17,000,000 was food for stock, and the balance for human consumption. All grains and fodders enter Denmark duty-free. Without these imported grains for stock Denmark's bacon, pork, live-stock, and egg exports would not be possible, and her dairy-produce exports would be largely reduced.

New Zealand has a tariff on all grains and stock-food, as follows:—

	British Preferential Tariff.	General Tariff.	Australian Tariff Agreement.
Animal foods of all kinds (includes blood-flour, coconut-meal, copra-cake, linseed-meal, crushed linseed)	20 per cent.	40 per cent.	20 per cent.
Grain and pulse (unground and unmanufactured)—			
(*a*) Maize	2s. cental	2s. cental	2s. cental.
(*b*) Wheat	Where current domestic value at port of export is 5s. 6d. bushel duty shall be 1s. 3d. bushel. (*a*) Where current domestic value exceeds 5s. 6d. duty is decreased by ½d. for every ½d. of such excess; (*b*) Where current domestic value is less than 5s. 6d. duty is increased by ½d. for every ½d. by which such current domestic value is less than 5s. 6d.		
(*c*) N.e.i.	2s.	2s.	1s. 6d.
Barley			2s. cental.
Grain and pulse (ground or manufactured)—			
(*a*) Barley flour, prepared	2s. 6d. cental	2s. 6d. cental	2s. 6d. cental.
(*b*) Bran and pollard	1s. cental	1s. cental	1s. cental.
(*c*) Maize, flaked	5s.	7s.	5s.
(*d*) Maize, ground or crushed	Free	1d. lb.	Free.
(*f*) Oats or oats mixed with other grains	¾d. lb.	¾d. lb.	¾d. lb.
(*h*) Peas, split	½d. lb.	¾d. lb.	½d. lb.
(*j*) N.e.i.	2s. 6d. cental	2s. 6d. cental	2s. 6d. cental.

Prohibited or restricted imports.—Oats, barley, maize (including maize ground or crushed, but not otherwise manufactured), hay, straw, and chaff from Australia, except with consent of Minister of Agriculture.

I wish to make it quite clear that in this paper I do not wish to discuss in any way the duties in New Zealand on grains or grain products used for human consumption; it is merely the duties on grains and grain products used for stock-foods that I wish to discuss. For the efficient conduct of the pig and poultry industries grain and grain products must be used to balance and supplement the rations produced on the farms. If the pig and poultry industries are to be put on to an export basis, grain and grain products in large quantites must be available to the industry at world's parity prices. Grain loaded with heavy duties cannot be used to produce animal products that have to be sold in free markets in competition with the rest of the world.

New Zealand, like Denmark, is not a grain-growing country. New Zealand grain-growers have stated again and again that they cannot grow grain without protection, and say openly they would have to give up growing it if the duties were removed. It is admitted by New Zealand grain-growers, therefore, that they cannot supply other farmers wanting stock-foods at world's parity prices. With

the exception of the small quantity of oats or other grain that many New Zealand farmers now grow to feed their own working-horses, there is little grain grown in New Zealand to-day for stock-food. The chief grains grown in the Dominion are wheat, oats, and barley for human consumption. If the duties on these remained, these grains would still be grown. The removing of the duties on stock-foods would hurt very few, and would start an export industry in pig and poultry products that might easily grow to be one of the largest industries in the Dominion. Pig and poultry production on a large scale means smaller farms, full utilization of dairy by-products, more work on farms, more people on the land, more work for railways, freezing-works, waterfronts and ships, more work for secondary industries—in fact, more work and more prosperity for every one. The capital required to start the industry and develop it is comparatively very small. The rapid breeding capabilities of both poultry and pigs means low costs of stocking up for farmers, and the comparatively short life of these animals means a quicker turnover of expenditure than with dairying, sheep, or fruit-farming. Pig and poultry farming in conjunction with dairying will mean better utilization of dairy by-products and greater production per acre. It will mean more employment on a given area, and will bring about subdivision into smaller-sized farms. The greater production per acre, too, will ease the burden of local rates.

We already have in the Dominion the necessary refrigerating space to handle the industry. Our present meat-export trade only keeps our freezing-works occupied at near full capacity for about two months in the year. For the rest of the year our works are operating very much below capacity, or are closed altogether. Nevertheless, we could not carry on our present meat industry with much less killing-space than we now have, as fat lambs must be killed when ready, and the lamb-fattening season is a very short one. The result is that in our freezing industry the overhead costs in proportion to output are very heavy. A large pig and poultry export trade would largely extend the operating-season at our freezing-works, which, besides extending the working-season for freezing-works employees, would greatly reduce the ratio of overhead to operating expenses, and thus reduce costs all round. This reduction in costs would react to the benefit of our sheep industry by reducing the costs of handling lamb and mutton in our freezing-works.

I do not wish it to be inferred that I think the removing of the duties on stock-foods would create the new industries overnight, as it were. New methods require experience, and this comes gradually. The benefits to be derived by the top-dressing of grass with fertilizers have been known for many years, but it is only in recent years that the practice has spread rapidly. The use of cheap grains for stock-foods, like the use of fertilizers, would be a gradual growth, and experience would have to be accumulated to use the new methods to the best advantage. Duties on stock-foods in New Zealand were put on to meet conditions entirely different from those obtaining in the Dominion to-day. Conditions have changed, but the duties remain. No matter what Government has been in power, our Legislature has always maintained the principle that farmers should have all reasonable assistance. Farm-produce for sale within the Dominion for general use has been protected, but materials and produce used only by farmers have either received no tariff protection or very little. Duties were originally put on grains used for stock-foods because years ago farmers grew grain to feed the large number of horses employed in the towns and cities. On the other hand, grass, clover, and fodder seeds were admitted duty-free, because, while they were grown by some of our farmers, they were used only by farmers. The Legislature preferred to see the many farmers who used seeds get them cheaply rather than give tariff protection to the few farmers who grew seeds. Conditions have changed. Cities and towns no longer require stock-foods, except in the smallest quantity. For example, twenty-five years ago New Zealand's annual consumption of oats was between 13,000,000 and 14,000,000 bushels. If production fell below this quantity importation took place. To-day, with almost double the population, annual consumption is less than 4,000,000 bushels, and a large proportion of this is human consumption. The large potential buyer of grains for stock-foods to-day is the farmer himself. These stock-food grains should now be treated in the same way as seeds. It is more important that the many farmers who will use cheap grains if they can get them should have what they require, rather than that the few farmers who grow these grains should have protection. Apart from this, it is quite an open question whether farmers who grow stock-food grains would not grow more grain without protection than with it. Stock-food grains are now so dear in New Zealand that farming methods are framed to do without them as far as possible, and the result is the local market is too small to be reliable and worth catering for. With stock-food grains coming in duty-free a large local consuming market would quickly develop, and any farmer with land and experience suitable for economic grain-growing could go in for it with the knowledge that a large consuming market was always at hand. Take seeds as an example. Seeds enter this country duty-free, and seeds have therefore always been cheap in New Zealand. Seeds being cheap, farmers have used them freely, and have sown and resown their land whenever they thought it would benefit by it. There has therefore always been a large market for seeds in this country. The result has been that those farmers with land suitable for seed-growing and with the necessary experience, seeing a large market always at hand, have increased their seed-production until to-day the bulk of the seed used in the Dominion is grown here, and considerable quantities are exported. The tendency, too, is for seed-growing to further expand, and there is every prospect that the bulk of our seed-growing industry will get on to an export basis. Even to-day New Zealand may be said to be quite self-supporting as far as seeds are concerned, for while she still imports some lines, she exports more than she imports. During the last two seasons the exports of seeds have amounted to £444,000, and the imports £346,000. Thus without any protection New Zealand has developed a large seed industry, to the great advantage of the farmers of the Dominion, who are almost all users of seeds. In knowledge and experience of the work New Zealand seed-growers can hold their own with those of any country, and the seed-cleaning plants that have been erected in the Dominion to handle the locally-grown seeds have no superiors and few equals in the world.

We have large grain-exporting countries within easy reach of New Zealand, such as Australia, the Argentine, Canada, China, India, &c. The grain and stock foods wanted in New Zealand are oats, barley, linseed and linseed cakes and meals, cotton-seed cakes and meals, wheat-offals, maize, beans, &c. These grains and grain products would not only help New Zealand farmers to supplement and balance their farm-grown feeds, so that these could be utilized to best advantage, but it would enable us to make much better use than we do of the large quantity of offals from our freezing-works. These make most excellent stock-foods when mixed and balanced by grains. They are used entirely for stock-foods in the United States, where they are mixed with grains. In New Zealand we use these offals almost entirely as fertilizers, because we have no grains to use with them to make a balanced ration. These freezing-works offals are worth much more as stock-foods than as fertilizers. Their use as fertilizers can be replaced by mineral phosphates and synthetic ammonia. Whale oils and meals, and fish-meals, which can be produced largely in New Zealand, are very valuable as stock-foods when mixed with grain products to produce a balanced and palatable ration.

My recommendation is that all duties on stock-foods should be removed. In making this recommendation I desire to again point out that giving effect to it does not involve any interference with the protection given to grain grown for human consumption. Methods can easily be devised to keep grain imported for human food separate from grain imported for stock-food. Grain grown locally for human food, but which may turn out to be too low in quality for this purpose and will consequently have to find a market as stock-food, will, of course, suffer, but if a man growing grain for human consumption cannot keep his quality up he should put up with the consequences. Carrying out these recommendations will not affect those grain-growers who are growing grain for human consumption, except with regard to wheat-offals and any grains not up to human-consumption standard. Neither will it require any financial assistance from the State. The removal of the stock-food duties will put all stock-raisers in a position to develop their industry further. Obtaining cheap grains to supplement and balance stock rations will enable better use to be made of stock-foods now produced on our farms.

The first to take advantage of the cheap feeds will be the raisers of poultry and pigs. Later I feel satisfied grains will be used as part of the feed for dairy cows. A small quantity of grain fed at milking-time to dairy cows to balance and supplement their farm-grown foods makes a great addition to their production. This has been proved in this country by breeders of purebred dairy cattle, who put some of their cows under the semi-official test conducted by the Department of Agriculture. Even sheep men, if they can get cheap grain, will find a little given to hoggets during autumn and winter months of great assistance. Pigs and poultry in conjunction with dairying will give greater production per acre than obtains at present. This will mean that one-man farms can be successful on smaller areas than at present, and larger farms will employ more labour and produce more than they do now. More production of export products from the farms of the Dominion will energize and stimulate every industry in the country.

In the *New Zealand Journal of Agriculture* dated 20th July, 1929, page 54, the following remarks appear: "In far too many cases no attempt is made to balance the cow's winter ration on account of a shortage of concentrates, but, where available, a small daily ration of a concentrate rich in protein, such as some of the recognized cattle-cakes, should be used. From experiments it has been shown that the extra return in milk-yield from cows receiving a concentrate ration has more than paid for the increased cost of feeding. There is also the satisfaction that an attempt is being made to balance a ration which is otherwise much too bulky, with an excess of water and starches. It is a noteworthy fact, also, that in town-supply herds, where concentrate feeding in winter is necessary to maintain the milk-supply, many troubles to which dairy cows are prone are not so prevalent." I think that concludes my statement, gentlemen.

The Chairman.] You said that methods could easily be devised to keep grain imported for human food separate from grain imported for stock-food. I would like to know, in the event of, say, wheat being imported for food for poultry, how could we devise a method whereby it would be used only for poultry-raising?—Make it a condition that the millers must not use grain imported for stock-food; and if they do, and there is no other way of controlling them, license the millers, and cancel the license if they do what they should not do.

Is there no way of treating the wheat?—I do not think so.

Hon. Mr. Forbes.] You say it is an open question whether farmers would not grow more stock-food without protection than with it. Under such conditions do you consider that the farmers would still continue to grow a sufficiency of wheat?—I am not talking about wheat for human consumption: I am only talking about grain used for stock-food. Wheat is the only grain grown in this country to any large extent. Take maize, and peas, and barley, and things of that sort that can be grown in New Zealand: if there was a large local market for them they would probably be grown on a much larger scale. At present the home market is so very small that it is not worth while to grow them.

Why small?—Because the prices of these stock-foods are so high that farmers make their farming plans to-day as far as possible to do without them.

Are peas and beans much used as a stock-food?—Not much. The chief stock-food imported would be maize. That is a big stock-food: that is the most important one. And next to that would come cotton-seed cakes, which can be obtained from Queensland and other places.

Is not maize grown in New Zealand?—The quantity grown in New Zealand is small. There is only about 500,000 bushels a year grown, and the price is high.

But in those districts where the maize is grown on the farms, and where it could be got cheap, it has not been used to any great extent for pig or poultry raising. The pig and poultry raisers have an advantage there, but it does not seem to have appealed to them at all?—Well, to build an industry up you have to do it on a large scale. For instance, if you only had a few thousand lambs in one

corner of New Zealand you would not be able to get a proper market or to stabilize the industry. Now we have a very large lamb industry, and large standardized plants. You cannot develop the pig industry in a large way in a few little districts. Opotiki and Gisborne are the only districts where maize is grown in New Zealand.

You say that a certain amount of meat-offal could be used ?—Yes, in a properly balanced ration.

And fish ?—Yes.

Have there not been complaints as to the fishy flavour of some of the pork ?—Fish alone should not be used for finishing purposes : it should be balanced with grain. In the United States they use fish-meals, but they are generally balanced with grain in the proportions of about 10 per cent. fish-meal to 90 per cent. grain.

With respect to grain used for poultry and eggs, do you think it would be much cheaper to import it from other countries ?—Yes, a good deal cheaper.

There does not appear to be much of a difference ?—Still, it would make quite a substantial difference : it would make all the difference between profit and loss.

Cannot the poultry and eggs at present be shipped at a profit ?—Not at present, because the necessary grain is too dear.

If the grain was landed without the duty, would that make such a very great difference ?—Yes. There should be nothing to prevent the landing of grain in New Zealand as cheaply as it can be landed in England. I will give you the position in England now. I have here the British *Journal of Agriculture*. It is published by the Minister of Agriculture in England. It is published every month, and this is the number for August, 1929. I will just refer to this, so that you can see the prices they have in England. On page 480 they give a table showing the different stock-foods. They give the price per quarter ; the price per ton ; the manurial value per ton ; the cost of food value per ton ; the starch equivalent per 100 lb. ; the price per unit starch equivalent ; the price per pound starch equivalent ; and the percentage of protein equivalent. All that is worked out for the farmers every month. The farmer can know every month the prices and the different values of the grain and all the other stock-foods on the market. Now, we have an excellent *Journal of Agriculture* here, which could supply similar information.

In England they can get the world's supplies ?—Yes, and so could we. If we were importing our grains in large quantities we would get them just the same as England. The great bulk of the wheat and grain goes to England in tramp steamers, and we could bring them here just the same. It does not pay the tramp steamers to come here as things are at present.

Hon. Mr. Cobbe.] Have you considered the question of subsidizing the wheat and flour industry, so that the growers would be assured of a reasonable price ? That would probably have the effect of allowing the grain required for poultry-feeding to be sold at a lower price ?—I do not think we should have subsidies in connection with it at all. If there is a subsidy it is sure to be thrown upon somebody. It ultimately means another 6d. on the land-tax or the income-tax, or something of that sort. Subsidies only interfere with industry. Let us have free and natural competition.

What about subsidizing the shipping lines ?—Well, of course, that is another matter. Take the mails, for instance : you get a certain kind of return in postages and other things. That is not like ordinary subsidizing.

It is your opinion, I suppose, that grain is necessary for the feeding of pigs ?—Yes.

We have had a witness here who has given evidence to the effect that there is some other method of feeding pigs ?—That is not done in any of the large pig-producing countries : they always feed pigs with grain.

The Chairman : Mr. Hunt has also recommended the use of offal from the freezing-works.

Hon. Mr. Cobbe.] Blood and bone ?—Yes. All that could be mixed up if there is grain to mix with it.

In order to get over the difficulties between Australia and here, what is your idea of Imperial preference—the economic union of our Empire, I think it is called ?—I think that would be one of the finest things we could have, if you could bring it about.

Free-trade within the Empire ?—Yes, free-trade within the Empire.

The Chairman.] It is a long way off ?—Yes, it may be a long way off, but it is worth striving for.

Mr. Bitchener.] Is it not a fact that ground maize is absolutely free coming into this country ?—Well, that may be so, but ground maize is not the best maize. What is the object of making ground maize free and keeping the rest out ?

I do not know ; but you would not suggest that the whole maize is better than the ground maize ?—Yes, I would.

For feeding pigs, in actual practice, to what extent would it be better ?—In the United States, where they use maize very largely, they always use it whole. They do not grind it.

I do not think you mentioned peas. As a substitute for grain, what is your opinion about peas ?—Well, you have to balance the ration that you give to the pig with grain. For example, in feeding young pigs the ratio should be one to three and a half. That means one of protein to three and a half of carbohydrates ; and as the pig grows you increase or widen the ratio to, say, one to five, or one to five and a half. So that peas would be no good to give with skim-milk. Far better results would be obtained with skim-milk and barley than with skim-milk and peas. But with whey better results could be obtained with peas than with barley. You must balance your ration.

Mr. Jones.] We have had the evidence of Professor Scott, of Lincoln College. With reference to meat-meal he says that its use has increased the returns by 50 per cent. with whey, and is the only food that pig-farmers should buy with the present prices of pork ?—Well, he is evidently taking it with whey, which is quite correct, because whey is a food which is very rich in carbohydrates, and meat-meal is rich in protein. At the same time, if you use too much meat-meal you might damage your bacon or pork.

Professor Scott says that the experiments have been remarkably successful?—Experiments have been made in a very large way in all parts of the world for many years. I have here a book which is a standard work on the subject. It is "Feeds and Feeding," by Henry and Morrison.

Professor Scott says that meat-meal could be used in greater quantities?—Meat-meal could be used with whey, but it should not be used with skim-milk. Skim-milk is a two to one, and whey a six to one, ratio.

Do you think cheaper food could be got any way than oats at 3s. a bushel and barley at 4s. a bushel?—Oats is not looked upon as a good pig-food; barley is.

Farmers are asking from 3s. to 4s. for barley?—Barley at from 3s. to 4s. a bushel would be very much cheaper than oats.

You are aware that there has been an excessive quantity of barley during the last three or four years?—That is so. But before you can get a big market for your local stock-food you want to have a big industry going. And if you try to make the pig-farmer buy in the local market at a high price, and sell in the world's market at a low price, it will not work.

Professor Scott also states that if a farmer uses supplementary food he can afford to pay £10 per ton for pollard when pork is 5½d. per pound. The New Zealand farmers can get pollard to-day from £8 to £9 a ton?—I think they can. But, in any case, to-day you cannot get it in sufficient quantities.

The evidence we have had here so far shows that it is difficult to get bran and pollard from outside in quantity?—Imported pollard can be got in England at £6 10s. We would get it as cheap if we had the industry.

The evidence we have had here is that it is difficult to get regular supplies of bran and pollard?—There is not nearly enough here to go round if you want to use it in a big way.

But there is some difficulty in getting it from the outside countries. Australia is one of the biggest countries, and there is a difficulty in getting it from there?—Well, in England imported pollard is quoted at £6 10s. a ton. If England imports it, why cannot we do so? Denmark imports it. But pollard should not be largely used for pig-fattening. For pig-fattening maize is the best food to use with skim-milk, and in a cheese district the whey should be used with linseed and cotton-seed.

Would you not have to get your maize from foreign countries?—Well, we would have to get it largely from foreign countries. We would have to get it from the Argentine, or from South Africa. But there is no advantage in grinding it. Why do you want it ground? Why not bring it here whole?

There should be no objection to it being ground?—Surely there should be no objection to bringing it here whole.

If it is ground it is duty-free?—Yes.

Mr. Macpherson.] In connection with the question of assisting the pig and poultry industry, the present embargo on wheat-offal is only £1 a ton. Is that going to make such a wonderful difference in the finances of the industry?—Yes. Unless the farmer can be assured that he can get his supplies at world's prices he is not going to compete in the world's market and sell at world's prices: that is recognized in every country. Grain is a raw material, and for that purpose should be admitted free.

But is the £1 a ton going to make a difference?—Yes, it is going to make a difference, because the margin of profit is so small. That £1 a ton comes off the man's profits.

The Chairman.] I suppose you are aware that the farmer in New Zealand who grows wheat has to pay Customs duties on the articles he uses—farm implements, for instance, and boots and shoes, and other necessities?—Yes.

Do you think it is a fair thing that he should have to supply wheat without protection when he has to pay a duty on the goods he buys?—I am not asking that. I think that, so far as wheat-growing for human consumption is concerned, if you put a duty on boots you should also put a duty on wheat. Leave the duty on wheat for human consumption, but take it off the stock-food.

You are not referring to the duty on wheat for human consumption?—No.

You are leaving that alone?—Yes.

Is whale-oil available in any great quantity?—Yes, there is a good deal of whale-fishing here. At Picton they get as many as one hundred and fifty whales a year.

Is not that a good stock-food?—Yes, if it is properly mixed with grain.

In your opinion is the dairy industry, say, in Taranaki, carried on to its greatest capacity, making use of the pig and poultry industries in connection with its by-products?—No. We are not carrying on our dairy industry to the greatest advantage at present, because we are not using the proper grains to balance our rations, and therefore cannot make full use of our dairy by-products. We cannot make full use of our dairy by-products except through pigs and poultry, and you must have grain for them too.

Have you worked out the extra amount that could be obtained per cow under the best conditions such as you suggest?—No. I think we should take Denmark as an example. Denmark started first with dairying, and later on tried pigs to utilize the dairy by-products, and now Denmark's production of pig products equals its production of dairy products.

It would be very interesting to work out the actual figures of the yield per cow under the most favourable conditions?—It would.

You have never had that done?—We have not the data in this country to do it. But going on what has been done in Denmark there is no doubt that the pig yields big returns.

Taking into consideration the cost of the grain?—Yes.

Mr. Macpherson.] If your stock-foods were imported, as you suggest, duty-free, would not the poultry-raisers and the pig-raisers cease to buy what they buy to-day—namely, a large quantity of prime milling-wheat?—Yes, they would.

And they would throw the surplus on to the market here every year, and there would then be a very considerable surplus of prime milling-wheat in New Zealand?—Well, it might have that effect; but if the wheat-grower gets protection for growing wheat for human consumption he has no right to ask the other farmer to contribute towards his own wheat-protection.

That may be your opinion, but it goes further than that. It might blot out the wheat-grower very largely?—No. The great bulk of the wheat grown now is used for human consumption.

But there is a good deal used by poultry men and pig-farmers?—Well, the wheat-grower will have to sell a little less, or sell it at a lower price.

And would not that militate against the wheat-grower growing wheat for human consumption? —It might to a certain extent.

Mr. J. H. BARKER, of Auckland, examined. (No. 39.)

Witness: Speaking as representing the executive of the New Zealand Master Bakers and Pastry-cooks' Association, we would like it to be understood that we are of opinion that in the best interests of the public this Dominion should, so far as the production of wheat is concerned, be self-contained. At the same time, whilst trusting that as the result of the newly-formed Wheat Research Institute the quality of the New-Zealand-grown product will be considerably improved, it is considered desirable that no further restrictions be placed on the importation of wheat or flour in such proportions as may be deemed necessary to produce a loaf of bread of approved quality. Dealing with the cost of baking and the delivery of bread, we would, in the first place, emphasize the fact that there is no desire on the part of the baking trade of the Dominion to see higher prices, as, though bread is still by far the cheapest and, we may add, the best of all foods, any increase in price invariably results in a largely decreased consumption. We assume that the Committee is in the main concerned with the price of bread in its relation to the price of wheat and flour, and would point out that a decrease of £2 15s. per ton in the price of flour is equivalent to approximately ½d. in the price of the 2 lb. loaf. The cost of production probably varies to-day more than in any previous period of the baking industry in New Zealand, and is attributable to (*a*) the varying qualities of flour available; (*b*) the increasing use of improvers, the result of an ever-increasing desire to produce a loaf of greater food value; (*c*) the added number of those engaged in the industry and the varying size of output, resulting in a corresponding variation of the cost of production.

My executive, with no knowledge as to the source of supply, was much interested in the evidence submitted by Mr. Nicholls, public accountant, of Christchurch, and is of opinion that such evidence clearly indicates that the margin is such as can only make possible a reasonable return on capital invested. That the cost of delivery varies goes without saying, but the fact to which we would draw the particular attention of the Committee is that it is a steadily increasing cost. This is in the main due to the decreased consumption per household, attributable to the regrettable decrease in the size of the average family and the decreased consumption per head of population. Competition has naturally resulted in considerable overlapping, which in turn has resulted in the delivery being extended over a much wider area, so that whereas ten years ago a carter would deliver on an average 250 2 lb. loaves per day, to-day he would probably be unable to deliver more than 200 2 lb. loaves. Evidence submitted by Mr. Nicholls relative to a bakery with a large production showed the cost of delivery of a 4 lb. loaf to be 1·39d. I submit that the delivery would be largely wholesale. Evidence recently given by a country baker delivering practically within a five-mile radius indicated the delivery cost as 1·8d. per 2 lb. loaf. This cost was comparatively low, the cost of keeping a horse being less in the country than in the city. In another investigation made—and I am here taking a year's actual figures—the cost to deliver 49,244 loaves was £441 7s. 9d., the average cost per 2 lb. loaf being 2·15d.

I would now deal with the price of bread, a subject concerning which a great deal has been written. It is not the price at which bread is sold that determines the profit, but rather the average amount per loaf that the baker is able to get. This, needless to point out, varies considerably, and can only be accurately ascertained as consideration is given to the relative sales, retail and wholesale, minus the loss resulting from a growing practice of taking back from stores bread unsold, and the ever-recurring loss consequent on the supply exceeding the demand. There is, too, the difficulty of selling stale bread, the loss on which is to-day much greater than in years gone by. Conditions in Australia being very similar to those in the Dominion, we suggest a comparison of prices may be worth while. In Western Australia, with flour at £14 5s. per ton, bread is 6d. cash and 6½d. booked; in Victoria, with flour at £12 2s. 6d., bread is 5¾d. and 6¼d.; whilst in New South Wales, with flour at £10 10s. per ton, bread is 5¾d. and 6d. On a comparative basis, taking the last-mentioned State, the relative price in New Zealand would be 6¾d. and 7d. Such a comparison should, however, not be made without drawing attention to the fact that in Australia the average output per bakery would be larger than in New Zealand, whilst, further, they get an increased yield of bread per ton of flour.

As an indication that present prices are not unreasonably high I would refer to a prospectus issued when the business of George Kent and Sons, Ltd., was recently placed on the Auckland market. The said business was admittedly one of the best in the Dominion, and showed a net profit for the year, after allowing for payment of debenture interest, of £5,812 2s. 3d. Needless to point out that in issuing a prospectus the position is placed in the most favourable light possible. Supposing a reduction in price of ½d. on the 2 lb. loaf took place, the above-mentioned net profit would be reduced by no less a sum than £5,400, leaving available for distribution among shareholders £412. Note, further, that in the foregoing figures no provision has been made for payment of income-tax. It is indeed like a gleam of sunshine falling on the too-oft much-abused baker—the man who works all hours, day and night, to supply the public with the main article of diet, and who in times of stress gives almost unlimited credit—to note that in his evidence yesterday Mr. Nash, representing the labour interests, stated that he did not think the baker was being excessively paid for the services he rendered by charging 6d., or even 7d., per 2 lb. loaf.

In conclusion, I have purposely avoided wearying the Committee with an array of figures, contenting myself with supporting by confirmatory statements the evidence so ably submitted by

Mr. Nicholls, public accountant, of Christchurch, and I trust by making it quite clear there can be no reduction in the price of bread without a corresponding reduction in the relative prices of wheat and flour.

Mr. Jones.] You said Australia would be a fair comparison with New Zealand. Are you familiar with the Cost-of-living Commission in Victoria in 1923, and what the prices there were ?—No, sir.

What is the price to the bakers in Wellington, delivered to sell over the counter ? When you deliver to a grocer, what is the price the bakers charge him, wholesale ?—At the present time, 5s. per dozen 2 lb. loaves ; but that gives an unremunerative return.

Is there any discount for cash ?—Not to my knowledge.

How long has that been in operation ?—Some few months. Mr. Kellow could answer questions like that better than I can.

What is the price delivered in Wellington ?—7d. per 2 lb. loaf.

That would be 1s. 2d. per 4 lb. loaf ?—Yes.

You state the costs of delivery are 2·15d. on a 2 lb. loaf ?—That was an extreme instance. Costs of delivering necessarily vary very considerably. It must depend necessarily on the size of the delivery.

Would you tell the Committee what is the price in Wellington for delivery of a 2 lb. loaf ?—I suggest that Mr. Kellow could more ably answer that question, because it depends entirely on the distribution of bread—where the bread is delivered, and, furthermore, the quantity delivered on that particular round. Some carters do not deliver more than 150 loaves, and to-day I am well within the mark when I say that the carter who delivers 180 2 lb. loaves is doing well. In addition to the 2 lb. loaves there is an increasing number of small loaves—half the size of the 2 lb. loaf—being delivered, increasing, of course, the cost.

Do you charge the same price per pound for them ?—The price is slightly more, admittedly. Still, the cost of delivering is much higher.

Are you quite sure that the profit of Kent and Sons, Ltd., was £5,800 ?—That is certified to by a well-known firm of accountants in Auckland.

Was not the profit on last year's business £8,000-odd ?—Yes, but not allowing for debenture interest.

That is, debentures then floating ?—To be floated.

Would they have been paying for ordinary overdraft when they made that £8,000 profit ?—Had they not paid for the overdraft they would have been entitled to interest on capital invested.

That £8,000-odd profit would be after paying interest on overdraft ?—No, it would not.

Interest on overdraft must be a charge in connection with the business ?——

The Chairman.] It is not shown in the list of expenses ?—It is an expense item. I do not think Kent and Sons were paying interest on overdraft sufficient to their own capital.

Mr. Jones.] They had sufficient capital and made £8,000-odd—is that figure not taken ?—No, they are entitled to interest on the capital invested in the business.

There is nothing indicated in the prospectus to show whether there is interest on capital or not ?—No, I suggest it was not included.

You have the profit here as £5,000-odd ?—After allowing for debenture interest on £35,000.

That debenture interest is something which is going to accrue in future when extending the business ?—No, that was immediately required in order to purchase the business.

To increase the business they wanted more capital ?—Yes.

They brought the debenture interest that might be accruing next year in to charge on the previous year's profits, and reduced them from £8,000 to £5,000 ?—I am simply taking the figures in the prospectus. They have to include interest on capital.

I want to get from you whether you had authority to reduce the public statement of £8,000 down to £5,000 ?—I am quoting from the prospectus.

The prospectus indicates a floating amount of money, and you said they should have interest on that. Money floating was to a material extent their business, and unquestionably the overdraft rate would be in this. It is most misleading to cut down the public statement of £8,000 and bring it in as £5,000. I suggest, as you have stated the prospectus has been placed in the most favourable light, that unquestionably your statement this morning is put in the most favourable light ?—You would not expect otherwise.

Mr. Jenkins.] You stated that bread was sold to the grocer at 5s. per dozen 2 lb. loaves, and I think you stated it showed practically no profit ?—I understand that is so.

Are you aware that bakers supply many other big institutions in Wellington at the same price ?—They may do.

It is reasonable to assume that they make a profit ?—No, not necessarily, by any means.

A great percentage of the output should go to institutions and grocers ?—If you know anything of the breadmaking trade you must recognize that the baker has a certain amount of bread carried over. He cannot possibly estimate his requirements day by day, and these institutions help to relieve him of the surplus bread. There are in the baking trade, unfortunately, as in every other trade, men who have regard to turnover rather than profit, and unfortunately they are not capable of ascertaining whether they are selling bread at a loss or profit.

Rev. Mr. Carr.] You state that there can be no reduction in the price of bread without a corresponding reduction in the relative prices of wheat and flour. Is it necessary to include wheat ?—Only that the price of flour is governed by the price of wheat : that is the only reason I included it.

Not necessarily, surely ?—Generally speaking so.

The Chairman.] You have no knowledge of the cost of producing flour from wheat ?—No.

Rev. Mr. Carr.] I submit that bread could be considerably reduced in price without interfering with the price of wheat : you might have to interfere with the price of flour ?—Quite possibly.

The Chairman.] One point is that competition has naturally resulted in considerable overlapping, which means, of course, waste ?—Absolutely.

Especially in regard to delivery ?—Yes.

Is it not possible to organize the bread trade so that that overlapping would cease ?—One or two efforts have been made in that direction, but, unfortunately, unsuccessfully. It is regrettable.

Rev. Mr. Carr.] By the block system of delivery ?—Yes. It was well tried in Wanganui some years ago, but ultimately failed. People always demand and require certain brands of bread : they insist on having it.

It is definitely admitted that the high price of bread is, in some measure, due to our present wasteful competition ?—One may admit that, but, at the same time, it does not necessarily mean that, supposing, for instance, the block system of delivery were instituted, a reduction in the price of bread would be possible. The difference in cost would not be equal to that.

The Chairman.] Could you give any figures in regard to any particular bakery in Wellington showing profits, &c. ?—No. Mr. Kellow has figures if he cares to produce them.

Mr. F. H. HAWKER, of Stacey and Hawker, Ltd., Christchurch, examined. (No. 40.)

Witness : I have figures here showing the cost of materials and manufacturing charges in connection with the bread trade. Flour costs us £1 12s. per sack in Christchurch, which is allowing 1s. extra on cost for mixture of Canadian and Australian flour. The ingredients used for breadmaking for every sack of flour used are as follows : Yeast, 1s. 9d. ; salt, 3d. ; sugar, 2d. ; malt, 4d. ; and milk, 2s. 2d.—that is, flour and ingredients cost £1 16s. 8d. The manufacturing charges per sack of flour are : Firing, 1s. 2d. ; electric power, 1s. 2d. ; tin-grease, 1d. ; wrapping, 1d. ; lubricating-oil, 2d. : a total of 2s. 8d. Bakers' wages work out at 5s. per sack of flour. Maintenance charges—light and heating, 4d. ; rates and insurance, 3d. ; repairs, &c., 1s. 3d. ; sundry trade charges, such as tins, &c., 6d. Delivery charges, including depreciation on cars, stable, shoeing, horse-feed, carters' wages, and commission, work out at 9s. 6d. per sack of flour.

Mr. McCombs.] What would that be per loaf ?—It is a fraction under 2d. per 4 lb. loaf. Bad debts, 2d. ; stationery, 2d. ; stamps and telegrams, 2d. ; advertising, 1s. 9d. ; interest, 1s. 8d. ; depreciation on plant and buildings, 2s. 7d. : this makes a grand total of £3 5s. 8d. on a sack of flour.

The Chairman.] How many loaves would that be ?—I have not the number of loaves. We get sixty-four to sixty-five of the heavy loaves, and of the fancy varieties we get more.

You mean 4 lb. loaves ?—Yes. The price to stores is 11d., less 2½ per cent. discount, and delivered 1s. 1d. The total of what I call "bread-improvers" comes to £2 7s. 6d. per ton, or 4s. 9d. per sack.

Mr. McCombs.] You said the cost was £3 5s. 8d. What is the return ?—We get more on some varieties of bread.

What is the average on 4 lb. loaves ?——

The Chairman.] Sixty-four 4 lb. loaves comes to £2 18s. 8d. ?—We are showing about 11·1d. or 11·2d. as the average price of a loaf.

That would be a loss ?—No, a slight profit.

Mr. Jones.] Your evidence is that you are making a loss of 6s. 4d. on every sack of flour used ?—You are taking the basis of the heavy bread ; but with Vienna and fancy breads it brings up the tally.

What do you mean by that basis ?—That is on the whole output. You cannot separate the heavy bread from the fancy bread.

What proportion of heavy bread to the lighter fancy bread is sold ?—I have not gone into that—it would be a little under half.

Half the bread is sold at a higher rate than 1s. 1d. because it is fancy bread ?—Yes, regarding weight.

That is extraordinary that you are losing 6s. 4d. for every sack of flour used. How many sacks of flour do you use per day ?—You mean, worked out on the basis of a full loaf ?

I am taking the 4 lb. loaf as the basis because the bulk of the bakers sell only that. You are in a larger way. The average baker would sell mostly what you term the heavier bread ?—Yes, I suppose it would be the heavier bread.

What would be your daily average sacks of flour used ?—About fifty-three to fifty-five sacks.

What would be your profit on fancy breads per sack of flour ?—I could hardly state that. The whole thing is mixed up.

We must separate it, otherwise we do not know where we are ?—The whole thing does not show much profit. One bread carries the other.

Are there not cheaper contracts than 11d. per loaf to grocers—big restaurants in Christchurch, for instance ?—The Hospital contract would be a big one.

What about the restaurants ?—The price may be as low as 10½d. per loaf.

Do you know that there are contracts at that price ?—Yes.

Would that be subject to discount for cash ?—No, I do not think so.

According to your figures the man selling to the restaurant at 10½d. would be losing very heavily on his trade ?—You will notice in our particular bread trade improvers reach to £2 7s. 6d. a ton.

I understand restaurants specify that it must be good-quality bread, the same as delivered to householders ?—No, the Hospital specifies that it must be first-class bread.

Generally the restaurants specify that the same quality of bread must be supplied as is delivered to the average person ?—Yes, ordinary household bread. We do a tremendous business in Vienna bread.

The price charged restaurants is 10½d. ?—Yes, in some cases.

That means that the baker who supplies it incurs a pretty heavy loss ?—It is mixed with fancy bread.

But restaurants do not want fancy bread. They ask the baker for a contract of large quantities of bread per day, and the baker places the price at 10½d. On your figures the baker loses heavily on that ?—No. If we were making household bread only we would cut our expenses.

There is competition for the restaurant trade in Christchurch ?—A certain amount.

Why is there competition to get contracts for bread at 10½d. if the more the baker sells the more he loses ?—I cannot see that the more we sell the more we lose.

You have said that. On the heavy bread like you sell to restaurants you said the more you sell the more you lose ?—I did not say that. Unfortunately, my figures take the business as a whole.

I am taking the restaurant trade, which is competed for. You must admit that the more the baker sells the more he loses ?—I do not admit that.

You stated that it cost £3 5s. 8d. to turn a sack of flour into bread, and that the return on that was £2 18s.: that means there is a loss even if bread is sold at 11d.; and how do you reconcile your statement that 10½d. shows a profit ?—As I said before, if we made household bread only it would not cost that much.

We are talking about household bread ?—I cannot tell what it costs for household bread alone.

You said that the bread supplied to restaurants is competed for by the bakers in Christchurch. Can you explain why the bakers in Christchurch compete for the trade, out of which they are going to lose 1d. a loaf at least ?—I do not admit that.

Your figures have admitted that ?—My figures show the business taking it as a whole.

The restaurant trade is for one class of bread. At Christchurch it is competed for at 10½d. a loaf ?—I did not say that. You asked whether I was aware that restaurants paid 10½d. The average price is 11d. There are very few restaurants supplied at 10½d.

The point we want to get at is, if the baker is supplying the bread at 10½d., how is he able to make it pay ?—The ingredients of the loaf probably cost 7d.

It does not matter what they cost. You have stated what they do cost: that is done with. If we are going to report to the House, how can we report on your figures ? That is the position we are in. Your figures show that for the big trade in New Zealand the bakers are carrying on at a heavy loss. How do you suggest they are carrying on at a loss ?—There may be some. As regards institutions, the ingredients in the loaf cost 7d.—that is a 4 lb. loaf—and all the rest of the charges are more or less fixed. If a baker is short of business he will bake a certain amount of bread which will cover the cost of the materials and leave him something over.

What would be the difference in the ingredients of a Hospital loaf at 9d. and your ordinary household bread ?—None whatever.

How is it the contract price for Hospital bread is round about 9d. ?—I explained that, inasmuch as the ingredients cost roughly 7d., if the baker has the facilities for turning out extra bread without further expense he will consider that by getting 9d. a loaf there is 2d. in it.

That means that if a baker has a large trade he can produce bread at 9d. a loaf ?—If it takes so-many loaves to pay the whole of the overhead costs, and the ingredients in the loaf cost 7d., it shows a profit if he can sell the additional loaves for 9d., because the overhead costs have already been covered.

You say if he gets a certain turnover he can get a profit at 9d. per loaf ?—No; I said, if he has a certain turnover which covers the expense of running the business—his rent, telephone, and other charges being paid for—after that he can make a profit by selling at 9d. provided the ingredients cost only 7d.

If a man's trade is of a certain volume he can produce bread at a profit at 9d. ?—He can produce a certain amount at that price.

I am sorry to see the bakers are working at a loss ?—My figures are a bit mixed owing to the difficulty of separating the different classes of bread.

The figures produced in the inquiry in Victoria in 1923–24 showed that, taking the whole costs into consideration—baking, delivery, goodwill, carter's wages at £5, &c.—it cost from 4·26d. to 5·55d. to produce bread. Could you state what your figures are ?—That includes flour, of course.

Flour is £11 5s. per ton. Flour-prices differ in New Zealand and Australia, so, leaving flour out in order to make the comparison fair, what would your cost be in New Zealand as compared with that ?—In our own business, about 5d.

That includes delivery ?—It would cost a shade over 5d.

Including the wrapping of the bread ?—Yes.

Mr. McCombs.] You will realize the Committee has some difficulty regarding your figures, and some explanation is required in fairness to yourself and to the Committee. You state the costs per bag of flour are £3 5s. 8d. and your return is £2 18s. 8d., less a discount of 2½ per cent., which makes it £2 17s. 2d. You would have to sell a large proportion of fancy bread to overcome that ?—Yes, we sell a large proportion of it.

What proportion—about 50 per cent.?—Yes.

I think if you worked it out 50 per cent. would not get you out of the difficulty of the apparent inconsistency. I think your figures require to be checked in regard to costs ?——

The Chairman: I am going to raise the question of costs.

Mr. McCombs.] I think it is necessary witness should explain the position in his own interests. However, I shall leave that to you, Mr. Chairman. (To witness) Do you know that bread is delivered to the Blind Institute in Sumner at 8d. for a 4 lb. loaf ?—No.

And the price to the Christchurch Hospital is 8½d. less 2½ per cent. discount, and that the contract price to the Railway Department in Christchurch is 8½d. ?—I have not been aware of the exact prices. The bakers might not make a profit out of it.

He would make a loss if the whole of his business were done on that basis ?—Yes, certainly.

Mr. Jenkins.] Assuming that the bakers made a loss, how do you account for the great difference between the Wellington and Christchurch prices—the Wellington prices to the storekeeper are 5s. per dozen 2 lb. loaves, and to the Departments the same price, whereas in Christchurch the prices to the storekeeper are 11d., and to the similar Departments 8½d. ?—There is a trade war in Wellington. The price delivered in Wellington is 7d., while the price to the storekeeper is 5d. There is competition for the store trade, but those prices will not rule very much longer. They have not been ruling till this last six weeks. It has only come about by competition during the last six weeks, and the price delivered is still 7d., or 1s. 2d. for a 4 lb. loaf.

It is reasonable to assume that your profit is made by the delivery to the householder, and not from great bulk deliveries. The householders in Christchurch are paying 4½d. more than these institutions and other big bodies. The difference in Wellington is not so great ?—It is simply a matter of the odd end of the day.

Should not that apply to the Wellington bakers the same as Christchurch ?—It did apply, but owing to the cutting of prices they have dropped back to the institution prices ; but that has only obtained during the last six weeks—previous to that there was the difference.

Rev. Mr. Carr.] Do you consider the statement you have given us may be regarded as a fair statement of the position of the average baker ?—No, I do not.

Your firm has recently installed very elaborate and up-to-date plant ?—Yes.

That may affect your particular operations and position for some little time to come as against the position of the ordinary baker who is more or less carrying on with the old style of plant ?—We have installed a very expensive plant. We have spent over £30,000 on our plant, and it is not working at half capacity. That makes a difference to the whole figures. We have spent a tremendous amount of money. It makes a difference of 2s. 7d. per sack for depreciation. It would be 1s. 9d. per sack if we had not gone to this expense. The figures would have been quite different.

Your figures could not be regarded as typical of the ordinary baker ?—No, the figures are only applicable to my own firm.

The Chairman.] The figures you have given us show you are actually losing on the ordinary bread you sell ?—I do not think my figures are very fair. I did not have sufficient time to get them out. Taking bread as a whole, we are making a profit.

Your statement is that you actually lose money on the ordinary 4 lb. loaf ?—I made the statement that if we made only 4 lb. loaves we should curtail expenses.

We have it here that it costs £3 5s. 8d. to turn one sack of flour into bread, and the bread was sold for £2 18s. 4d. less 2½ per cent. discount : does that not show that on 4 lb. loaves you are actually incurring a loss ?—It would be the case if we sold all 4 lb. loaves.

It is rather a good deal to ask the Committee to accept that, considering that, as you have stated, the proportion of 4 lb. loaves is practically half your output. You would have to make a considerable profit on fancy bread to balance the position. You have told the Committee that it costs you 1s. 9d. per bag of flour used for advertising purposes. Have you any documentary figures to that effect ?—Yes, but not here.

Your output is fifty to fifty-five sacks of flour per day ?—Yes.

Assuming it is fifty sacks a day—that is the minimum—at 1s. 9d. a sack it means that your advertising bill is £26 5s. a week, or £1,365 a year. Is that a correct statement ?—Yes, we have run as high as that.

You say depreciation amounts to 2s. 7d. and repairs 1s. 3d.—3s. 10d. altogether : that works out at £2,904 a year. Is that a fair statement ?—Well, we took on a new plant.

The interest allowed is 1s. 8d. a sack : does that represent the capital you put into the company ?—It represents the overdraft and the preference shareholders.

Not the full amount ?—I would not be sure of that.

That comes to £1,300 a year. Yeast comes to 1s. 9d. per bag : that is £26 5s. a week, or £1,365 a year ?—That is quite correct.

Are you quite sure about the advertising ?—I am a little bit surprised at the amount. It is about £1,000 a year.

For fifty bags at 1s. 9d. a bag it amounts to £26 5s. a week, or £1,365 a year ?—That is a bit high.

It is admitted that at least one of the statements made is overestimated—that is, advertising—to the extent of £300 to £400 a year, but even that would not make good the loss ?—Probably the figure I have quoted is correct. It is taken from the six-monthly balance. We were then boosting our business on account of the new plant. It would amount to about £1,000 a year on the average.

Mr. Bitchener.] What proportion of Australian flour do you use ? You mentioned you used some imported flour : what proportion do you use in your business ?—About one-sixth.

At what extra cost, if any ?—There is a big extra cost. It works out at 10s. per ton over all flour used. We pay £19 7s. 6d. for Canadian flour in the bakehouse ; we pay £15 17s. in the bakehouse for New Zealand flour, being a difference in price of £3 10s. per ton.

That would be an added cost over the person who used all New Zealand flour ?—Yes.

And you use one-sixth imported flour ?—Yes.

The Chairman.] Do you supply the health authorities in Christchurch with bread ?—No.

Do you know the price the bakers obtain for that ?—I was just told it was 8½d., less 2½ per cent.

What kind of bread would that be ?—Best household bread—2 lb. and 4 lb. loaves.

The contractors must be losing a very considerable amount if you lose at 11d. less 2½ per cent. ?—I pointed out that it takes so many loaves to pay the expenses of the business, and after making that number of loaves you could get a profit at 9d. per 4 lb. loaf for the additional loaves, assuming that the ingredients cost 7d.

Do you not think there is a marked discrepancy between the prices charged the public and the prices charged the Hospital?—I think the Hospital prices are low. There are too many bakers competing for the trade. I think we are in the best position to turn out extra bread, but we are not supplying the Hospital contract. We had the contract for one year.

Do you supply the Railway Department?—No.

Mr. McCombs.] I know your firm does a tremendous amount of advertising. May it not be that for the particular six months the accountant has given the figures they are correct, but they are not the average figures?—Yes, that is what I have said. Ours is an extraordinary position.

A. HOUSE, of Auckland, examined. (No. 41.)

The Chairman.] Will you please proceed with your statement?—Might I be allowed to preface my remarks by referring slightly to the statement made by Mr. Barker. He stated that part of the extra cost of recent years was due to overlapping and undue competition. That requires a little qualification. I can only speak from my own experience, and no doubt that is what you want. The extra cost is not so much due to an undue amount of competition. The fact is that in all great centres of population the tendency is for the people to spread out from the centre of the town. It is not that competition is necessarily wasteful, but there is a great deal of extra expense in delivery, because a few years ago, when communication was poor, the populations lived near the centres of great towns. In speaking on the question of delivery I speak from actual experience, as I was a bread roundsman, so I know what I am talking about. In those days, when the population lived closer to the centre of the town, a man could deliver very much more than he does now. The improvement in communication, such as buses, trams, and, of course, private motor-cars, has enormously affected the problem, because the population has tended to spread, and the baker must follow them, resulting in increased costs. The baker cannot carry his plant in individual units to follow the population, but must send vans and carts to follow the population. In connection with supplying bread to institutions, again speaking from my own experience, I would not like it to be thought that bread supplied to the institutions is sent out from any overplus of baking or from the residue of the sale of bread. All bread supplied to institutions is fresh bread, baked daily, the same as all other bread. The bread delivered to institutions, or even to charitable-aid recipients, is never stale bread—not even a day old—but is quite fresh. The question of the differentiation in the price of bread supplied to the great institutions and that supplied to the individual consumers has been referred to. Taking my own figures from my books, I find the cost of producing a loaf of bread is approximately 4½d., excluding delivery. When you deliver bread to an institution the cart is loaded up in a few moments and delivered to the institution in half an hour or so—double the number of loaves that one man could deliver in a day privately.

Mr. Bitchener.] Is that a 2 lb. loaf?—It is mostly baked in 4 lb. loaves.

Is that quote for a 2 lb. loaf?—Yes. I am merely pointing out that with regard to institutions the delivery charges can be practically cut out. An institution may take five hundred loaves, and some of the larger ones take seven hundred loaves. A carter with no wholesale delivery, but delivering purely to individual householders, would be doing very well if he delivered two hundred loaves or over daily. I have been on the round with no wholesale trade, and if I averaged two hundred loaves a day I thought I was doing well. There is also this advantage with regard to the institutions, besides the saving in cost of delivery charges: there are no bad debts, no book-keeping, &c. Therefore, when we say that the cost of delivering to private householders is so-much more, after all the private householder is only paying for the service rendered. The householder, of the necessity of the case, desires his bread to be delivered to the door, and the baker is only charging the individual householder for the service rendered. That is not more than in any other commercial proposition. If all our bread were produced at the factory and delivered direct from the factory, or in quantities of seven hundred loaves at a time, with no bad debts and other administrative charges, the position would be an entirely different one. Now I wish to give the Committee some figures. In my own experience in one of the largest bakery businesses in New Zealand I find that, quoting in decimal figures, the costs of production of a 2 lb. loaf are as follows: Wages, 0·60d.; fuel, 0·13d.; other charges (that is, upkeep of plant—repairs, maintenance, &c.), 0·10d.; ingredients used in the production of the loaf, 0·31d. That is the cost of the loaf apart from the cost of flour. That is the cost of production to the oven-mouth—that is, 1·14d. Then we have the cost of flour, which comes to 3·20d., taking flour at £18 per ton, less 2½ per cent. That is the standard price. That makes the cost of the loaf 4·34d. Now comes the question of delivery. Administrative costs would be 0·30d.—that is, office, staff, bad debts, stationery, depreciation, and such charges. Interest at 6 per cent. on bakehouse and value of premises 0·08d. On the question of interest, I would like to point out that, obviously, the interest must be a fair charge. A few years ago, when the Board of Trade was asking for returns of costs, they included 6 per cent. on the capital value. Delivery wages would come to 0·57d. This is a large business—one of the largest in New Zealand—and delivery is a good deal on a wholesale basis. Delivery and other costs would come to 0·25d. That makes the overall costs 5½d. per loaf. In connection with delivery I would point out that the oven-mouth costs is 4·34d., and delivery is entirely a question of the individual class of service rendered to the individual class of consumer. I have here some actual figures from smaller bakery businesses. The following figures are from a town business in Auckland with an output of 4,900 loaves of bread a week. The bakehouse wages are £877 12s. per annum, which works out at 0·82d. per 2 lb. loaf. The working-expenses are £111 7s. per annum. (In that he includes wages and upkeep; I can only take the figures actually obtained from this man's system of book-keeping): that works out at 0·104d. per 2 lb. loaf.

Depreciation comes to 0·030d., and ingredients (apart from flour) come to 0·116d., and fuel comes to 0·13d. per 2 lb. loaf. The cost of producing the loaf, apart from flour, is 1·24d. Flour costs 3·2d., making the cost of producing the loaf 4·4d. Delivery—it is a motor delivery—comes to 1·3d., and depreciation on motors 0·089d.: that makes the delivery cost 1·39d. Overhead expenses, clerical, &c., come to 0·081d. The actual figure for interest on what he owes on his property works out at 0·1d. The overhead costs are 0·181d. There is nothing included in that for bad debts. I had not time to get the exact figures for bad debts. I have another case, of a country business with an output of 2,600 2 lb. loaves per week. The bakehouse wages in this case, worked out on the cost per loaf, are 1·15d. per loaf; the repairs and maintenance, 0·04d. per loaf; the depreciation on plant and machinery 0·058d. per loaf; the fuel and light, 0·126d. per loaf; and other ingredients, 0·224d. per loaf. The flour, worked out on the town prices (I do not know whether it would cost more in the country; perhaps it would cost a little more) works out at 3·20d. per loaf. The total cost of production in this case is 4·798d. The running and maintenance of his motors (he has two, costing £243 15s. 9d. per annum) work out at 0·432d. per loaf. I would like to point out at this stage that this man has not yet had to meet the heavy expense entailed in renewing his vans. That is always a very heavy item. For our class of work the average motor delivery-van does not stand up to the work for more than four years. The Income-tax Department makes an allowance for a period of ten years, but in actual practice that is not the case. The consequence is that the baker has to stand the loss involved when he writes these items off his books and gets other vans. As I have said, the running and maintenance of motors comes to 0·432d. per loaf, the depreciation on vans is 0·035d., and the carters' wages is 0·880d., making the total delivery charge per loaf 1·347d. The advertising, printing, stationery, and other office charges comes to 0·03d., and the insurance and interest on mortgage to 0·50d., making a total under that head of 0·53d. Members of the Committee will see that bakers are not always in the fortunate position that they have no mortgages; unfortunately, many are saddled with mortgages, like other classes of the community. I have some figures from Wanganui which I can quote if necessary. In principle they are the same as the others, and they can be referred to if necessary. Before I close my remarks, I would like to make some reference to the question of price-cutting. At the present time we have that going on to a certain extent in Auckland. All straightforward business concerns pay decent wages, and are compelled—and, I think, rightly so—to pay certain wages and agree to certain conditions. We do not dispute that for a moment. We conform to these conditions. We give our men eight days' holiday, and pay overtime over forty-six hours per week. We have to pay workers compensation and other costs which are unavoidable, all of which we consider proper provisions. We will take the case of a man starting in a small way in this business. His own working-hours are without limitation. To my own personal knowledge some of them work fourteen hours a day. In some cases the wives help in the bakehouses, and the children—the boys—deliver the bread. Naturally, they can deliver their bread very cheaply; but, I ask, are those the conditions you want in New Zealand? Is not the baker himself, as well as his wife, entitled to the same consideration as is given to the employed men? When you say that firms like our own, and bakers who employ labour, should conform to certain standards and conditions, we agree that that is right and proper; but when you come to us and say that certain men are delivering bread at a low price, I say that these men are working under conditions which are neither right to themselves, nor to their wives and their children.

The Chairman.] Of course, no one here has said those things to you?—No; but I wish to point out that these are considerations which ought to bear on this question because of the position in which we find ourselves to-day. There is another matter to which I would like to refer, and that is with respect to the rise and fall in the cost of bread. That is not entirely governed by the price of flour. A study of the figures over a period of years will show that there are other factors besides the price of flour to be taken into consideration in this connection. Compared with five years ago, we find that the cost in the production of bread has increased, the total increase per ton being £2 5s., of which amount flour accounted for only 15s. The other £1 10s. is entirely due to the costs of other materials, and wages, and other costs.

The Chairman.] Have you separated the figures for wages: can you give them?—No, I have not separated the figures. These figures have been taken from our actual costs over five years. I know that the difference in the price of flour in that period was only 15s.

Mr. Bitchener.] What was flour per ton then?—I think it was £17 5s. The increase is 15s.

What do I understand your average cost of delivery is? That is a very important matter?—Yes. The average cost of delivery is 1·2d. in a wholesale business, although it is not entirely a wholesale business.

What do you think the average is in a small country business?—I have some figures here on delivery costs. They give averages—not necessarily applicable to the country, although the country business man has the advantage of more favourable feeding arrangements. The tendency is for the country baker to go in for motors, and therefore that advantage will tend to disappear. In regard to these delivery costs, my figures show that the carters' wages are £4 8s. per week. The cost of keeping a horse and cart per week is, on a town road, £2 5s. That may appear dear, but our experience with concrete and other hard-surfaced roads shows that such surfaces are hard on horses, and the cost of shoeing, &c., is greatly increased. I will now give other costs (this is per ton): Stationery, 1s. 6d.; advertising, 1s. 6d.; clerical expenses, 5s.; bad debts, 3s.; insurance, employers' and accident liability, 1s.: making a total of 11s. per ton. The total cost of delivery, therefore, is £7 5s. per ton. For a small private delivery of about 1,300 loaves—that is, about a ton—the cost will be about 1·31d. That is an average for a private delivery, and that does not take into account anything in the shape of unusual expenses or renewals. There is no provision made for depreciation for plant or renewals. That is the bare amount, and it would be unsafe for a merchant to work to that figure for a period of years. There would have to be a revision in the costs. These figures represent the bare

costs to-day. If one wanted to put by money to replace a cart, provision would have to be made for that; and there is no rent included for stables and suchlike. These figures represent a small business, but, as I have said before, it is not a country business.

Over what radius from the bakehouse would that be spread?—If he delivers about two hundred loaves daily, I would say that he would have to keep within a radius of one and half to two miles from his central depot. That, of course, is a difficult thing to say. The man's time is limited, and he has to get the work done between certain hours.

What would you say would be the average cost of delivery of bread spread over an area ranging from seven to eight miles from the bakehouse?—You mean a private delivery?

Yes; what would be the average cost?—I think I have the figures for a private delivery. I should say that it would be about 2d. per 2 lb. loaf.

Mr. McCombs.] I think you said previously that it was 1·31d. per 2 lb. loaf?—In the actual business I have in mind the cost was 1·35d.; but in his case he is running two vans, which will have to be renewed, and that is a heavy expense. He has not met that expense yet.

And the 1·2d. for the wholesale business: is that for the 2 lb. loaf?—Yes, I am speaking entirely of the 2 lb. loaves.

Mr. Bitchener.] These are startling figures for delivery, are they not?—You cannot make a single standard. Every delivery differs. I do not know what the position is in Wellington, but I know that in certain districts, particularly hilly districts with dead-end streets, a man is doing well if he can serve twenty customers an hour. I have traversed good country, serving every house in the street, and I have served thirty customers an hour. That means hard going. No man can keep up that pace. The suggestion has been made—probably it is a socialistic idea, and no doubt it is all the better for that—to the effect that if delivery were effected in blocks the delivery costs would be greatly reduced. I would say, "No, not if you are delivering bread under present conditions." The average householder does not take one loaf per day. I know of a case of a carter in the same business who delivers in a small district where the houses are close together and where there is little competition. He serves nearly every house in the street. He was an exceedingly smart man, and was able to serve 330 customers per day. The houses were close together and situated in such a way that he could go through the back gardens while the horse walked up the front. These details may seem of little moment, but I can assure you that they mean a lot in this business.

Mr. Bitchener.] Do you, in your business, use much imported flour?—About two-elevenths, in that proportion. As Mr. Hawker points out, it is more expensive. We would not use the more expensive flour if we did not think it necessary. It is entirely a question of living up to the standard of modern requirements.

Mr. Bitchener: Thank you.

Mr. Jones.] Are you calling the Dunedin bakers to give evidence?—No. I am from Auckland, and can only speak in connection with the figures I have quoted. I can answer any question about them, but I know nothing of the Dunedin conditions.

An important witness made the statement that the difference between the price of flour in Dunedin and Auckland represented 0·42d. per 4 lb. loaf. He said that the difference between the Dunedin and Auckland prices was due to entirely different conditions, and not to the transport of flour or anything else. He said, "Therefore the difference between the Dunedin and the Auckland prices, which is due to internal conditions, and not to the transport of flour or anything to do with the price of wheat, equals the difference between this 3d. and the above 0·42d.—in other words, 2·58d. per 4 lb. loaf. This difference of 2·58d. per 4 lb. loaf would be equal to a difference of 3s. per bushel in the price of wheat or to £7 2s. per ton in the price of flour." What is your opinion of that statement?—I am prepared to go on the witness-stand and answer in regard to the figures I have given you. In Auckland we have other increased costs over the South, apart from flour. Our potatoes, &c., have to be paid for at increased rates. In the South these commodities are obtainable at a cheaper rate.

It is a striking statement nevertheless?—I have no means of discussing it.

This is not my own statement, but it is the statement of a witness, you will understand?—Yes. I cannot comment upon it, beyond stating that I am not in a position to meet these figures. From my personal experience I can answer for the figures I have given you.

What proportion of brown bread do you sell in your business?—I cannot give you the exact figures. When I was delivering I had a round of something like two hundred loaves, and I think I would get something like fifteen loaves of brown bread.

How many years ago was that?—About thirteen years ago. The proportions have not altered materially since then. Perhaps the proportion would be about one-twelfth now.

Do you buy your own bran and mix it?—We buy our brown meal from the millers.

Is it at the same price?—Yes.

Do the millers get the advantage of that then?—I cannot say.

According to your experience, the average household does not use more than one loaf per day?—No; we say that for every unit one loaf is not used per day.

What is your delivered price in Auckland?—7d.

What is the price to your best retail customers?—7d. per 2 lb. loaf.

What is your price to your best wholesale customers?—5s. 6d. net per dozen 2 lb. loaves.

It would be better to be baking in Wellington than in Auckland, would it not?—I am afraid I cannot answer that question. I cannot say. Every district has its own problems, and I would not care to answer as to the problems of another city.

Why is it that the bakers who are giving evidence are only the big machine bakers?—That is not quite right, sir. This is largely a question of accountancy. The practical man does understand the

practical part of his business, but when you come to work down to figures and costs I suggest that that is not a thing which he is trained to do. It is not always a fair thing to put such a man on the stand and question him about the figures. In this case I am not speaking as a baker; I am an accountant, and I wish to point out that these figures are actual figures and not estimates.

I would suggest to your organization that it would be more satisfactory if we had the views also of a medium baker ?—If these costs are for the big bakers, it means that the small man, in the main, cannot produce at the same price.

Well, Mr. Hawker's figures do not bear that out ?—Every tradesman has his own problems. I am familiar with these figures, and I can vouch for them. As I pointed out, the question of delivery is entirely a question of the service rendered to a particular class of consumer. To say that wholesale businesses pay because of the retail deliveries is entirely wrong. The wholesale cost of delivery is a small item, but there are other factors.

What is the actual capital invested in your business ? — I am afraid I cannot answer that question altogether. The nominal capital is £85,000. It represents fair value, but there are other considerations besides the nominal capital. There is the question of assets against liabilities, and other matters, which I cannot answer at the moment. The capital of the business is not the nominal capital at all; it is the actual amount of money invested at to-day's values of the premises and plant, &c., necessary to produce the profit made.

Is there any objection to your giving particulars of the net profit of your business over the last two or three years ?—If you will excuse me, I would rather not. I may say, however, that we have other interests besides the making of bread.

But if your figures are actual figures you will have them separated ? With an accurate system of accountancy that could be easily arrived at, could it not ?—Yes. If it is desired at any time that they should be produced in confidence, they can be supplied. We can go back to 1925 and give figures supplied then under the Board of Trade Regulations .These figures varied according to the price of flour, but in the main they give a fair idea of the profit made.

The Chairman: We are entitled to ask for evidence in confidence. Such particulars need not be included in evidence.

Mr. Jones.] You could supply the figures in connection with a bread business ?—Yes. Would it be sufficient to supply the Board of Trade figures as supplied in 1925 ?

The Chairman: If you supply the figures they will be regarded as confidential.

(A general discussion ensued regarding figures supplied.)

Rev. Mr. Carr.] The witness definitely states that in order to get the best-quality bread it is absolutely necessary that some imported flour should be used: what is the proportion used ?—About two-elevenths.

Is that because you do not get the right quality in the flour available here ?—That is so.

Is it too heavy, or what is the reason ?—It is a question of strength and flavour. There again I want to point out that I am an accountant and not a baker, although I am conversant with certain phases of the matter.

Still, you confidently make that statement regarding the imported flour ?—Well, I put it to you as a man of intelligence, would we incur the extra cost involved if we did not consider that that was necessary ? We are compelled to do this to keep up the standard of quality.

Is it Australian or Canadian flour that you use for this purpose ?—Canadian. Canadian is said to be better when there is no difference in cost. The sliding scale brings imported flour to pretty well the same level as regards cost.

Do I understand that with the sliding scale the price of imported Canadian flour is always higher than others in New Zealand ?—The sliding scale automatically keeps it right.

Let us get away from the question of Canadian flour for a moment. The statement has been made that the Auckland millers—I suppose they are the biggest in New Zealand—can land Australian wheat in Auckland as cheap, practically as they can get it from Canterbury landed in Auckland, and that in spite of the duty ?—I can only answer that question indirectly, by saying that you cannot do that with flour. I would not say that that would not be possible with wheat.

The Chairman.] In connection with the delivery costs quoted by you, I noticed that you included stationery ?—Yes, office stationery.

That would not come into the calculation ?—Yes.

Why do you add advertising to the cost of delivery: that has nothing to do with it, any more than has the cost of baking the bread ?—But these expenses have to be met. In most businesses I have investigated these items are included.

But has advertising and clerical expenses anything to do with the actual delivery of bread ?—I submit that it has.

I consider that it is a separate cost altogether from the cost of delivery ?—Well, it is only a question of separating the figures. I submit that it is a necessary cost to the baker consequent upon the delivery of the bread.

If a baker is asked the question, "What are the costs of delivering bread ?" and he includes many other items which should not be included, the costs naturally mount up ?—It is the cost of carrying on a delivery business.

We are asking a question relative to the cost of delivering the loaf of bread ?—In that case the details have been given and you will know exactly what figures you can eliminate.

What quantity do your figures relate to ?—1 ton.

The Chairman: I submit that these items should not be included in the actual cost of delivery. They are separate costs altogether.

Rev. Mr. Carr.] Is the witness aware of any improvement in New Zealand flour used for breadmaking, within the last two or three years, as a result of the operations of the Scientific and Industrial Research Department ?—No, I am afraid that I cannot answer that.

What proportion of Australian flour is used : is it used fairly steadily or is the proportion of consumption decreasing ?—I am afraid I cannot tell you.

Rev. Mr. Carr : Thank you.

The Chairman : That will be all. Thank you for your evidence, Mr. House.

Mr. W. A. KELLOW, Wellington, examined. (No. 42.)

Witness : Mr. Chairman and gentlemen, my business is only a small one. I take about 580 tons of flour per year. The production is 760,807 2 lb. loaves. The following is the cost of delivery and production for the year ending 31st March, 1929 : Wages, £4,278 18s. 9d. ; flour and charges, £10,251 14s. 11d. ; yeast and charges, £550 11s. 1d. ; bakehouse sundries, £553 10s. 8d. ; fuel, £463 19s. 9d. ; stable supplies, £199 3s. 4d. ; motor expenses, £342 17s. 4d. ; motor-repairs, £322 6s. 11d. ; cart-repairs, £7 13s. 6d. ; general expenses, £275 16s. 1d. ; office expenses, £72 0s. 11d. ; petty-cash expenses, £151 15s. 10d. ; rent of stables, £72 11s. 6d. ; interest paid on property, £245 ; machinery-repairs, £81 18s. 7d. ; insurance (fire and accident), £87 19s. 1d. ; rates, £61 9s. 2d. ; depreciation (plant and motors), £153 0s. 6d. : total, £18,172 7s. 11d. Worked out, that means that the cost of the 2 lb. loaf, cash and delivery, is 5·73d. I have figures here dealing with a round for a horse and cart in hilly country—in Wadestown—for the year ending 31st March, 1929. The cost of delivery on hilly country worked out at 2·15d. per 2 lb. loaf.

Mr. Jones.] What is the average ?—About 1½d. per 2 lb. loaf.

Have you the actual costs ?—No, but I have the actual costs of cash and delivery. The cost of a loaf of bread delivered is 5·73d.—nearly 6d.

That is production costs and delivery ?—Yes. The figures I have for this particular round show that the total expenses for cart delivery were £441 7s. 9d. The number of loaves delivered was 49,244 for the year, and the cost of delivery was 2·15d. per 2 lb. loaf.

Mr. McCombs : This witness stated in 1912 that the cost of delivery for the 2 lb. loaf was 1½d.

Witness : When was that ?

Mr. McCombs : In the evidence you gave before the Cost-of-living Commission in 1912.

Witness : I do not remember that. The cost is 1½d. per loaf now. Now we do a lot of wholesale delivery ; in those days we used to do more retail delivery.

Mr. McCombs.] The price of flour at that time to you was £9 7s. per ton ?—Yes.

What is the price now ?—It is £17 5s.

Delivered at the bakehouse ?—Yes. May I make an explanation in regard to the wholesale price of bread in Wellington ? I would like to state that the present price is caused through a firm in Wellington cutting the price of bread from 6d. to 5d. At the present time we are losing money on our business. If the present position were to continue for some time some one would have to go out of business. Our price to the shops is 6d. less 2½ per cent. The firm I refer to reduced the price to 5d., and that is a suicidal policy. The present price should not be taken as a criterion. The figures I have given are based on the old price—that is 6½d. over the counter and 7d. delivered.

Mr. Jones (to Chairman) : Could we get a balance-sheet from this witness covering his business for the last few years ?

The Chairman : You are in order in asking for it. Of course, it would be kept confidential.

Witness : To whom will I send it ? I am prepared to supply it.

The Chairman : To the Secretary to the Wheat Industry Committee, Mr. Organ. I thank you for your evidence, Mr. Kellow.

Mr. JOHN WILLIAM COLLINS, Secretary, Department of Industries and Commerce, examined. (No. 43.)

Witness : Mr. Chairman and gentlemen, I desire to submit some statements to the Committee. I have already put in a statement regarding the prices of bread, which statement is deemed confidential by the Stores Control Board—that is, as regards the prices charged to certain institutions under contract. That statement has already been distributed to members of the Committee.

The Chairman : That statement will be kept confidential.

Witness : I also desire to submit for the information of the Committee the sea freight rates for wheat, flour, bran, and pollard to Auckland and Wellington from Australian ports. A good deal of evidence has been tendered in regard to costs. These are actual figures supplied to the Department this week by the Union Steamship Co. I also supply for the information of the Committee a statement showing the prices charged for bread in various parts of Australia, covering the months of April, May, and June, 1929. The figures were extracted from the *Quarterly Summary of Australian Statistics*, June, 1929, and prepared by the Commonwealth Statistician. These figures represent the average price of a 2 lb. loaf of bread at various places in New South Wales, Victoria, Queensland, South Australia, Western Australia, and Tasmania. I also produce a schedule (Appendix II, M) showing the production of flour, bran, and pollard in Australia, together with figures showing the exports of flour, bran, and pollard from Australia. This statement deals with a five-year period from 1922 to 1927 inclusive. It shows the quantity of flour produced in the Commonwealth, and the quantity, in tons, exported. It also shows the percentage of exports, the total quantity of bran and pollard produced, with particulars for the various years ; the quantity of bran and pollard exported, and the percentage of exports. I would emphasize this point : that, so far as the bran and pollard exported is concerned, the total average for the five years was 3·10 of the total production, demonstrating that Australia practically consumes the whole of these grain-offals.

The Chairman.] You have heard the statements made about the shortage of bran in New Zealand?—Yes. On that point I produce for the information of the Committee reports which were received by the Department yesterday. I would like to explain that we keep in close touch with the wheat, flour, and grain-offal position in Australia, and call upon our two local officers to report every week in regard to the position. Usually on Tuesday mornings I get a report from Mr. Manson, of Melbourne, and a report from Mr. Blow, in Sydney. The price of wheat in Melbourne was 5s. 9d. f.o.b. on the 10th September—just a week ago—and the prices of bran and pollard were £7 10s. and £7 15s. per ton respectively. There has been an increase of 10s. per ton in both these commodities since I last made a statement on the position. Similarly, in Sydney an advance was made on Saturday last, increasing the prices of bran and pollard by 10s. The question has been asked as to whether, in the present situation in which the New Zealand farmers find themselves, it would be possible to secure bran in quantity from any point in Australia, and our advices go to show that there is a very big demand in Australia (easing somewhat towards the end of last week owing to rainfall); but the fact that the prices increased by 10s. shows that the demand is strong. I am fairly positive that, on experiences of past years, if we were to cable to either Victoria or New South Wales for, say, 500 tons the price would immediately advance by another 10s. per ton. I anticipate that there would be some difficulty in securing a supply of these commodities, particularly bran, from the Commonwealth at the present time.

The Chairman.] There is no embargo, of course—any merchant can import?—Yes. If the Committee wishes, I will test it out through a private merchant by cable asking for a fairly substantial cargo of, say, 100 tons.

The Chairman: I think you might do that. Is it the desire of the Committee that this be done?

Members: Yes.

The Chairman: All right; that can be done.

Witness: I will do that, and we can then see if the price will advance. I now desire to submit a schedule (Appendix II, N) showing the wholesale prices per ton for New Zealand flour, bran, and pollard, subject to cash discount of 2½ per cent., at the four main centres in the Dominion. I also asked each of our officers in the four centres to advise me as to the supplies of bran and pollard available in the Dominion, and the summary of the position is as follows: In Auckland there is an acute shortage of bran; pollard is in fair supply. In Wellington bran is in short supply; pollard is plentiful. In Christchurch bran is scarce; there are ample supplies of pollard now available in Christchurch. In Dunedin bran-supplies are short, but pollard is plentiful.

The Chairman.] Are the prices contained in the statement f.o.b.?—Yes, f.o.b. at each of the places enumerated.

The Chairman.] Mr. McCombs wants to ask a question regarding the export of wheat.

Mr. McCombs.] Yes. I suppose every member of the Committee has seen the statement in this morning's *Dominion* relative to the decision to export the Dominion's wheat surplus to England. The statement is as follows: "In view of the reduced freight rates and the extraordinary improvement in the world wheat-markets, the New Zealand Wheat-growers' Co-operative Association, Ltd., has decided that now is the opportune time for shipping the surplus. 'On the Government Statistician's figures,' said Mr. R. McPherson, manager of the company, this morning, 'it appears that the surplus would not be consumed in New Zealand during the next twelve months, and the present world situation enables it to be shipped overseas without undue loss. The export of this quantity of wheat, which will bring a large amount of new money into the country, is only made possible through the manner in which the shipping companies have met the situation after negotiations with the wheat pool.' The first shipment is being made in the steamer 'Karamea,' sailing from Lyttelton on Thursday next, and other heavy shipments will follow in quick succession." (To witness:) It is stated that we have this surplus of wheat in New Zealand and that it is necessary to export it. It is probable, is it not, that that wheat has been produced because of the encouragement given to the industry by our duties?—Yes, it is evidently the carry-over of wheat from last season.

Mr. McCombs: I want to suggest that the Committee might call some of the witnesses we heard from the wheat pool, in order that we can make inquiries whether this wheat which has been produced for the purpose of securing a sufficiency for local consumption is being sold to the foreigner at a less price than it would be sold to our poultry-producers, and pig-raisers, and others. The consumers in this country were given some protection in the ordinary course of supply and demand. If, for instance, the duty was greater than that which was necessary to produce a sufficiency for local consumption, there would be a tendency for that state of affairs, so far as consumption was concerned, to correct itself.

The Chairman: We will deal with the merits of the case at a later stage.

Mr. McCombs: If that information is available here and now, let us have it; if not, I am going to urge the Committee to recall the president of the wheat pool, and the manager, because we are entitled to know whether the community as a whole is affording this tremendous protection—a protection not given to any other industry——

The Chairman: I think we might leave that aspect of the matter out in the meantime. If it is the wish of the Committee, we can recall the chairman of the Wheat-growers' Association.

Mr. McCombs: I want to urge reasons.

The Chairman: I think you have sufficiently stated your reasons.

Mr. McCombs: I urge that the president of the wheat pool and the manager be recalled to give evidence on this important matter.

The Chairman: Is it the pleasure of the Committee that these witnesses be called.

Members: Aye.

The Chairman: It appears to be the wish of the Committee. That will be arranged as soon as possible.

Witness: May I point out that in 1928 we imported over 750,000 bushels of wheat, and for the seven months of this year we have imported 143,000 bushels. In addition, we have imported 9,500 tons of flour in 1928, and in the seven months of this year we have imported 5,714 tons.

Mr. Jones: At the beginning of that year there was a shortage of wheat in New Zealand.

The Chairman: That concludes the business for to-day. Thank you, Mr. Collins.

TUESDAY, 24TH SEPTEMBER, 1929.

Mr. ROBERT K. IRELAND examined. (No. 44.)

The Chairman.] What is your full name, Mr. Ireland?—Robert K. Ireland.

I understand you wish to make a statement on behalf of Distributors Ltd.?—Yes, sir.

Will you proceed with your statement?—Mr. Chairman and gentlemen, I have been connected with the flour-milling industry from my youth upwards, and at the present time I am chairman of directors of Ireland and Co., Ltd., flour-millers, Oamaru; D. H. Brown and Son, Ltd., flour-millers, Christchurch; and I am also chairman of directors of Distributors Ltd., a position I have held during the past two years. Naturally I am conversant with the flour-milling industry and the wheat-growing industry under all the conditions that have obtained during the past thirty years. During that time we have operated our mills (*a*) under a fixed rate of duty, (*b*) under Government control, (*c*) under the present sliding scale of duties; and in my opinion, of the three systems, the sliding scale of duties has given the best results. It is not necessary for me to enter into an academic discussion of the relative merits of free trade and protection. The policy of New Zealand during the last forty years has leaned towards protection, and it seems to me that if protection is necessary in any industry at all, an overwhelmingly strong case can be made out for protecting the agricultural industry, the object being, of course, to make the Dominion self-supporting as far as its wheat and flour supplies are concerned. I need not stress the advantage of this policy during a period of war, further than to point out that New Zealand is in an isolated position, and if we had to import during a time of national crisis large supplies of wheat or flour the difficulties would be enormous, owing to the demands that would be made on the available shipping for other necessary war purposes. There is no need for me to labour this point because we have recently gone through the experience, and only the special efforts made by the farming community to grow sufficient wheat prevented flour and bread soaring to famine prices, occasioned by panic buying on the part of the public dreading an interruption of the supply. In this connection I would like to quote an extract from the report of the British Economic Mission to Australia, page 21, paragraph 49: "Objects of a protective tariff: We realize that the objects of a protective tariff are not purely economic, and that a protective policy may be adopted in part at least on other grounds. A young nation may feel that from the point of view of the dangers to which she may be exposed in case of war she cannot afford the risk of being deprived of essential commodities by interruption of overseas communication." A somewhat similar situation arises during a maritime strike, more especially if the strike occurs on account of industrial troubles in Australia, over which New Zealand has no control whatever. We have only to contemplate a shipping strike to realize the serious position in which New Zealand would be placed, and that at a moment's notice, if she were not self-supporting as far as her wheat-supplies are concerned. At the present moment a coal strike is in progress in New South Wales, and during the past few months supplies of coal from New South Wales have been cut off. New Zealand is not dependent altogether on outside supplies of coal, and her needs in this respect can be supplied from her own resources; but we can easily imagine what we would be facing at the present time if we were relying mainly on Australia for our wheat and flour supplies and these were suddenly cut off on account of industrial troubles in Australia. An actual instance occurred during 1917. In that year New Zealand produced approximately five-sixths of its requirements of wheat and flour. The Government had purchased the balance of our requirements in Australia, but before the whole of this had been shipped a maritime strike occurred. The rest of the story is told in the Board of Trade's report for 1918: "On the 12th June, 1917, Mr. Hart, a member of the Board of Trade, visited Australia and arranged for the grading and despatch of subsequent cargoes. The second shipment arrived in Auckland on the 26th July. Further shipments were held up on account of a strike taking place in Australia, and were not resumed until late in October. By this date the local supplies were almost exhausted. The total harvest had amounted to only 5,051,227 bushels of all grades of wheat, and the Australian wheat was milled as soon as it came to hand. A crisis, especially in the North Island, in the food-supplies of the people was diverted by the narrowest of margins, but, fortunately, the public was not aware of the seriousness of the position, and the regular shipments subsequently received saved the situation until the new harvest was available for milling."

Financial: I maintain that it is a good business policy to make New Zealand self-supporting in its food-supplies, on account of the fact that the production of wheat gives a greater net return to the country than would be obtained if our wheat lands were used for other purposes—say, the production of meat and wool. A wheat crop is worth approximately £2,500,000 sterling every year. If the land that is now producing wheat were diverted to the production of meat and wool the annual return would approximate £1,000,000 per annum. While it is true that the country has subsidized the wheat industry to the extent of approximately £400,000 per annum, it has obtained for this expenditure a return that I have already stated of £2,500,000. Deducting the amount of the subsidy from the gross return, a wheat crop is worth net approximately £2,100,000, as against £1,000,000 if the same land were used for the production of meat and wool. Looking at the matter from a business point of view, the country has therefore paid £400,000 in order to protect an essential industry, and by doing so obtains an advantage of £1,100,000. But this argument can be carried a stage further.

If New Zealand abandoned wheat-growing in favour of sheep-farming there would be a dislocation of labour. The amount of labour required on sheep-farms is considerably less than the amount of labour required on wheat-farms. There would accordingly be a drift of labour from the country to the towns, with the consequent addition to the already large body of unemployed. Moreover, most flour-mill employees would have to be discharged, as undoubtedly flour would be imported rather than wheat, because it has been proved by actual experience that it is cheaper to import flour than to import wheat to be milled into flour in New Zealand. If wheat-growing therefore were abandoned or partially abandoned in New Zealand a considerable number of men now profitably employed would find their occupations gone—not merely those employed on the farms and in the mills, but also those employed on threshing and hauling plants, in twine-works, in making agricultural instruments, in grain stores and offices, in the transport services, in the Railways Department, and in Harbour Boards. Those bodies, moreover, would be faced with serious shrinkage of revenue both inward and outward, in addition to the consequent retrenchment of a large number of their staffs. The coastal steamer services would also be affected, as a great part of their revenue is now derived from the transport either of grain or flour between the two Islands.

It has been stated during this inquiry that even if the farmer received no protection for his wheat it would still be necessary for the South Island farmers to grow a certain quantity of wheat. This may be true in respect of a portion of the land hitherto used for wheat, but does not apply to the whole of the wheat-belt. Without protection there can be no doubt whatever that the area devoted to wheat would be greatly reduced, and confined solely to those lands which produce a heavy yield per acre, enabling the grower to secure a fair return for his outlay. In the past, periods of low prices for wheat or high prices for other products of the land have proved conclusively that the area under wheat is governed largely by the profit derivable from other branches of farming: that is to say, when wheat-growing is not relatively profitable a change-over is made wherever it can be done effectively. To induce the New Zealand farmer to grow sufficient wheat for the Dominion's requirements the protection must be effective, as the public would not long tolerate protection for merely half the supply derived from those areas specially suitable on account of their large yields per acre. This naturally brings me to the point as to what amount of protection should be afforded the wheat-grower to induce him to sow sufficient acreage to supply New Zealand's demands. The experience of the past few years shows that sufficient wheat will be grown in New Zealand when the farmer can rely on receiving approximately 6s. per bushel for his Tuscan wheat and slightly higher prices for his Hunter's and Pearl. The sliding scale of duties was designed to secure this price to the farmer, and in actual practice the system has given him this price. The farmer has responded by growing sufficient wheat. Consequently, I think I can fairly claim that the system of the sliding scale has achieved the object for which it was designed. Moreover, under the scheme there has been practically a uniform price for wheat throughout the period, and consequently a uniform price for flour and for bread. I mean by this that there have been no violent fluctuations in the price either of wheat or of flour or of bread. This could not have been achieved under a flat rate of duty, although it could have been achieved under Government control if the Government had been prepared to take the risk of buying the total crop from the farmer at a fixed price and selling to the miller at a fixed price, as was done during the years of Government control—namely, 1918 till the end of 1922. This, in my opinion, would have been an undesirable extension of Government interference in business, and the same result has been achieved under the sliding scale of duties without Government interference.

Bran and pollard: Another reason why New Zealand should be self-supporting as far as its wheat requirements are concerned is the dependence of the dairying, pig, and poultry industries in New Zealand on the Dominion supplies of bran and pollard. New Zealand mills produce and sell annually in New Zealand for consumption by the dairying, pig, and poultry industries over 50,000 tons of bran and pollard and 5,000 tons of meal (estimated). The importations of bran and pollard are comparatively small as the following shows: For the year ended December, 1926, 5,570 tons; for the year ended December, 1927, 2,885 tons; for the year ended December, 1928, 1,730 tons; for six months, January to June, 1929, 2,527 tons: being an average, excluding the half-year, of 3,395 tons per annum, or a percentage of 5·81 of annual requirements. I produce herewith a schedule (No. 1, Appendix V) showing the prices of Australian bran and pollard over a period of two years and a half. This is rather an important schedule, as it extends from the commencement of 1927 right up to the present date, and shows the whole trend of the market in Australia for wheat, flour, bran, and pollard, giving the local and export prices. These figures will make it perfectly clear that bran and pollard cannot be imported cheaper than the local article except at very rare intervals. If New Zealand had been dependent upon Australian supplies alone, duty-free, the dairying, pig, and poultry industries would have been forced to pay approximately an extra £30,000 per annum for a supply of bran alone. Pollard would have cost approximately the same as New Zealand. This is on the assumption that they could have been bought under free-trade conditions at the price quoted; but at various times during the period bran and pollard were unobtainable at any price, as is shown by extracts from letters produced herewith (Schedule 2, Appendix V). These are extracts from correspondence with Australia over a fairly long period, which prove that at many times bran and pollard were quite unobtainable. In fact, Australia's total exportable surplus over ten years, 1918-27, amounted to an average of just under 10,000 tons per annum (see Australian Commonwealth Year-book, 1928, page 676). It therefore follows that if New Zealand had gone on the Australian market for the total exportable surplus of Australia the demand would have been five times as great as the supply. As a result, competition must have forced New Zealand to pay an unknown but extortionate price for the available supply, and four-fifths of New Zealand's requirements could not have been satisfied by Australia at all. Furthermore, although this season, from the 1st December, 1928, to August, 1929, the export of Australian flour has increased by 108,000 tons over the same period last year (see *Australasian*, 31st

August, 1929) there has been a scarcity of offals in the Commonwealth during the period, and prices have remained high. I have put this in because statements have been made that we could have gone to Australia for our flour and got the resulting bran and pollard. I am just showing that the Australian export of flour last year was increased by 108,000 tons, and that practically made no difference to the export of bran and pollard. I am concluding from that that the Australian consumption of bran and pollard is increasing. I have inquired into the position in other countries to ascertain whether supplies could have been procured elsewhere. My information shows that as far as Canada and United States of America are concerned, no great quantities were available for export. The figures are as follows:—

Bran and Pollard.

	Canada.* Tons.	United States.† Tons.
1924	3,957	2,644
1925	15,040	3,638
1926	4,064	4,049
1927	3,720	5,077

I may explain there that there is an internal trade between the United States and Canada that is not included in those figures. Along the border between the United States and Canada there is a large internal trade, and bran and pollard are sold between those countries at much better rates than could be got by shipping and exporting. All told, the exports from the Continent of North America to all other parts of the world have not exceeded 10,545 tons per annum on the average for the years mentioned. In spite of the fact that 1,943,376 tons of flour were exported from the United States and Canada in 1927, all the bran and pollard that were available for export beyond the Continent were 8,797 tons. The position, therefore, is that had the dairying, pig, and poultry industries been forced to obtain their supplies of bran and pollard overseas they could have procured barely 20,000 tons per annum, or only one-third of their annual requirements; and this is on the assumption that New Zealand could have procured in competition with the rest of the world the total available exportable surplus of the three countries mentioned. The matter of a supply of bran and pollard is so important to the dairying, pig, and poultry industries that before the Committee recommends the Government to interfere with present conditions it should be certain that there is a sufficient source of supply available at a reasonable cost to satisfy the growing demand of these industries.

It is a point to be noted that notwithstanding the excellent demand in New Zealand for bran and pollard and the difficulty of getting supplies from Australia and elsewhere, since the beginning of this year and right up to the present there has been no increase whatever in the prices charged by New Zealand millers. For instance, the prices of New Zealand bran and pollard as far as they are controlled by the millers and their agents have been throughout the year in Wellington £7 8s. 6d. for bran and £8 16s. 9d. for pollard. (The price in other parts of New Zealand varies according to cost of transport.) The comparable Australian prices have varied from £9 3s. for bran to £11 8s. 7d., and pollard from £8 18s. to £11 8s. 7d. These show an advantage in favour of New Zealand prices ranging from, in the case of bran, £1 14s. 6d. to £4 0s. 1d., and in the case of pollard, from 1s. 3d. to £2 11s. 10d.

Before leaving this question of bran and pollard I would like to refer briefly to a criticism which I maintain has been unjustly made against the quality of New Zealand bran and pollard. I maintain that the average quality of New Zealand bran and pollard compares more than favourably with the quality of importations, whether from Australia or elsewhere. From January to the end of August the demand in New Zealand for New Zealand pollard exceeded supplies; bran during this period was plentiful, the supply exceeding the demand. During September an increased demand has sprung up for bran, absorbing all supplies, and to-day there is a shortage. On the other hand, the pollard demand has eased off considerably and stocks have begun to accumulate. These variations in demand are not peculiar to this year: we have had the same experience in previous years. These variations in demand have not occurred at the same period in each year: in some years they have taken place in the winter and sometimes in the summer. We have therefore never been able to forecast them, and we cannot provide for them. The millers simply hold the surplus until the demand arrives. In Australia the miller exports the surplus immediately it is manufactured, and therefore the Australian miller would not be in a position to supply sudden demands that occur from time to time in New Zealand—that is, if we were relying on Australia alone.

My contention is that the dairying, pig, and poultry industries are intimately connected with and depend upon the wheat-growing and flour-milling industries. Any change in fiscal policy which injures or destroys the wheat-growing industry must injure or destroy the dairying, pig, and poultry industries. These industries, in order to exist, require an annual supply of 50,000 tons of bran and pollard, and I hope I have already satisfied the Committee that if this quantity cannot be obtained in New Zealand it cannot be obtained on reasonable terms from any other country in the world.

No. 2, "Whether the wheat-growers of the Dominion require protection or State assistance to enable them to market their product in competition with imports from other countries": I hope that I have established the proposition that from a national standpoint New Zealand should grow sufficient wheat for its own requirements. Once that proposition is established, then it must be conceded that the wheat-growers of the Dominion require protection or State assistance. I have had the advantage of reading the evidence which has already been given to the Committee by the representatives of the farmers, and I do not think it necessary to repeat their arguments.

No. 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-offals to the users?" During

* Canadian Year-book, 1927–28. † United States Consul in Wellington.

my experience of about thirty years as a miller I have operated my mill under all the forms of protection which up to the present time have been tried in New Zealand. Four methods have been followed, three of which have failed to achieve the desired result, and the fourth is now on trial. A flat rate of duty, with provision for dumping duty on importations, was in force for a period up to October, 1927, and was abandoned in favour of the present sliding scale. During the years immediately following the close of the Great War various expedients were tried with a view to establishing wheat-growing as a permanent industry, and for a period of four years the Government provided a subsidy varying in amount year by year from 1919 to 1923. The importation of wheat by individuals or companies was prohibited, the Government undertaking to bring in its requirements when necessary and suspending the duty for that purpose. This was found to be unsatisfactory, and was discontinued in the early part of 1926. The crop in that year proved insufficient for our needs; a number of the mills closed down early in the year, and large quantities of flour were imported, which proved a very costly business not only to the flour-millers but also to the users of bran and pollard and fowl-wheat. In the following year all interests were concentrated on finding a solution to the problem, and the sliding scale of duties was evolved. This is now in its turn being assailed, and it becomes necessary to assert its merits over any scheme heretofore tried or proposed. Very close inquiry was made by the Departments of Industries and Commerce, and Customs, before its adoption, and considerable evidence taken. The flat rate of duty previously in operation was £3 for 2,000 lb. of flour, with provision for a dumping duty, and the problem presented by the sliding scale was to determine the duty for a given current domestic value in the country of origin. The first proposal was £3 10s. per ton duty when the current domestic value was £13 per ton and the objective for local wheat was an average of 6s. per bushel f.o.b. Canterbury ports. The milling industry submitted a counter-proposal of £3 10s. per ton duty for a current domestic value of £14 per ton. Ultimately, £13 10s. was adopted as the basis value. The wheat duty was fixed at 1s. 3d. per bushel for current domestic value of 5s. 6d. Since the adoption of the scale, importations have continued steadily at approximately 10,000 tons of flour per annum, and in the seasons in which it has operated the production of wheat has been equal to requirements with a reasonable carry-over. For the twelve months ended 31st December, 1928, the average amount of duty paid per ton of flour was £2 10s., and for the six months of the current year, to the 30th June, £2 19s. 7d., as against the former rate of £3 per ton flat rate plus dumping. I propose, therefore, to criticize briefly the forms of protection already tried—namely, (1) dumping duty; (2) flat rate of duty on wheat and flour; (3) subsidy or bounty to growers; (4) sliding scale of duty on wheat and flour.

(1) Dumping duty: By section 2 of the Customs Amendment Act, 1921, provision for dumping duty was inserted in the Customs tariff, and this remained in operation until the end of September, 1927, when it was replaced by the sliding scale of duties. From time to time millers made representation to the Government about the dumping which was taking place, but both the Minister of Customs and officials at various times advised that it was so difficult to prove actual dumping that it was almost impossible to put it into operation; and although the dumping duty was charged on various occasions, generally it appeared to be agreed that it did not give the protection that was expected when passed by Parliament.

(2) Flat rate of duty: The flat rate of duty is not satisfactory because (*a*) it does not adequately protect the farmer from a low price for wheat, (*b*) it does not protect the public from a high price for bread.

(*a*) Insufficient protection for wheat-growers: Up to 1927 a flat rate of duty on flour of £3 per ton plus dumping provisions was in force, but during that year it was found to be insufficient protection to the wheat-growers, and an agitation commenced for a higher rate of duty to be imposed. The object aimed at was an increase in the duty of £1 per ton, making a total of £4 per ton flat rate. Negotiations proceeded on these lines; but the Government, while willing to assist by giving a sufficient price to the wheat-growers, was concerned that at times the price of bread might be unduly high. It was at this point and to get over these difficulties that the sliding scale of duties was suggested. The flat rate of duty does not adequately protect the wheat-grower when the price of Australian flour is unduly low. For instance, take this year: In June, 1929, Victorian flour was available at £8 10s. f.o.b. Melbourne. Add a £3 flat rate of duty, plus charges, £1 15s., equals £13 5s. c.i.f. & e. duty paid New Zealand ports. It costs £1 2s. 6d. to land South Island flour in the North Island. This means an equivalent price for New Zealand flour of £12 2s. 6d. not f.o.b. South Island ports, assuming that we could get the same price for New Zealand flour as for Australian. This involves a reduction in New Zealand milling-wheat of 1s. 4½d. per bushel below current season's price. This reduction would be greater because we do not get the same value for New Zealand flour as for Australian. The following calculation illustrates the argument:—

	£	s.	d.
Australian flour, f.o.b.	8	10	0
Freight	1	10	0
Insurance, exchange, primage 1 per cent., &c.	0	5	0
Flat rate duty	3	0	0
C.i.f.e. duty paid New Zealand main ports	13	5	0
Less freight, &c., to North Island ports	1	2	6
Equivalent price New Zealand flour f.o.b. South Island ports ..	£12	2	6

	£	s.	d.
New Zealand flour—			
Present price	16	5	0
Less 5 per cent.	0	16	3
	15	8	9
Less Australian flour equivalent price South Island ports ..	12	2	6
	£3	6	3

On the above basis, at 48 bushels per ton of flour, the New Zealand wheat-grower would receive 1s. 4½d. per bushel less than he received this year. Further, this is a comparison of selling New Zealand flour in the North Island at the same price as Australian in the North Island. Experience has proved that the average baker will take a considerable quantity of Australian flour in his mixture when New Zealand and Australian flour are available in New Zealand at an equal price. This would have reflected a decreased demand for New Zealand flour and an increase in importations. Therefore, to stop the Australian miller from taking away the New Zealand flour trade the New Zealand miller is compelled to accept less, and this would result in a further lowering in the price of New Zealand wheat by 2½d. to 5d. per bushel in addition to the 1s. 4½d. already mentioned. From January, 1929, to the end of June, 1929, the export price of Australian flour was on a low level, ranging from £10 to £8 10s. This is the period in which New Zealand growers sell the bulk of their wheat, and they could have received only the low prices as indicated above, varying according to the price of Australian flour. About the middle of June the world's market commenced to advance rapidly, and on the 22nd July Australian flour for export had risen to £12, and with slight reductions remains at about this level. Under a flat rate of £3 duty this would have caused an advance in the price of flour in New Zealand without a corresponding benefit to the grower. The consumer would have paid more, the grower would have received no benefit, and any additional profit would have been made by the merchants, millers, or bakers, and the penalty paid by the users of offal might have been serious.

(*b*) To protect the wheat-grower against the above extremely low prices the flat rate would have to be increased, but that would be at the expense of the New Zealand public in increasing the price of bread. The flat rate of duty has a like effect in the case of wheat. The examples quoted below are the low and high prices taken from this year only :—

	Low Price. s.	d.	High Price. s.	d.
Australian f.a.q. wheat, 1st June, 1929	4	4½	5	8½
Freight	1	0	1	0
	5	4½	6	8½
Duty (flat rate)	1	3	1	3
	6	7½	7	11½
Less value of sack	0	1	0	1
	6	6½	7	10½
Less transport charges from South on New Zealand wheat	0	7½	0	7½
	5	11	7	3
Difference in values	0	5	0	5
Equivalent New Zealand wheat f.o.b. South Island ports ..	5	6	6	10

The actual price paid for current season's wheat under the sliding scale in New Zealand was 6s. 1½d. f.o.b. Consequently, under flat rate of 1s. 3d. per bushel, the New Zealand price is 7½d. more than the equivalent Australian minimum and 8½d. less than the equivalent Australian maximum.

(3) Subsidies : In connection with subsidies, it seems first of all that the price of wheat and flour must be controlled by the Government, as was actually done from 1919 to 1923. The miller was required to pay the grower a set price for wheat and sell flour at a set price. The miller's cost of manufacture was fixed, and as the mills then sold their flour at a loss, this loss was made up to them by paying a subsidy equal to that loss. This was a subsidy to growers of wheat, although paid to the millers. A subsidy involves payment of large sums of money from the Consolidated Fund, which must be voted by Parliament from year to year. The uncertainty of the action of Parliament each year in voting this subsidy creates doubt in the minds of wheat-growers and causes a reduction in the area sown. Experience over many years is that uncertainty of legislation has been a very serious factor in accounting for the fluctuating areas sown in wheat year by year.

Bounty without control : A direct payment to the grower on the quantity of wheat produced is equally unsatisfactory, for the following reasons : (1) It disregards rise and fall of the market ; (2) it is inequitable as regards the growers, as the same bounty would be paid to each grower irrespective of the price he was paid for his wheat ; (3) it is extravagant expenditure from the national point of view, as under the system a grower would obtain a payment from the Government for his wheat in addition to a high price from the miller when the world's price for wheat is high ; (4) as the bounty would be paid to each individual grower, probably six to eight thousand growers would have to make claims on the Government, and the checking and paying out of each claim would necessitate a large and expensive organization.

(4) Sliding scale of duties on wheat and flour : Up to 1927 it had always been recognized that the wheat and flour industry should be protected, but the flat rate of duty had not always proved a

satisfactory means of accomplishing the object in view, and in looking round for a better method Government officials hit upon the idea of the sliding scale of duties. The idea was to prevent the public being called upon to pay too much for bread and at the same time guarantee growers a payable price for wheat. At the time this scheme was looked upon with a good deal of criticism by all parties concerned, as there was no means of telling how it would work out in actual practice. It was finally decided upon, however, and the actual result to date has been that no increase in the price of bread and flour has taken place. In fact, flour is cheaper to-day than in October, 1927, when the change was made. One of the most important points to notice is that the sliding scale of duty has eliminated the miller or merchant speculating in wheat. It is found in practice that wheat has been saleable by growers since the inception of the scheme at 5s. 11d. f.o.b. for Tuscan, 6s. 2d. f.o.b. for Hunter's, 6s. 8d. f.o.b. for Pearl. In addition to those prices, millers pay 1d. per bushel brokerage, making the average cost approximately 6s. 1½d. f.o.b. the nearest port. The point is that a farmer has been able to obtain a stable price for his wheat of milling quality. Therefore the sliding scale has stabilized the wheat market beyond all doubt whatever. Moreover, the miller was able to assure the farmer in advance of the sowing season what he could pay for all classes of wheat of good milling quality. The farmer under this assurance could conduct his farming operations with the utmost confidence, knowing that the only risk he ran was that of the weather and not any risk of the market. On the 28th April, 1928, the millers published in the South Island papers the following offer: "A representative meeting of North Island and South Island flour-millers yesterday considered the wheat position for 1929, and after giving the question thorough consideration came to the following decision: 'That this meeting of millers, in order to support the efforts of the Government, by the sliding scale of duty, to secure to the growers a payable price for wheat, resolves to offer to make forward contracts with growers for good milling-wheat for 1928-29 harvest for at least 25 per cent. of each miller's next year's requirements (estimated about 2,000,000 bushels) from districts suitable to each mill at the following prices (net f.o.b., sacks extra): Tuscan, 5s. 11d.; Hunter's, 6s. 2d.; Velvet, 6s. 8d.' The making of contracts will be left for the individual farmers to make with the merchant or miller direct." So satisfied were the farmers with this offer that in 1929 there was no necessity to advertise further, as the farmers came forward voluntarily and booked forward contracts for 1930, and are still booking up; but, unfortunately, owing to the indefiniteness in regard to the wheat and flour position, since last December most millers have considered it advisable to embody in their wheat contracts this year a clause to the effect that the contract becomes inoperative if the present duties are altered.

This year affords an excellent example of how the sliding scale of duty actually works under varying conditions. During the first six months of this year the market for wheat was depressed all over the world, more particularly during April, May, and June. Prices were low in Australia and everywhere else. Under a flat rate of duty New Zealand farmers would have received a comparatively low price in conformity with wheat and flour in Australia. The farmer, however, has continued to receive the prices stated above right through the period. In July came a sudden rise in world's values (1st July, 1929, Victoria's highest quote 5s. 8½d.); but owing to the operation of the sliding scale of duties this rise had no effect on the New Zealand wheat or flour markets, and the consumer, in spite of this sudden sharp rise in price outside New Zealand, paid no more for his flour and bread. Under the flat rate the farmers would have been forced to accept low prices during February to June, which were his selling months, and millers and speculators would have gained most of the increased value when the rise came in July. Therefore it is quite clear that the millers and merchants are eliminated as speculators under the sliding scale of duties, and the farmer and the consumer are protected by a fair price.

Let us now look at the fowl-wheat position, which is very important from the poultryman's point of view. Fowl-wheat has been quoted during the year at 5s. 7d. to 5s. 11d. per bushel f.o.b. Lyttelton, sacks extra 1s. 2d. To ship this wheat, freight and insurance paid to Wellington costs 18s. per ton, making the range of prices in Wellington from 6s. 1d. to 6s. 5d. per bushel, sacks 1s. 2d. extra. From February to June the price was 6s. 1d. c.i.f.e. Wellington. The lowest price at which the poultry-farmer could have bought Australian wheat—and that only for a short period—was 4s. 6d. f.o.b. Melbourne, equal to 5s. 6d. c.i.f.e. Wellington, less 1d. gain on sacks, which equals 5s. 5d. This means that if the poultryman in the North Island bought wheat from Australia during the lowest-price period without any charge for duty he would have paid 8d. per bushel less than if he had bought New Zealand wheat. If he bought wheat from Australia in the middle of September it would have cost him, duty-free, 6s. 7½d. Wellington (made up as follows—5s. 8½d. Melbourne, plus 1s. freight, less 1d. on sacks), whereas the New Zealand price was only 6s. 5d. Wellington, an advantage of 2½d. per bushel in favour of New Zealand wheat. From these examples of the working of the sliding scale it is apparent that during this year the poultry-farmer in the North Island has not paid more than the equivalent of 8d. per bushel duty even at the time of the lowest price in Australia, and at the present time (middle of September) he can buy New Zealand wheat cheaper than Australian wheat landed in New Zealand duty-free.

Flour (under sliding scale): I shall now deal with the question of flour. The price for milling-wheat in New Zealand is not governed by the duty on wheat, but by the landed cost in the North Island of imported flour. Two typical examples will make this plain: The lowest export price this year for Australian flour has been £8 10s. per ton f.o.b. Melbourne. Freight and charges and merchant's commission amount to £2 5s. making the landed cost without duty £10 15s. per ton, North Island ports. The New Zealand millers sell New Zealand flour in competition with Australian importations at £16 19s. 5d. per ton, North Island ports. The difference of £6 4s. 5d. equals 2s. 7d. per bushel, which represents the maximum protection afforded by the sliding scale to the farmer under a period of extremely low prices this year. Let us now take the highest price, £12 f.o.b. Melbourne, in July of this year, which cost landed North Island ports without duty £14 6s. New Zealand flour was sold at £16 19s. 5d., a difference of £2 13s. 5d. per ton, representing an added payment to the farmer

of 1s. 1½d. per bushel. Thus the joint effect of the sliding scale on wheat and flour has been to afford the farmer protection varying from 1s. 1½d. to 2s. 7d. per bushel. These amounts have not gone into the pockets of the miller but have been paid to the farmer. In the early part of the current year Canadian flour was quoted at prices which, without duty, were equal to or in excess of the price of New Zealand flour—namely, £16 19s. to £18 19s. c.i.f.e. North Island ports, as against the New Zealand price of £16 19s. 5d. not ex ship North Island ports. It is interesting to note that during the first six months of 1929 the average duty paid on wheat was 1s. 5¾d. per bushel, and the average duty paid on flour £2 19s. 7d. per ton. These averages are comparatively high during this period on account of the fact that wheat and flour in overseas countries fell in value to the lowest point recorded in the past fifteen years, and consequently, under the sliding scale, the duties were correspondingly higher. It proves, however, the efficacy of a sliding scale, in that it protects our industries when they are in greatest need of it, whilst, on the other hand, as prices advance the duty falls, and the consumer receives a distinct benefit. In view of the fact that the overseas prices suffered the greatest slump in the past fifteen years, the above average rates of duty cannot be regarded as excessive. The minimum Australian quotations were—wheat 4s. 4½d. per bushel, flour £8 10s., both f.o.b. Melbourne; the maximum prices reached were 5s. 9d. and £12 respectively.

Summing up my evidence, the present sliding scale of duties has encouraged in New Zealand the cultivation of a sufficient area to supply Dominion requirements in milling-wheat, flour, bran and pollard, and fowl-wheat. To tamper with the duty by reducing the basis on which the scheme is built would necessarily decrease the area sown, diminish the supply of milling and fowl wheat, increase the importation of flour, with a consequent reduction in the supply of bran and pollard.

No. 4, "Whether protection, if any, is required for the flour-milling industry." The protection of the flour-milling industry is required for the purpose of enabling millers to pay growers a sufficient price for their wheat to induce them to grow enough for New Zealand requirements. If protection is not granted or the present protection is reduced, then it is impossible for millers to pay the present price for wheat, as New Zealand millers must sell flour at competitive prices with Australian flour landed in the North Island.

It has been said there is no necessity for the present amount of protection. The actual position is that Australia has one price for flour sold in Australia and another price, usually much lower, for export. If we take the quotations for flour during the present year we find that the Australian quotations are as follows:—

Australian Flour.

1929.	Local. £ s. d.	Export. £ s. d.	1929.	Local. £ s. d.	Export. £ s. d.
Jan. 30	10 15 0	9 17 6	June 1	10 15 0	8 12 6
Feb. 5	10 15 0	9 17 6	10	10 15 0	8 10 0
11	10 15 0	9 17 6	17	10 15 0	8 10 0
18	11 0 0	9 17 6	24	10 15 0	8 15 0
25	11 0 0	9 17 6	July 1	10 15 0	9 2 6
Mar. 4	11 0 0	9 16 3	8	11 0 0	10 0 0
11	11 0 0	9 12 6	15	11 0 0	10 10 0
25	11 0 0	9 12 6	16	12 0 0	11 10 0
April 8	11 0 0	9 10 0	18	13 0 0	11 10 0
15	11 0 0	9 10 0	19	14 0 0	11 10 0
22	11 0 0	9 10 0	23	13 0 0	12 0 0
29	11 0 0	9 10 0	30	13 0 0	12 0 0
May 6	11 0 0	9 5 0	Aug. 13	12 2 6	11 0 0
13	10 15 0	8 17 6	19	13 0 0	11 10 0
20	10 15 0	8 17 6	26	13 0 0	11 0 0
20	10 15 0	8 15 0	Sept. 2	13 0 0	10 15 0
27	10 15 0	8 15 0	9	13 0 0	11 0 0
			16	13 0 0	11 10 0

We see from the above that during the year there has been a variation of up to £2 10s. per ton between Australian flour quoted for local consumption as against export. This is the point that is so important in considering the protection for flour-milling in New Zealand. We are neighbours to a large wheat-growing country that uses every possible effort to put flour into New Zealand at dumping prices. I quote from a report furnished by T. Forristal, L.I.C.A., to the Hon. the Premier of Victoria in December, 1927:—

Recommendations and Deductions.

Par. 39. A large proportion of the flour produced in Victoria is shipped overseas, but the price of flour so shipped is considerably lower than the price of flour for local consumption. Estimates obtained from the millers show that this difference is partly accounted for as follows:—

	Per Ton. s. d.
Cartage on all suburban deliveries (averages)	5 6
Bakers are allowed a rebate of 5s. for cash as against export net	5 0
Rebate of 15 per cent. in freight on export flour	2 0
(Bakers generally book orders three months ahead.)	
Interest holding same at mill till delivery	4 0
Making a total of	16 6

which, although on the liberal side, still leaves a margin in favour of the export trade. On these facts it is evident that flour for local consumption is expected to carry a surcharge and thus indirectly provide a bounty on export flour—at the will of the millowners. In other commodities world's parity is the all-too-frequent reason given for increases in prices, but apparently it is a dead-letter so far as flour is concerned.

(*g*) Summary: That at present the local consumer furnishes indirectly a bounty on export flour. (Par. 39.)

The New Zealand miller must pay a satisfactory price to the grower, otherwise the wheat is not grown. In most seasons the New Zealand miller pays a considerably higher price for his wheat than the Australian miller, and in order to do this he must be protected by an adequate duty against the dumping-price for flour quoted by Australia. To-day the New Zealand miller is selling flour at £16 5s. less 2½ per cent. f.o.b. Lyttelton, Timaru, and Oamaru. The miller gets £16 5s. less 5 per cent., the other 2½ per cent. being paid for selling fees. However, the buyer pays £16 5s. less 2½ per cent. f.o.b. Australian flour under the sliding scale of duty costs £17 11s. landed at main ports. The comparison therefore is as follows:—

Cost to the Buyer.

	New Zealand Flour, Wellington. £ s. d.		Australian Flour, N.Z. Main Ports. £ s. d.
	16 5 0	F.o.b.	12 0 0
Less 2½ per cent.	0 8 1	Freight, charges, and 1 per cent. primage	1 16 0
F.o.b. Lyttelton	15 16 11	Duty	3 15 0
Freight charges to North Island	0 18 3		
	£16 15 2		£17 11 0

The cost to the buyer of New Zealand flour is 15s. 10d. less than Australian ex ship Wellington. This is a comparison of buying Australian flour on the most favourable terms under the sliding scale, but in many cases the buyer would have to pay an additional 10s. per ton, merchant's profit. It might be reasonably asked, Why should we not be able to sell New Zealand flour at the same price as Australian? We are compelled to sell at less money than the landed cost of Australian flour in order that the flour trade should be retained by New Zealand. Experience has proved that, Australian and New Zealand prices being equal, bakers would use a considerable quantity of Australian flour in their mixture. In spite of our lower price, some importations of flour continue.

At this stage it would be as well to find out what the New Zealand miller is getting to-day for flour and offal as compared with the price he pays for the raw material. The prices for wheat to the miller during the year have been—Tuscan, 6s. per bushel f.o.b. nearest port; Hunter's, 6s. 3d.; and Pearl, 6s. 9d. As the bulk of the wheat has been Tuscan, the average cost is 6s. 1½d per bushel: therefore the position is as follows:—

	£ s. d.
2,880 lb. = 48 bushels of wheat at 6s. 1½d.	14 14 0
15 sacks at 1s. 2d.	0 17 6
	£15 11 6

The miller is getting for the manufactured product to-day—		£ s. d.
1 ton flour	2,000 lb.	16 5 0
Pollard	500 lb. at £8	2 0 0
Bran	300 lb. at £6 10s	0 19 6
Loss of moisture, &c., in milling	80 lb.	..
Gain through selling products sacks in		0 6 0
	2,880 lb.	19 10 6
Less 5 per cent. commission and discount		0 19 6
Net proceeds of sale		18 11 0
Less cost of wheat and sacks		15 11 6
Available for cost of manufacture, delivery, and profit		£2 19 6

The Australian cost of manufacture (as per Department of Industries and Commerce letter dated 9th August, 1929) is £2 5s. without profit.

I submit the following statement of cost of manufacture as representing the fair average for all mills for New Zealand conditions for the 1929 season:—

	£ s. d.
Cartage to mill	0 1 6
Rail, &c., to f.o.b.	0 6 9
Rent of premises	0 5 3
Interest on purchases	0 8 6
Storage	0 3 0
Wages and salaries	1 2 6
Insurance and rates	0 2 6
Power, light, and oil	0 4 0
Repairs and renewals	0 3 6
Stationery, printing, and advertising	0 1 0
Loss on sacks	0 1 0
Incidentals (postages, telegrams, twine, ink, exchange, &c.)	0 1 9
Depreciation	0 3 0
Bad debts	0 1 0
Total expenses	3 5 3
15 sacks at 1s. 2d.	0 17 6
	£4 2 9

	£ s. d.
Flour (1 ton)	16 5 0
Bran (300 lb. at £6 10s.)	0 19 6
Pollard (500 lb. at £8)	2 0 0
Gain through selling sacks in	0 6 0
	19 10 6
Less 5 per cent.	0 19 6
	18 11 0

	£ s. d.	£ s. d.
Wheat (48 bushels at 6s. 1½d.)	14 14 0	
Cost of manufacture as above	4 2 9	
Amount short of average cost of manufacture	..	0 5 9
	£18 16 9	£18 16 9

One of the advantages enjoyed by the Australian miller which is not available to the New Zealand miller is the ability of the Australian wheat to absorb moisture. New Zealand wheats have a high moisture content, and 2 per cent. of the weight of the wheat is lost in milling, whereas in Australia the miller is able to add 3 per cent. moisture, and it is claimed, moreover, that a greater percentage of flour is obtained by the process. This means a gain to the Australian miller of 7s. 10d. per ton of flour. (See Schedule 3, Appendix V). Expert evidence on this point can be submitted if the Committee desires. With this explanation it is possible to compare the relative approximate average costs of manufacture of New Zealand mills with Australian mills: Australian cost of manufacture, without profit, £2 5s.; gain through additional moisture, 7s. 10d.: total, £2 12s. 10d. Amount available to New Zealand millers for manufacturing and profit, at present prices, £2 19s. 6d. The difference between the two is comparatively small. As is well known, Australian mills, in addition to the domestic trade, have a large export trade, representing about 43 per cent. of the total quantity manufactured. If New Zealand mills had a similar export trade in addition to their local trade their cost of manufacture would be reduced.

Millers' profits: Although the figures relating to cost of manufacture are necessarily estimates, I propose to support them by placing before the Committee in confidence my own profit and loss account for Ireland and Co., Ltd., and D. H. Brown and Son, Ltd., for the year ended 30th June, 1929. I will leave the discussion of these figures, with the permission of the Committee, until the end of my evidence. There will also be produced to the Committee the figures relating to several other mills. I should like to deal in a general way with the question of millers' profits. During the last few years it has been frequently suggested that the millers have been making an unreasonable profit out of their operations. During the whole of the war period the milling trade was under the closest supervision by the Government, the Government officials knew as much about the mills as the proprietors themselves. The millers sold their product at a price fixed by the Government, and that price was, as it must have been under the circumstances, a price which was fair to the great body of consumers. The balance-sheets of every mill in New Zealand were subjected to continuous inspection by officials of the Board of Trade, and on one occasion a special investigation by commercial accountants was made on behalf of the Treasury. All these investigations showed that our profits were reasonable. In 1922 the Government abandoned the system of control, and Distributors Ltd. was formed to act as selling-agent for the bulk of mills in New Zealand outside Auckland. I propose to deal with the operations of Distributors Ltd. a little later. During the period from 1922 until 1924 the officers of the Board of Trade continued to investigate millers' books, and the price of flour fixed by Distributors Ltd. was so fixed with the knowledge of those officers. In 1924 the Government took proceedings against Distributors Ltd. and four mills for offences alleged to have been committed against the provisions of the Commercial Trusts Act, 1910. The charge against Distributors Ltd. and the millers then was that the combination was against the public interest. After the statement of claim was issued it was amended by adding an allegation that the millers were making an unreasonable rate of profit, contrary also to the provisions of the Commercial Trusts Act. Prior to the trial the solicitors for the Crown fully and unreservedly withdrew the allegation that millers' profits were unreasonable, and the retraction was repeated more than once by counsel for the Crown at the trial itself. The position therefore was that from about 1916 until 1924 the profits made by every mill in New Zealand were known to the responsible officers of the Crown after the fullest inquiry and investigation. From 1924 up to the present time no detailed investigation of millers' books has been made by the Government, but during the whole of this time there has been power under the Board of Trade Act, 1919, to make such an inquiry and to investigate the books and accounts of every mill in New Zealand, if the Government deemed such an investigation necessary. I desire to say, not only on my own behalf but also on behalf of all the mills in New Zealand, that the millers have at the present time no more fear of the results of an investigation of their books and profits than they had during the period from 1916 to 1924 when mills were subject to control and supervision by the Government. Millers naturally do not care to disclose their balance-sheets to other millers, but these can be obtained by the Board of Trade. I know that investigations under the Board of Trade Act are confidential and are to be used only for the purposes of the Act. If there is any legal difficulty preventing the disclosure to the Committee of information so acquired under the Board of Trade Act, then the directors of Distributors Ltd. would recommend the mills under agreement with Distributors Ltd. to agree to a confidential disclosure to the Committee of the information so obtained. This would

be on condition, of course, that the information would be supplied in such a way that the results of individual mills could not be identified. I have considered this question of profits with very great care, and the proposal I have made is the best and fairest that I can think of on behalf of the whole industry.

Distributors Ltd.: As chairman of directors of Distributors Ltd. I think it advisable that I should make a general statement as to the operations of this company since it came into existence in September, 1922. Some time prior to this date the Government had given notice that the system of control was to be discontinued at the end of the milling-season—*i.e.*, at the end of February, 1922. Millers then were faced with one of two alternatives: either to come to a definite agreement among themselves for the maintenance of a fair price for their products, or to revert to the conditions of open competition with its attendant price-cutting, bad debts, and heavy cost of selling and distribution. In the middle of 1922 there was a period of serious price-cutting in which heavy losses were made by millers, as I know from my personal experience in my own mills. Distributors Ltd. was formed as a selling agency for mills which chose to make an agreement with it. There were many difficulties in the formation of the company. The basis of the arrangement was that Distributors Ltd. should sell each month an agreed-upon quota of flour and offals for each mill. The quota was ascertained from the average of the trade for each mill for the previous three years. The demand for flour in New Zealand is constant, and the millers therefore recognized that they could not by competition among themselves increase the total consumption in New Zealand, and that it was a good business policy on their part to sell a stated quota at a profit rather than an unknown quantity in open competition at a loss. Substantially all the mills in New Zealand outside Auckland made agreements with Distributors Ltd. The actual operation of this new selling organization did not differ in principle from the Government control except that it was voluntarily agreed to by the millers instead of being imposed upon the industry by the Government. It was a big scheme to carry through successfully, and naturally at the start there was a number of difficulties to overcome before it was working smoothly. There were complaints during the first year, principally in Otago and Southland, and these were subsequently investigated in the case which was brought by the Crown, and it was finally decided by the Court that these were temporary and incidental inconveniences to the working of an otherwise satisfactory scheme. I again repeat—because it is a very important point—that during the first two years of the existence of Distributors Ltd. the selling-price of flour as fixed by Distributors Ltd. was so fixed with the knowledge of the Government officials, who alone had in their possession the trade results of all the mills working under agreement. I should like to say also that the system of organization of the milling trade and the relationship of the mills with Distributors Ltd. as fixed in the period from 1922–24 remains unchanged up to the present time, except that the agreements expired in September, 1928, and were then renewed. Distributors Ltd. is solely a selling-agent for the manufactured products of the mills under agreement: *i.e.*, it sells on behalf of its members their agreed quotas of flour, bran, and pollard, but is has no power under the agency agreement with mills to take any part in the purchase of wheat. Therefore it is not correct to say that there is in New Zealand only one buyer of milling-wheat. As a matter of fact the individual mills are keen competitors with each other in the purchase of wheat to the extent of each mill's allocation of flour.

Before leaving the subject of Distributors Ltd. this is a convenient place to deal with the suggestion that one of the effects of Distributors Ltd. is to keep in existence inefficient and superfluous mills. The figures dealing with the comparative costs of manufacture just submitted refute the suggestion of inefficiency. As a matter of fact, 90 per cent. of the flour manufactured in New Zealand is produced by mills adequately and efficiently equipped. It is true that there are more milling plants in New Zealand than would be necessary if they were working twenty-four hours per day. But these mills were not the effect or result of Distributors Ltd., as they practically all were in existence prior to the formation of Distributors Ltd. Why the idea should be fostered that flour-mills, out of all industries, should be run twenty-four hours a day is not for me to answer. But if the industry is going to be selected for an experiment of this nature it must be done by legislative enactment. I can hardly contemplate Parliament passing an Act to close up certain mills, and to prohibit further mills from being erected, without providing compensation for the mills put out of business. It has been suggested that this result could be achieved by cut-throat competition. Suppose, for the sake of argument, competition amongst mills became so acute that a few mills had to close down and the property liquidated. These mills would be for sale, and would be acquired by new owners at considerably less than their cost. The chance of the new owners making a profit would thereby be enhanced. The point is that the mills would still be in existence, and there would be no decrease in milling-capacity. People who make these statements of too many mills being in New Zealand argue that if some were done away with and the remainder worked twenty-four hours per day the cost per ton for manufacture would be decreased and millers could afford to sell flour at less money. Assuming the accuracy of this argument for the moment, what we have to discover is what effect the change would make on the price of bread. To make a reduction of ½d. in the 2 lb. loaf flour would have to be reduced by £2 15s. per ton. If the remaining mills worked three shifts the cost of manufacture would be reduced only a few shillings per ton, but not sufficient to affect the price of bread in any way.

In conclusion, I have endeavoured, gentlemen, to compress my statement as much as possible. There are matters, mainly statistical, which I will ask you to take as read. The case on behalf of the milling industry cannot be considered by itself. This industry in only one in a chain of associated industries. The milling industry is so intimately connected with the wheat industry that we stand or fall together, for without New Zealand wheat there would be no New Zealand milling industry. If it is admitted that it is a good thing for New Zealand to grow its own wheat-supplies and that the New Zealand farmer cannot accomplish this object without adequate protection, then my considered opinion is that the present scheme of the sliding scale of duties on the present basis is the fairest all round, because it has been proved by actual experience that it will accomplish its purpose without

imposing an undue burden on any one. I maintain that the scheme, considered in all its bearings—its effect on employment, its advantages to the dairying, pig, and poultry industries, to the railways and coastal shipping companies—costs the country nothing at all. I think that concludes my statement, gentlemen.

The Chairman.] Do you wish to refer to any of the schedules ?—Well, I would just like to refer to Schedule 2, Appendix V. Those are extracts from letters held by Distributors Ltd., Christchurch. I will not deal with them fully. But I would like to point out that in the extract from the letter of the 7th February it states, in the last paragraph, "There is no bran available for export, but there is a little pollard offering at £6 10s." Then, on the 11th May, it is stated towards the end of the extract, "In Melbourne the local prices are unchanged: Bran £6 10s., pollard £7, but with diminishing stocks the market is undoubtedly firmer, and we doubt if we could now quote any bran for export at under about £6 5s., but pollard has had a lot of business for shipment to your North Island at £6 5s. aboard. We think the surplus is pretty well cleared up." Then, on the 14th May, it is stated, "Pollard: The price in Sydney is now £7 10s., and they are not quoting for export." All that was during a period when pollard was very short in New Zealand. Then, on the same page, on the 21st May, it is stated, "Our millers are refusing to quote at all just now, though the local position is £7." There are other extracts in those letters which may convey the impression that bran and pollard are not always short in Australia, but I have picked out those extracts to show that sometimes it is very difficult to procure bran and pollard in Australia.

Mr. Jones.] The question has been raised as to whether a subsidy on wheat and flour would not be more satisfactory: what do you think about that ?—Well, the millers' views generally are that they do not like subsidies. As a matter of fact, we consider that subsidy arrangements in the past have brought on a lot of criticism against the millers. Even to-day we have not got over what we consider unfair criticism. Big money has been paid in the past, running into over a million at one time, which went through the millers' hands, in order to benefit the growers, and then, when the cry has been raised to keep down the price of bread, the millers have got the blame. But the more serious position is that it does not encourage competition amongst the millers and the wheat-growers for the best class of wheat.

The Chairman.] You say it does not encourage competition in connection with the different classes of wheat ?—Yes. It is very difficult to arrange a subsidy according to the class of wheat. One miller may prefer a certain line of wheat which, under certain conditions, may not be considered by experts to be the best; but the miller may prefer it in order to make a special mixture, and he might be prepared to pay 1d. a bushel more for it. Now, under the subsidies in the past there has always been a flat price for wheat; for instance, Tuscan at, say, 5s. 6d., Hunter's at 5s. 9d., and Pearl at 6s. It did not matter what class of Pearl it was or what class of Tuscan it was, it was "Tuscan" and it was "Pearl"; and the grower got the flat price for it. Now, millers are aware that there are various classes of Tuscan, and Pearl, and the other wheats, and they are prepared to pay more for them as they suit their requirements; and I consider that the farmer would get the best return out of the wheat if the miller is allowed to compete for the lines of wheat he especially requires for his own mixture.

Mr. Jones.] How many bushels of wheat do you take to the ton of flour in New Zealand—is it 48 bushels, or more than that ?—Well, 48 bushels is what is called the standard in New Zealand. But a number of the mills can do with less. Our own mill can manufacture at approximately 47 bushels without decreasing the quality of the flour. But it does not mean, because you use 47 bushels as against 48 bushels, that you save the price of one bushel of wheat.

I know that ?—I would just like to refer to a table I have worked out and which I have here. Taking 48 bushels as compared with 47: by using 47 bushels there is a gain by reduction of wheat used of 1s. 10d. a ton. The position is this: when you use 48 bushels you get 2,880 lb. (2,000 lb. flour and 880 lb. offal), and when you use 47 bushels you get 2,820 lb. (2,000 lb. flour and 820 lb. offal). Therefore you have so-much less to sell, and your return is less. So that the saving is not so large as appears on the face of it. For instance, take 46 bushels—in New Zealand, in my experience, that is too low to manufacture a decent flour. If a miller goes below 47 bushels he will be taking a risk. But at 46 bushels there would only be a saving of 3s. 8d.; and at 45 bushels—or 3 bushels below the standard—there would only be a saving of 5s. 8d.

How do you account for the price of your flour in Auckland ?—Well, we have to base our price of flour in Auckland on the freight plus storage charges. We have not any mill there. We have also to compete with the Auckland mills, and we have to pay cartage. So that in addition to our freight and storage at the other end we also have through store charges and cartage to pay. We are in rather a peculiar position there. We have to put our flour on the same basis as the Auckland mills.

It has been stated that the Auckland mills are getting 8s. 3d. of an advantage: can you explain that ?—I do not know exactly what are the charges that the Auckland mills have to pay, but I know they pay cartage; and throughout the suburbs of Auckland that would amount to a fair sum.

You are putting in your balance-sheet for one year ?—Yes.

You are restricting us to one year ?—Yes.

We would like to go back two or three years. Could you put in your balance-sheets for two or three years back ?—No; I cannot give you the details for two or three years, but I can give you the details for this year.

Rev. Mr. Carr.] Do you suggest that the country is justified in keeping in operation an unnecessary number of mills in New Zealand to produce the required quantity of flour ?—Well, I have covered that ground in my statement, and given my opinion. I consider that we cannot reasonably be asked to bring our cost of manufacturing down to a twenty-four-hours basis.

You admit that there is a surplus number of mills in New Zealand at the present time, on the basis of working twenty-four hours ?—Yes.

As they do at the mills in parts of Auckland ?—Yes.

Your mills work a little over eight hours a day ?—Yes.

Can we not safely assume, then, that a less number of mills can supply the necessary amount of flour ?—Yes, on a twelve-hour basis.

Are there not two mills in Auckland that turn out about 40,000 tons per annum and are only allowed to sell in the Auckland Province ?—No ; they sell down as far as Masterton and Taranaki. But I do not think much comes down, because it does not pay the cost of the expenditure to bring it down.

How many mills are there in New Zealand at the present time ?—Approximately fifty. Forty are under Distributors.

How many in Auckland ?—Two in Auckland.

What is the percentage of the Auckland turnover as compared to the rest of the mills ?—The turnover ?

The output ?—Approximately about one-third or a quarter.

Could you give us the output of the different mills ?—No. The output varies considerably, even in Distributors.

What is the output of the Atlas Mill at Timaru ?—Somewhere about 6,000 tons.

Could they not turn out 20,000 tons ?—They could probably double their present output.

Can you tell us the number of tons of flour they import ?—I do not think they import any.

There is an agreement, is there not, with Distributors whereby they have to import a certain amount of flour ?—No. I think the position is slightly different. The agents of Distributors Ltd. are prohibited from importing any flour. I will put it this way : One of the conditions of the agency, if they want our agency agreement, is that they cannot handle Australian or imported flour also. That applies to them all with the exception of A. S. Paterson and Co. They are limited to 1,200 tons per annum of imported flour.

Are not the conditions different in connection with the Timaru Milling Co. ?—No. The Timaru Milling Co. have an agreement with Distributors Ltd. just the same as any other mill. Though the mills are distinctly separate they are all on the same line, and they carry out their agreement. There is one agreement for all, strictly on the same lines.

You referred to A. S. Paterson and Co. ?—Yes.

What is the position with regard to them ?—The position under the first agreement was that Patersons were appointed agent, and then we learnt as we went along that merchant agents wanted to sell New Zealand flour and also import flour, but we could not see that that was a fair thing. Our agents are competing with imported flour. So we put in a condition into the agency agreement that if they wanted to import flour they would have to drop our agreement. Well, then Patersons made the point that they had had a large import trade in the past, and that it would be a distinct hardship on their business if they had to comply with our stipulations, and therefore we reduced it in their case to 1,200 tons a year, or 100 tons a month. They have the right to import that quantity. But that has nothing to do with the Timaru Milling Co.

That is A. S. Paterson and Co. ?—Yes. They have the agency for selling New Zealand flour provided they limit their importations to 1,200 tons per annum.

You say that the Auckland mills work twenty-four hours, and that the mills under your control only work a little over eight hours ?—No ; I do not say that the Auckland mills work twenty-four hours.

Do not the Auckland mills work three shifts ?—No, I do not think so. Bycrofts do not.

Can you tell us whether the price in Auckland for southern flour is the same as that asked by the Auckland mills ?—Yes, I understand it is. As a matter of fact, they fix their price on our selling-price.

The southern mills cannot compete with the Auckland mills so far as output is concerned ?—I would not say that. That is not correct. I will give you figures later to show what my mill could do under three shifts.

Do the Auckland mills buy their wheat independently ?—Yes.

How many mills are there under Distributors Ltd. ?—I am not quite sure, but Distributors Ltd. represent the bulk of the mills in the country.

Last year the millers could get from farmers wheat at 5s. 8d. on trucks, but when the pool commenced operations the price went up to 6s. 2d. f.o.b., and, as a matter of fact, the millers then refused to buy from the pool : is not that so ?—No ; I would not say that is correct. In fact, Mr. Mulholland advised farmers not to accept the millers' offer (see Christchurch *Press*, 23rd April, 1928). Is that a statement given in evidence ?

It is a statement I have here. I am prepared to put it in ?—I have already in my evidence gone into the question of the general prices that the millers pay. But it is quite possible that you might pick out lines of wheat where 6s. a bushel and over has been paid. For instance, take Tuscan from the Waikari district : that is sold at 6s. It is generally recognized by millers that Waikari wheat is an exceptionally good wheat for milling. When the ordinary price of Tuscan is 5s. 11d., Waikari wheat would be worth 6s. 2d. It is not correct to say that the millers refused to buy from the pool.

You say that the millers did not refuse to buy from the pool ?—No. An offer was made by the millers on the 20th April, and was published in the *Press* on the 20th April, and the pool was not formed until the 1st September ; and I can give some newspaper cuttings where Mr. Mulholland advised the wheat-growers not to accept the millers' offer. So that, instead of our refusing to buy from the pool, it was the other way round. The pool discouraged the farmers from selling, but they did not prevent the farmers from doing so. I would say that approximately 50 per cent. of the crop was sold by the time the harvest took place.

Did not they buy from farmers outside the pool?—They may have bought from farmers outside the pool, or from farmers who afterwards joined the pool.

Mr. Macpherson.] You say that a ton of flour in New Zealand is generally produced from 48 bushels of wheat?—Yes.

And you say that at your mill you can produce it from 47 bushels?—Yes.

I can understand that that can be done, but I would like to have this point cleared up: Is it not a fact that with a reduced number of bushels you have to use superior wheat at a higher cost?—Well, I would put it the other way round. Almost any mill can produce a ton of flour from as low as 46 bushels of wheat, but it might bring the quality of flour below the standard required by the baker. There is a limit that you cannot go beyond without a risk. After many years of experience we find that when a baker gets to know a certain flour is regular as to standard of quality he goes for that flour. That is better than having a flour that is particularly good one week and only medium the next. We have built up our trade on a regular standard of quality.

The point I want to make is this: Is it possible to produce first-class flour, say, from 2 bushels under 48 bushels without using a superior class of wheat to stabilize the quality of the flour?—I should say not.

But it is possible to get as good a quality of flour from 46 bushels as it is from 48 bushels if you use very fine wheat?—Yes; but you would have to pay for that—you would have to pay for the particularly good wheat as against wheat of average quality. You have to pay for that in the end.

Now, with regard to the wheat pool: Are you antagonistic to the wheat pool?—No, we are not antagonistic to the wheat pool. If they think that in their selling operations they can control the position and steady the market we would make no objection to it.

You think that the millers will have no difficulty in procuring the wheat they require under the wheat pool?—Well, we have not got sufficient control over the cost for me to answer that definitely. But I would like to point out that there is just this danger in compulsory control under the wheat pool: that it might have the same effect as Government control had when it put a certain price on Tuscan wheat and a certain price on the other varieties. To-day there is nothing to prevent us saying we will buy ordinary Tuscan wheat at 5s. 11d. f.o.b., and if we want special Waikari Tuscan we can also go out and buy that at an extra price.

So that on the present basis the wheat pool has not proved to be against your working at all?—No, in no way whatever.

But assuming it obtains control of the market, do you consider that would be a menace to the industry?—There is just that one difficulty that I have pointed out. I think the farmers should be encouraged to grow the good wheat, such as is obtained from Waikari and Hakataramea. The miller cannot make the best flour out of the average wheat. He must have those extra-good varieties to balance up his mixture.

To keep the flour up to a high standard?—Yes.

You desire to encourage the farmers to grow better varieties?—Yes.

It has been reported that Distributors have closed up quite a number of mills throughout the country, and have paid sums of money to the owners of those mills: is that so?—There is one mill, at Mosgiel, which, instead of joining Distributors, offered to stop running their mill, and Distributors accepted that, and paid them a rent instead of them working it.

So that, as a matter of fact, it is closed for the time being?—Yes.

And you are paying the owners something because of their closing it down?—Yes.

Are there many like that?—No; that is the only one.

It is reported that there are quite a number. It is important to know that that is the only one as far as you are concerned?—Yes.

Mr. Jenkins.] Regarding the production of the Auckland mills: do they not produce about a third of the flour in the Dominion?—I would say, somewhere about that.

And if the Auckland mills produce one-third of the flour, then eight, or, as a matter of fact, six mills, should be able to supply the whole of the flour for New Zealand?—But there you have to take into consideration the question of locality. The big mills in Auckland serve a very large inland district. That is the only district situated like that. In the South Island you would require twenty mills to supply the same population. In the South Island if you try to put up a few big mills you would then have to draw wheat from uneconomical positions to those mills.

The Chairman.] What the Committee is mostly concerned about in regard to Distributors is to see whether Distributors Ltd. is not making too much profit, on account of the subject having been raised owing to the high price of bread. In your statement you mention that the amount available to the New Zealand miller for cost of manufacture, delivery, and profit is £2 19s. 6d. per ton?—Yes.

That is, I presume, on the basis of flour at the present price, and wheat at the prices mentioned by you?—It shows the working-out in my statement.

The price of wheat there is 6s. 1½d. per bushel, and the price of flour is £16 5s. a ton?—Yes.

How do you account for this, then: when the price in Australia for wheat is 6s. 2d. the price of flour there is £13 a ton. Why should it be so much higher in New Zealand?—Well, of course, those Australian figures are very difficult to follow and work out. I have tried to work out the different quotations; and I took the lowest one—that is, when wheat was down to 4s. 4½d. and flour was selling at £8 10s. a ton.

I have not figures as low as that?—We found that it only left 17s. a ton for the cost of manufacture and profit.

That would result in a loss?—Yes. As a matter of fact, I have spent quite a lot of time endeavouring to get a correct basis, and also in trying to get an exact statement of the cost of manufacture; and I must admit that I have not arrived at anything more satisfactory than what the Board of Trade has given in connection with those calculations. They give £2 5s. as the cost of manufacture.

There seems to be a big discrepancy there. It has been suggested, of course, that the mills here are not economical in operation, and that you are running on overhead costs which make the price of production of flour very high ?—Well, there are quite a number of explanations to be made. They buy their wheat "sacks in." We pay for our wheat "sacks extra," which adds to our costs 17s. 6d. per ton. That is shown in my statement. Then, the flour in Australia is £13 net.

Is not your price net ?—No, we take off a discount here. Then, there is the question of pollard and bran. We get £8 and £6 10s.; they get £7 to £8. And then we admit that by running the mill three shifts there is a gain.

You admit that there is a gain by running the three shifts ?—Yes, there is a gain by running the three shifts. I propose to deal with that later.

You would not suggest that all the mills operating under your management are economical: are not some of them old-fashioned ?—I say that 90 per cent. of the flour manufactured in New Zealand is produced from efficient mills. The bigger mills manufacture more flour in proportion to the smaller ones.

You practically admit that 10 per cent. of the mills are not efficient ?—Yes, practically.

And that is adding to the cost ?—Well, to-day I would say that those mills are feeling the pinch on to-day's prices as regards their cost of manufacture; and I know that some of them are already complaining that there is no profit in it.

That would be because of their inefficient operations. The other mills are making a profit, you admit ?—I admit they made a profit up till this year; but when this year's balance-sheet is taken out—for 1929—it will show a small return. I am satisfied, on the prices we are buying at, that it is only going to leave a small return. We buy the wheat on forward delivery, and take delivery immediately after harvest in March and April, and that means that we have to pay interest to the end of February, if not to the end of March. The interest and storage charges make it very dear.

Does not that indicate an advance in the price of flour ?—Either that or a reduction in the price of wheat next year.

If the wheat pool controls the whole of the wheat, and you control practically the whole of the selling end of the flour business, would it not be fair to assume that you would raise the prices right up to the level of the import price for flour and wheat ?—Well, in my opinion the price to-day is as far as it is safe to take it. Even now 10,000 tons of flour per annum is coming in. If we raise the price so as to bring Australian and New Zealand flour on equal terms there is nothing to induce the New Zealand baker to use only New Zealand flour. That immediately affects the consumption of wheat in the New Zealand mills, and throws the wheat back on to the farmer.

At that rate, the duty regulates the price ?—Yes.

I think you mentioned in your statement that the farmer is the only one who gets the benefit of the protection ?—Yes.

Now, do you consider that the farmer does actually receive that benefit ?—Yes, as far as wheat and flour is concerned.

Do you say that you are prepared to submit balance-sheets of mills that we may like to look at ?—Yes.

Showing the profit for the last three years ?—Yes. I have here my profit and loss account for this last year ended 30th June. I can give you the profits of the previous years. I have not the details here, but I can give you the figures.

We understand that you are supplying those ?—Yes.

You say in your statement that if there was a strike in Australia it would seriously affect this country in regard to bread and flour if there was no protection ?—Yes.

But is it not a fact that Great Britain always gets adequate supplies ? How is it that they always manage to get adequate supplies in England: surely they are subject to the same trouble ?—Well, it is not so very long ago that Great Britain had a difficulty in getting her supplies.

But she got them all the same ?—I think in that instance it was a very close call, and, if the public had known, it would have caused a very great inconvenience.

Have you any objection to the duty on bran and pollard being taken off ?—Well, we only have £1 a ton now. The only benefit it is to us is that at times, when the Australian export prices fall to a very low level, it might cause instability in the prices here.

You will admit that bran and pollard is a kind of raw material for the pig and poultry business ?—Well, we have to pay the farmer practically a fixed price for his wheat under the sliding scale, and if we do not get a return for our product we will either have to go short or take it out of the article.

How can the people engaged in the pig business and the poultry business carry on unless they can get their supplies at a low price ?—Well, on the figures that have been quoted I consider that under the sliding scale the pig and poultry users have had their supplies at less than they could have imported them for.

What is the objection to the duty being removed ?—Just because occasionally abnormally low quotations are received from Australia, that is no justification for altering our system here. I have shown that at times the Australian price would amount to from £2 to £4 a ton higher than ours. We keep ours at a fairly steady rate. We consider that under the sliding scale of duty we are getting stability. I should say that if the pig and poultry users went thoroughly into the question they would themselves prefer to accept the present position.

You said a little while ago that if the Government paid the millers a subsidy for the production of flour, that would mean that you would have a loss under the prices then fixed ?—Yes.

It was owing to a fall in the amount of profit ?—No; a reduction was worked out so that flour could be sold at a low price in order to keep down the price of bread and yet at the same time give the farmer a correspondingly high price.

It was not intended to be payment for the conversion of wheat into flour ?—No.

It was a general subsidy ?—Yes.

You are not in favour of that system at the present time ?—No, I do not like it.

What would happen if the wheat-pool promoters gained possession of 90 per cent. of the wheat —would they not be able to control prices ? Is that not the object of the pool—that is, to raise the prices upon the miller ?—No, I would not say that: their object is to stabilize the prices.

Not to raise prices ?—No. After all, they are very much concerned about the wheat-growing industry, just as much as the millers are. If they raised the price of wheat unduly they would force the millers to raise their prices, and that would spoil the effect of the increased price, because it would result in an increased importation of Australian flour, which, again, would react on the farmer in that he would be getting high prices from the miller for the wheat he had sold and the miller would be required to stand the loss. The balance would be thrown back on to the pool.

For export ?—Yes.

The prices would be worked out on the imported price of the goods plus the duty ?—Yes, that would enable them to get all they could out of the miller without forcing him to raise the price of flour.

Are you aware that farmers with pedigree stock cannot obtain supplies of bran at all for feeding purposes ?—They are getting all that the New Zealand mills have.

But it is not sufficient ?—No.

That is rather serious for those engaged in high-class dairying businesses ?—Yes. It is all a question of whether they can get it from Australia. We have shown that the maximum output is 10,000 tons.

At present bran is available in Australia, at a price ?—Yes, at a price; but by the time it reaches here it is dear bran.

But it is better than having no bran at all ? Some people have to get it, no matter what the price may be ?—Yes.

Rev. Mr. Carr.] I would like to ask the witness if he will admit that six mills with the capacity of the Northern Mills could do all the work for New Zealand—that is, by working three shifts: that statement has been made ?—It really comes back to the question as to whether you can draw the wheat from economical positions. For instance, if you are going to have mills situated at Timaru and Lyttelton, what are you going to do with the wheat grown in North Otago and South Otago ?

Say that the six mills were placed in strategic positions: that, of course, would mean the reorganization of the whole business ?—Yes, it would be possible to do it.

You think that six mills could do the lot ?—It depends on their size. It would mean a very large outlay both for milling plant and for storage, because these mills would have to cope with the year's requirements in storage space.

Still, you do admit that many of the mills under your control, or in regard to which you act as selling-agents, at the present time are not working to full capacity ?—I qualify that by saying that if you take it on a twenty-four-hours run they are not, but taking it on an eight to twelve hours run the majority of them are working.

But some are not working at all: there is one in the Dunedin district, for instance ?—No, they are all working in Dunedin with the exception of one small mill at Mosgiel.

I suppose there are certain officials in connection with that mill still being paid their salaries although the mill is not working ?—No. It is owned by Wilkies, of Mosgiel.

The statement was made that the manager of that mill is being paid a salary while the mill is idle ?—All that we know is that we are paying them rent.

You pay them rent ?—Yes.

Are you in favour of building up an export trade in flour ?—I do not see how that is possible. With the wheat lands of New Zealand I consider that there is no hope of doing an export trade.

We were rather anxious to get particulars of the financial positions of some of the individual mills, and you thought that that could hardly be given; but it seems to me that unless we can get that the evidence is not very valuable to us. Is it not possible that we could get that information confidentially ?—In my main evidence I suggested that the Board of Trade officials could get that information, and that we would recommend the mills to allow it to be used for this Committee, if their legal powers under the Board of Trade Regulations prevented it. The only thing we would ask in that case would be that instead of mentioning the miller's name each mill be described as "A," "B," and so on. That would be sufficient for us and, no doubt, for the Committee, without the necessity for disclosing the name of the mill.

Rev. Mr. Carr: I think we should have this information.

The Chairman: Yes.

Rev. Mr. Carr.] In your statement you say, in dealing with Distributors Ltd., that "The basis of the arrangement was that Distributors Ltd. should sell each month an agreed-upon quota of flour and offals for each mill. The quota was ascertained from the average of the trade for each mill for the previous three years." Would you not admit that since that three years when you paid an average, as a result of what I regard as a favourable arrangement under the sliding scale, the mills have, as a result of that, been able to put in better machinery, and are probably capable of turning out very much more than they could have done on the average for that three years ?—We have mills in Christchurch and Oamaru, and although we have not increased our output we have certainly improved our machinery.

My suggestion is that as a result of the benefits of the sliding scale you have been able to put in better machinery in the mills, and yet the output has not increased, and in the case of certain mills the output is definitely restricted. You say, "As a matter of fact, 90 per cent. of the flour

manufactured in New Zealand is produced by mills adequately and efficiently equipped." How long have they been adequately and efficiently equipped ? Since the sliding scale came into operation ?—No, the sliding scale has only been in operation for about two years. I would say that the majority of these mills were well equipped prior to that date. Flour-milling does not stand still any more than does any other industry, and New Zealand mills, I think, have endeavoured to keep up to date.

With regard to the twenty-four-hours scheme : I am not saying that I recommend it, but it is a fact, is it not, that you can run very much more economically in the second and the third shifts, because during the eight-hour daylight shift you can have a number of men on at the ordinary scale of wages making ready for the night work, so that at night the mill can be run by very few men working at special or overtime rates ?—I do not think that you can deal with the matter in that way. As I said previously, I will give you my estimate of running a mill on three shifts. Dealing generally with the matter, I consider that it is not only a question of the reduced number of men on the night shift : it is a question of providing facilities for the handling of the wheat. If you are going to double your output in flour you have to double your handling arrangements for the wheat.

But you can do that during the day on the ordinary time rate ?—I am taking a wider aspect than that which you are dealing with. Our Christchurch store holds about seventy thousand sacks of wheat. As a result of buying forward early in the season we have got our stores as full as they will conveniently hold. They have been full for some time. In addition, we have wheat stored in outside stores. If we have to double our output we would have to store that wheat in outside stores, so that the storage rate for the ton of flour would increase to a very high percentage.

It is not a question of getting the wheat ready for the milling process ?—It is a matter of storage. It would be another matter if we could do as they do in Australia, where the mills are run in three shifts, and the terminal silo is called upon for so-many trucks of wheat as required. They may want ten trucks to-morrow, twenty the next day, and none the next day. They get it as they want it. If we could do that our costs would be reduced considerably. We have to take the wheat from the farmer when he has it available.

Mr. Macpherson.] With regard to the suggestion regarding the establishment of six mills for the whole of New Zealand, is it not a fact that the Auckland mills draw their supplies of wheat from an area near the different ports ?—No, they draw it from the various ports—mainly from Timaru and from Lyttelton.

I mean that there is very short railage involved ?—I think the railage distances would vary. They will practically buy from the merchants the quantities required, not necessarily from any particular spots, at a price f.o.b., so that they really will not know whether it is coming from Ashburton or anywhere else.

Mr. McCombs.] With respect to the mill in regard to which you pay rent, how much do you pay ?—I think it is £1,500 a year.

Then, possibly what is called a rental might be used for the payment of wages to the manager and others ?—Yes.

And that would probably account for the statement that some persons there were receiving wages although the mill is idle ?—Yes, that is quite possible.

With regard to the mills now working on the average eight to twelve hours being able to turn out all the flour necessary, does that mean that if the mills were placed on a twenty-four-hours basis they would have more than twice the minimum capacity necessary ?—I suppose that you could take it on those lines.

Well, somebody in the community has to pay for this unnecessary capitalization in milling plant ?—That is, provided the country adopts a policy, different from any other industry, of saying that the flour-mills alone must run for twenty-four hours each day.

The Chairman : There are other industries engaged for twenty-four hours a day.

Mr. McCombs.] Do many mills run twenty-four hours per day ?—Very few.

Rev. Mr. Carr.] You mean, in New Zealand ?—Yes.

Mr. McCombs.] What about Australia ?—In Australia they work according to the demand for flour. Sometimes the mills, as will be seen from the correspondence in Schedule 2, Appendix V, work short time when the flour trade is slack, and at other times they are very busy, working for the full twenty-four hours.

And you say that 90 per cent. of the flour turned out in New Zealand is turned out by efficient mills ?—Yes.

Would that mean that there is rather more than 10 per cent. of inefficient mills—because the efficient mills would be the big mills ?—Yes, that is so.

Would you suggest that the inefficient mills would be up as high as 30 per cent. ?—Well, I did not go into the matter from that point of view ; I went into it more from the point of view of the output of flour.

You said that it was desirable to have a reasonable carry-over : I suppose that new wheat is not quite satisfactory for milling purposes ?—No ; millers generally prefer to have wheat available for mixing for the two or three months during which the new wheat is coming in—that is, February, March, and April.

We will say three months ?—Yes.

Then, a satisfactory carry-over would be about one-quarter or one-fifth ?—No. Perhaps I did not make the position quite clear.

But you only want the carry-over for mixing ?—Yes, I would say that perhaps a month and a half would be a fair carry-over—that is, three months mixing the new with the old.

I see. What is the present carry-over ?—On the estimates I have seen I think a reasonable estimate would be 1,750,000 bushels. That, of course, is only an estimate.

That is on a total consumption of 9,000,000 bushels, including seed, poultry and pig food, and so forth. Then, you would say that they probably have an excess or a reasonable carry-over of something like 500,000 bushels?—I would say that it would not be sufficient to estimate more than that.

Would that be more than sufficient to meet the variation in the crops due to the different seasons?—That is a very difficult question to answer. For this last three years we have had good yields. If we were to come to a yield of 30 bushels——

You would only have 500,000 bushels to come and go on?—That is so.

Under the circumstances, is it desirable that there should be export?—Well, if I were advising as to the position I would say No, and that it was dangerous to export more than 500,000 bushels.

What practical difficulties would be met with in connection with a subsidy on flour, assuming that such subsidy was equal to the present protection but was merely given in another way?—The practical difficulties are that when the Government buys wheat this is what happens, under control: We will say it is Tuscan wheat——

No, the point I am referring to is whether it would be possible to give a subsidy to the millers of New Zealand for the manufacture of flour from New Zealand wheat?—That part could be worked out quite satisfactorily.

There would be no practical difficulties provided it were advisable?—No; but from the other end, the supply and the quality of the wheat, I do not like it. I think the farmer should be encouraged to grow the best class of wheat he can. Under Government control a man might have a nice line of Tuscan, and another man might have a medium line of Tuscan, but it would be all at the same price. The farmer would say, "It does not matter what the quality is, it is Tuscan, and here it is."

I am presupposing that the miller would buy and get a subsidy on the flour he produced from New Zealand wheat, and, obviously, if he were going to get £2 10s. or £3 per ton he would say, "Well, I can afford to pay such-and-such a price for wheat"?—Yes, but under the control the price of wheat is fixed.

But I am not contemplating control such as we had before. However, you say that there are no practical difficulties——

Mr. Jones: Is that a fair statement?

Mr. McCombs: What statement?

Mr. Jones: That there were no practical difficulties.

Mr. McCombs: Well, the witness said so.

Witness: No, I did not say that.

Mr. McCombs: I think the records will show that you did.

Witness: I made the statement that the objection the miller would have would be in regard to the quality, and that the practical difficulty was in connection with the buying of the wheat; and, further, that there would be objections to working on the subsidy basis with the Government control.

Mr. McCombs.] But you have added something when you say "Government control"?—I made it quite clear in my statement that the greatest difficulty was the question of getting the right class of wheat.

I presupposed that you had the right now to buy what suited you best. I have before me a copy of the evidence tendered before the Cost-of-living Commission in 1912. In evidence tendered by a Canterbury miller named Gardner the following statement appears: The cost of 48 bushels of wheat at 3s. 8d. per bushel was £8 16s. The other costs were—ten sacks for flour, 5s. 10d.; four sacks for offal, 2s. 6d.; railage, cartage, &c., 7s. 6d.; cost of manufacture, 10s.: total, £1 5s. 10d. While the costs there given total £1 5s. 10d., the costs given in the statement now before the Committee are £4 2s. 9d., and there is a gain of 6s. through selling the sacks in. The costs are now stated to be £4 2s. 9d., as against £1 5s. 10d. in 1912. How do you account for that tremendous difference?—The cost of manufacture I have given is based on the average conditions at the present time. I cannot say, in going back to 1912, what the conditions were then. Do they allow anything for interest in that statement?

No, the balance was 4s. 8d., out of which, the witness says, must come interest on capital, insurance, rates, &c.?—Does he include in that return what gain he gets through selling sacks in? We include 6s.

The statement is there. I think the witness will admit that this is not a difference of a few shillings only—it is the difference between £1 5s. 10d. and £4 2s. 9d., which is a tremendous difference?—Well, he could not look at it to-day.

Would you suggest that the costs have increased to that extent?—I would say that that may have been taken on a different basis. Take our interest, for instance. We show our interest at 8s. 6d. I am satisfied that this year millers cannot carry their stock on 8s. 6d. per ton.

The disparity between these two costs is emphasized again in Mr. W. R. Gardner's statement. He said that in 1908, when wheat was 6s. per bushel, flour rose to £13 10s., whereas in your statement you show flour at £16 5s.?—Yes.

The Chairman: I think the witness should be supplied with those figures. We could recall him to-morrow.

Witness: You mean, to criticize the figures just referred to?

Mr. McCombs: And to give some explanation in regard to the difference.

Witness: But I would have to look into the records of the past in order to ascertain whether these figures were correct. You would not ask me to agree to or to criticize a statement such as that and to assume that the figures were right before I had an opportunity to check them up and to ascertain on what conditions they were based—that is, whether the price of wheat quoted was correct, and

whether the figures were taken at the beginning or at the middle of the period: that makes all the difference in regard to interest costs. If taken at the beginning the interest is added from that time.

Mr. McCombs.] Your charge is at 6s. 1½d. per bushel of wheat: is that from the beginning of the period?—Yes.

What would be the interest for six months on a bushel of wheat?—You could not allow it at less than ½d. per bushel per month.

That would be 3d. for six months. Then, these figures, including the interest charges of the purchaser, would, on this stored wheat, amount to about 6s. 4½d. on the average?—No, I do not think that you can assume that the position is so vague as that.

You have really got to consider it from the viewpoint of the miller who buys his wheat each month, deduct the quantity used, and charge the balance at, say, 6 per cent., and then divide the total amount by the number of tons of flour made from that wheat. You have evidently worked it out and arrived at the conclusion that it costs ½d. per bushel?—I say that you cannot do it for less than ½d. per bushel per month.

For holding it?—Yes.

You must have a carry-over of wheat; wheat is not always immediately available?—That is so.

You would hold some wheat for fourteen months?—Yes.

You would hold it all over, on the average, about seven months?—Yes, approximately.

And that would make the price even ½d. higher than was originally stated: that would be 3½d., making the amount 6s. 5d. In regard to the balance-sheet you have here, when you realize what the interest means, and deduct your own calculation, it means that you have assumed that the wheat has cost you 6s. 4d. on the average—that is, taken the year through?—No, that figure of 8s. 6d. allows for a certain amount of capital. The 8s. 6d. allows for a certain amount of interest to the miller on his own money invested in the wheat.

Yes, but you stick to the ½d. per bushel per month?—I think that if you worked it out it would come to more than that. You said it would amount to 3½d. per bushel.

Yes, for seven months at ½d. per bushel?—Yes, that would be 3½d. on 48 bushels.

That would be 14s.?—Yes. What I say is that the 8s. 6d. is part of the miller's capital absorbed in wheat, from which he does not get a return.

What about the rent?—That is interest on capital involved in purchasing a mill.

And storage?—"Storage" is outside storage. I have already said that in our Christchurch mill the stores are full of wheat, and that in addition we have outside storage.

Then the items "interest" and "storage" amount to 11s. 6d., and that is less than ½d. per bushel to the extent of 3s. 6d.?—I would prefer that you did not bracket these items for purposes of discussion. The interest on wheat is one amount, and the storage is a separate charge which must be paid to outside stores.

What would be the average cost of this wheat which is calculated here at 6s. 1½d.?—I would prefer to deal with the facts as they are there, and later show you some of our costs.

But what I want to get at is this: Is 6s. 1½d. the present-day price of wheat?—That was the price for wheat for February and March—at the beginning of the season.

I did not think wheat was as high as that in price?—I have not the exact prices here, but I think I can give them to you from memory: Tuscans 5s. 11d., Hunter's 6s. 2d., and 6s. 8d. f.o.b., plus 1d. which the miller pays; and that works out at approximately 6s. 1½d. f.o.b.

Mr. McCombs: Thank you. Probably I have asked you some questions which you have already been asked, but I was absent for a period at another Committee.

The Chairman.] You said, Mr. Ireland, that the cost of manufacturing wheat into flour was £4 2s. 9d. per ton, including the 5s. 9d. lost?—We are getting less than £4 2s. 9d.

You are losing 5s. 9d.?—Well, you can hardly call that "loss"; you can say that we are paying too much for the wheat.

But you show a loss of that amount?—Yes, that is on an average mill; but on what we are doing to-day we are showing a difference of £2 19s. 6d., out of which we have to take our profit, cost of manufacture, and delivery.

I see that I was wrong in my first question. The cost of production is £3 5s. 3d., omitting sacks?—Yes.

That means that you are losing money?—That is on the average for New Zealand mills. What we are showing is the average. We are giving what we think is a fair average statement of what mills are doing to-day. The statement shows that, buying wheat at 6s. 1½d., the available cost of manufacture, delivery, and profit is £2 19s. 6d.

And yet it costs you £3 5s. 3d. to do the work?—That is the average position of the mills. As I have said, some of the mills have already complained that they can make no profit at all.

At that rate, if the balance-sheet you submit shows a profit, that will not reconcile with these figures?—No, you will not be able to compare that £2 9s. 6d. with the balance-sheet until the end of the year. We are dealing with the current year.

These figures are somewhat like the bread figures we got the other day?—The only thing we do is to show our profit, and not the details as to how it is made up.

The average cost of production, according to you, is greater than the average receipts?—Possibly we are paying too much for wheat in the way we are buying.

It does not appear that you are making an excessive profit: it looks as if you are losing money. The question is, can we accept these figures as being of value?—Well, we have also worked out statements such as that to guide ourselves as to what we should pay for the wheat.

Yes, but admitting it costs you £3 5s. 3d. to produce flour, what price would be regarded as a fair price for the same work under Government control?—Much the same price, with a variation in regard to sacks.

I am omitting sacks from this calculation. The cost here is £3 5s. 3d. without sacks ?—Under the Government control that would be much the same.

You are not able to state so definitely ?—No, not definitely.

Have you a regular scale for flour-prices on a scale for wheat ?—No ; the flour returns vary with the returns we get for bran and pollard, &c.

You have no set of figures for both cases ?—No.

Regarding the sliding scale which you advocate so strongly : would it not be possible to reduce the basis of the sliding scale ?—Then you would take the risk of discouraging the farmers from growing wheat.

But you have already discouraged them, have you not, by that agreement in which you tell them that if any alteration is made the contract will be null and void ? Have you not already discouraged them by putting in that clause in the agreement ?—There has been no difficulty in buying wheat.

You say that the farmer is very much discouraged by the prospect of an alteration ?—I say that the position, in fairness to the millers, is this : When the present Government announced that the sliding scale of duties was to be continued for another season we wrote asking for information as to the date up to which the buyer would be protected, but we have received no reply. Take the position from my point of view : Our mill buys 200,000 sacks of wheat ; it is not a fair business risk to ask us to buy that wheat and protect the growers unless we are protected at our end.

You say you have done your share ?—Yes. We could have gone on in exactly the same way if we had had that assurance. What we asked was to be protected up to the end of the season—that is, up to the end of the year.

You have received some assurance from the Government to that effect, have you not ?—No. We want to know whether the sliding scale is to be in operation up to the end of February.

Did not the Prime Minister give some assurance in that connection ?—We asked definitely whether we could be protected up to the end of February, 1929, and we have received no reply.

A statement was published in the newspapers in regard to the matter ?—There was a statement in the newspapers, but as a business man buying such quantities of wheat I think there should be some one in authority who should be able to give that assurance to us.

You will understand that we are trying to get at the facts of the case : we are not prejudiced in any way ?—No ; I am not prejudiced in any way either. You have drawn me out on the question and I have given you my answer. We want the sliding scale of duty, and we want that assurance.

If you had that assurance that the present prices would be continued until February of next year you would have made the contracts ?—We would have taken out the stipulation.

Mr. Jones : I would like that correspondence to be handed in.

The Chairman : In your statement you say, " Owing to the indefiniteness in regard to the wheat and flour position since last December most millers have considered it advisable to embody in their wheat contracts this year a clause to the effect that the contract becomes inoperative if the present duties are altered." Is that not a clear discouragement for the people who grow wheat ? It seems a pity that something more definite could not have been given.

Mr. McCombs : The position was not very secure when they produced 1,750,000 bushels in excess of requirements.

The Chairman : That was before the suggestion of a change was made. (To witness) : I think you have given us a great deal of information. I am sure the Committee is very much obliged to you for your assistance.

Mr. Jones.] There is just one other question I would like to ask. Was the surplus available grown in one year or two years ?—Speaking in round figures, I would say that we had a carry-over at the end of last season of approximately 1,500,000 bushels, and I think it is only fair to say that that carry-over was carried over by the millers on the lines which Mr. McCombs was discussing. This year I think the pool carried it.

Mr. McCombs.] At what price can you purchase wheat from the pool now ?—At 6s. 5d. per bushel ; but if you add the period November to March inclusive—that is, say, another 3d. per bushel—that would be 6s. 8d. per bushel ; and that is dear wheat to the miller when he has to mix it with 6s. 1½d. wheat.

Then, on your figures the millers would lose a nice lot of money if the figure is 6s. 8d. instead of 6s. 1½d. ?—That is what is stopping the miller from buying to cover his next year's early season.

The Chairman.] In the event of a subsidy being paid—I am not suggesting that it will be—could that not be paid through the millers to the growers of wheat ?—It could be done.

Would it entail a great deal of work ?—That is a matter of calculation by Government officials as to what the equivalent amount would be.

It could be done, at any rate ?—Yes ; but I still say that from the other end—the wheat end—we would get better service from the growers under competitive conditions than under Government control.

The Chairman : You would still have competition.

Mr. Jones.] Assuming a subsidy were given, how could it be applied with respect to the quality—how could a varying subsidy according to quality be fixed ?—It would be very difficult.

Mr. Macpherson : The previous grading arrangements were never satisfactory from the viewpoint of the miller, the farmer, and the grader.

The Chairman (to witness).] Can you give me the names of the big millers outside of your own mill ?—The Northern Roller Mills, and Bycrofts.

The Chairman : Thank you for your evidence, Mr. Ireland.

Mr. JOHN C. YOUNG, Palmerston North, examined. (No. 45.)

Witness: I am managing director of Hodder and Tolley, Ltd., one of the larger produce-merchants in the North Island, and also a small flour-miller at Feilding. I am also a director of Distributors Ltd. I agree with the evidence given by the previous witness. The nature of my evidence will be mainly as the present duties affect the dairy, pig, and poultry industries in the North Island, and also, in a minor degree, as they affect the price of bread to the New Zealand public. I support the previous witness in his advocacy of the sliding scale of duty as the best means of producing an adequate supply of wheat for our bread requirements. The first question I will deal with is, "What are the advantages from a national standpoint of the policy of the Dominion of being self-supporting so far as its wheat requirements are concerned?" The advantages are as follows: Because the dairy, pig, and poultry farmers in the North Island, as well as those in the South Island, have benefited under the present sliding scale of duties by having their essential pollard and bran supplies provided at reasonable rates. The annual requirements of bran and pollard of these particular industries are as follows:—

	Bran. Tons.	Pollard. Tons.	Total. Tons.
North Island	12,000	22,000	34,000
South Island	7,000	12,000	19,000
	19,000	34,000	53,000

Only 3,395 tons (taking the average importations for the three years 1926 to 1928) have had to be imported. The important point is that practically the total requirements of New Zealand for pollard and bran were produced by New Zealand mills. Only 6 per cent. is imported. The demand is difficult to anticipate, and arises suddenly. It is brought about largely by climatic conditions. A long, hard winter, such as we have had recently, will increase the demand at that particular time, or, on the other hand, a dry autumn will likewise create a demand. Although those temporary conditions create a sudden and temporary demand, these commodities cannot be obtained immediately, as supplementary supplies take time to come from Australia. A second reason why offal is temporarily scarce on rare occasions is because the landed cost from Australia is higher than the New Zealand article; therefore importing merchants are somewhat reluctant to import in case the demand ceases as suddenly as it springs up and they will be left with a higher priced Australian article on their hands. For instance, about a month ago the demand for pollard was very strong. The New Zealand price was lower than the Australian parity price. If a merchant imported substantial quantities which were not disposed of before the supplies from the New Zealand mills became free, that merchant would have to face a loss through over-importation. A comparison of the costs of Australian and New Zealand bran and pollard, without duty, landed at main ports in New Zealand is as follows:—

	Bran. £ s. d.	Pollard. £ s. d.
Australian price, f.o.b. Australia: Bran, £6 15s.; pollard, £7 5s.; plus importing merchants' profit of, say, 5s...	7 0 0	7 10 0
Transport charges, c.i.f.e. to New Zealand main ports ..	2 0 0	1 15 0
Australian cost c.i.f.e. main ports	9 0 0	9 5 0
New Zealand average costs, net, f.o.b. Lyttelton	6 6 9	7 16 0
Transport charges to Wellington	1 2 6	1 2 6
New Zealand cost c.i.f.e. Wellington	7 9 3	8 18 6

The Chairman.] Is that without duty?—These comparisons are worked out without duty.

Have you added the merchant's profit in both cases—have you added it in connection with the Australian prices?—No.

It would seem that 5s. should be added, as in the New Zealand case, to make the comparison of value?—Yes, I appreciate the point; but it is a little difficult to get an absolute level, for this reason: that offal in New Zealand is restricted to a comparatively small number of merchants as a result of the operations of Distributors, and because of that Distributors can distribute to the public at a small cost, but if a merchant imports from Australia he has to charge a high cost.

Five shillings per ton has been added in his case?—Yes.

And if another 5s. per ton were added in the other case, would that place the prices on the same level?—No, because with Distributors they will sell to the storekeepers at £7 9s. 3d.

He has his profit?—I will deal with that point later. If we were dependent on Australia for supplies of bran and pollard, provided same were available, the extra cost would be as follows: Dealing with the South Island—I am taking the average cost, although in the South Island the price of pollard is lower than in the North Island—the difference in favour of New Zealand would be £2 13s. 3d. for bran and £1 9s. for pollard. The total saving per annum on the total annual requirements of bran and pollard would be £36,037; and similarly in the North Island, the savings under these heads would be £25,600. That means that the total saving to the New Zealand pig, dairy, and poultry farmers through buying at the New Zealand level, against the imported level, is £61,637. I have taken the landed costs of the Australian products at the main ports; but obviously extra cost would be involved at such ports as Foxton, Napier, Gisborne, and Nelson, &c., and an extra amount has to be added to the imported costs. For the sake of round figures I have added another £8,363, making a total saving of £70,000. This means that, comparing the New

Zealand prices this year with the Australian prices this year, without duty, the extra cost to New Zealand, drawing our supplies of bran and pollard from Australia, would have been at least £70,000. But the supplies of bran and pollard from Australia or elsewhere are not available; and, further, any substantial portion of our requirements would only be available at an exorbitant price. It is to be noted that the above extra cost to the dairying, pig, and poultry industries of New Zealand, without duty, is £70,000, and that was when we demanded only 3,395 tons from Australia. If New Zealand demanded 50,000 tons, on the law of supply and demand the Australian market would jump enormously for any substantial increased supply she might spare us. The average exports from Australia to all parts of the world for ten years from 1918 to 1927 was only 10,000 tons. The increase is uncertain, for every £1 per ton means an extra cost of £50,000; so that if it increased £2 per ton, that would mean that these primary industries would pay a still further £100,000, or, with the £70,000 extra, apart from this rise of £2 per ton, a total extra cost over present prices prevailing in New Zealand of £170,000 per annum. Adequate supplies would not be available from Australia or elsewhere at any price. Australia's flour exports are enormous—nearly 50 per cent. of its total manufacture—and as its bran and pollard exports together total only 10,000 tons, it simply means that Australia requires practically the whole of its offal for its own use. In fact, on a rare occasion Australia actually imports offal. It did so in 1915, when it imported from New Zealand, paying £7 10s. to £8 16s. 3d. for bran and £9 to £9 10s. for pollard, both f.o.b. Lyttelton. Therefore Australia can be ruled out as a source of supply for New Zealand's bran and pollard requirements. Nor can we look to the United States, for the same reason; and even Canada's surplus is exceedingly small, and the quality unsatisfactory. New Zealand is therefore compelled to produce her own bran and pollard requirements, and must grow sufficient wheat to make her self-supporting in flour. Bran and pollard supplies from outside are uncertain, are costly, and are insufficient in quantity. Dairy-farmers, especially in the North Island, in order to get the maximum yield per acre off their land specialize in dairying. There is no substitute for bran. There is no economic substitute for pollard. Certainly, dairy-farmers could start growing grain—say, barley—in the North Island; but that would be more costly than pollard, and would yield a lower economic return per acre than from dairying. But if the dairying industry were forced to that extreme to procure offal-supplies, why not grow wheat in that part of New Zealand most suited for the purpose, mainly Canterbury? Further, practically all the year round bran and pollard supplies are conveniently available for the North Island farmers, whereas importations from Australia or elsewhere would only be available intermittently, and that uncertainty of supplies would create instability in the dairying, pig, and poultry industries. My suggestion, therefore, is that, in the interests of the primary industries I have mentioned, in order to get sufficient offal-supplies we ought to grow sufficient wheat in New Zealand.

I will now make a comparison between the comparative costs of Australian and New Zealand fowl-wheat. The price of wheat in Australia for the period March to September was abnormally low, and yet the difference in its favour landed in New Zealand over the New Zealand price was only 2d. per bushel. The period covers March to September, 1929. The average price of New Zealand fowl-wheat was 5s. 8d. f.o.b. Lyttelton. The average Australian price was 5s. plus freight, 1s., making a total of 6s., and deducting 1d. for the weight of sack the average price at North Island ports, without duty, was 5s. 11d. c.i.f. The average price for New Zealand wheat for both Islands—one-third was sold in the South Island and two-thirds sold in the North Island—was for the South Island one-third 5s. 8d.; and two-thirds for the North Island, 5s. 8d. plus 7½d., or 6s. 3½d., multiplied by 2 makes 12s. 7d., or a total of 18s. 3d., which worked out at the average cost of New Zealand wheat throughout the Dominion amounts to 6s. 1d. The Australian price was 5s. 11d., leaving a difference in favour of Australia of 2d. per bushel. But a different position obtains to-day. At present the New Zealand farmers are paying 3d. per bushel less for New Zealand wheat than for Australian wheat landed without duty. The following are the figures: Cost of New Zealand wheat f.o.b. Lyttelton—One-third, 5s. 11d.; two-thirds, 5s. 11d. plus 7½d. equals 6s. 6½d., multiplied by 2, equals 13s. 1d., or 19s., or an average cost for New Zealand wheat in September of 6s. 4d. The Australian cost f.o.b. at, say, 5s. 8d., plus 11d. as above, equals 6s. 7d. That shows that New Zealand farmers are paying 3d. less per bushel for New Zealand wheat than Australian wheat can be landed without duty.

Mr. McCombs.] Would the cost in Auckland be much higher?—But Auckland is not New Zealand. I submit, with due respect to the Committee, that we have to take the average price for the whole of New Zealand. The average New Zealand cost is 6s. 4d., and the Australian cost 6s. 7d.

The Chairman.] Why does the New Zealand farmer want protection if he can get better prices here?—We want protection because the New Zealand public want their wheat-supplies grown in New Zealand, to make certain that they can get their supplies for bread within their own borders.

Witness: The next point I would like to mention is that the cost of distributing wheat, bran, and pollard in the North Island is extremely low. In view of the mistaken idea somewhat widely held that excessive profits are made for the service of distributing wheat to North Island buyers, I desire to submit the following evidence. With respect to wheat, my company sells thousands of sacks of wheat in the Wellington and Taranaki Provinces, mostly to storekeepers and large poultry-farmers. For collecting the orders, arranging the shipping and delivery, and for providing financial accommodation for a month our returns show an average profit for the last six months, on the price prevailing in the South, of 2½d. per bushel, or some 2½d. per cent. on the selling-price. I have also been authorized to state on behalf of the leading Wellington produce-merchants that they have looked through their records for the same period, and they find that their average return is similar to that of my company—in fact, there is practically a standard price for fowl-wheat, to which all competing merchants have to conform. In regard to the position at Auckland, I have also received a telegram from the secretary of the Auckland Merchants' Association asking me to make a strong protest against the incorrect statement that excessive profits are charged, and stating that their average return is approximately

the low rate of about 2½ per cent. It may be said that practically all poultry-wheat is of a standard value. Competition determines the profit that is made, and it is looked upon as a cut-rate line. The Chairman, with his experience, will bear me out in this. These remarks with respect to fowl-wheat are equally applicable to the profit charged for bran and pollard. I have shown that 96 per cent. of this is produced in New Zealand. Distributors Ltd. only allow their selling-agents the small payment of 2½ per cent. for collecting, delivering, and financing (equal to 3s. 3d. per ton on bran and 4s. per ton on pollard), and the Auckland mills supplies are sold by them mostly direct at similar rates. Therefore the cost of distribution for North Island merchants selling to large poultry-farmers and storekeepers is abnormally low. Naturally, the price the storekeeper pays determines the charge he in turn makes to the public, and the public buy from him in smaller lots; but those of you on the Committee who are familiar with storekeeping will readily admit that fowl-wheat here, too, is also a cut line, and the charge, considering the service rendered, is extremely low. For instance, although I have not thought it necessary to collect evidence in detail, in Wellington the price for sack lots would be 7s. 9d. to 8s.; Palmerston North, 8s. to 8s. 3d.; New Plymouth, 8s.; Stratford, 8s. to 8s. 3d. The same low profit is charged by the storekeepers for bran and pollard.

I now propose to deal with the cost of bread in relation to wheat and flour. Taking the cost of the 2 lb. loaf for general calculation as costing the public 6d., the following table will show what proportion of that 6d. is represented by wheat, and also by cost for milling. For, say, 1,276 loaves of bread at 6d. the baker gets £31 18s. What proportion of that 6d. per loaf which the public pays is obtained by the wheat-grower?—These are the figures I have worked out. 1,276 loaves at 6d. = £31 18s.

	£ s. d.	Per Cent.	Cost of Loaf.
Wheat: Cost of wheat in a ton of flour—			
48 bushels at 6s. 1½d.	14 14 0	..	..
Less bran and pollard	2 16 6		
	11 17 6	37	2·22
Milling: Cost of milling and selling	3 17 0	12	0·72
Baker: Remainder left for transport of flour, baking, additional ingredients, and selling	16 3 6	51	3·06
	£31 18 0	100	6·00

These figures are approximate. It will be seen from these figures that out of 6d. the public pay for a 2 lb. loaf the wheat-grower receives only 2·22d. (say, 2¼d.), the flour-miller receives only 0·72d. (say, ¾d.), and the remaining 3·06d. is left for transport of flour, baking flour, and providing additional ingredients, and selling the bread. Now, what does the miller get for the service he renders in converting wheat into flour and delivering it to the baker? He gets 12 per cent., or 0·72d.; more simply still, he gets less than ¾d. as his share of the 6d. which the public pays for the 2 lb. loaf of bread. This is on the basis of 6s. 1½d.

I submit, from the standpoint of the pig, poultry, and dairy farmers, that the sliding scale of duties should be maintained. I consider that this alone will give a steady and constant supply of wheat.

There is one point that I would like to add with regard to the subsidy in connection with flour. In the past, when the subsidies have been paid, there has been created a considerable amount of uncertainty in the minds of the wheat-growers owing to the fact that they were not quite sure what the Government was going to do in the following year. As you know, farmers require to arrange their farming programmes about fifteen months in advance. Taking the position all in all, I do not think it was a very satisfactory one from the farmers' point of view.

In conclusion, I desire to state that I contend that, on account of its isolation, New Zealand should provide its own wheat and bread supply. The average duty this year paid in flour has only been £2 19s., or approximately ½d. per 2 lb. loaf, and surely that is a minimum insurance rate to secure the country's bread-supplies. In brief, this benefit more than sets off the insurance premium of ½d. per 2 lb. loaf; but, in addition to that, I have endeavoured to show that the dairying, pig, and poultry industries in the North as well as in the South Island derive considerable saving and have practically all their supplies of bran and pollard supplied as an indirect result, whilst, in addition, considerable extra labour is employed in New Zealand directly and indirectly through these wheat and flour industries being kept going, and the only satisfactory fiscal method has been the sliding scale of duties.

(At this stage the Committee adjourned until 9.30 a.m. on Wednesday, the 25th September, 1929, when the examination of witness was continued.)

WEDNESDAY, 25th September, 1929.

Mr. JOHN C. YOUNG, under examination.

The Chairman: When the Committee adjourned yesterday, Mr. Young had completed his statement of evidence, and members of the Committee now have an opportunity of questioning him. I will commence.

The Chairman.] You stated yesterday that the New Zealand average cost, net, of pollard was £7 16s.: what is the distributing companies' price to the merchant to-day?—The distributor's agent sells to the merchants and storekeepers at £8 per ton, less 2½ per cent.

Are supplies available at that price?—Yes, there are limited supplies available. Bran, perhaps, is a little more scarce than pollard.

Has the price been reduced ?—No ; £8, less 2½ per cent., has been the standard price for quite a long time.

You said that the price of Australian pollard was £7 10s., plus freight, costs, &c., £1 15s., making a total cost £9 5s. ?—Yes.

Well, the figures that have been previously submitted to the Committee show that it would cost £10 4s. 11d. per ton to land Australian pollard ?—In my case I have deleted duty.

But if Australian pollard costs £10 4s. 11d. to land, and New Zealand pollard is selling at £7 16s., why the necessity for the duty ?—Well, so far as the miller is concerned, he is merely a collecting agent for the price of wheat the farmer gets. If it is thought that the farmer would still grow the maximum quantity of wheat if the £1 duty were taken off offal—well, that is a matter for the Committee to say.

On the face of it, if New Zealand prices are lower than the Australian prices, that hardly shows the necessity for a duty on that class of goods, does it ?—Not to-day. Possibly Australia may not have a small temporary surplus at the present time. Strange as it may seem, as soon as a small surplus is apparent they shoot it out, regardless of consequences apparently.

In order to safeguard against these particular periods, you advocate that the duty should remain on the whole year round ?—Yes. The miller is the collecting agent for the farmer. The position gets back to the price of wheat to the farmer. If the farmer would still grow the wheat it would be all right. I am not defending the matter, however.

We have evidence that the price of pollard in England is £6 10s. per ton ; here it is £7 16s. ?—I suppose that New Zealand butter will be cheaper in England than elsewhere. Of course, England is the dumping-ground for the surpluses of the world.

You are aware, of course, that the representatives of the pig industry object very strongly to the present duty ?—They have not much ground for complaint, because under free-trade they would not be buying as cheaply, and if any changes were made in the present measure of wheat-protection they would probably be in a worse position than they are to-day, for the reason that 96 per cent. of the pollard required might be substantially reduced thereby.

Will Distributors Ltd. supply associations representing the pig industry direct, thus saving the merchants' profit ?—Yes ; if the pig associations ask Distributors' agents for wholesale quantities, I do not see why they could not be supplied just as a storekeeper is supplied under wholesale-purchase conditions.

You would still propose that the merchants' profit should be retained ?—No ; it is not the merchants' profit. We do not employ them at a salary. A limited number of merchants were retained when the list was compiled, and instead of paying them at a salary we pay them a commission of 2½ per cent. No merchant's profit would be included.

You would not propose selling direct from the mills ?—We must have a connecting-link.

The whole output of the mills goes to the merchants ?—To merchants' agents. Small lots of pollard, &c., are booked at the mill-door.

I have a letter from the millers of Auckland, who state that they are prepared to supply pig associations at wholesale rates, provided, say, 4- or 5-ton lots are ordered. The associations would have to be responsible for the payment and undertake the distribution to individual farmers. I am not clear whether they mean direct from the mills or not, but it seems that that is the position ?—Two mills in Auckland do their own selling.

They do not employ merchants ?—No. They have to pay travelling-expenses and salaries, &c., whereas we pay a salary in the form of a small commission.

Apparently they are prepared to sell direct from the mill ?—We are prepared to do exactly the same as that.

Except through a merchant ?—No, in the form of one of our own employees. We have only a limited number of merchants, agents—for instance, in the Wellington District. In any case, the price the Auckland people would pay would probably be the same as our price.

That would be by agreement, I assume ?—I do not think so.

It is rather singular that the prices would be the same in the absence of an agreement ?—This is a coincidence that happens sometimes.

Hon. Mr. Cobbe.] I was not present when you gave your evidence yesterday. You recognize, I suppose, how important it is that we should have cheap foods available for pigs, and also for poultry. Is there any method by which milling-wheat could be subject to duty, and the other classes be admitted free ?—With respect to offal, we discussed that a few moments ago. So far as ground maize is concerned I understand that it is on the free list now. I do not know of any other foodstuffs the pig-raisers would want.

Take fowl-wheat, for instance ?—The evidence submitted yesterday was to the effect that at the present time under free-trade the price of New Zealand wheat is lower than the price of Australian wheat.

That may be for the moment ?—Yes, but the average price for the last six months of Australian wheat, in common with this commodity in other parts of the world, was at a much lower level than the average for a period of years. All that the New Zealand farmer was paid under the sliding scale of duties was 2d. per bushel in excess of these abnormally low world prices. I think, so far as administration is concerned, that it would be difficult to discriminate between fowl-wheat as against milling-wheat so far as importations are concerned.

A great many people say that the whole community is being compelled to pay a higher price for bread in order to protect a few wheat-growers here : what is your view of that contention ?—I think they are protecting themselves in assuring bread-supplies ; the wheat-grower is only an incidental factor.

Mr. Jones.] Do you think that six thousand wheat-growers, with their employees, could reasonably be referred to as "a few wheat-growers" ?—They would rather resent it.

Hon. Mr. Cobbe : Did I say "a few" ? I would rather have said "a comparatively small number."

The Chairman : Thank you for your evidence, Mr. Young.

Mr. ROBERT K. IRELAND, recalled and re-examined. (No. 46.)

The Chairman.] You were to submit certain additional information to the Committee with respect to balance-sheets, &c. ?—Yes. (Mr. Ireland tendered further evidence of a confidential nature regarding his company's balance-sheets, and the wheat and flour-milling industry generally.)

Hon. Mr. Cobbe.] You state that the cost of manufacture of a ton of flour in New Zealand is £4 2s. 9d. ?—That is an estimate of what we consider to be an average for the mills of New Zealand.

I take it that that would be the average for all the mills working for Distributors Ltd. ?—No. I would not say that. I would say that it was the general average. There are various conditions which affect one mill but which do not affect another mill. For instance, under one of the items is the question of mortgage. There are various factors which must be taken into consideration.

The Chairman.] The estimated cost of production is £3 5s. 3d. ?—Yes, and with sacks added £4 2s. 9d. A return I have submitted shows that on this year's return all that we have available for cost of manufacture, delivery, and profit is £2 19s. 6d. So that that taken as against the other return shows a difference of 5s. 9d., which is the amount short of the average cost of manufacture. As I said yesterday, a number of mills are working on that figure, £2 19s. 6d., and are making no complaint. Other mills, working on the same price of wheat, complain that they cannot make a do of it.

I take it that where an efficient mill is working full time it can produce at less than £4 2s. 9d. ?—I admit that it could be done. I admit that we could do it.

Then, this amount of £4 2s. 9d. is the average for the mills connected with Distributors Ltd. ?—It is the average to check up with. They have to work within that figure, out of which a profit is to be taken.

Hon. Mr. Cobbe.] Is this an actual average ?—It is an estimate for 1929. Naturally, we cannot show the actual figures until the year has ended.

I presume you based these figures on previous experience ?—Yes, I should say that they should work within it.

You could produce flour at a lower figure than that ?—Yes.

But this is the average ?—Yes.

Could you give us any idea as to the lowest price at which it could be produced ?—It is difficult to give that in actual figures. I have gone into the question of comparing our mill working as it is run at the present time with a system of three shifts. We show in our return the figure £3 5s. 3d.

Does that take sacks into account ?—No ; that is under another heading. It is difficult to show an actual statement of profit-and-loss figures. For instance, we will say that the price of a ton of flour is £16 5s. f.o.b. All flour is not sold at £16 5s. From Christchurch we rail flour to the West Coast, and we get a higher cost of delivery on the West Coast. The railage we pay goes into our own Profit and Loss Account. That would not agree with a theoretical statement such as this. This is working under practical conditions. You cannot compare one mill with another. From Timaru to the West Coast would involve a higher charge.

I take it that you are adding delivery charges to the cost of manufacture ?—In certain cases there is no other way to do it. When we sell flour the item must go to the credit of the sales account for flour. We cannot disconnect this, and say, "This goes to the West Coast," and therefore deduct the railage from that, and put the amount into the sales. It would not be worth it.

Hon. Mr. Cobbe : I would like to find out the actual cost of producing flour at a thoroughly efficient and up-to-date mill.

(Confidential figures discussed.)

Witness : To determine the cost of manufacture and profit, the correct way is to take the cost of the wheat at the average prices for the year and compare that amount with the return of flour at the mill, and the difference is the cost of manufacture and profit.

Hon. Mr. Cobbe.] What I want to get at is whether a thoroughly efficient and up-to-date mill, working under the circumstances you have stated, could produce at a lower figure than £4 2s. 9d. ?—Yes, it could. I would like to remind you, however, of what I said earlier in the discussion as to the cost of wheat and the holding of wheat. You simply cannot compare Australian and New Zealand conditions. The Australian miller can buy the best wheat from the silo week to week, just as he wants it. Unless we in New Zealand buy wheat in February, March, and April we have either to pay higher prices or we do not get it at all.

I am simply dealing with New Zealand wheat ?—You cannot lay down a flat rate and say that that is the cost of manufacture, and that that is the end of it. I say that you can only take the cost of manufacture under the varying conditions from year to year.

I take it that the cost of manufacture would be reduced considerably if the mills were working at full capacity ?—Yes. I have prepared a statement, which I have before me, showing a comparison between our Christchurch mill if working three shifts as against the present running of two shifts. The cost for the year ended 30th June, 1929, was £3 17s. 4d., and the estimated cost of running three shifts was £3 3s. 2d., or an estimated saving of 14s. 2d.

Your own mill is working pretty well up to full time ?—No.

Are the mills generally belonging to Distributors Ltd. working up to full time ?—No.

About half-time ?—I should say, possibly an average of twelve hours. That is just a rough estimate.

Then, you could really do with a smaller number of mills if they were all working full time ?—Yes, if it were the policy of the country to run the mills twenty-four hours a day.

That is done in some countries, is it not ?—In export countries it is, but even then it varies according to the demand. Sometimes the mills are running full time, while at other times they are slack and working short time.

Let me put it in another way: If the mills in your concern were working full time for even twelve hours, have you any idea what the output would be?—Approximately 100,000 tons a year.

What is your present output?—Approximately 85,000 tons; but that figure would have to be carefully gone into before any calculation could be made on it.

I take it, then, that if the mills were reduced in number, and the remainder were working full time, flour could be turned out more cheaply?—Yes, there is no question about that.

Mr. McCombs.] Mills are rated at their bag capacity per hour, are they not?—Yes, at so-many sacks of flour per hour, 200 lb. sacks. A mill is called a twenty-sack or a thirty-sack mill, as the case may be.

Do you know the sack capacity of the mills in the Dominion?—I could not say offhand.

In the returns that have been furnished to the Government Statistician in connection with industries the added value given in the process of manufacture would roughly show the relative position of the industry from the point of view of prosperity or otherwise from year to year, would it not?—I have endeavoured to take out returns from those figures and cannot reconcile them. We have had correspondence on the matter with the Government Statistician, and he tells us that oatmeal and other products are included in those returns.

You think it would be more satisfactory if the Government Statistician showed flour, oatmeal, &c., separately?—Yes, if they could be shown separately it would be more satisfactory. There is another return which has been questioned in the years when we have been importing flour. Some mills included the flour they mixed with their product in their returns, and it upsets the whole calculation. During the shortage mills could not get wheat and they mixed Australian flour with the flour made from New Zealand wheat, and it put the returns, so far as percentages are concerned, all astray.

You say "during the shortage": has there been any shortage during the last two or three years?—During 1926-27 there was.

In the hypothetical figures you gave in your typewritten statement showing the average cost of £4 2s. 9d. in all mills of the Dominion, and a loss of 5s. 9d. per ton, that would mean a loss in the milling industry of £37,375 on a 130,000-ton basis?—If that was the average it would probably work out to that extent, although it seems a big figure.

The Committee is faced with this difficulty, and I want you to put yourself in the position of the Committee: You give us hypothetical figures showing that the industry is losing nearly £40,000 per annum and is still carrying on?—In preparing those figures every item has to be taken into account. Take, for instance, cartage to the mill: some mills do not incur that expense. Then, there is rent of premises, which is equivalent to interest on the mill or on a mortgage. If the mill was free of encumbrance, then, of course, the amount allowed for that would go as a profit.

That is to say, the mill would be getting interest on its capital?—Yes.

They would be actually making a profit on the business of the mill?—No. We have to include the amount in the return, or there would be no item to cover interest on a mortgage or overdraft. A mill that had no such expense and came out square would only be covering interest on its property, although at the same time it might show a profit in its Profit and Loss Account.

We have had evidence from you that 90 per cent. of flour is turned out by efficient mills?—Yes.

And some of them are making more. Evidence subsequently submitted showed that some were making 10s. 6d. a ton, and some were making over £1 a ton?—No, I think you are taking the wrong year. What I say is that this year will show a very small return to the millers of New Zealand. While you may have efficient mills, you have mills which are more efficient than others. I still think that with our mills we can still show a small margin of profit this year.

If all the mills, taken as a whole, will lose £40,000, and the efficient mills will make a profit, the inefficient mills must be making a pretty tall loss?—I think some of the mills this year will make a fair loss. For instance, they are agitating now to the directors of Distributors Ltd. to put up the price.

This Committee is in a difficulty. It has evidence from every class of witness that every industry connected with the wheat business is losing money?—I think if you study my return further you will see what we are actually doing, and then I have put the average mill against it on a theoretical basis to show the difference. What we are actually doing can be found in that part of my statement where I show what the New Zealand miller is getting to-day for flour and offal as compared with the price he pays for the raw material.

The Chairman.] That indicates a probable contemplated rise in the price—the price to-day may not be the price to-morrow?—If we put the price of flour up to-day—bring it up to, say, £17 a ton—we immediately start an inflow of Australian flour. It puts it on a competitive price again; but that would reduce our running and reduce our demand for wheat, and to save our trade we have still to keep on the present basis, and the mills that have been complaining have to go on complaining.

That is to say, then, the price is regulated by the tariff or the cost of the imported article?—That is so. We must keep below the price at which the baker can be tempted to buy the imported article.

Mr. McCombs.] We have had some very valuable evidence this morning. The figures are theoretical, and this balance-sheet is something like the one we had from the bakers?—I have given you on one page what we are actually doing, and on the next page a theoretical statement of the average of what the mills ought to do.

I am not doubting your evidence, but you see the difficulty the Committee is up against?—We are practically in the same difficulty, but we attempt to make an average statement for all the mills in New Zealand. It is difficult to assess any particular charge, and if we left out any particular charge, as, for instance, cartage to the mill, we would have complaints from the millers that that charge had not been included.

Is it not a fact that when the mills were under control you were able to persuade the Control Board that you should get a certain price, and the mills were never so prosperous?—We did fairly well under

control, but to say that we simply put our own price in and got away with it is not correct, because there were some very heated arguments between the Board of Trade and the millers' committee, and if you look up the records it will be seen that the millers did not get their own way.

Mr. Bitchener.] I think the Board of Trade statistics bases the miller's return for flour at 72 per cent.: is that fair and reasonable, or do some of the mills get more or less ?—I would say that 72 per cent. of flour is too high. I think 71 per cent. high enough.

Is that based on clean wheat, or wheat as you buy it ?—Wheat as we buy it.

I noticed the statistics set it out on a 72-per-cent. basis, and wondered whether that was too high or too low ?—There are different ways of working out the percentage. I have a return here which I questioned as soon as it came out. It was issued by the Research Department in Christchurch, and showed the percentage of flour in one year at 45 bushels. I immediately challenged the return and said it was not correct, and I am still quite satisfied that some mistake was made. I think it has really been made by the millers putting their imported flour in their return of the manufactured product, and that boosts the percentage.

Is the percentage of bran and pollard equally divided—I suppose the mills vary ?—Yes.

According to the quality of the wheat ground ?—Yes. Some mills attempt to take too big a percentage of pollard, and at different times Distributors Ltd. has had to reprimand the mills for the quality of the pollard turned out. That is one of the duties of the directors—to see that the quality of the pollard is kept regular.

The same as flour, I take it ?—Not so strict as in the case of flour.

Mr. Jones.] You mentioned twelve hours per day: would that be for an average of three hundred working-days in the year ?—It is difficult to get three hundred working-days in, and, as I said before, I am only making a shot at twelve hours. To give an accurate statement I would have to make inquiries from every mill.

Mr. Macpherson.] In connection with the figures for 1927, showing approximately a profit of £1 per ton, was that the result of your being able to buy wheat at relatively 8d. per bushel less than this year ?—It is partly accounted for by that, and partly by the higher price of flour in that year.

Would 1927 constitute the most profitable year you have had for some time ?—Yes, it was quite a good year.

The Chairman.] Do you deal in oatmeal ?—No, I have no figures regarding oatmeal.

Did these rates prevail for some time ?—I made a statement yesterday in regard to flour, and I think I had better send a statement showing when the price of flour was altered. Flour has had a downward trend. It was £16 5s. after we dropped our equalization scheme. I said yesterday that bran had not been altered. I was then referring to this year, but I would like to go back to 1927. In August, 1927, and up to the 15th February, 1928, bran was £5 10s. a ton. From the 15th February, 1928, up to to-day the price has been £6 10s. a ton. With regard to pollard, I also said yesterday that it had not been altered. Again I meant this year, and I had better go back to 1927 with pollard also. From August, 1927, to the 15th February, 1928, the price of pollard was £7 10s.; from the 15th February, 1928, to the 28th April, 1928, it was £8; from the 28th April, 1928, to the 8th June, 1928, it was £9; and from the 8th June, 1928, to the present day £8.

The Chairman.] What we wish to get is the actual cost of production of your two mills ?—I will have to send that to you.

Mr. McCombs.] The question has been raised two or three times whether it was practicable to devise a subsidy for flour manufactured from New Zealand wheat, leaving the miller free to go on to the open market—I mean the market in New Zealand—and purchase the grades and quantities he wants. If, for instance, there was a subsidy of £3 per ton on all flour manufactured from New Zealand wheat, would the witness tell us how that could best be paid ?—If the miller got it straight out, obviously he could afford to pay a higher price for New Zealand wheat than for Australian wheat.

Would that be a simple and practical way out of the difficulty, or would it lead to difficulties that cannot be controlled ?—The Government would have to be sure that it was getting value for the £3. I think it would be very difficult to check.

The Chairman.] As to whether the farmer got it ?—Yes. I might want to buy special varieties for my mixing, and the Board of Trade might say we were being extravagant.

Mr. McCombs.] I do not want the Government to control in that way. Evidently the witness cannot get out of his mind the difficulties of the previous control. I am presuming a case where he could go and buy what wheat he liked and the subsidy would be the same, so long as it was New Zealand wheat ?—What protection would the New Zealand mill have in the sale of its flour ?

If the mill was getting £3 a ton subsidy, that would be its protection ?—But how are you going to satisfy the farmer ? For instance, wheat was down this year in Australia to 4s. 6d., and now it is 5s. 8d. or 5s. 9d.: what are we going to do with the farmers from whom we have bought all this wheat earlier in the season while others have been holding off ?

The same difficulty arises if you suddenly put on a duty, or take it off ?—I am just trying to see how it would work out. A variation would take place if the miller received a subsidy, and who is to ascertain that he is "playing the game" ?

That is really my question. Is it practicable for officials to check the workings of each mill satisfactorily to see that the subsidy is paid out where it is really earned ?—I think the real weakness there is that the miller, having the £3 subsidy, might be tempted to say, "It does not matter a great deal; we are getting the subsidy and can give you a little extra, and can persuade the Board of Trade that that is the price."

Does not the same difficulty arise now ? You are not compelled to give the import parity ?—That is so.

There are industries that manufacture under bond: Would it be practicable to apply something of the same nature to truly manufactured New Zealand flour in New Zealand mills under practically

bond conditions ?—It would require an enormous amount of checking. I would like to mention the matter of importations. We have done our best to try and keep the importations out, but there is a difficulty, more especially with the big automatic bakeries. They say they must have strength, and the way they get it is by using Canadian, not Australian. During the last twelve months in our Christchurch mill we have been experimenting with a new process with a view to adding strength to our flour. The theory, roughly stated, is that a certain proportion of the flour is heated to a certain temperature, and that is then mixed in the regular flow of the mill. We have spent a lot of time and money experimenting with this process under experts. We have got results on the experimental tests which have satisfied Stacey and Hawker, and we have now placed an order with this milling company under which they guarantee a result equal to a mixture of 5 per cent. Canadian flour. The conditions are that we buy this plant at a cost of approximately £1,500, plus 1s. per ton a year royalty on the whole output for five years, but if it does not give the result stipulated we throw it out. I mention this to show that we are not taking this lying down, but endeavour to beat the importations, and on our experimental tests and in the bakehouse it appears to show that it can be done. However, I will not say definitely that it can be done, but we will know definitely in probably twelve months. Mr. West is working in conjunction with us. He knows the problem, and he agrees that this solution is practicable, while we have no definite knowledge of it being a success in other countries, except from Hy. Simon Ltd.'s representative, who says that in France and in some other European countries where they will not allow importations and they have to make the best of the local wheat, which is not of too high a quality, they have had good results.

Mr. McCombs.] What is the process ?—I cannot exactly give you the process, but apparently a small percentage, highly heated, has an effect on the rest of the flour. It is a very small percentage that is mixed.

Mr. Bitchener.] I take it that does not apply to the small country bakeries ?—When this comes into force it will be the whole of our output, and we will not try to monopolize it. The other millers will get the benefit of our experience.

The Chairman.] Have you any figures relating to the total capital value of the mills controlled by Distributors Ltd. ?—I have not, but they could be obtained. I do not know whether they are shown separately in the Year-book.

Mr. R. K. Ireland, on behalf of Mr. J. W. Fair, submitted the published balance-sheet of Messrs. Evans and Co., and also read a statement prepared by Mr. Fair explaining the balance-sheet. Mr. Ireland explained that Mr. Fair was to have been present to give the evidence, but had wired that he was indisposed.

Mr. R. J. Lyon, grain-manager for Messrs. Wood Bros., Ltd., flourmillers, Christchurch, produced the company's balance-sheet for the year ending 31st December, 1928, the first full year that the sliding-scale system had been in operation.

The Chairman said it might be valuable to the Committee to have the balance-sheets for the two previous years in order to make comparisons, and Mr. Lyon undertook to recommend his directors to produce them to the Committee.

TUESDAY, 1ST OCTOBER, 1929.

Mr. GEORGE S. BATES examined. (No. 47.)

(In the absence of the Chairman, Mr. McCombs took the chair.)

Mr. McCombs.] What is your full name, Mr. Bates ?—George S. Bates.

And your official position ?—President of the New Zealand Poultry Association.

You are representing the New Zealand Poultry Association ?—Yes, sir.

Will you proceed with your general statement ?—Mr. Chairman and gentlemen, on behalf of the New Zealand Poultry Association we wish to put before you certain aspects of the position of the poultry industry with regard to wheat-prices which, owing to pressure of time, we were unable to do at our previous appearance before you. Broadly, the position as we view it is this: that you have two industries—poultry and wheat—of an approximately equal value (£2,500,000) to the Dominion, but the one—wheat—is given such a generous measure of Government protection as to render the other —poultry—wholly unstable by reason of its being compelled to purchase its main supply of food from the highly protected wheat industry, this notwithstanding that the wheat industry has now apparently reached its fullest expansion, whereas the possibilities of expansion in the poultry industry are very considerable if the present incubus can be removed and a certain measure of Government support accorded. We would stress the fact that the poultry industry is one deserving of the fullest Government support, both on account of the very large number of people already engaged in it and also the possibilities of its expansion, especially amongst small holders. In other parts of the world where it has been properly fostered the poultry industry has assumed huge proportions. In the United States to-day it is the second-largest agricultural industry, and at one time was the largest. New Zealand is climatically eminently suitable to poultry-farming, and the high standard set by our breeders has produced flocks of laying-birds second to none in the whole world. In the past we honoured our pledge to the Government to fully supply the Dominion's needs in eggs in shell and pulp, and, furthermore, built up what was then a profitable export trade, only to find our expansion turned into a two-edged sword by the imposition of a sliding scale of duty on our staple food, wheat. We would submit that the poultry industry is an essential industry to this Dominion. It is quite impossible to import new-laid eggs, as all eggs imported must have some measure of chilling, and consequently come into the category of chilled eggs. On the other hand, it is only too easy to import the whole of our wheat-

supplies, and of a better quality than can be produced in this Dominion. Previous witnesses have put forward the contention that it would be highly inadvisable to rely on Australia for our wheat-supply; but it is surely idle to overstress this contention in the face of the fact that the Mother-country draws such a huge proportion of its wheat from the four quarters of the globe, including New Zealand. We consider the sliding scale a most inequitable measure, in that it heavily taxes the whole of the poultry and other dairy industries for the benefit of a numerically much smaller industry. We contend that wheat and its offals used for stock purposes should be exempt from duty, and, if necessary, a subsidy paid instead; in fact, the most equitable solution of the wheat question appears to be the removal of the present sliding scale, and its consequent burden, from the poultry and dairy industries, and the substitution of a subsidy. It is surely only feasible that if the Government finds that protection for the wheat industry is necessary for the good of the Dominion, that the Dominion as a whole should bear the burden, and not one section as at present. The other alternative is that the poultry and other dairy industries be permitted to import duty-free sufficient wheat for their requirements. The operation of the sliding scale as it affects the export of eggs is most disastrous, removing the possibility of profitable export entirely. Profitable export of eggs from New Zealand has taken place when food-costs have been high, but they have been on a parity with the rest of the world. Now, when our food-costs are kept artificially above the world parity, we are at the mercy of all other exporting countries. It may be argued that export is only a matter of a small portion of our produce during about three months of the year; but its effect is much more far-reaching than that. The industry having expanded to the extent of having a surplus, unless it can export that surplus profitably at the right time will have to carry it as a burden of overproduction, affecting all its operations until it can be exported to advantage. As an example, three years ago the price in the flush season never fell below 1s. 7d., and there did not seem to be any available surplus to be exported, consequently no eggs were sent away. Considerably later in the season we found that there had been a considerable surplus, but it had been used by various speculators for making pulp, and so had not found its way on to the open market. That unexported surplus has clogged the marketing of our eggs ever since. The anomaly of the very small difference in price between first-class milling-wheat and fowl-wheat is one which we feel this Committee could do a great deal to remove. At present there is a difference of only 3d. a bushel, whereas, taking them at their real value, there should be at least 1s. difference; in fact, we are often supplied with samples quoted at 3d. below milling-wheat which are totally unfit for poultry-food. With regard to the possibility of a continuous supply of wheat and its offals from Australia, a recent witness stated that supplies of pollard and bran were only available at irregular intervals, and then at prices much above New Zealand's. This does not appear to be at all a correct statement of the position, as supplies of both these foods are available at all times, and often at lower prices than obtain in New Zealand. Recent purchases of Australian pollard have been made at £8 15s. 6d. per ton on wharf Wellington, as against £9 2s. 3d. for New Zealand pollard, also on wharf Wellington.

Mr. Jenkins.] Was that duty-paid?—Yes.

Are you quite sure?—Yes, quite sure. I was given those figures only a few days ago. That was a good purchase of Australian pollard, and the average price to-day appears to be £9 14s. on wharf Wellington. If the wheat-grower finds wheat an unprofitable proposition, he, in the majority of cases, can change over to sheep or dairy farming; but the poultry-farmer, if he cannot carry on through adverse conditions which are outside his control, has no option but to sell out, usually at considerable loss, since his plant, which often is much more valuable than his land, is of little use except for its original purpose. Seeing that the wheat pool is now exporting wheat at a considerable loss—the return from export will be between 4s. 6d. and 4s. 9d.—could this Committee recommend the wheat pool to set aside a portion of this surplus wheat for poultry-farmers in the North Island at a price on a parity with the South Island price? Finally, we appeal through this Committee to the Government that at a time when it contemplates spending large sums of money on closer settlement it should see that everything possible is done to enable those already engaged in poultry-keeping—mostly on small holdings—to retain possession of their land and plant, and not be forced into the already well-filled ranks of the unemployed. I think that completes my statement, gentlemen.

Mr. Jones.] Where did you get your figures in regard to the poultry industry?—I took Mr. Fawcett's figures, the Government Farm Economist.

Let us have your own figures. Where did you get your facts about the poultry industry and the wheat industry?—I took the Government officer's figures. Surely that is on good ground.

They are not your own facts?—No; I took his facts. His facts appear to be quite sound.

How many are there in the poultry industry in New Zealand?—About 176,000.

There are about six thousand in the wheat-growing industry?—I suppose there would be approximately that.

Is not the one just as important as the other?—In what way?

Either in value or in number?—Well, the one employs a very much larger number of people than the other.

Rev. Mr. Carr: I think the witness stated that 176,000-odd people are getting a living out of poultry to-day.

Mr. Jones (to witness).] Do you mean to say that they are all getting a livelihood out of poultry?—No.

We have had evidence to the effect that only about seventy are really making a living out of poultry in the North Island?—That is very erroneous. There are a big number of people engaged in the poultry industry. Unfortunately, Mr. Brown, the Chief Government Poultry Expert, is away. We hoped to have secured some figures from him relative to this question this morning, but we have been unable to do so on account of his being away. Of course, a large number of the poultry-farmers have other lines of

farming as well, which they work in with their poultry-farming. Some go in for dairying, and some go in for beekeeping, and so on. Some of the biggest men in the poultry industry are not put down in the statistics as solely making a livelihood out of poultry, whereas the poultry is a very considerable means of livelihood to them.

You made it clear that the wheat-farmer can change over to some other industry, but that the poultry-farmer cannot do that; and now you say that poultry-keeping is only one of the branches of the poultry-farmer?—A number of the poultry-farmers have side-lines, but their land would not be a sufficient capacity to get a livelihood out of, say, dairying. A man may be running ten or fifteen cows and keeping three or four thousand birds, but if he gave up his birds he could not run sufficient cows on that property for dairying. There would not be a sufficient acreage to make a dairy-farm.

How many do you consider are making a living out of poultry in the North Island?—I could not actually say. It really is quite impossible to get accurate information on that point.

Is it not about seventy?—Oh, no. Take the Hutt Valley, for instance: I think we could raise pretty nearly that number along the valley of the Hutt.

Wholly dependent on poultry?—Yes. Of course, a man may keep a few cows as well, but he would still be chiefly a poultry-farmer. I myself milk from eight to ten cows, but only to help to pay my wages and provide food for my birds. I simply could not run a dairy-farm.

How many poultry have you?—About two thousand.

If the evidence discloses that there are only about seventy people making a living out of poultry in the North Island, and there are six thousand wheat-growers in the North and South Islands, and also their employees, which would you say is the more important industry?—Well, I should like to see those figures before I could give an opinion.

Well, I am putting the evidence to you?—I should say that undoubtedly the more important industry would be the one which employed the biggest number of people; but the number of people who are employed indirectly through wheat are also employed indirectly through poultry-farming in supplying food for poultry-farming.

You have stated that in the past you built up what was then a profitable export trade, only to find the expansion turned into a two-edged sword by the imposition of the sliding scale of duty on your staple food. Will you tell me the difference that the sliding scale has made as compared with the duty in force before the sliding scale was imposed?—It has made the parity of wheat-prices in New Zealand higher than the parity of wheat-prices in Australia.

You are sure that statement is correct?—Well, it is published in all the commercial papers. They give the quotations.

You make that statement here as correct?—Those particulars can all be obtained.

I am not asking for that; I am asking for the evidence that you have to give?—You must have that evidence already.

But I want it from you, otherwise your statement falls to the ground. Your statement must be either correct or incorrect. You say that it has turned your expansion into a two-edged sword?—For the last two seasons our price for wheat has been considerably higher than the price of wheat in Australia. That is a fact, and you know it.

Just a moment now. If the average duty under the sliding scale has been 1s. 3d., and the average duty you had to pay before was 1s. 3d., what is the difference?—That is not quite the point.

That is absolutely the point?—I do not think so.

If the average duty under the sliding scale is 1s. 3d., and the duty before was 1s. 3d., how can the poultry-farmer be in a worse position?—That is not quite on all-fours. The actual fact is that we have to pay a higher price for our food. For the last two seasons it has made our costs considerably higher than Australia, who is our big competitor on the London market. The sliding scale varies, of course, according to the price of wheat outside New Zealand. The sliding scale can go up. Before it was rigid. Then when the price was low in Australia it did not affect us so much.

Do you say that you can get better fowl-wheat from outside of New Zealand than you can in New Zealand?—I did not think that was open to question.

You did not think it was?—No.

Well, that does not agree with the evidence that we have had here?—The wheat that I have had from Australia is better than the wheat that I have had supplied in New Zealand. And we cannot buy New Zealand fowl-wheat. I am unable to keep going on New Zealand fowl-wheat, and I have to pay an extra 3d. for prime milling-wheat; and it is very difficult to get prime milling-wheat in Wellington and in the North Island.

Do you say that you can get better wheat from Australia?—Yes, we do get better wheat from Australia.

Is Australian prime milling-wheat better than New Zealand prime milling-wheat?—That does not concern us, because we do not use either of them. I consider that Australian fowl-wheat is very considerably better than New Zealand fowl-wheat.

Is there not in the North Island competition with South Island eggs?—Yes, to a certain extent.

I notice you are exporting a considerable quantity to Great Britain?—Not a considerable quantity now.

Is that a payable proposition?—Unfortunately, it is not.

Have you not a Government guarantee?—Certainly.

You are suggesting that there are enormous possibilities in the poultry industry—a much greater export in the future that at the present time?—Yes, if the wheat duty is adjusted in some way.

You say there are great possibilities in exportation?—At a certain price, undoubtedly.

Is there any prospect for a better price in the Old Country?—Certainly, if our wheat-prices come down, it can be arranged.

We are discussing the world's prices. Is it reasonable to suppose that the price will be any better than it is to-day ?—Yes, I believe so. But what I had in view was not chiefly export; I was referring, to a very great extent, to our local market.

But apparently the home market is oversupplied now. Where are your enormous possibilities for the future ?—I did not say "enormous"; I said "considerable."

I will put it this way: If you are able to supply the requirements of your local market now, where is the new considerable development in the future ?—It will develop along the lines of better marketing. By better marketing we would be able to increase the consumption very considerably, just as it has been increased in other countries. In other countries it has gone up 100 per cent.

Have you a satisfactory system of buying ?—Well, I do not see that our present system of buying can be improved. As we buy wheat at the present time—I am speaking personally of the Wellington District—the price we pay returns the merchant very little profit. I may say that I have had quotations from the South Island which have been higher than the prices asked by the merchants here in town. That shows that the merchant here in Wellington is not making any undue profit.

Do you say that you can get the whole of your bran and pollard at cheaper rates from Australia than you can get it in New Zealand ?—Did I say that ? I do not think I said that.

You said that pollard will be cheaper ?—Yes, pollard will be cheaper, and supplies are available all the year round.

From Australia ?—Yes.

Will you give us evidence of that ?—Well, I have had the evidence of an importing firm in Wellington to that effect. They assure me that they can buy supplies of bran and pollard from Australia all the year round. They said they would guarantee to get any supplies wanted from Australia all the year round, provided, of course, prices warranted that being done.

Well, the whole of the evidence that has been given before this Committee went in the opposite direction ?—Possibly they may be mistaken, but I do not think so. They are a pretty hard-headed firm.

Do you make this statement that bran and pollard is available in Australia all the year round merely on the statement of one man in Wellington ?—No. I can quote two firms, and they assure me that I can get the same evidence from any merchant in Wellington. They state there is absolutely no difficulty in getting supplies. The supplies are there.

Does the Poultry Association buy its supplies cheaper in Australia ?—The association does not buy food. Actually we have no organization purchasing food.

You have made the statement that the wheat pool is exporting wheat at a considerable loss—at between 4s. 6d. and 4s. 9d.: what is your evidence in proof of that ?—Is that incorrect ?

I am asking you ?—I think you will find it is correct. Unfortunately, I cannot supply the figures. I have the figures, but I am sorry to say I did not bring them with me.

As a matter of fact, you know it is not correct ?—No. I had the figures, which were quoted for the wheat already gone.

It is a most damaging statement if it is not correct. I am asking you to supply the proof ?—If you like, I will supply it.

The Chairman.] Can you get the figures here this morning ?—I possibly could. I will do my best.

Mr. Waite.] Does the poultry industry use much bran and pollard ?—Not a considerable amount of Australian bran. We use Australian pollard. I have never used New Zealand pollard, because I consider it is not what it should be. I also grind my own wheat-meal.

There is a duty of only £1 a ton on bran and pollard ?—Oh, I see. Yes, that is so.

You do not worry a great deal about the duty on bran and pollard ?—No, not a great deal. At present it does not militate very much against us. Unfortunately, in Australia they place bran in the same category as pollard. It is very often the same price.

You object to the importation of egg-pulp ?—Yes.

From China, Egypt, or other places ?—Yes.

Do you stand for free-trade within the Empire ?—Undoubtedly.

Then, do you object to eggs and egg-pulp being imported from, say, Hong Kong ?—Oh, yes, undoubtedly. It all comes in the same category. Some firms, I believe, turn out the imported egg-pulp in an exceptional manner, but that does not affect the fact that the actual eggs are purchased in a very doubtful way. The fowls in China, just the same as the fowls in Egypt, are just scavengers.

Then, you are not in favour of the duty being reduced or abolished so far as Hong Kong is concerned, although it is within the British Empire ?—That is rather a minor question. Hong Kong may be within the British Empire, but this is a question of the importation of Asiatic egg-pulp, and I think it is self-evident that the conditions are such in China that we should not be asked to compete against them.

You want to keep out egg-pulp ?—Yes, chiefly Asiatic egg-pulp.

Supposing wheat was to come down 6d. a bushel, what would that amount to on the eggs ?—That is a very difficult thing to say. Approximately somewhere about ½d. a dozen.

You think it would be about ½d. a dozen ?—It is a very difficult thing to say—figures are so very hard to get. It is very difficult to get good average costing figures, but from the figures we have at present it would approximately be that.

One of the witnesses giving evidence here stated that the cost of the food in a dozen eggs was 1s. 3d. ?—I think he said it was 1s. 2d. It varies on various farms, but the average should be in the neighbourhood of 1s. 2d. Some are lower, but the majority appear to be higher.

That is for food ?—Yes, food alone.

Can you tell us the cost of producing one dozen eggs ?—That is another thing it is very difficult to say—farms vary so much. In some the overhead charges are very much higher than in others. It is very hard to get any definite information on that point.

What would you say approximately the cost is per dozen ?—That is a very hard thing to say at the moment.

It would not be 1s. 2d. ?—No ; that is the cost of the food alone.

Would it be 1s. 6d. ?—Scarcely that, I should say. It is rather a difficult question to answer. I may possibly be able to work it out with a little trouble, but I would not like to make any statement on that point just at present.

What are eggs selling at to-day ?—1s. 2d., and 1s. 1d. in some places. It simply means this : that every dozen eggs is sold at a dead loss. I am seriously considering cutting the loss by selling my second-year birds now instead of in the autumn.

Can you tell us what would be a fair and satisfactory price for a dozen eggs ?—Yes. I think Mr. Fawcett averaged up some figures as near as he was able to get at it, and they went to show that to get a fair average return all the year round it would be in the neighbourhood of 2s.

What difference would it make if the duty was taken off ?—If the whole of the duty was taken off it would average about 1s. 3d. per bushel. That would mean, say, 1¼d. a dozen eggs. Well, taking my own case at the present time, 1d. a dozen would bring me in extra £1 17s. 6d. a week.

How do you work that out ?—I am averaging fifteen cases per week, and a case is thirty dozen. Fifteen half-crowns would amount to £1 17s. 6d. It would mean a difference of £1 17s. 6d. a week to me.

What reduction in wheat-prices do you think should be made in order to make the North Island poultry industry pay, seeing that the price of eggs is now 1s. 2d. and 1s. 1d. ?—I may say that the present prices of eggs are entirely fictitious. There is, in the words of one big grocer in town, an " egg war " on. Eggs are purely and simply being cut about from grocer to grocer as " cut " lines. The prices are wholly and entirely fictitious.

Mr. McCombs.] I think the question is, What reduction in the price of wheat would be necessary in order to make it pay ?—That is a very difficult thing to answer. I am not in a position to state that. In the past I have taken Mr. Fawcett's figures on that question, and those figures have already been supplied to the Committee.

Mr. McCombs : Evidently you cannot get the facts you want from this witness, Mr. Waite. Probably you will have to rely on what is already in evidence.

Mr. Waite : I am very disappointed, because we are trying to help the witness, and are trying to make the poultry industry pay.

Witness : It is a very difficult thing to get at.

Mr. Jenkins.] Your organization apparently is asking for protection against importations of egg products. Of course, you are probably aware that people travelling in the East—India, China, Java—do not eat eggs at an hotel—that is, the local eggs. The production of eggs in the East is not on a par with the production in New Zealand. In the East the fowls live, as it were, on the overflow from the septic tank, and so on, and do you not think that if the public knew that it would be sufficient protection for the poultry industry here ?—I doubt it, because the bakers generally handle the importations.

I suggest to you that, if the public knew, you would not want protection ?—I hardly think that is so.

Mr. Alfred George Mumby, New Zealand Poultry Association, examined. (No. 48.)

Mr. McCombs (Acting-Chairman).] You wish to make a general statement ?—Yes. Mr. Chairman and gentlemen, as a poultry man of a fair number of years' standing I think at the outset I can safely say, as far as the poultry men of New Zealand are concerned, that they would like to see the wheat produced in this country. The poultry men have never been out to put anything in the way of not producing wheat in this country in a reasonable manner ; but, at the same time, I do not think it is altogether a fair thing that the poultry men should have to be put to so much expense over it. I consider there is not the slightest doubt about it that the poultry industry has received the biggest knock it has ever received since the sliding scale of duties on wheat was inaugurated. Every industry should be given an opportunity to work under some system of the law of supply and demand. I think that when that is interfered with things can happen which it is impossible to meet in a proper and fair way. The matter of the sliding scale was inaugurated a few years ago, and the world's parity at that time—and it had been for a year or two—was fairly high. The markets abroad were better than they are to-day, naturally caused through the higher cost of production, and we went ahead, possibly, with those prospects. We produced more eggs, and we exported and met with reasonable success. We naturally thought when we had found this market that we should be given an opportunity to carry on with the same possibilities that we had when we first made the market ; but what has happened since then is that the world's parity did considerably drop for quite a time, and the cost of our production still remains the same. The position is that we have to export on a high cost of production against the world's parity on low-production costs. So you see that we are up against it. We maintain that we can produce eggs in this country at a reasonable price comparative to what eggs are produced in any other country in the world, or the majority of countries, at any rate.

Rev. Mr. Carr.] If you consider that eggs can be produced in New Zealand as cheaply and as satisfactorily as elsewhere, what is the complaint you are making against the present situation ? For instance, what is the complaint against the importation of egg-pulp, we will say, from China or Hong Kong ? What is your complaint against the competition with outside countries if you consider that you can produce eggs just as cheaply here as far as overhead costs are concerned ? I presume you would not include in that the price of foodstuffs ?—The reason we are complaining against that, I presume, is for the same reason as the wheat-producers want protection.

You are not opposed to adequate protection being granted the wheat-grower ?—I do not see how we can be opposed altogether to the protection of the wheat-grower, considering the present condition of the wheat industry, where so much is involved.

Well, you are opposed to the sliding scale, and what would you suggest as a substitute ?—I suggest the poultry industry should not be penalized by paying any duty, or that such a great cost should be placed on the poultry industry by protecting the wheat-grower. I think we should be placed on a more equitable basis whereby this——

What would you suggest as a substitute for the present sliding scale ?—We suggest that a subsidy be adopted on all wheat that is not fit for milling. We consider that when the wheat-grower asks for protection to be given an opportunity to produce wheat in this country, why should he not help an industry like the poultry industry ?

So your complaint is against the present price of foodstuffs for your flocks ?—We object to the high cost of production in this country, which puts us right against the possibilities and the reasonable opportunities of producing our eggs on some law of supply and demand. You are practically demanding the poultry industry to produce their eggs at a fixed price, and to sell their eggs on practically the world's parity. That is what it amounts to.

You claim that, apart from the price you have to pay for your foodstuffs, you could produce eggs in this country as cheaply as any other country could do. Your only difficulty is in regard to the price of foodstuffs, and you maintain that that is due to the operation of the sliding scale ?—Yes.

So far as overhead, marketing, &c., is concerned, you claim you could successfully compete with imported eggs and imported egg-pulp, provided you could get your foodstuffs at a reasonable price, and you attribute the high prices to the operation of the sliding scale ?—Yes; except that we maintain that our industry should be protected against importations from China, Japan, or any other importations which are going to threaten our industry. If an industry in this country can produce and export at a reasonable price, I personally say—and I think I state it on behalf of the New Zealand Poultry Association—the industry should be protected. We maintain that our industry can produce for the country's requirements, and export the surplus at a price which, if not interfered with by importations, will be a reasonable price; and if you allow importations in this country we maintain that eggs throughout the year would be dearer than ever, because you would interfere with the production in the Dominion.

You assert, as the previous witness asserted, that the present poultry-farmers in New Zealand are working at a loss, and you would attribute that loss to the high price of food and competition outside New Zealand ?—That is so.

Both factors ?—Yes.

So that what you are asking for is some other form of protection for the wheat industry, and either an embargo or some means that will exclude foreign importations. You want an alteration in the form of protection afforded the wheat-grower, and also some protection against the importation of eggs or egg-pulp in competition with what you can produce here ?—At the present moment we have sufficient protection against importations.

Your only quarrel now is against the sliding scale ?—That is so.

And you suggest as a substitute for the sliding scale, what ?—A form of subsidy.

Mr. Jenkins.] What would be the percentage of the production exported from New Zealand ?—We would export, during suitable years, for three or four months.

Would you export, say, 10 per cent. of your production ?—I could not say offhand, even approximately. It would certainly be sufficient to regulate our industry, if it was properly organized, to keep the prices——

You talk of the world parity price of wheat, and how it affects you. Your statements before the Committee are general. You have not given us much in the way of data. My opinion is that it makes your evidence more or less valueless unless you can support your contentions by facts ?—I do not think our industry can become a great exporting one, if that is what you want to get at. There are merely possibilities of giving this country an opportunity to make our poultry industry a stable one, and with much greater possibilities than the law of——

That means you rely on the local supply and demand ?—Chiefly.

It will not concern you whether wheat is 5s. a bushel or 8s. a bushel ?—Yes, it would. It concerns us now.

The people would buy all the goods you produce at the production costs, plus profit ?—If an industry finds that in certain years there are possibilities of exporting you cannot stop them from exporting, but the industry has to accept world's parity prices.

The wheat industry takes those risks. It is exporting to-day, and has to accept the world's parity ?—We grant all that. We are not questioning the wheat-producers' position at all as far as what they want, but we question the fairness, or we question the economic values of things regarding our industry—whether it is the right thing for the development of the country that an industry like the poultry industry should be penalized on this question to the extent it is. We maintain that the industry is clogged. The wheels of progress are clogged. The wheels of progress are clogged, and the industry cannot go ahead where it could go ahead. I have been in the industry myself for well over twenty years, and have been closely in touch with the development of it. I have never been pessimistic in regard to it, but I must admit that the attitude taken in some respects by even our Government, which has helped us in many little ways, is not encouraging; but there are possibilities in the industry. But I think this sliding scale is one of the biggest checks we are up against. This fixation of the food-supplies is the killing part of the business. Supposing the world's parity went up now in regard to wheat to 9s. a bushel, for argument sake, and supposing a war broke out and there was a great export, our industry would go ahead by leaps and bounds.

Mr. McCombs.] I do not know that that is helping the Committee. We want facts regarding your industry under normal conditions ?—Even when we get down to normal conditions, if, for the sake of argument, the world's parity went up to the sliding scale——

Mr. McCombs: You would have to pay the world's parity in the very last analysis. Why speculate on that ? You would have to pay duty or no duty.

Mr. Jenkins.] The world's parity does not concern you unless you export, and you seem to ask something for your industry which you deny the wheat industry. You already receive a subsidy on what you export. The wheat-growers do not receive that: they have to export and sell at world's parity. You get a subsidy, and I contend you are in a better position than the wheat-growers in many ways ?—You must understand that the cost of production in comparison to what we could feed if importations were allowed into the country has made it rather difficult for us in regard to export. I think it is only a reasonable thing that the Government should help us out.

It is the consumer who is affected. They have to pay an additional price for eggs because you have to pay a higher price for wheat ?—I have not gone into the question of the consumer. That is the position, undoubtedly, if you look at it from the consumer's viewpoint. We maintain that if the production in this country increased the consumer is going to benefit.

Mr. Waite.] You admit the Government in the past has considerably helped the poultry industry ?—The Government has been very sympathetic to our industry in many ways.

You know in 1921 there was a notice in the *Gazette* that importation of egg-pulp was prohibited without, say, the consent of the Minister of Customs ?—Yes.

Are you aware that when the industry was passing through very troublous times in 1924 and 1925 the Government absolutely refused to issue permits for importation of egg-pulp ?—Yes.

Have you any knowledge as to whether any permits have been given to import egg-pulp in the last three or four years ?—Not to my knowledge. I should say, No.

Do you know that it is the practice to refuse to give permits ?—It is the practice, I believe.

Do you admit that it is any protection to the poultry industry ?—Undoubtedly.

Can the commercial poultry-farmer compete with the farmer who keeps his fowls on free range in New Zealand ?—I think so. I think it has been proved.

Is that one of the factors—the farmer having fowls on free range—that make eggs cheaper ?—I do not say there are not other factors in the question.

Mr. McCombs.] Do you think it is one of the factors ?—It may be one of the factors.

Mr. Waite.] In regard to Asiatic eggs, do you believe that hens in any other parts of the world are bigger scavengers than fowls in New Zealand that run on free range ?—The barnyard fowl is quite a good scavenger.

In any part of the world ?—Yes.

In New Zealand ?—Yes.

Mr. Jones.] Do you believe entirely in the principle of supply and demand ?—I certainly think it is a necessary factor in an industry.

Your evidence is that if you had free wheat you would do away with all duty on egg-pulp and everything else ?—Not necessarily. I have been quite plain about that.

What governs the price of eggs in New Zealand ?—Supply and demand governs it to a great extent, I suppose.

You indicate in your evidence that the export parity governs it: is that so ?—It can do.

Does it ?—Of course it does. If export becomes a factor in an industry it would; if not, the local supply and demand would, I suppose.

Is export the factor that governs it in New Zealand ?—It has.

It is not the factor that governs it: is that your reply ?—I maintain that the possibilities of export are lessened if the cost of production in New Zealand is increased.

What did your eggs realize net on the London market last year ?—The price was low, I must admit.

What was the price—9d. a dozen net ?—That is so.

The price of export does not govern New Zealand prices, does it ?—On the evidence of that year, it does not.

Supposing you had free wheat, could you compete in the London market at 9d. a dozen ?—We could not; most decidedly not.

If local conditions are the governing factor, which I think you will agree with, and which I think is correct, what would follow if the 1s. 3d. duty on wheat were taken off ?—If the duty of 1s. 3d. were taken off wheat, and the sliding scale was still kept, there is a possibility of things——

If the sliding scale, which amounts to 1s. 3d. roughly, were abolished, what would be the effect on the industry in New Zealand ?—I maintain that if the sliding scale were removed, or if all duties were removed, and we worked on the world's parity price, this industry would be governed by a system of supply and demand, whereby it could be built up on solid stable lines. That is the position.

To export ?—We could possibly export profitably when our industry grew to the necessary dimensions. In any case, our industry would be on a far more stable basis.

If you had the duty off, your industry would develop very greatly in New Zealand ?—Our industry would develop to what it possibly could.

Supposing you increase by cheap wheat the quantity of eggs produced in New Zealand, what effect is that going to have on the price of eggs here ?—Cheapen them.

If you bring down the price of eggs in New Zealand and bring down the price of wheat, how much better off is the poultry man going to be ?—The poultry man is never going to be a man well off. The poultry-farmer is a man who is going to get a reasonable living, and a living he likes. There is no get-rich business about it.

If you are going to bring the price of eggs down to a lower level by bringing wheat down to a lower level, is the poultry man going to be any better off ?—I think he would be, because in the natural law of supply and demand you would make things easier for him.

Flood the market ?—No. We would be like any other industry: we would be bound to have good and bad years; and the position would be met in a more reasonable way than it is under the present fixed price for wheat, which we consider is altogether wrong.

Mr. McCombs.] How many eggs does a good average bird produce in a year ?—A good one produces 365; but the average bird throughout the country, I suppose I might say a certain figure——

Would you say 240 ?—No, not as high as 240. I do not think you could put it down at 200.

What would you put it down to ?—You must have some basis of costing——

Mr. Bates (previous witness): It is very hard for us to get any exact figures, our available statistics are so scant. We are asking the Government to grant facilities in that direction. As far as we can gauge at present, the average laying in the Dominion is not much more than nine dozen eggs per annum. That is the general average for the whole of the Dominion. There are high-producing flocks, but that is as near as we can get to the average.

Witness: Speaking as a poultry-farmer making his living out of poultry, I should say it is a good deal higher than that.

Mr. McCombs.] Let us have your figure ?—I should say it would go between 140 and 200 somewhere.

Would you put it at 180 ?—I would put it at 160.

How much wheat per bird per annum would be used ? Would a bushel of wheat, together with other foodstuffs, be sufficient to feed a bird per annum ?—I have always worked it out at a bushel a year per bird.

The duty of 1s. 3d. means the added cost of 1s. 3d. for 160 eggs ?—That is right.

Mr. JOHN HEATON BARKER, Secretary of the Master Bakers' Association, examined. (No. 49.)

Witness: I just want to make a few remarks, and to point out that there is extreme difficulty in arriving at the actual information you want, because, naturally, you are concerned about the price of bread to the consumer. It must be remembered that to-day conditions vary considerably all over the Dominion. You have one baker who is, possibly, confining his attention to either the 2 lb. or 4 lb. loaf. The evidence that will be given, I think, will, on the whole, prove to you that the present prices are not in any way excessive. I also want to stress the point that whilst the cost of production is in a measure about the same, yet that is varying more to-day than in any previous period in the history of the baking trade, owing to the fact that the bakers are now using so many ingredients that they did not use hitherto, for the purpose of producing a better loaf. Three years ago milk, I suppose, was not used in the manufacture of bread; to-day it is used in extensive quantities, simply because the baker recognizes that the quality is the one means whereby he hopes to compete with his competitors. The cost of delivery, as you will ascertain, varies considerably throughout the Dominion, and this must necessarily be so. I would again stress the fact that it is not the price at which bread is being sold direct to the consumer to-day that determines the profit the baker is making; it is the average price he gets; and you must in that connection take into consideration the fact that there are difficulties in always estimating what the demands will be, with the result that frequently there is overproduction, and to-day, as compared with a few years ago, there is not the same possibility of disposing of the stale bread as there was. For instance, butchers previously bought it in large quantities; to-day they are using meal instead. Again, referring to the question of delivery, that must necessarily vary very considerably, and to-day the quantity delivered per man is considerably lower than it was a few years ago. I was well within the mark when I stated that, whereas ten years ago a man possibly would deliver 250 loaves—I refer to 2 lb. loaves—to-day a man could not hope to deliver more than 200 loaves. Recent investigations prove that the baker who is able to deliver 185 loaves daily is doing exceptionally well. I shall content myself with those few remarks.

Mr. Waite.] I take it that information in regard to the other ingredients will come up when the other witnesses give evidence—imported Canadian and Australian flour, and so on ?—Yes. In referring to other ingredients, very large quantities of milk, malt-extract, &c., are used to-day.

Rev. Mr. Carr.] You state that overproduction of bread is a big factor in determining the profits accruing to the baker. To what cause would you attribute that overproduction ? Would it be due in any degree to the competitive system as applying to the baking industry ? We understand that in the delivery of bread the competitive system is very largely responsible for the high cost of delivering—districts travelled covering the same ground, and so on, and uneconomic system of delivery. Would the overproduction of bread be due to the same cause, or to what cause would you attribute it ?—In a measure it might be. But take the summer season: families are moving into the seaside suburbs, and possibly there is no notification given to the baker. The roundsman goes out with certain supplies, and suddenly finds that the people have moved for a week or two, and he comes back with forty or fifty loaves unsold. It is a growing difficulty.

That would only happen once a year ?—Yes, but it happens at other times, too.

Witness: I have obtained the following figures from Dunedin, and they will no doubt be of interest to the Committee: A mixed business is selling 4,589 4 lb. loaves wholesale at 10d.; 1,575 small loaves are sold at 3d.; and 147 4 lb. loaves are sold at 11½d. per 4 lb. loaf. There are delivered retail 819 loaves at 1s. 0½d. per 4 lb. loaf; 436 small loaves are sold at 4d., and 68 loaves are sold for 10s. 4d.

Mr. Waite.] What are the small loaves ?—Approximately half a 2 lb. loaf. The total amount received is £269 14s. 11d. What I want to point out is that the average price is 10·50d., and the cost of delivery was 1·25d. That is a mixed delivery, nearly all wholesale. The cost of production was 8·40d., leaving 0·85d. on the 4 lb. loaf. If there is going to be a reduction in the price of bread, the poor baker would not have much to come and go on.

Mr. ALBERT JOHN CLEGG, representing Denhard Bakeries, Wellington, examined. (No. 50.)

Witness: Before proceeding to give my evidence I would like to say that I come before you at your invitation. I come before you willingly, and am prepared to give you facts and figures and all information in my power to enable you to carry out your task, but I would like to have your assurance that the whole of my evidence be treated as confidential. Throughout the Dominion the master bakers are competing keenly with one another, and I do not think it is right for any business man to be asked to come and give the particulars of the inside running of his business—details as to costs, and so forth—and have the information published throughout the Dominion.

Mr. McCombs (Acting-Chairman): You can understand, if we ask for a balance-sheet of Denhard's, that would be treated as confidential.

Witness: But so far as details of costs and other information are concerned, I claim it should be treated as confidential. Further, I was going to ask you, as a favour, to request those gentlemen in the room who represent this business to retire. It is not a reflection on them in any way. They have nothing to learn from me, but to be consistent in my request that this information should not be published I think it is only right that those gentlemen should retire. I am prepared to assist you, and to give all the information in my possession.

A discussion here took place among members of the Committee on the matter, after which the Acting-Chairman, Mr. McCombs, stated: We will ask the press not to take notes of this witness's evidence, and we will ask the other witnesses to leave the room.

(Balance of lengthy evidence confidential.)

Mr. THOMAS STEPHEN SEARLE examined. (No. 51.)

Mr. McCombs.] What is your occupation, Mr. Searle?—I am a baker in Dunedin, ex-president of the Dunedin Master Bakers' Association, and a member of the Wheat Research Institute committee. I would just like to state my position so far as the wheat duties are concerned. Being a member of the Wheat Research Institute committee, I am naturally of the opinion that the tariff should remain. The first reason is that so much money is going out of the country, and, speaking as a member of the Institute, I am quite confident that in a few years we will be able to produce wheat of a quality practically equal to anything in the world. The Wheat Research Institute has made tremendous strides, and we can see at every quarterly meeting the advance that has been made. We were astonished, at the meeting held a fortnight ago, at the results that the brilliant chemist has achieved in his laboratory. I remember some twelve months ago Mr. Collins, of the Industries and Commerce Department, addressing a meeting of millers and master bakers, gave us some figures in regard to importations. The amount was tremendous. These are my personal opinions, and I am not representing or speaking on behalf of the committee.

Mr. Bitchener.] I am very glad to hear your opinion in regard to the wheat industry, which is one that I have been connected with practically all my life, and it is very pleasing to learn that the Research Institute is making such strides. In what direction is it making this headway—I presume you mean in regard to better varieties?—Yes, and finding out the protein strength of the different types of wheat, and which is the most suitable for making the better-quality flour. The Institute is fitted up with a small mill and also a bakehouse. The wheat is taken there and ground by a practical miller, and the actual baking test is done by the Institute. They take as many as eight to ten different flours out of the different types of wheat daily. They are doing a very big work there, and the staff are so interested in their work that they stop throughout the day, and do not even go home for meals.

Climate has a lot to do with growing the different varieties of wheat. Are our climatic conditions, so far, proving suitable for the growth of these different wheats?—According to the chemist, there will perhaps be a slight change in the different types of wheat grown in different districts, and with the use of different manures, which is a big factor.

Most of the evidence we have had from the baking trade goes to prove that we require at least 6 per cent. of Canadian flour: do you think that with the work being done by the Research Institute that will be avoided?—Undoubtedly. There is not the slightest doubt about that. The chemist we have there was for a number of years in the Winnipeg Research Institute, and he is quite sure that the knowledge gained there will be of benefit to the wheat industry throughout the Dominion.

I have never known the farmers contribute more readily to anything than they have to this research work: they expect it to be an ultimate success?—The millers and bakers are in the same position. I do not think a baker in the Dominion wishes to import a ton of foreign flour if he can get the quality he wants in New Zealand. I use no imported flour—it would be inconsistent if I did so—and I think I am getting as good a loaf as any one else.

Mr. Jones.] Are you satisfied you can make a good loaf with New Zealand flour?—Yes.

Do you think there is a bit of prejudice in favour of the use of Australian flour that is unnecessary?—I would not say that. I think they are quite honest. It is a stronger flour—much stronger in protein matter than New Zealand is at the present time. I may say that I am practically my own baker, and I can watch fermentations, and so on, better than might be expected of a paid servant. Different flours of different strengths require different treatment, of course. Bread with a large percentage of foreign flour in it requires considerably different treatment to all-New-Zealand flour.

What is the price of bread in Dunedin?—Bread in Dunedin is sold as low as 9½d.

Is that over the counter?—Yes, sold by a gentleman named Mr. Calder. The association price over the counter at the present time is 11d. for the 4 lb. loaf, and the delivery price is from 1s. to 1s. 1d., or an average of about 1s. 0½d.

What do you mean when you say "association price"?—Perhaps that is rather vague. We are practically going on the Board of Trade prices fixed some time ago, and we are working to that standard; but in dozens of cases the members are not sticking to those prices. For instance, here is a man—not a member of the association, it is true—who is selling his bread at 9½d. over the counter.

What proportion of the bread in Dunedin is sold by members of the association, do you know?—I should say, quite nine-tenths.

Your price is 11d. over the counter?—Yes.

Is that cash trade?—All counter trade is cash.

What is the price of your flour?—£16 15s.

What is the Wellington price, do you know?—I think it is £17 11s.

Both net?—No; 2½ per cent. discount.

Is 11d. over the counter quite a satisfactory price on that price of flour?—As a matter of fact, it is not. I am sorry, but I am afraid I made a mistake just now. The association price is practically 1s. over the counter. I had in my mind my own price. The price over the counter to give a fair margin of profit is 1s., and 1s. 1d. delivered.

What are other bakers outside the association charging?—Some are charging 10d. over the counter; but I cannot really say what they are charging, because there are dozens of prices in Dunedin. I think it is the worst place for that in the Dominion.

What are your costs, so far as the cost of production is concerned?—The cost of flour would be 6·30d. per 4 lb. loaf—I am speaking of the 4 lb. loaf every time—wages, rent, fuel, and other ingredients, 2·18d.: a total of 8·48d. The cost of delivery is 2·33d. My average price is 11·41d. received.

Is that delivered?—The average price for delivered and cash over the counter—the whole of my output.

Mr. McCombs.] What is your cost?—10·81d.

Mr. Jones.] Can you give the Committee your balance-sheets for the past two years?—The only balance-sheet I have with me is for the last six months, and I will hand that in to you.

Mr. Barker.] Do your balance-sheet figures include Vienna bread?—Yes. The statement I made just now relates purely to household bread. There is considerably more profit on Vienna bread than on the ordinary bread.

Mr. McCombs.] Were you commissioned to hand in Mr. Calder's statement?—No, but I know exactly the quantity he bakes and the maximum amount a journeyman baker can turn out in eight hours. He gets through thirty-three sacks a week. I would not like it to go out that I was making a statement on behalf of Mr. Calder, but as a practical man I know what goes into bread and how much each man can turn out. I may say that the bakers of the Dominion are not in a very rosy position at the present time. So far as Dunedin is concerned, I am positive that no baker is more than holding his own, and in some cases there is an actual loss.

Rev. Mr. Carr.] You say it costs you 10·81d. to produce?—Yes.

And you are selling at 11·41d.?—I have included delivered and cash over the counter in that.

Mr. Bitchener.] Are there many bad debts?—Yes, a considerable amount, and I have not allowed for that. You cannot avoid them; it is impossible, for this reason. The man with a purely cash-over-the-counter business is on a better wicket, but in most instances it is impossible to make it a purely cash business and avoid bad debts. I have dozens of cases where a man is perhaps getting £4 10s. a week. So long as that man is in good health and in work he can pay for his daily requirements, but my experience has been that as soon as he gets out of work he has to get credit, and when he gets work again he is never able to pull up the arrears, and so we lose it. We very seldom get it back unless we cut them off and press for it, and then we get it in shillings and half-crowns, but it is very hard to get it. You may serve a man for twenty years, and he is a good customer all that time; then he gets out of work, and you cannot stop his supply and let his wife and children starve.

Mr. Waite.] In regard to Canadian flour, do the bakers in Dunedin use much of it?—No, I do not think more than 5 per cent. of them use it, or perhaps 10 per cent. might use it.

Mr. Barker.] Does that account for the cheap bread?—It might, but I do not think it makes much difference.

Mr. Waite.] Is it absolutely necessary under modern conditions in the four chief centres to use a proportion of Australian or Canadian flour?—Yes, in some cases, because the more machinery in the bakehouse the more the dough is knocked about, and there is not enough gluten in New Zealand flour at the present time to stand up against modern machinery. Most bakehouses have a dough-mixer only, and the rest of the work has to be done by hand. I feel sure that is the reason why the larger bakehouses in the North feel that they must get flour with more gluten in it, in order to stand the pulling and tearing about that it gets.

Is it a fact, then, that the southern bakers and the country bakers do not use so much imported flour?—There are a few who do.

How long has Mr. Calder been in business?—I could not really say, but somewhere about fifteen years, I think; but he is a practical baker, with over thirty years' experience.

How many years has he been making bread, then, and selling it at this cheap rate?—He has been selling it cheaply ever since he started.

He has been going fifteen years and is apparently still going?—Yes. During the last few months he dropped his price from 10d. to 9½d.

Mr. Barker.] He is a pastrycook also?—Yes, he is doing all right, and I will be perfectly honest and say I would not mind being on the same wicket if I could sell my output all over my counter. It would be a big thing, but there is only room in each city for one baker of that sort.

Rev. Mr. Carr.] Is Mr. Calder's a very big output?—No, but quite enough to make a good wage. He is making about £8 a week.

Mr. Waite.] If he increased his output by doubling it, or three times the present quantity, could he sell as cheaply as he does now ?—He has no way of increasing his output unless he starts delivery, and then up goes the cost.

Mr. McCombs.] He has no delivery at all ?—No ; it is all cash over the counter. I think it would be a pretty bad thing for the working-man if there were no credit for bread. Take the unemployed at present : they have to be fed. The bakers in Dunedin—not lately, but some time ago—sent donations to the central depot. That was their way of helping the unemployed. Each baker sent a donation of some dozen loaves daily. These conditions should not be, of course, but it would be hard under present working-conditions if a man did not get some credit.

Mr. Barker: We have worked out the figures, and approximately it costs Mr. Calder 8·40d. to produce a 4 lb. loaf. His cost of selling is only 0·41d., and it is estimated that the business is making £6 6s. 5d. per week. That is an exceptional business.

Mr. McCombs.] As a member of the Wheat Research Institute, have you had a Board of Trade analysis of the baking costs ?—No.

Have you had such a return ?—No.

Have you not some return showing the total cost of a loaf of bread ?—Not under the Wheat Research Institute.

Have you, as a baker, got them ?—Yes.

Have you not had a Board of Trade analysis ?—No.

But the Board of Trade made an analysis on one occasion ?—Yes, during the war.

You have not got that ?—No. I think it was through the analysis that the Board of Trade arrived at the prices beyond which the bakers could not go. The prices of wheat, flour, and bread were fixed.

Rev. Mr. Carr.] With regard to the protein-content, I am wondering how that affects the baker as regards the necessity for the use of a certain amount of Canadian flour. I suppose under the Sale of Food and Drugs Act the bread would occasionally be inspected to see whether the food content was up to standard. Who is worrying about the protein-content of the bread to the extent that it necessitates the use of a certain percentage of Canadian flour ?—The baker : the more protein matter the better the loaf.

It is easier to bake ?—Yes, and it is a better loaf in every way.

Mr. Harold Percy Burton examined. (No. 52.)

Mr. McCombs.] Who are you representing, Mr. Burton ?—The master bakers of Auckland. I am a member of the Master Bakers' Association.

What particular evidence do you wish to give ?—It was my desire to make a few remarks based on facts, particularly regarding the retail position. I understand your Committee is anxious to get information under three different heads—first, production; second, delivery; and, third, over-head costs. First of all, in regard to balance-sheets, there is a frank desire on the part of the trade to give the Committee the fullest information possible, but it would be difficult for the Committee to arrive at the cost of bread from the balance-sheets. Bread is not the only article manufactured in the bread business, and if you take the balance-sheets and try to arrive at the cost of the loaf of bread you will be all at sea. We are prepared to furnish you with facts which are correct and can be investigated at any time in regard to cost of production, &c., and regarding delivery. I want to make that position clear at the outset. My desire is to give you a few facts in regard to delivery. It must be clear to any intelligent man to-day that so far as bread is concerned the demand has been reduced. We are up against competition in many lines of foodstuffs to-day that were not known ten years ago, and the cost of putting increased food value into the bread is a factor not often taken into consideration. In most bakery businesses in this country to-day that are worth while that will cost up to 10s. or 12s. a ton. Another point is that ten years ago most of the carters were serving up to thirty customers per hour. A man who can serve thirty customers in sixty minutes is not wasting much time. To-day the most that any carter can serve—that is, a man who knows his business and knows the round well—is 160, which averages out at twenty-one per hour. We bake 2 lb. loaves, while the southern men bake 4 lb. loaves. Regarding delivery costs, to which I propose to confine my remarks, I have some figures which I am prepared to hand to you relating to four or five businesses. The first is a business in Mount Eden, with three motor delivery-vans, doing 4,334 loaves. The cost of delivery, including carters and boys, is £13 7s. a week. That averages 1·5d. per 2 lb. loaf for delivery, after including the cost of running, which works out at £13 13s. per week. In that output only 437 loaves are disposed of wholesale out of the 4,334 baked. Here is another business, in Manurewa : 2,260 loaves, two motors, and two drivers, the whole trade retail. Wages and running-costs total £14 2s., which works out at exactly the same as the Mount Eden case—1·5d. per 2 lb. loaf. Another suburban business in Auckland : 2,068 loaves per week, all retail, employing two drivers running two motor-cycles, wages £9 2s., cost of running the motor-cycles £4 10s., and that also works out at 1·5d. per 2 lb. loaf. Regarding the particular business I am connected with, we have five delivery-vans, and are turning out 7,400 2 lb. loaves. Of that quantity 5,000 are retail and 2,000 wholesale. The average works out at 1·11d. for delivery. One point I want to make clear so far as this particular business is concerned, and that is that no allowance has been made for the control of the carter in his work, and no allowance has been made for holidays or for sickness. It has to be borne in mind that this is not a class of business where a man can stay away and say, "Very well, the business will carry on all right." There must be some one on the premises who understands the work, who knows the customers and where to go, and that has to be provided for. No provision has been made for replacements, and no

provision for rent. I have also here a list of seven carts taken from one of the largest businesses in Auckland. They are taken out purely on a retail business, and not wholesale. The figures are as follows: No. 1 delivers 1,125 loaves, at an average cost of 1·36d. per 2 lb. loaf. No. 2—1,052 loaves; average, 1·46d. No. 3—1,015 loaves; average, 1·51d. No. 4—1,065 loaves; average, 1·46d. No. 5—1,230 loaves; average, 1·25d. No. 6—1,105 loaves; average, 1·4d. No. 7—1,175 loaves; average, 1·3d. The average of the seven carts is 1·39d. per loaf. I have simply confined myself to delivery costs. The position so far as I am concerned is that, without going into details, my production costs average 4·40d., to which has to be added delivery costs and overhead. Another point I might mention—and I expect some of our other bakers would bear me out—is that out of our profits we are called upon by the authorities to spend considerable sums to conform with the Health Regulations. Not every business has had that experience, but many in Auckland have. There is also this further point in businesses where they use machinery: they are not allowed to include the cost of replacements in their returns, although they are there all the same. Several large concerns employing machinery have had to put in replacements of plant not for the purpose of enlarging their trade or to reduce costs, but purely as replacements, and these costs are not only not allowed for in the income-tax returns, but they are not counted in the cost of production.

Mr. Jones.] Is that not included in your depreciation?—No; only 3 per cent. is written off for depreciation each year, and the average baking plant does not last more than fifteen or sixteen years. The depreciation costs are based on the amount allowed by the income-tax authorities. Whatever profit you make, you cannot distribute, as you have to hold the profits back to renew the plant. Any business man who is connected with machinery knows that he has to make provision for renewing it. I think we should be allowed to show the cost of renewals in our income-tax returns.

Mr. Waite.] Do you only write off 3 per cent.?—We write 10 per cent. off our motor-vans. Say a van costs £400: it lasts about four years, and you write off £40 a year; you sell it for perhaps £100, and the balance must then be written off. The income-tax authorities allow that, and that is the basis on which you work.

You are not making up your costs, surely, without allowing full depreciation?—No. You can do so if you like, but in this case we have worked purely on the income-tax schedule, and then when a motor-van, for instance, is sold we credit the account with what is obtained, and the balance is written off.

That is a charge against your business, surely?—The Committee should bear in mind that it is a necessary cost of working, although not included in the figures I gave.

Mr. McCombs.] Could we not have figures that do include that?—In this particular case that cost is not included, although the expense is there all the same.

You are in a better position to estimate what the 5·54d. should be lifted to than we are?—Yes, that is so; but every member here knows that that is a necessary provision.

Yes, but we have not the remotest idea as to what to add. Could you let us have it?—Yes.

To-morrow?—No; it is not an ascertained figure yet. It cannot be ascertained until a renewal takes place.

Mr. Jones.] You cannot ascertain it actually?—No; it is one of the contigencies that you must provide against.

Mr. Barker.] With regard to the cost of delivery by those seven retail carts, I take it that you require more than seven horses?—That is quite right; but that has been allowed for.

What should be allowed for rent of stables?—The figures are purely the cost of getting the cart on the road, and the cost of wages £4 8s. There is nothing in the figures to provide for a spare man in case of a man being sick or off on holidays, and nothing for rent of stables.

What would be the cost of a stable?—About £1,000 for ten horses, which would be required for the seven carts.

What would you add—another 0·20d. to the cost of delivery?—Yes.

That would bring the cost up to 1·61d.?—Yes.

Mr. Jones.] In regard to selling your vans after they have been in use four years, you do actually reach the point in your income-tax returns, do you not, where you are allowed the full amount of depreciation?—Yes, the depreciation is part of the cost allowed by the income-tax authorities, and is included in these figures.

And it is fully included in the delivery costs?—Yes.

The only question, then, is in connection with renewals for baking machinery?—Yes.

MR. GEORGE KIRKWOOD MATHESON examined. (No. 53.)

Mr. McCombs.] What is your position, Mr. Matheson?—I am a member of the Auckland Master Bakers' Association.

What evidence can you give the Committee?—I was not aware until about an hour before the train left that I was to come here and give evidence, and was therefore not in a position to know what was required, so I simply took a few figures which I thought would be of value. I have here a statement, which I will hand to the Committee, showing the amount of bread delivered by a number of vans, and the amount of wages the men receive. There is also a statement of the bakehouse wages, the wages of an inspector, and of a mechanic required to keep the vans on the road; and the statement also shows the weekly loss on the sale of stale bread. It will be seen that I am paying £9 4s. for an ordinary baker. Owing to the exigencies of the business we have to work them overtime—that is, time outside the award hours—and for that we have to pay double time. We actually have to pay the men for the time they are in bed sleeping, and this is the minimum we can pay them under the award.

Mr. Waite.] What time do they start?—At 12 o'clock, and finish about 8. I have to pay them until 11.30, but after 8 o'clock their time is of no use to me.

Mr. McCombs.] Have you worked out the cost per loaf for flour, ingredients, &c.?—No; but if you work out the costs from the figures I have handed in it will be seen that it costs 1·42d. per loaf—that is, on a mixed business, wholesale and retail.

What about the cost of producing the bread?—I have no machinery, and do not use Canadian or Australian flour, but only New Zealand. If I had to keep an automatic plant going I would have to use some hard flour.

You have not worked out the cost of production per 2 lb. or 4 lb. loaf?—No.

On the typewritten statements which you have handed in you show the wages paid to the assistants in the different departments, the weekly bakehouse wages, and the costs of delivery, and that is all?—Yes.

(Part of evidence confidential.)

WEDNESDAY, 2ND OCTOBER, 1929.

Captain H. M. RUSHWORTH, M.P., examined. (No. 54.)

The Chairman.] You wish to make a statement before this Committee, Captain Rushworth?—Yes, Mr. Chairman. I am appearing before you at the request of the Auckland provincial executive of the New Zealand Farmers' Union. It has a membership of just over seven thousand in the Auckland Province. The first thing I have to say is that the New Zealand Farmers' Union, under its constitution, is opposed to a protective tax, but is in favour of a subsidy. The membership of the Auckland Province is mostly composed of dairy-farmers and small sheep men. The first thing I have to mention is the effect of the protective duty on wheat. There is the direct effect and the indirect effect. The direct effect is that it causes the prices of flour, wheat-offals, and wheat to be higher than would otherwise be the case to the farmer who has to purchase the commodity; and indirectly the effect is that it causes an increase in the cost of living to people engaged in industries which are subject to awards of the Arbitration Court. The wages are lifted in consequence, and the effect is passed on to the farmer by means of county rates, commissions, fees, wages, freights, and other charges. There is the direct and indirect effect of this protective tariff. I have to mention the price of bread as an illustration of the direct effect. In the Bay of Islands Electorate—that is, from Whangarei to the North Cape—the price of bread is 1s. 3d. for a 4 lb. loaf, and in some cases it is 1s. 4d.; in no case is it less than 1s. 3d. As a contrast, I would mention the fact that in Great Britain the universal charge for the 4 lb. loaf is 8d., outside the City of Sheffield. Owing to special circumstances, the price of bread in Sheffield is 4d. for the 4 lb. loaf.

Only 4d.?—Yes, 4d.—1d. a pound. I would also mention that practically the whole of the wheat consumed in Great Britain is imported over many thousands of miles, usually from Canada and Western Australia. I would like to submit the following figures: Taking the eleven years from 1918 to 1928 inclusive, the wheat imported into the Dominion during these eleven years was 13,921,156 bushels; during the same period the New-Zealand-grown wheat amounted to 75,500,881 bushels: a total of 89,422,037 bushels. Of that the amount exported was 1,224,338 bushels, making a net consumption of 88,197,699 bushels. That at 60 lb. to the bushel amounts to 52,918,619 centals. I have reduced it to centals for a very obvious reason. The duty was per cental at 2s. The New-Zealand-grown wheat, like every other commodity that is protected, is sold at the import parity plus duty, so that the consumers in New Zealand pay duty on New-Zealand-grown wheat as well as the imported wheat. So, taking the total, we find that the amount expended over and above the world's parity during the eleven years is equal to £5,291,861. That is the price that the people of this Dominion have paid for protection during these eleven years. That is an average of £481,078 per annum, and that is without allowing for the primage duty, which is additional. The next point I have to make is rather a difficult one, but I will do my best to make it. This is dealing with the value of the output from the mills. For 1918–19 the value of the output is given as £2,467,261. Deducting the cost of labour (salaries and wages) and grain from that, we get a gross profit to the millers of £415,997 for that year. In 1919–20 the value of the output was £2,807,916, deducting wages and grain, the gross profit was £461,373. In 1920–21 the value of the output was £3,426,965; deducting wages and grain, the gross profit was £677,164. In 1921–22 the value of the output was £3,156,530; deducting wages and grain, the gross profit was £663,762. In 1922–23 the value of the output was £3,059,004, and the gross profit £627,969. In 1923–24 the value of the output was £3,718,611, and the gross profit was £617,465. For that year, Mr. Chairman, we started importing flour from Australia—a very small quantity. In the following year (1924–25) the value of the output fell to £2,849,222, and the gross profits were £642,175; and the value of the flour imported from Australia that year was £122,126. In 1925 the value of the output was £3,064,820, and the gross profits fell to £576,663; in that year the value of the flour imported from Australia was £415,780. In 1926–27 the value of the output was £2,699,333, and the gross profits £535,711; and the value of the flour imported from Australia that year was £173,886. The remark I have to make about that, Mr. Chairman, is that from 1918 onwards the gross profits of the millers seem to have been rising considerably, and at a certain point flour started to be imported from Australia. Next I would like to submit some figures comparing the year 1918–19 with the year 1926–27. This is before the sliding scale was in operation. In 1918–19 the number of hands engaged in flour-milling was 647; in 1926–27 the number was 648—one more. The horse-power employed in 1918–19 was 4,255, and in 1926–27 the horse-power was 5,087. The wages in 1918–19 were £109,743, and the wages in 1926–27 were £162,325. The grain-value dealt with by the mills in 1918–19 was £1,941,521, and in 1926–27 the grain-value was £2,001,297.

The wheat used in 1918–19, in bushels, was 5,671,299, and in 1926–27 was 5,074,795 bushels. The output value of the mills in 1918 was £2,467,261, and the output value in 1926–27 was £2,699,333. I will now take the output value, less wages and grain—that is, the gross profits. In 1918–19 it was £415,997, and in 1926–27 it was £535,711. Now, the comments I have to make on these figures are these: These years when compared show that the number of hands employed was only one more in 1926–27. The grain value was down about £60,000, and the wheat used, in quantity, was down 600,000 bushels—that is to say, in the latter year 600,000 bushels less were dealt with. The selling-price of the output, however, was raised by £232,000, and the gross profits were raised by £120,000. Now I come to another point. A point has been made during this inquiry that we must grow wheat on the score of military necessity. It has been suggested that New Zealand would be in a dangerous position in the event of war if we had to rely upon imported wheat. I wish to deal with that point. First of all, the danger, if any, would arise through the domination of the Pacific by a hostile fleet. Only by such means could imports from Australia or Canada be imperilled. But the domination of the Pacific by a hostile fleet would also cut off supplies to the North Island from the South Island. Then, there is the example of Great Britain and other food-importing countries. The tendency for some years past has been for the nations to specialize, and the more the nations become interdependent, particularly for foodstuffs, the less likelihood there is of war. It has been stated by a high military authority that a nation is safe from invasion so long as it is able to destroy the enemies lines of communication, or so long as it is not self-dependent so far as its supplies are concerned. If a country is entirely self-supporting, a hostile force can maintain itself by living on the country—they can invade that country with impunity; but if it is unable to obtain supplies in the invaded country, then their lines of communication must be maintained. That was proved during the Civil War in America, when the Northern force cut adrift from their base on the Mississippi and marched through Georgia, living on the country as they went. That is the explanation, I am informed, as to why the Germans did not attempt to land an invading force in Great Britain in the early stages of the war. It was not only that the Navy held the seas, preventing a line of communication with the German base, but was also owing to the fact that an invading force could not live on the country, the food-supply being insufficient. Now, turning to the question of a subsidy, it has been stated that the payment of a subsidy to the wheat-growers would be rather difficult. I wish to question that contention, and I wish to contradict the statement made to this Committee that in Great Britain they did not adopt the subsidy method of dealing with the coal trouble. They did adopt the subsidy method, in spite of the fact that in the coal-mines at Home they have perhaps the most complicated business it is possible to get anywhere. The wages are paid on an extraordinarily complicated method: they take an average of the selling-prices of the various qualities of coal, and the hewers' wages are based on those prices. The awards of the miners vary according to the localities and the qualities of the coal, and so forth. Now, notwithstanding and in spite of those tremendous difficulties, rather than adopt the system of protection, the Government in Great Britain adopted the subsidy method, and they found it worked out all right; and it has been done in this Dominion in the flour-milling industry. In 1919–20 there was a subsidy paid to the millers at the rate of £2 17s. 6d. per ton of flour sold; in 1920–21 the subsidy paid to millers was £4 10s. per ton of flour sold; in 1921–22 the subsidy was £1 10s. per ton of flour sold; and in 1922–23 the subsidy was £2 7s. 6d. per ton of flour sold. The next point I have to make is in connection with the question of stock-foods. It is a very important one. There is a Customs tariff against every kind of stock-food. And not only that, but there are discriminating railway tariffs and railway freights against the imported articles in many cases. I refer particularly to linseed-meal and similar stock-foods. That is not within the purview of this Committee, but it will show some of the difficulties under which certain branches of the farming industry are endeavouring to carry on. The two big items are pig-food and poultry-food. You have heard much about that, Mr. Chairman. So far as the pig-food is concerned, enough has not been made of the necessity for a balanced ration. The practice is for the dairy-farmers, in many of the dairying districts, to feed their pigs almost exclusively on milk products, and the result is very unsatisfactory from both the bacon and the pork point of view. It has been shown quite recently by the Department of Agriculture that the food value in the skim-milk is increased by about 100 per cent. if grain or grain-offals are fed to the pigs as well. That is to say, the feeding-value of the milk is increased by turning it into a balanced ration. But it is not practicable for the dairy-farmers to feed their pigs with wheat or wheat-offals, because of the excessive price. And the same thing applies to poultry. There are, in round figures, three and a half million head of poultry in the Dominion, and to get the best results they should have at least 1 bushel per head per year. The poultry men, I know, are carrying on under tremendous difficulties. But I am not here to speak on behalf of the poultry men, and so I will let it go at that. Then, there is a further point. The dairy-farmers urgently require additional food for their stock, particularly when feed is short in the early parts of the dairying year. The tendency lately has been to start the milking seasons earlier in the year, and a gamble is taken as to the condition of the pastures. In the Waikato, for instance, the pastures can usually be reckoned upon to have a flush of feed at the beginning of spring, but as it happened this year early frosts kept the growth back, and in many cases the dairy-farmers there are at their wit's end to find foodstuff for their cows. The flush of feed has not come away, and it has become impossible to obtain bran because of the tremendous demand and also because of the excessive price that is charged for it. A great deal could be done to relieve and take off some of the handicaps under which the dairy-farmers in particular are suffering in connection with stock-foods if all stock-foods and wheat-offals could be imported free of duty. I think that is all I have to say, Mr. Chairman.

Hon. Mr. Cobbe.] With reference to the evidence that you have given, would you agree that the wheat-growers must have some help or otherwise they would cease growing wheat?—Well, that reminds me of an incident that happened in a railway-carriage. An argument was going on between two

men, and they failed to agree. Then one man said to the other, "Well, I must live," and the other replied "Why?" I agree that under present conditions the wheat-growers could not carry on without assistance.

You think they could not?—No, I do not think they could carry on without a subsidy.

Do you favour a subsidy on the wheat produced, or on the flour?—I think it would be better on the wheat sold.

Let us consider the question. Would it not be better to put a subsidy upon the flour? You say you want to get offals for poultry and pig food as cheaply as possible?—I particularly gave that illustration in my evidence. I found that in those years the wheat-growers did not receive the benefit of that subsidy on flour.

Would you pay it direct to the wheat-growers?—Yes; they would then get the benefit of the subsidy; and it would stimulate competition from abroad and prevent rings being formed.

And you want pig-food to be brought in free of duty?—Most decidedly. I do not see that the millers require any protection as against Australia, because the wages there are equally as high as they are here.

In connection with the price of bread, you stated that the 4 lb. loaf was generally sold in Great Britain at 8d., and even as low as 4d. in Sheffield?—Yes. That applies to the City of Sheffield. There is a reason for it. There is a large firm that has stared operations there recently, and they are going in for mass production, and are using the latest electrically-driven machinery.

Even so, that seems a very low price—bread at 1d. a pound?—Yes, it seems incredible to us here; but, then, we are operating on such high costs.

Are they growing any wheat in Great Britain?—They grow some, but very little. They produce enough in Great Britain to feed the population for about six weeks in the year.

Six weeks?—Yes.

I think you said that the duty upon wheat cost the country in eleven years over £5,000,000?—That is so.

The average being nearly half a million a year?—Yes—more than we pay for our secondary education.

On the figures you give, it would appear also that some of the millers must be making big profits?—I think so, too.

You think that they are getting more than a fair proportion—Yes, I think they are.

In connection with the question of pig-food, do you not think it would help things considerably if the duty was taken off maize? There is a duty of 2s. per cental on maize at the present time?—That would be an improvement, certainly. Crushed maize is already admitted free; it is not brought in very much. It is extremely difficult to get.

Maize is imported from Egypt?—Yes, and South Africa.

You say that with proper supplies of grain it would add something like 100 per cent. to the value of the pig-food?—Yes, by making a balanced ration.

I take it that, in your opinion, it is necessary that there should be cheaper food for pigs?—I think so.

And a subsidy is, in your opinion, the best way of dealing with the wheat question?—Yes.

You do not believe in the sliding scale of duty?—No; I am opposed to it.

Are you appearing on behalf of the Farmers' Union of the North Island?—No. I am speaking on behalf of the Auckland Province of the Farmers' Union. I am not specially authorized to speak for the Dominion executive of the New Zealand Farmers' Union.

Just the Auckland Province?—Yes.

Mr. Bitchener.] With regard to the question of maize, you admit that the duty does not affect it very much, because it is hard to get. Now, in the case of ground maize there can be no question about that, because it comes in duty-free?—Theoretically it does, but in fact it does not.

How is that?—Well, it is largely a question of description. A consignment was brought into Auckland some three months ago, and it should have come in duty-free, but the Customs officers would not allow it to come in duty-free because it was described as "maize-offal" instead of "crushed maize."

But that was wrongly described—that was not the Customs people's fault?—It is difficult to get in.

In regard to stock-food, have you any idea what it would cost to fatten a pig? You believe in a balanced ration. Supposing you could get it, what would be the effect of that on the price of the pig?—That is a matter of opinion. The figures I have given to-day I have obtained from official publications—reports, the *Abstract of Statistics*, and the Year-book. Those are official figures. But the question you have put to me is a question of opinion, and I cannot answer that.

You do not know what would be the effect?—No.

Would you agree with one witness who has given evidence here with respect to balanced rations that a pig requires some 600 lb. of meal or something to fatten it? Would you agree that that was a reasonable amount to fatten a pig?—Oh, well, it would depend upon the circumstances. I could not express an opinion.

You could not say whether that is a fair estimate, or an extraordinary estimate?—No.

You have no idea?—No. If you gave 600 lb. of meal to a "Captain Cooker" it would produce a less desirable result than a similar amount given to a Tamworth or a Berkshire.

Mr. Jenkins.] Would you say that protection or a subsidy affects the value of the land?—Yes. In my opinion, it does affect the value of the land. The grower gets a higher price for his product, and that increases the margin to the grower, and that is reflected in the price of the land.

We have had evidence to the effect that because of the high value of the land here the cost of production is higher than it is in Australia?—Well, I do not agree that the price of land is necessarily a justifiable item in the cost of production.

Do you consider that the wheat-grower, with the protection that he receives to-day, is in a better position than the dairy-farmer without any protection ?—Yes.

Mr. Macpherson.] Referrring to the enhanced value of the land, do you think that the protection covers the margin between loss and profit to the wheat-grower ?—I quite admit that. That is the point I dealt with in my evidence. I said it would not be desirable or just to remove the protection without putting anything in its place. It would require a subsidy. His overhead charges are artificially increased by the protection in other industries.

The point I want to make is, would a subsidy have the same effect on the value of the land ?—My answer to that is that if you take the protection off and substitute a subsidy the selling-price of the wheat land would not fall. The wheat-grower would be able to maintain his present margin.

And if there is no subsidy ?—The value of land would fall.

I do not think that the price would necessarily fall. It might deteriorate our wheat-growing lands, but their natural productivity could be utilized in other directions. Wheat is a necessary element in order to keep the land at its best for stock and other purposes ?—Yes ; but my point is that the price of land is an effect, and not a cause.

The Chairman.] You stated that the duty was calculated per cental ?—Yes, 2s. per cental.

But it is on a bushel basis now ?—But I have been dealing with the past eleven years.

You are aware that since 1927 it has been altered ?—Yes.

Do you consider that the full advantage has been taken of the tariff protection in the selling-price of wheat ?—Undoubtedly.

In that case, what would be the object of the wheat pool that has been established lately in the South ?—Well, the effect of the protective tariff, in my opinion, was to increase the price of the product of the mills, and the price of the wheat was increased, too ; but it does not mean that the division between the millers and the wheat-growers would be fair.

Does that infer that the miller has been getting an excessive profit ?—I think the figures indicate that on the one side, and the fact that the wheat-growers found it necessary to form a pool on the other.

That means, I presume, that the effect, between the wheat-pool and the miller, will be that the full price governed by the tariff will be received ?—Undoubtedly.

If, in your opinion, the miller is getting too much profit, what practicable steps would you suggest to bring about a lessening of that profit ?—Competition from overseas.

That can only be done by an alteration in the tariff ?—That is what I am here for.

Do you suggest that a subsidy should be paid direct to the farmer ?—Yes.

That presents rather a difficulty. How could the farmer be paid the actual amount of the subsidy ?—Per bushel, on the wheat sold.

But what about the wheat not sold—the surplus ?—The same would apply with a subsidy to the miller. You do not pay subsidies on the commodity not sold.

If it was not sold they would not get it ?—No.

What about export wheat ?—They would get a subsidy on that, too, if and when sold.

In connection with those figures you gave us about the millers' gross profits, can you give us the page of the Year-book ?—No. They do not all appear in the Year-book. I took some from the official reports and the *Abstract of Statistics*.

They are all official figures ?—They are.

We would like to have the sources of the figures set out in your evidence ?—Well, I will have to send them to you, if you will let me know what you want.

Particularly that section in regard to the millers' gross profits ?—That is the portion less wages and grain.

Yes ?—I will send you that.

Mr. Jenkins.] Do you say that the price of dairying-land in New Zealand is determined upon the world's parity price of dairy-produce, and that the price of wheat land is determined upon the protective tariff ?—Yes. But I would put it perhaps in a slightly different way. The price of farm lands is determined by the margin between the gross value of the production and the cost of production. If the difference is increased by means of a protective tariff lifting the gross price of the commodity, then the margin increases, and in that way it would be reflected in an increased price for the land. The price of wheat land is, in my opinion, increased by the protective tariff, and if the protective tariff is removed the price of wheat land will tend to fall ; but the price might be maintained by decreasing the cost of production. That would maintain the price of the wheat land.

You suggest that the wheat-grower should receive a subsidy ?—Yes.

Then, what about the position of the dairy-farmer ?—But that is different. The wheat-growers' position has been created by the protection which has been afforded to him in the past. We are faced with the situation as it exists, and to remove that protection now, and to provide no subsidy, would be, in effect, a capital levy on the landowners in the wheat area. In my opinion, when the tariff was put on, a capital gift was given to the then owners of the land ; but the land has changed hands since then, and the present owners have paid for the land on the assumption that the margin would be maintained ; and to suddenly remove that protection, and give no subsidy, would be in the nature of a capital levy.

Mr. ANDREW GRAY CATHIE, representing Wellington Grain, Seed, and Produce Merchants' Association, examined. (No. 55.)

Mr. McCombs (Acting-Chairman).] You wish to make a statement, Mr. Cathie ?—Yes. I have a written statement, and shall read it to the Committee :—

The Wellington Grain, Seed, and Produce Merchants' Association desires to submit evidence to the parliamentary Wheat Committee in regard to the effect of the sliding scale of wheat duties on the trade in fowl-wheat and wheat-offal in the North Island of New Zealand.

New Zealand as a wheat-growing country: During the past thirty years wheat has been one of the principal cereal crops grown, and has been almost entirely the product of the South Island. The area sown down for wheat has fluctuated very considerably, and the principal determining factor governing the area sown has been the price in the New Zealand market, based on world values, with the protection of an import duty of 9d. per 100 lb. until 1921. A glance at the actual area sown down for wheat and the yield obtained during the years for which statistics are available shows that in the period from 1879 to 1921 the area in one season was close on 400,000 acres. During the same period wheat was freely exported from New Zealand, and the highest crop on record was threshed—namely, the crop of 1899, when the yield was over 13,000,000 bushels.

If we compare the ruling prices of fowl-wheat we find during the past eighteen years they were as follows: 1911, 3s. to 3s. 9½d.; 1912, 3s. 5d. to 3s. 9d.; 1913, 3s. 8d. to 4s.; 1914, 3s. 8½d. to 5s.; 1915, 4s. 8d. to 5s. 4d.; 1916, 4s; from 1916 to 1922 prices were more or less under Government control; 1923, 5s. 1d. to 5s. 9½d.; 1924, 5s. 7d. to 5s. 8d.; 1925, 6s. 9d. to 7s. 2d.; 1926, 6s. 9d. to 8s.; 1927, 5s. 5d. to 6s. 8d.; 1928, 5s. 6½d. to 5s. 7d.; 1929, 5s. 7d. to 6s. The prices from 1911 to 1914 are sacks in; the prices from 1923 to 1929 are sacks extra, 4d. per bushel. Prices under Government control were substantially above pre-war prices, and in 1921 the Government of New Zealand advanced the rate of duty from 9d. to 2s. per cental, or, in other words, by 166 per cent. But it cannot be claimed that this high rate of duty ever played its part in making New Zealand self-supporting, because a Government guarantee was given growers for the two following seasons, irrespective of the protection afforded by the high rate of duty. The high price guaranteed growers during the above period led to a demand for the present sliding scale of duty. On the 14th September, 1927, under a new tariff, which imposed duty on a sliding scale of values, the minimum cost of imported wheat was determined at 7s. 10d. per bushel, sacks in, ex wharf, North Island ports. (The recent addition of 1 per cent. primage duty adds ¾d. per bushel to the above landed price of wheat.) This high protective tariff during 1928 attained its declared objective of making this Dominion self-contained as regards its requirements of wheat for bread, seed wheat, and poultry-feed. In addition, it has perhaps been a means of producing a surplus of from 2,000,000 to 3,000,000 bushels of wheat. Now, in spite of the large surplus of wheat in the Dominion, we find to-day that the price of fowl-wheat is firm and advancing. The present f.o.b. southern ports price is 6s. per bushel, sacks extra, which price is equivalent to 7s. 2d., sacks in, ex wharf Wellington. The price of milling-wheat would be approximately 3d. per bushel higher, and is 1s. 8d. to 1s. 9d. per bushel above the export parity. In the period under review—eighteen years, commencing 1911—the price of fowl-wheat has advanced from an average of 3s. 6d., sacks in, f.o.b. South in 1911 to 6s., sacks extra, in 1929. The cost of wheat landed in Wellington in 1911 was 4s. 3d. per bushel, sacks in; to-day it is 7s. 2d., sacks in; and under the present tariff arrangements no relief can be obtained by the importation of wheat from overseas until the local price advances, as it has in a period of scarcity to 7s. 10d., sacks in, ex wharf Wellington. These figures will, we think, show how protection has run riot. We feel that the strongest possible protest should be made against the continuance of such prohibitive tariff rates, which bear so severely not only on the consumer of bread, but on every industry requiring wheat or wheat-offal.

We believe the following observations merit the consideration of your Committee: (1) When a tariff is almost prohibitory, as in the case of wheat, the natural law of supply and demand governing price is entirely upset. (2) We contend that prices under the present tariff are maintained at far beyond reasonable limits. (3) Growers of all other produce, whether it be grain, seed, potatoes, wool, meat, or dairy-produce, receive for their labour a return dependent upon supply and demand. (4) It was believed that the encouragement offered to southern farmers to grow wheat would result in larger areas being sown down and cropped, and that as a result of an increased yield prices would tend to become more reasonable to consumers. (5) That such would be the effect was, no doubt, in the minds of those responsible for the present highly protective tariff. It is expected to be the natural result from the production of greater harvests. Experience has proved that, provided there is no great shortage of a product in other parts of the world, local prices are lower when harvests are good than when, through unfavourable harvesting-conditions, yields are smaller. The grower is compensated in lean years by the almost invariably higher prices ruling, and in bountiful years the lower prices are offset by the increased yield. In other words, to consume a large crop prices must be so favourable that they induce heavier consumption. (6) On the contrary, in the case of wheat-growing in New Zealand, there would appear to be no prospect of the consumer being given relief. To-day we have a surplus of wheat in New Zealand, and prices on the local market are steadily advancing. Further, it is now reported that many thousands of tons of wheat will shortly leave New Zealand for overseas markets. Current quotations for the best milling-wheat in Great Britain prove that this surplus of wheat is being dumped overseas at a loss of from 1s. 6d. to 1s. 9d. per bushel, apparently to maintain local prices.

The history of wheat in New Zealand during the past ten years shows that the grower and the miller have received throughout Government protection, fortified by strong local combinations such as Distributors Ltd., wheat pool, &c., and the effect of all this has been to create and maintain an entirely fictitious price and out of relation to the world's parity; while the consumer, on the other hand, has had no protection whatever, either by the Government or local control. The consumer, therefore, has been forced into paying prices in excess of market value, and higher in many instances than pertains in any grain-growing country in the British Empire. In short, the North Island consumer has been forced to pay the cost of bolstering up the prices to the South Island grower.

Pollard and bran: New-Zealand-made supplies of these commodities are limited by the consumption of flour in New Zealand, as no flour is manufactured for export. These limited supplies of bran and pollard are invariably short of requirements. There is an ever-increasing demand for feeding-stuffs, accentuated by efforts that are being made to increase the export of some of our primary products,

and in the near future the demand for these by-products—bran and pollard—will hopelessly outstrip the production of bran and pollard in New Zealand. Indeed, the present-day position is serious and the shortage is acute. We contend that the present duty on bran and pollard could be removed without any harmful effect to the millers. Supplies from overseas are by no means plentiful, and are subject to a higher rate of freight in comparison to the freight paid on similar products shipped from the South Island to the North Island. This extra cost of transit is in itself sufficient protection. We strongly advocate the admission of bran and pollard duty-free.

In conclusion, we would point out—(1) That the population of the North Island exceeds that of the South Island by 79 per cent. Poultry-flocks in the North Island exceed those in the South Island by 50 per cent. (2) The North Island has just claim for relief as regards the cost of feeding-stuffs such as wheat, bran, and pollard. Sixty-five per cent. of the consumers of the Dominion are in the North Island, and to these the ultimate cost of flour, and wheat for fowl-food, is rendered far above the world's parity not only by the cost incurred in transit from the South, but by the import duties. We strongly advocate (*a*) the free entry into the North Island of fowl-wheat, bran, and pollard; (*b*) a reasonably protective tariff to growers of milling-wheat. Any action taken in regard to the imposition of duties should, we consider, tend towards making the growers more self-reliant. The present tariff is creating a favoured class of farmer. It is unduly raising the value of land used in the production of wheat; it tends to remove the necessity for the strictest economy and the use of up-to-date methods of farming; it results in a heavy tax on the North Island consumer; it is driving the North Island poultry-farmer out of business, and is a serious hindrance to the development of other profitable young industries capable of producing under reasonable conditions a valuable addition to our export trade.

The attached statement, showing the landed cost of wheat in the North Island at the various rates of duty, will be of interest. From this statement it will be shown that the New Zealand wheat-grower already receives a protection in the higher rate of freight imposed on wheat from, say, Australia as compared with the rates ruling from the South Island to the North Island ports. Thus the protection afforded when the duty is 9d. per cental amounts, with the addition of freight and primage, to 9·6d. per bushel. When the duty is 2s. per cental the protection afforded is 1s. 6·6d. per bushel. Under the sliding scale, when wheat is 5s. per bushel f.o.b. Melbourne the protection is 2s. per bushel.

Comparison of Wheat Duties.

Rate of Duty.	Duty per Bushel.	Freight and Primage and Landing-costs ex Australia.	Duty-paid landed Costs.	Freight and Landing-costs ex South Island.	Protection afforded.
	s. d.	s. d.	s. d.	d.	s. d.
At 9d. per cental	0 5·4	1 1·2	1 6·2	9	0 9·6
At 2s. per cental	1 2·4	1 1·2	2 3·6	9	1 6·6
Sliding scale on wheat at 5s. f.o.b. (nominal price)	1 8	1 1·2	2 9·2	9	2 0·2

That schedule shows the comparison of wheat values. I would like to point out, when we worked out the protection at 9·6d. per bushel with a duty of 9d. per cental, that refers to the protection in the North Island. In the South Island the protection would, of course, be 1s. 6·2d., because the difference in freight would be added. We understand, of course, that we need only talk of protection in the North Island as it affects the South Island, and it is no use mentioning figures which show the protection there is in the South Island. The North Island is the market for the South Island, and we only wish to show how the South Island farmer is protected in placing his wheat in its legitimate market, which is largely the North Island.

Hon. Mr. Cobbe.] You recognize that the cost of growing wheat to-day is very much greater than it was a few years back?—Yes.

It has probably doubled, has it not?—I do not propose to say. While Mr. Rowe and I represent the Wellington Grain-merchants' Association, we do not profess to be able to answer questions in full in regard to costs of production, and so on. We know that information has been given to the Committee. We will endeavour to answer any questions that come within our sphere of operations. Although I have no doubt that what you have just stated is true, the cost of production not only in wheat-growing, but in any branch of farming, has risen in the last few years.

I take it you have some idea of the cost of production, otherwise you would not have come here to give evidence?

Mr. Rowe: I have no definite figures, but I understand from the closest estimate that the cost of sowing and reaping wheat is something in the vicinity of £8 5s. to £8 10s. per acre. If those figures are at all reliable, and that can be taken as the cost of production—it is a very difficult thing to get the farmer to establish his costs in a reliable way: we are not farmers, and have to take the figures given by those who should know—I should say in the better-class lands, where the wheat-yield is up to 50 and 60 bushels an acre, it makes a handsome return to the grower. The figure £8 5s. or £8 10s., I might state, can be considered the total cost, including labour, interest on money, rates and taxes, and so on. While we in business are apt to estimate our gross profit, the farmer has been able to estimate his net profit, and on the high return of wheat per acre it looks as if the farmer is getting a handsome return on the price he is asking on trucks, 6s. It makes a good margin. I cannot compare it with the cost of meat and wool, but on the better class of land the farmer seems to be getting a handsome return with wheat at 6s. on trucks.

Hon. Mr. Cobbe: You do not say the average crop is anything like 50 or 60 bushels an acre?

Mr. McCombs: I do not think the evidence is of any value. The witness is not in a position to tell us the cost of the production of wheat.

Hon. Mr. Cobbe.] If the witness comes to give evidence that wheat is too high in price he should be able to substantiate his statement. As a matter of fact, I think the average return is 36 bushels per acre. (To witness): You state that current quotations for the best milling-wheat in Great Britain prove that this surplus of wheat is being dumped overseas at a loss of from 1s. 6d. to 1s. 9d. per bushel, apparently to maintain local prices. You mean they are prepared to sell wheat at Home at 1s. 6d. and 1s. 9d. per bushel less than they are able to sell it here?—Yes; that is the statement I make here. I realize that is done for the purpose of disposing of the surplus wheat which they might dispose of in New Zealand if they reduced prices considerably and encouraged consumption.

You consider the effect of the duty is to raise unduly the value of land used in the production of wheat?—We have only to compare the value of wheat in other parts of the world, and if you take the amount of protection given it is obvious there is protection to the wheat-grower of 2s. per bushel on the present sliding scale. You have to remember that we are not looking at the position to-day so much as it may be. We have had fowl-wheat up to 8s. per bushel ex wharf Wellington. It is uneconomical, and no poultry-farmer could possibly exist with wheat at that price, because he has to compete in the open market with his product. We say that protection of 2s. is too great, and allows the price of wheat to get far too high in any period of scarcity, and sufficient protection could be given to the grower if the wheat duty were reduced to 9d. or 1s. per cental. We do not wish to see the wheat-grower treated differently to any other grower, but we claim that the present protection gives no stability to the farmer of poultry or the grower of pigs or other produce that is relying on supplies of offal for food.

I take it that this evidence of yours is the considered opinion of the merchants?—Yes.

I gather that it is your considered opinion that the duty imposed on wheat at the present time is the cause of the high price of land in the South Island?—We consider it raises the value of wheat lands.

In your statement you say it is unduly raising the value of land used in the production of wheat. There is a big area of wheat land in the South Island, and the duty is the cause of the high price of the land in your opinion?—We believe it tends to increase the value of wheat-growing lands.

Mr. Jones.] You consider, if possible, we should grow all our wheat in New Zealand?—I think it is possible we could grow all our wheat in New Zealand for some years to come; but with the rapidly-growing population, and the extension of other forms of farming, such as dairy-farming, which may pay better, it is a question in my mind whether the farmers will continue to grow sufficient wheat for the requirements of New Zealand.

I gather your main objection is that the duty has put up the price of bread unduly?—Yes, bread and fowl-wheat.

Our evidence is that a 4 lb. loaf is selling in Wellington at 1s. 1d.: what would you think would be a reasonable price to pay for bread?—I do not wish to say the present price of bread is unduly high. We claim that the protection which will bring the cost of wheat to 7s. 10d. a bushel in the North Island will mean that in a short year bread must rise in price and the poultry-keepers must practically go out.

It is the short year you are thinking of?—Yes.

How can a short year affect us in New Zealand when there is a sliding scale of duty that regulates the price of wheat?—It means that all the wheat that is available is held for that top price.

Could you not then import?—We have had experience of importation in the past, and we wish to see a tariff set up that can be maintained and not tinkered with every other year. The tariff should be kept steady for the next ten or twenty years.

You say that in a short year the sliding scale is going to put prices up very high in New Zealand?—Yes.

I want you to prove that?—I shall put it this way: We have a crop, say, of 6,000,000 bushels of wheat. That is insufficient for New Zealand's consumption. We have to import wheat. Under the present sliding scale of duties we can only import it at a cost of 7s. 10d. per bushel. Is the grower not entitled to get 7s. 10d. on all wheat, or do you suggest that in a short year you are going to import wheat and make the grower take less for it?

What is the price of wheat landed in Wellington from Australia to-day?—7s. 10d. at any time.

What is the price of New Zealand wheat landed in Wellington?—7s. 2d. to-day—in a plentiful year.

Both sacks in?—Yes.

What value is the Australian sack when you sell it as compared with the New Zealand sack?—It is worth about 6d., and there are thirteen sacks to the ton.

The Australian sack, second-hand, is worth 6d.?—Yes; they are readily saleable at 6d.

They are 200 lb. bags?—Not 200 lb., but 180 lb.

What is the value of New Zealand sacks?—The New Zealand second-hand bags are worth about 1s. in Wellington.

Practically 2d. a bushel on the sack?—There are eleven or twelve sacks of wheat to the ton in New Zealand. Yes, it would be practically 2d. per bushel.

What price do you think a 4 lb. loaf should sell at?—I am not prepared to discuss the question of bread.

The Chairman: I am afraid it is no use asking the witness anything about bread. He is here on behalf of the Grain-merchants' Association. We must confine our questions to anything relating to their business.

Mr. Jones.] You see, Mr. Chairman, the witness states the effect of the price of wheat on the people of the North Island is bad. (To witness): Would you think a drop of ½d. on a 2 lb. loaf would be satisfactory—would that be sufficient?—I do not wish to express any opinion about the price of bread, beyond what has already appeared in the statement I read. At the present time the price of bread, no doubt, is based on the cost of wheat, which is in the South Island, I think, 6s. a bushel on trucks at country stations. We consider that this tariff gives the grower and the miller the right to advance bread in comparison with the landed cost of 7s. 10d. per bushel for wheat.

Is it not flour that fixes the price?—Yes, but wheat fixes the cost of flour.

You say that the high prices guaranteed to growers during the years mentioned led to a demand for the present sliding scale of duties: is that a fact?—We believe that is so.

How long was there a fixed scale of duty between the guaranteed price and the sliding scale?—I understand, two years.

Has not the fixed scale of duty been in operation since 1921?—I am not talking about the guaranteed price given by the Government during the war period.

You refer to the high guaranteed price. That was prior to 1921?—Yes, 1916.

How could those high prices lead to the demand for the sliding scale of duty, when a fixed duty was in operation for years?—The fixed duty of 2s. per cental was only operative after 1921.

You say definitely here that it was the high guaranteed price that was responsible for the sliding scale. As a matter of fact, now you say for five or six years there was a fixed duty?—Yes, 2s. a cental.

Mr. Rowe: That was brought about in 1921 and 1922, when the guaranteed price to the farmer in New Zealand was round about 6s. to 6s. 6d. for various varieties of wheat.

Mr. Jones: Have you evidence of the facts at the time?

Mr. Rowe: All the evidence, as far as the Government guarantee is concerned, is in the statistics here. It went up to 6s. a bushel in 1921. There were various periods of embargo, and between 1915 and 1922 there were total embargoes on wheat and flour. I cannot give the exact figures.

Mr. Jones (to witness).] I am pointing out the incorrectness of your statement. The position does not help you at all. You say there is a surplus this year of 2,000,000 to 3,000,000 bushels: have you evidence of that?—The crop of wheat is, we estimate, 2,000,000 to 3,000,000 bushels above requirements.

You are hopelessly wrong: we have evidence on that?—Well, why export the wheat?

You come here and say there is a surplus of 2,000,000 to 3,000,000 bushels. No care apparently is taken in verifying your statement. The facts have all been published as regards the surplus. Are you aware that the average tariff has been 1s. 3d. per bushel under the present sliding scale?—That is, of course, due to the higher cost of wheat in Australia, from where we import it. It does not mean the duty would be 2s. per bushel.

Are you aware that the average duty under the sliding scale has been practically the same as the duty fixed at 1s. 3d.?—The duty is 2s. per cental.

Mr. Jones: 1s. 3d. a cental.

Mr. Macpherson.] You have been referring to bushels throughout your statement?—I have used both. The duty is fixed at per cental, and we have to calculate our values per bushel.

Mr. Jones.] Are you aware the 1s. 3d. duty under the sliding scale is practically the same duty as was imposed on the average fixed all the time?—That is, since it was 2s. per bushel?

Since 1921?—We consider 2s. per bushel was too high.

Are you aware the sliding scale of duties gives practically the same protection as the 1s. 3d. per bushel did?—No, I am not aware of it. I have imported wheat, and it has cost me 7s. 10d. to land, and under a fixed scale of duty I am quite positive I could have landed wheat at a lower price than 7s. 10d. during this period.

What can you land good fowl-wheat from Australia at Wellington to-day for?—To-day you could not land it at under 7s. 10d.

Without duty?—We could not land it cheaply to-day.

The price of wheat has gone up all over the world. At what price could you land it on the wharf at Wellington to-day without duty?—About 6s. 6d. per bushel.

You suggest 9d. of a duty?—Yes. That would make it 7s. 1d.

And you can land New Zealand wheat at 7s. 2d.?—Yes.

And, taking the allowance on the sack into consideration, the New Zealand wheat is 1d. cheaper?—Yes. That is the price you could land it to-day. A few months ago that wheat could be imported at 1s. less. We do not wait until the price is high in other parts of the world before we secure our supplies.

Would the duty have been as high when the wheat was cheaper in Australia under the sliding scale—you say the wheat was cheaper?—Exactly. Wheat was 4s. 7d. and 4s. 9d. f.o.b. Melbourne. The duty would have risen and made the cost still 7s. 10d. ex wharf. That is why we submit the sliding scale gives no opportunity of landing wheat at a lower price than 7s. 10d. We must therefore look to the New Zealand grower to market his supplies at a reasonable price. We find that there is a combination of growers, and also Distributors Ltd., which maintain prices. We do not mind them getting a reasonable profit, but that should be limited to some extent.

The grain-merchant prefers free-trade?—We prefer trade which gives the grower a reasonable protection, but that does not mean that the prices for which we can get wheat into New Zealand should be prohibitive.

You say the grower should have reasonable protection: what evidence have you that 9d. is sufficient?—He should have protection the same as any other grower.

What evidence have you that the present protection is unreasonable?—The cost of importing wheat, and the fact that with a big crop the price to the consumer is so high.

You say New Zealand wheat is cheaper?—It may be cheaper, but it is not cheap. We think that wheat at 7s. a bushel is absolutely an uneconomical price to any consumer.

You say the consumer has been forced into paying prices in excess of market value, and higher in many instances than pertains in any grain-growing country in the British Empire. What is the price in Great Britain to-day?—£2 2s. per quarter from Germany.

What is the market price in Great Britain?—£2 6s. to £2 8s. for best Australian.

Do you not know it is £2 12s.?—I am not aware of it. I have a cable quoting German at £2 2s.

And on that you base your belief that the loss on the export of New Zealand wheat will be 1s. 6d. to 1s. 9d. per bushel?—I am basing it on a cost of £2 2s. per quarter, which is 5s. 6d. per bushel.

Could you tell me the price Liverpool has quoted in the paper for the next three months?—From 9s. to 9s. 8d. up to 10s. per 100 lb. That is under 6s. a bushel. Then you have your landing-charges.

This wheat is not going to land in Great Britain to-morrow?—The price is 9s. to 10s. for the next three months.

When you say £2 2s. per quarter, it is absurd to make that statement to the Committee?—You are not able to make an absolutely correct comparison between Australian, Manitoban, and New Zealand wheat. New Zealand wheat is a soft wheat, and the probability is that it will not bring as high a price as Australian and Manitoban wheat. We can only assume that 1s. 6d. and 1s. 9d. is the difference.

What per quarter is wheat when it is 10s. per cental?—£2 8s.

You stress the matter of bran and pollard: do you think it is fairly important to New Zealand that we should have a supply here?—I think it is very important that we should have ample supplies of bran and pollard and other cheap feeding-stuffs.

Can you always get them from Australia?—At certain periods of the year we can.

What periods?—During their off season.

Can they keep bran and pollard there?—No; not a great deal of relief can be expected from any overseas country.

You cannot get any relief from overseas countries of importance?—Nothing of any great importance.

You have no evidence to show that the value of the land has been unduly raised on account of the sliding scale?—We are not able to submit evidence on that point.

You indicated that there would not be the same up-to-date methods under the system of protection. Have you any evidence on that point?—No; but it almost invariably follows that when competition is keen better and more enlightened methods are used for production.

Are you aware that 1s. 3d. of a drop in the price of wheat per bushel—that is, the whole of the duty—only makes a difference of 1d. in a 4 lb. loaf?—I am not aware of that. I cannot go into the question of the costs of bread.

Rev. Mr. Carr.] In your statement you say that the present f.o.b. southern ports price is 6s. per bushel, sacks extra, which price is equivalent to 7s. 2d., sacks in, ex wharf Wellington. What would the retail price be in Wellington?—Mr. Rowe could answer that question.

You also state you feel the strongest possible protest should be made against the continuance of such prohibitive tariff rates, which bear so severely not only on the consumer of bread, but on every industry requiring wheat or wheat-offal. If the protective tariff were removed, where would you propose to get these supplies of wheat for bread, fowl-wheat, offal for dairy and poultry industries, and so on?—We believe the wheat could be imported either from Canada or Australia in sufficient quantities to satisfy the poultry trade, and could be imported duty-free into the North Island.

At a price lower than they are paying?—At a price lower than they are paying at present.

Have you any grounds for that contention? Have you had any experience of importing these commodities prior to the operation of the present sliding scale which would make it appear that these other industries are suffering unduly under the sliding scale?—I can only say that statements made by our press are to the effect that poultry-farmers are closing down from business steadily during the past few years owing to the high cost of fowl-food.

Yes, but you have no definite proof that you could import your requirements at a lower price?—We can import our requirements when the period is right. I do not say we can to-day. This evidence is not to say what we can do to-day or to-morrow, but what the general position should be for the future.

So it is more or less of a gamble as to whether you could get the necessary supplies cheaper from abroad?—There is no question about it that the present tariff puts an embargo on wheat until the price reaches 7s. 10d. per bushel.

I do not know that you can call it an embargo?—No wheat can come into New Zealand until it reaches that price, and in a short year that is what it reaches. I have given you figures to show that the price of fowl-wheat reached to 8s. a bushel in lean years. The figures given for 1927 are evidently the New Zealand prices, because in that year we imported wheat and it cost 7s. 10d. per bushel on the wharf.

Mr. Jones.] That was in the early part of the year?—Yes, but it was after the sliding scale came in.

Yes, but it was before the New Zealand harvest came in.

Rev. Mr. Carr.] You state that the population of the North Island exceeds that of the South Island by 79 per cent. We will admit that if it is given in the latest population statistics—I have not looked them up. You also state that the poultry-flocks in the North Island exceed those in the South Island by 50 per cent. Where are those figures available?—Mr. Rowe will give you the figures.

You state that you strongly advocate a reasonably protective tariff to growers of milling-wheat. On what ground do you recommend a reasonably protective tariff?—We do not wish to see New Zea-

land a dumping-ground for surplus products from other countries. There is a protection already on certain grains, and we think the wheat-growers should have the same protection.

Would that apply both to milling-wheat and fowl-wheat, and also to offal ?—No ; we think offal should come in free.

What about fowl-wheat ?—It largely depends on the scale of duties which are levied. We consider it is advisable to maintain in the North Island such industries as poultry-farming.

You admit that there is need for some protection in regard to milling-wheat on behalf of the growers ?—Our contention is that the wheat-growers should be treated no worse than others and should have some protection.

You state, "Any action taken in regard to the imposition of duties should, we consider, tend towards making the growers more self-reliant," and that "the present tariff is creating a favoured class of farmer." You admit, of course, that the wheat-grower is one of the hardest-worked farmers, he employs more labour than any other class of farmer, a great many subsidiary industries depend upon the production of wheat, a great deal of capital is sunk in stores and plant and transport facilities, and so on, and that a tremendous number of workers would stand to lose their employment if he went out of business. That, I take it, would be one of the grounds why you would recommend that adequate protection should be given—because of the amount of capital and labour involved in the wheat industry ?—I would like to point out that in 1899 or 1900 with a protection of 9d. per cental it was possible to produce a crop of 13,000,000 bushels of wheat.

Costs were lower then ?—Yes, and prices were lower. That was the greatest crop on record. We contend that a grower, given a reasonable protection, would prefer to have a more open field for the sale of his product than he has under this sliding scale. What an anomalous position we have to-day. Two-thirds of the crop is purchased at a high price, and one-third is held by a combine which is unable or unwilling to market that wheat at a price at which they can dispose of it in New Zealand. That is the position that arises when an endeavour is made to hold prices at a certain level.

It may be necessary to hold the balance for next year for the purpose of seed, and so on ?—It is not being carried over ; it is being exported. Why not give that surplus to the New Zealand consumer ?—It is possible to export 1,250,000 bushels of wheat on a crop of 10,000,000 bushels less 1s. 6d. a bushel and still return to the grower only 3d. less on his total crop.

He can sell at a loss ?—Yes, 1,250,000 bushels. When the wheat is being dumped overseas it gives no relief to the consumer here.

You say the duty is unduly raising the value of wheat land. Do you know how the wheat lands compare in value with the dairy lands both in the North and South Islands ?—I have no doubt that dairy land is more valuable than wheat land. It is obvious that if a grower receives under the sliding scale of duty up to 7s. a bushel in the South for his wheat, as he may do in a short season, the value of his land is fixed by the return he gets for his wheat, and should any alteration take place in the future in the way of removing the duty it means the value of his land is going to collapse. We strongly advocate that some definite scale of duty be fixed which will give a reasonable protection and will stand for all time.

You urge a fixed duty ?—Yes.

Although you realize the sliding scale is practically the same as a fixed duty ?—We say the effect of the sliding scale has not shown up as it would in a short season. Its full effect has only been seen for a few months.

You say that the duty tends to remove the necessity for the strictest economy and the use of up-to-date methods. Are you aware that on the very best evidence it is stated that the wheat-growers cannot afford to replace their machinery as they should in the big wheat-growing areas—their returns are not sufficient to justify them in providing an adequate fund for depreciation and replacement ?—I would question that evidence.

That statement is made on very excellent authority. You say that from your statement it will be shown that the New Zealand wheat-grower already receives a protection in the higher rate of freight imposed on wheat from, say, Australia as compared with the rates ruling from the South Island to the North Island ports. Yet the northern millers, it is stated—and credibly stated—in spite of the duty, can import Australian wheat practically as cheaply as they can get it from the South Island ? —I am not in their confidence in regard to the costs of manufacture.

You say that under the sliding scale, when wheat is 5s. per bushel f.o.b. Melbourne, the protection is 2s. per bushel. Where do you get that evidence ? The sliding scale of duty is 1s. 3d. on 5s. 6d. bushel basis ?

The Chairman.] The correct duty is 1s. 9d. at 5s. ?—Then you have the difference in price, which is another 9d.

The duty is 1s. 9d. ?—The protection in the North Island is what I have given you. The protection for the South Island is 2s. 9d. on 5s. basis, including freight.

Rev. Mr. Carr.] There is no 5s. wheat ?—There was. There is not to-day. I am giving you an illustration. Reduce the price to 5s. 6d. and you have a protection of 1s. 6·2d.

Mr. Macpherson.] You made the statement that there were practically 2,000,000 to 3,000,000 bushels of a surplus likely. What evidence have you in regard to that ?—I am prepared to be corrected in regard to those figures.

It is very important that your statements should be correct. These statements are taken down and read by the New Zealand public. Are you aware that there is really not as large a surplus this year as there was last year ?—I am not aware of that.

You would be surprised to learn that is a fact ?—I would be surprised to learn there is no surplus.

Are you aware that the apparent surplus is the result more of the millers not buying as heavily this year as last year ?—I cannot give the reason for that apparent surplus.

Do you not think that the wheat pool is carrying a good deal of that wheat which the miller has hitherto done ?—Quite possibly.

And therefore the surplus is nothing like what it is represented to be. As a matter of fact, the surplus was heavier last year than this year, but there is a bigger surplus in the farmers' hands than there was last year ?—We find it impossible to get wheat at reasonable prices. There is proof that there is plenty of wheat available.

You raised the question that the surplus wheat was to be exported at a loss. Have you any evidence that there will be a loss incurred ?—Yes.

You cannot—at any rate, it is only an assumption ?—It is a sound assumption.

You do not know what the market will be when it lands Home ?—We have every reason to believe that the prices cannot possibly pay.

Have you any evidence to show any wheat has been exported so far ?—I have been informed that wheat has been booked.

You have no direct evidence that wheat is being exported ?—We have evidence that it is being exported.

One would presume from your statement that you are more interested in the welfare of the consumer than you are as merchants and sellers of wheat. The trend of the evidence is in that direction. Does it materially affect you, as merchants, what the price is ?—Not from my own selfish standpoint.

It does not matter whether it is 5s. or 15s. a bushel ?—Not as far as I am personally concerned.

It does, as a merchant, whether you have a further speculative market ?—In my own business I have very little to do with wheat. I am representing the merchants.

I presume that the speculative element has more importance to you that the general welfare of the poultry-farmer and others ?—The Wellington merchants whom I represent——

The *Chairman :* Questions such as that are a little in excess of what we ought to allow. I do not think a man's private business should come into it. I know the witness, and I am quite satisfied he will give you *bona fide* evidence as far as he is able without bringing the personal element into it.

Witness : I would like to say the Wellington merchants are genuinely interested in keeping their clients going. They are finding it difficult indeed with the present high prices of wheat and the return the poultry-farmer gets for his eggs. One of our members assured me that a number of clients had closed down in the past few months—that is, the poultry-farmer who goes in for poultry work solely for a livelihood. We know there are hundreds, or perhaps thousands, of cases where poultry-growing is a sideline with people. It gives our members great concern at not getting wheat at prices to enable their men to carry on.

Mr. Macpherson.] Are you of opinion that the sliding scale is of value at the present moment to the consumer in New Zealand ? Is it not a fact that the consumer would be paying much higher prices to-day if we were depending on importations ?—I think the consumer would be paying less for his wheat and bread if we were importing.

You said you could not land wheat under 7s. 10d. ?—That is so, under the present sliding scale of duty.

Has that no virtue, seeing that you can buy New Zealand wheat at 7s. 2d. ?—I think 7s. 2d. is quite an uneconomical price for poultry purposes.

That is not the point. Does not the consumer in New Zealand get the benefit by getting wheat at 6d. per bushel less than you can land it from elsewhere ?—You assume that the price that the consumer should pay is to be based on the sliding scale, which determines the cost at 7s. 10d. in Wellington. We say that the price is far above what it should be, and that 7s. 2d. for fowl-wheat is not a cheap price, but is far beyond what is reasonable for a grower to pay in connection with the production of eggs.

It is not a question of whether it is cheap or dear, but a question of what we have to pay. If we had to import wheat we would pay higher prices than now ?—We cannot import wheat cheaper than the sliding scale of duties will allow us.

Supposing the duty of £1 per ton on bran and pollard were withdrawn, do you think it would make a very material difference to the poultry men and pig men ?—I think it would be of slight assistance to them—not of great assistance, because I do not think very large supplies are available from overseas ; nor do I think the removal of the duty would be any great hardship to the miller or wheat-grower in New Zealand.

The duty of £1 per ton amounts to only the value of 6·5 eggs per bird. Would you consider that a very small margin for a man to make a small profit ?—Small things amount to very large figures, and when a man is producing pigs for the export market in Great Britain he must have his initial costs down as low as he possibly can, because in that market he must take the world's parity.

I suppose you are aware of the average surplus in Australia in either bran and pollard during the last few years ?—I have seen the figures.

You know what we require here ?—Yes.

Knowing that, you must be aware that if we had a free market Australia could not supply one-fifth of our requirements ?—That one-fifth would be of great assistance.

Do you not think we would be running a grave risk in regard to poultry men and pig men if we were depending on an outside market when it could provide only one-fifth of our requirements ?—Bran and pollard are one of a number of feeding-stuffs.

You are making a big point of it. It is a vital factor in their production. That is to say, would it not be a very disastrous thing for this country if we were depending for outside supplies, knowing that Australian surplus would amount to only one-fifth of our requirements ?—We would still have New Zealand supplies of offal.

You think there would be no likelihood of the farmer going out of the wheat-growing business?—I do not think the New Zealand farmer would go out of the wheat-growing business. I make the suggestion that the importation of flour might be prohibited, and under a fixed scale of duties a certain amount of oversea wheat could be imported. This would be gristed by the New Zealand mills, thus assuring New Zealand of the supply of offal from such wheat and assisting New Zealand millowners to keep the mills and employees going. For every ton of flour imported there is a loss of so-much offal.

The Chairman.] Do you think that the price up to the present has not been quite the fullest amount that could be extracted from the people under the sliding scale?—It has not been up to the present.

But you apprehend that it will be in the future?—Yes, with increased consumption it will be possible. With a bad harvest it may come sooner than we think.

Then, you think that up to the present the sliding scale of duties has, apparently, not been taken full advantage of, and you apprehend that in future the prices will be on the basis of the sliding scale?—Yes.

Will the recently formed wheat pool affect the distribution?—It will affect the distribution and the sale of wheat, and it must affect the consumer. The consumer is entitled to feel that when there is a bountiful harvest he should get supplies at a reasonable figure.

The Chairman: Thank you.

Subsequently,

Mr. Jones: With respect to the wheat-prices previously referred to, I have sent out for the market reports, and I find that the figures I used were quite correct. The market report is as follows: "Futures.—London, September 23: Wheat—September, 52s. per quarter; October and November both 51s. 10d.; January, 52s 8d." I felt sure that the figures of the witness were not correct.

The Chairman: These figures can go on record for future reference.

Mr. S. ROWE, Wellington Grain-merchants' Association, examined. (No. 56.)

Rev. Mr. Carr.] What would be the Wellington retail price per bushel of wheat quoted at 6s. per bushel f.o.b. southern ports, sacks extra, or its equivalent, 7s. 2d. per bushel, sacks in, ex wharf Wellington?—The retail price would be 7s. 4d. ex port Wellington, sacks in.

The Chairman: That would leave 2d. per bushel.

Witness: The retail price out of store would be 7s. 5d. or 7s. 6d.

Rev. Mr. Carr.] You compared the poultry-flocks in the South Island with those in the North Island, and stated that there was a difference of 50 per cent. Where did you get your figures?—From the last census figures for 1926. The number for the North Island was given as 95,501, and for the South Island 63,155. That covers all holdings, irrespective of the size of flocks.

Mr. Jones.] Were you of the opinion that a yield of 50 or 60 bushels of wheat per acre was a common crop?—I do not say that for one moment. I can only assume that that is possible from information given to me by friends who are growing wheat and who obtain from 50 to 60 bushels per acre. I have no personal experience in regard to the average yields.

Rev. Mr. Carr.] Another witness stated that there were three and a half million head of poultry in the Dominion, and that they required 1 bushel per head, on the average. That does not correspond with your figures?—My figures can be verified by reference to the last census figures.

The Chairman: Thank you.

Mr. R. W. HAWKE, M.P., examined. (No. 57.)

Witness: Mr. Chairman and gentlemen, I desire to give evidence as a poultry-farmer and also as a wheat-grower. For many years I have attended conferences of the New Zealand Poultry Association, and I have taken part in discussions in regard to the price of wheat and the cost of egg-production. I have taken part in these discussions for, I suppose, about fifteen years. Some six or seven years ago representatives of the wheat-growers waited upon the conference in Dunedin, and discussions took place in regard to the price of wheat and other important matters bearing on the poultry industry. Resolutions were passed at that conference to the effect that the policy of importations of wheat, thus tending to put our own growers out of business and necessitating the reliance on outside sources, was not in the best interests of the poultry industry. Whilst the North Island people always felt that they were at a disadvantage in comparison with the South Island in so far as egg-production was concerned, they realized that it was important from the wheat-growing point of view that the industry should be maintained in the Dominion. Since that time there have been discussions in regard to these matters at our own conferences practically every year, generally originating from the North Island poultry societies pleading for arrangements to be made to secure cheaper wheat; but at most of the conferences, after thoroughly discussing the matter, all joined in the desire to get their fowl-food at as cheap a rate as possible, provided nothing was done to harm the wheat-grower or put him out of action. On these occasions the conference always upheld the principle that we should encourage the wheat-growers as much as possible. There is no question about that. At the last conference in Christchurch even, although the North Island egg-producers were anxious to get cheap food, a remit was amended so as to uphold the principle of wheat-growing in the Dominion.

At the same time, we all agreed that everything should be done to get wheat distributed to the poultry men at the lowest possible cost. Of course, we all felt at times that there was perhaps some over-charging on the part of the distributors of wheat. The transport costs were high, and that, of course, meant a dearer bushel of wheat to the North Island producer in comparison with the price charged to the South Island producer. Before we began exporting eggs Wellington was looked upon as the market for our surplus production in the South, and the cost per dozen of shipping these surplus eggs to Wellington more than counterbalanced the extra cost charged to the North Island producer for supplies of wheat, pollard, and bran. As I came into this room I heard a witness state that wheat at 6s. f.o.b. at the South ports was 7s. 2d. here.

Rev. Mr. Carr: It was said that it would be 7s. 5d. and 7s. 6d. retail.

Witness: If it is 6s. at South Island ports it would be 6s. 4d. to 6s. 6d. retail, for sure, in that locality, so that there would be about 1s. to 1s. 2d. per bushel difference between the South Island and the North Island costs. It takes about 100 lb. of dried matter to feed a bird per annum—that is, when the birds are being fed and they are relying entirely on food given by the attendant. I am not speaking of the farm birds. That amount fed to each bird is generally composed of about 60 lb. of wheat, with a little oats mixed, and about 40 lb. of bran, &c., so that the food is nearly all wheat or wheat products. At a cost of about 1s. to 1s. 2d. per 60 lb. that would mean something like 2s. per bird more in food costs in the North Island as compared with the South Island. Properly-farmed birds, as has been mentioned by Mr. Mumby before this Committee a few days ago, will lay from 150 to 190 eggs per bird per annum for two years at least. Statistics in certain directions will not bear this out, but the man who is farming properly gets more eggs per bird than the ordinary individual. That would be over twelve dozen eggs per bird, and as it costs us 2d. per dozen to transport them from Lyttelton to Wellington the transport costs of that twelve dozen eggs at 2d. per dozen would be 2s., so that the producer in the South is brought to exactly the same level as the northern producer. That being so, I say that so far as egg-production in this Dominion is concerned there is no difference or disadvantage as between the North and South Islands. We ought to be able to go on to the London market or any market in this Dominion practically on a level so far as egg-production is concerned. I have arrived at these conclusions after an experience of about twenty-five to thirty years of making my living from this business. Anything that might be said to the contrary is simply the difference in the ability of the different producers to get larger or smaller egg-returns, one compared with the other. Any difficulty that might be thought to exist in the North Island so far as fowl-food is concerned—that is, with respect to price—is amply counterbalanced by other factors.

Mr. McCombs.] You have gone into the question exhaustively as a grower and a breeder of birds, and you are quite satisfied in your own mind that the North Island poultry-farmer is actually on a par with the South Island poultry-farmer by reason of the fact that the cost of disposing of the South Island eggs more than equals the difference in the extra price the North Island producer has to pay for his foodstuffs?—Yes, taking a number of years during which I have been connected with this industry, and averaging up the position, I would say, Yes. The North Island producer is compensated by the extra price, and we cannot compete with him under 2d. per dozen. We cannot get the eggs here at less than 2d. per dozen. There might be odd times when eggs are higher in price in Christchurch than they are here, but taking the figures for fifteen or twenty years it will be seen that what I am stating is positively correct. While special circumstances in the South, such as sales of egg-pulp or other factors, might result in the price of eggs in the South being equal to the price here for a week or a month, taking the average right through you will find that that is the position.

As a poultry-farmer, and having the advantage of living in the South Island in a large wheat area, you have come to the conclusion, with many of your brother poultry-farmers there, that the wheat-grower is entitled to some protection and some encouragement?—Yes. I have referred to the Dunedin conference in this connection. As you know, we appealed to the Government for protection against the importation of Chinese egg-pulp. We were told that importations of egg-pulp amounted in value to about £50,000 per year. We assured the Government that if we were given protection from the importations of egg-pulp we would supply all the needs of the Dominion and be in a position to export within four years. We said that in 1919, and in 1923 we sent the first real shipment of eggs out of the country. We have not been able to do that continuously ever since. We asked for protection ourselves, and, as consistent men, when another section of the community was up against trouble in this connection and wanted protection we were not going to throw them overboard. No consistent and level-headed body of men would do that.

As a practical man you would say that the wheat-grower, even with protection, had still a very low margin so far as profit was concerned?—I could not give as clear an answer to that as I could give with respect to my own side, but I can say that I have been a grower of wheat, and this is my experience: When the war was on and we were up against it our birds were going back as the result of the poor quality of the food available, such as the rubbish obtained from Australia, and I decided to plough up some of my fields and sow wheat. I got a yield of about 45 bushels per acre, but the acreage was not large. This venture cost me a good bit, but I did not mind that, because I was keeping the birds alive. But even at the price of wheat at that time I did not make any money, because I was not in a big enough way to do so. Frankly, although I had a good crop, a good harvest, and good weather, that wheat cost me over 7s. per bushel to produce.

Nearly as much as you could buy it?—Yes, exactly.

Mr. Jones.] Could you, by definition, state what fowl-wheat is, or must you see a sample?—I am glad you brought that up, because I want to say, as sincerely as it deserves to be said, that that is where we, as poultry men, have had to get a lot of schooling. A sample of wheat sold to the miller as good flour-wheat is quoted at a certain price—we will say at 5s. 9d. at a country station. If I could get that wheat at 5s. 9d. per bushel I would buy it every time. Why? Because I proved over

a period of years that what is sold to us as fowl-wheat, slightly damaged—it does not look bad, but it is slightly damaged—was lacking in food value, and required more per bird per day than the wheat of the better quality. Certainly that fowl-wheat should be bought for 1s. to 1s. 6d. per bushel less than the better-quality wheat; but R. W. Hawke, the old campaigner, did not touch the rubbish. If that wheat were put through the mill and ground, other ingredients could then be added and its food value could be utilized to a greater extent. The inferior wheat does not, to any extent, give the food value that can be obtained from the good-quality wheat.

So that the statement of a witness referring to fowl-wheat without producing a sample would be valueless?—It would, so far as its food value was concerned: there is such a wide difference in the value of the different qualities of wheat. I can easily tell the difference, because, if the poor-quality wheat is thrown out to the birds, when one comes back to give the birds their next meal they come dashing at one. Many men do not know the A B C of correct feeding. It takes more brains to run a poultry-farm than it does to run a big sheep-station in this Dominion. No dairy-farm in this country requires the brains that are required for the successful management of a poultry-farm. I am not speaking against the sheep-farmer or the dairy-farmer. I would have liked to have arranged for one particular poultry-farmer to come before you; he buys one thousand bags of wheat a year, and pays for them, too.

Mr. Jones: That is important.

Witness: Yes. If that man gave evidence you would be possessed of the views of a man who knew his job.

Mr. Jones.] Do you think that we are likely to develop a profitable export trade?—I noticed a report to the effect that one man who has gone Home from Australia says that there is £18,000,000 to be picked up through egg-exports, and that a fair share should go to the Southern Hemisphere, because the egg-yield in the North is practically at a low level when ours is at its height. Speaking of our own export possibilities, I consider that we have not an extremely bright outlook. I do not desire to create the impression that the position will not improve, but I consider that the trade will require a good deal of nursing.

Mr. McCombs.] There may be £18,000,000 to be picked up at 9d. and 10d. per dozen, but you have to consider the question as to whether it is worth your while producing eggs at 9d. and 10d. per dozen?—That is the position. From letters I have received I am of opinion that the prospects this year are fairly good for our export. I am sorry that we are not sending more. A lot of eggs are being held back, unfortunately. Given proper facilities for handling, &c., and good markets, I do not see why we could not develop an export trade in eggs to the value of from £40,000 to £100,000 per annum. We have not got down to scientific methods in grading and handling. If we could get our eggs away with a swing, without the necessity for handling and rehandling, there would be better export prospects.

You say that a bird will produce from 150 to 190 eggs per annum?—Yes, for two years.

Take the mean of that, how long would it have to be fed?—For perhaps two and a half years. It starts at profit at six months, and is sold after two years.

Would it in those two years and a half consume on the average 100 lb. of wheat per year?—No; the average for the first six months would be small compared with the other two years.

What would it average for the two years and a half?—About 200 lb. to 220 lb. of dried matter.

And it would produce between 150 to 190 eggs in a year—that is, about 28¼ dozen eggs?—In fact, we have some birds that will produce that in one year.

What does the duty on wheat mean so far as the cost of production of that twenty-eight dozen eggs are concerned—we will assume that 220 lb. are fed to each bird?—You could not arrive at what the duty represents, because you would not know what the outside prices would be. We have had to pay nearly 10s. per bushel when we were in trouble.

But the duty is responsible for 1s. 3d. of that?—Is that always the position? It might be to-day, but the figures vary, so that one cannot really arrive at an exact amount covering a period of time.

Assuming that the wheat-prices are influenced by the duty to the extent of 1s. 3d., is not the cost of the production of these twenty-eight dozen eggs put up three times 1s. 3d.?—How could that be?

Well, 220 lb. of food for two years and a half would be required to produce approximately twenty-eight dozen eggs. At, say, 180 lb. of wheat or wheat products the difference in the cost of production of these eggs at 1s. 3d. would be 3s. 9d.?—The added cost would depend entirely on the outside market. The outside market might be higher than our own.

The Chairman: Thank you for your evidence, Mr. Hawke.

Witness: I can assure you that the more we can induce the New Zealand farmer to grow wheat the better it will be for the poultry industry.

Mr. McCombs.] May I ask another question of Mr. Hawke? The Canterbury members present regard him as an expert in the poultry business, and, naturally, his views are of value in this connection. I would like to ask him whether he is in favour of a subsidy being granted to the wheat-growers, instead of the present duty, thus enabling wheat to be sold to the poultry men, and bread to be sold to the consumers, at a lower price?—We, as poultry men, have never gone into that. We contend, however, that every encouragement should be given to the growing of wheat in the Dominion. I am inclined to the opinion, however, that the substitution of a subsidy in lieu of the sliding scale might create a feeling of uncertainty, and might be a detriment. The sliding scale of duties appears to be a more easily adjusted system.

Mr. W. D. LYSNAR, M.P., examined. (No. 58.)

The Chairman.] Knowing that Mr. Lysnar was interested in maize-growing in his electorate, I advised him that it might be advisable for him to make a statement in regard to the matter, or represent to the growers of maize that maize might be considered when this Committee draws up its report, and that they could tender evidence if they so desired.

Witness: Thanks to the suggestion of the Chairman, I communicated with the Gisborne Farmers' Union, and have been asked by that body to state that, as the Committee is dealing with the wheat industry and is not really dealing with the question of maize, it is desired that nothing should be done to affect the growers of maize unless an opportunity is previously given for those concerned to give evidence before the Committee. I find from an examination of the order of reference of this Committee that these investigations are confined wholly to the wheat industry, and I assume, of course, that the Committee will confine its recommendations in that respect. If the Committee decides to enlarge the scope of its investigations and go into the question of maize, then I shall be glad to have the opportunity to advise those concerned, so that they can come forward. Maize-growing does not affect the whole Dominion: it is confined to the northern portion of the North Island, particularly to the vicinity of Gisborne and Opotiki, and to a limited extent in the Auckland District. It is important that the industry should be allowed to develop without any restriction. At the present time crushed maize comes in duty-free, but there is a duty on whole maize, and that duty has been imposed, I understand, to enable us to compete with the cheap maize from South Africa. I think that the law as it stands meets all the requirements of the poultry-producers and pig-raisers in so far as maize is concerned. I would ask the Committee to give some public notification if it is proposed to extend the scope of their investigations to embrace the maize industry. I suggest that the order of reference does not cover the question of maize.

The Chairman: That is so, but maize may come into the matter incidentally.

Witness: It might. I would point out, however, that this Committee is looked upon as a wheat-industry Committee and not as a maize-industry Committee.

The Chairman: It is just possible that the Committee might make recommendations in regard to stock-foods and poultry-foods without specifying any particular kinds of stock-foods, because there are many kinds of such foods about which the Committee knows little or nothing. That is where maize might be introduced without any specific reference at all. I am pointing out what might happen. I am not saying that this will happen. I consider, therefore, that maize-growers should be given an opportunity to make representations if they so desire.

Mr. Jones: The demand for cheaper pig, poultry, and stock foods would bring in this matter as a side-issue.

Witness: We would submit that the present concessions in that direction are ample. Crushed maize is admitted to this country duty-free, and if maize is used as a pig or poultry food it should be crushed. Of course, it is contended that maize will not keep for long when it is crushed, but so long as it is lightly crushed only it keeps very well indeed.

The Chairman: We shall get some information as to the quantity of crushed maize coming into the country.

Mr. TUITI MAKITANARA, M.P.

I desire to introduce to the Committee Mr. Paraire Paikea, the secretary of the Ratana movement. These people have taken upon their shoulders the responsibility of educating the Maoris in agricultural pursuits, and, amongst other activities, they have started wheat-growing. The secretary of the movement will tell you what the movement has done in training the Maoris in agricultural pursuits, and he will also deal with the aspect of wheat-growing amongst the Maori people.

Mr. PARAIRE PAIKEA examined. (No. 59.)

Witness: Mr. Chairman and gentlemen, we started wheat-growing in our district last year under the personal supervision of Mr. Ratana. The acreage put in last year was 500 acres, and all the work was done by Maori boys under the personal supervision of Mr. Ratana. All the mechanical repairs to machinery, &c., were done by the Maori lads of the pa, and no white men have been employed in carrying out this work. May I stress this point, because there have been reports circulated throughout the country that the Maoris are a lazy lot of people——

The Chairman: We do not believe that.

Witness: Mr. Ratana commenced last year to educate the young Maoris in agricultural pursuits. Wheat-growing was undertaken, and an area of 500 acres was put in. The yield was approximately 38 bushels per acre. We hope this year to put in 800 acres. At the present moment we have sown 650 acres, and although it is rather late, still we are going to give it a good go. With regard to manure, last year we used 2½ cwt. per acre of superphosphate, and we found that our best yield came from Jumbuck seed. We used two varieties, Jumbuck and Major. At times we have found it rather hard to carry on, owing to our financial means being not too bright; but still we are able to carry out our work, and last year, as well as this year, we have been able to carry on with the assistance of the members of the movement.

The Chairman.] What price did you get for your wheat?—Last year we got 6s. 9d. per bushel for first grade.

Is that sacks included?—It is sacks extra.

On trucks ?—Yes.

If you received a lower price, I presume it would be disastrous to your venture ?—Yes, a lower price would not pay us.

Have you made forward contracts this year for the sale of your wheat ?—Yes.

At what price ?—At 6s. 9d.

Have you had any assistance from the Government Field Expert ?—No. We asked, last year, that he should come out and see us and give us advice, but he did not come out.

I am sorry that the representative of the Agricultural Department is not present. Would you like the Field Expert to go out this year ?—Yes, certainly.

The Chairman: That shall be arranged. We are very pleased that you have come here and have given us information as to what the Maoris are doing. Apparently you are the biggest growers of wheat in the North Island, and it is interesting to the Committee to learn that you have been so enterprising, and that the venture is, apparently, quite successful.

Mr. Jones.] Do you pay land-tax on your farm ?—We have not, so far, but no doubt we will do so after the present proposals go through.

The Chairman.] Is the land held by the Maoris under a common grant ?—The land is held by the Maori Welfare League, an incorporated body under the Companies Act, 1908—that is, at least 400 acres are so held, and the balance of the land is owned by Mr. Ratana.

You pay the ordinary rates ?—Yes.

Rev. Mr. Carr.] What is the average rainfall ?—I have no information on that point.

What is the class of land—is it heavy land or clay land ?—There is not much clay land round about Wanganui.

Mr. Macpherson.] Did you have any trouble in harvesting your crop, due to wet weather, and so forth ?—Last year we did not have much trouble.

Rev. Mr. Carr.] Do you stack on the ground ?—Yes; the first lot of wheat was stacked for a month before we started threshing. We have our own threshing plant. We have two mills. We also have lorries for transport purposes, &c. All the work done in the Ratana pa is done by the Maori boys.

You have no intention, as yet, of grinding the flour for yourselves ?—We have not gone that far yet.

Do you intend to do so ?—Yes; if you stop the wheat coming in from Australia we will do very well.

TUESDAY, 8TH OCTOBER, 1929.

Mr. W. W. MULHOLLAND re-examined. (No. 60.)

The Chairman.] We want to question you, Mr. Mulholland, regarding the exportation of wheat from New Zealand ?—Well, sir, I have prepared a statement on that subject.

You are representing the Wheat-growers' Association ?—Yes, sir, I am chairman of directors of the New Zealand Wheat-growers' Co-operative Association, Ltd., which is generally known as the wheat pool.

Will you proceed with your statement, Mr. Mulholland ?—Yes, sir. As a general rule, over the past decade New Zealand has not produced sufficient wheat for her own requirements, with two notable exceptions—(1) The season 1921–22, when 10,565,275 bushels were produced; (2) the season 1927–28, when 9,541,444 bushels were produced. In 1921–22 the purchase from growers and the sale of wheat was effected by the Government, and it became necessary to export 1,212,843 bushels of the surplus. The 1927–28 season was the next in which a surplus was produced, and that oversurplus was greatly accentuated by the importation of wheat and flour equal to 1,217,073 bushels of wheat for the twelve months ended 31st December, 1928. In view of the heavy carry-over 1927–28, and the addition of a further surplus in 1928–29, the New Zealand Wheat-growers' Co-operative Association, Ltd., were faced with a difficult problem, which could only be solved by the export of at least some portion of the surplus. The following statement shows the statistical position. The first table is to arrive at our consumption.

Statement of Wheat used for Twelve Months ended 30th November, 1928.

	Wheat. Bushels.	Flour. Tons.
On hand, 30/11/27	1,498,085	10,123
Actual yield, 1927–28 crop	9,541,444	..
Imports for twelve months ending 30/11/28	753,420	9,266
Total available for consumption	11,792,949	19,389
Less on hand, 30/11/28	3,069,243	11,357
	8,723,706	8,032
8,032 tons flour at 48 bushels to ton	385,536	
Yearly consumption	9,109,242	

Statement showing probable Carry-over as at 28th February, 1930.

	Bushels.	Bushels.
Stock (actual) on hand, 30/11/28, including flour converted at 48 bushels to ton	3,614,379	
Less quantity estimated consumed in December, 1928, and January and February, 1929—quarter of 9,109,242 bushels	2,277,310	
Stock on hand, 28/2/29		1,337,069
(The reason for bringing these figures up to the end of February is that that is practically the end of the crop year, and from then on the new crop is beginning to move to the market.)		
1929 harvest		8,823,864
Imports, wheat and flour, for year ending 28/2/30, based on actual imports for eight months 1929		706,924
Total available, year ending 28/2/30		10,876,857
Less annual consumption as above		9,109,242
Probable carry-over, 28/2/30		1,767,615

It will be seen that the consumption allowed for is greater by nearly 1,000,000 bushels per annum than the estimated average annual consumption as per the New Zealand Year-book, 1929, page 458 (8,296,143 bushels).

Statement showing probable Carry-over as at 28th February, 1931.

	Bushels.
Carry-over, 28/2/30	1,767,615
Estimated yield, 1930, from 240,000 acres at 31 bushels per acre (I will explain that estimate later)	7,440,000
Estimated imports for year ending 28/2/31, as for year ending 28/2/30	706,924
	9,914,539
Less consumption, twelve months ending 28/2/31	9,109,297
Carry-over, 28/2/31	805,297

[NOTE.—Some figures originally quoted by witness have been corrected and incorporated in above statement at witness's request on his subsequent re-examination q.v.]

In the above table the yield is estimated at 31 bushels per acre, this being 0·86 bushels below the average for the past decade.

It will be noted that during the above two seasons, 1927–28 and 1928–29, the production was only sufficient to cover our requirement for home consumption—viz., 18,374,308 bushels for the two harvests. The anomalous position of having to export wheat is entirely due to the steady importation of wheat and flour.

These are some of the factors leading up to the present position: (1) Extraordinary average yields for the past three years. The yields for these harvests average 35·76 bushels per acre, or 3·90 bushels greater than the average for the past decade. (2) Heavy importations of wheat in January and February, 1928. During these months approximately 500,000 bushels were imported. (3) Steady importations of wheat and flour for 1928 and 1929 to date. In spite of the known surplus in these years, importations, particularly of flour, continue: Flour, 1928 and eight months 1929 — 316,914 centals at 48 bushels to ton, 760,320 bushels; wheat for period as above, 928,428 bushels: total, 1,688,748 bushels. And there is still four months to go from the date of those figures being taken out.

Before arriving at a decision to export the question was carefully viewed from all angles, and the following are some of the points which influenced us: (1) Information to hand that quantities of Australian wheat have been bought for shipment to New Zealand millers. (2) An estimated planting this year of 240,000 acres. My association sent out a large number of questionnaire cards, of which 1,460 were returned. From the result obtained from these we have estimated that the total planting will be in the vicinity of 240,000 acres for harvesting in 1930. (3) An expectation of an average yield of 31 bushels for the 1930 harvest, warranted by the present appearance of the crop. This is based on information obtained by our directors in various parts of the country from leading farmers in their own districts. The average yield for the past ten years is 31·86 bushels per acre. Now, that 31·86 bushels is not an estimate of the yield for next harvest, but is the yield which the present appearance of the crop would warrant one to expect with a normal season following: in other words, it is a statement of fact and not a prophecy. (4) Heavy reductions in freight and other charges, amounting to over 6d. per bushel, made it possible to ship wheat at a much lower cost than ordinarily. (5) A strong recovery in the world's market and information from our London agent lead us to believe that prices will advance further. (6) The uncertainty regarding duties is preventing merchants from taking their usual share of the carry-over. (7) Necessity for clearing wool-stores. The wheat being exported is at present stored in wool-stores, from which it must be cleared during the month of October. That is necessary in order that room may be made for the new clip now beginning to move into the stores, and our storage contracts in the case of these stores make it absolutely imperative to clear them. (8) Saving in storage, &c. Placing wheat on ship saves at least two months' storage, insurance, and interest, the two latter items being allowed for in cost of shipping. This saving amounts to at least 1·5d. per bushel. (9) Estimates show large carry-over at end of February, 1931. I have already dealt

fully with that. (10) Heavy cost of holding wheat makes it impracticable to carry stocks indefinitely.

For these reasons, when we saw an opportunity of reducing the amount of wheat which it would be necessary for us to carry forward by exporting some of it on a favourable market with little loss and some prospect of a gain, we concluded it would be a good business proposition to take the risk of the rising market. I think that is all I have to say, gentlemen.

The Chairman.] You have not indicated the quantity you are exporting, Mr. Mulholland ?—Well, sir, we have made no definite decision on that point, but I can give you the quantities for which we have to-day made shipping arrangements. We have made shipping arrangements to the end of this month for 5,700 tons.

How many tons ?—5,700.

How many bushels ?—About 200,000 bushels.

You have made arrangements for that quantity already ?—Yes, a definite arrangement has been made for that quantity.

Do you anticipate exporting a further quantity ?—It will depend to some extent on the movement of the world's markets whether that is justified or not.

Apprehension has been felt by some that it is done to keep the price at a very high level in New Zealand ?—Well, it is done to stabilize the market. It is done to remove the surplus. The main reason is to save ourselves. If we were bound to carry that surplus, and the next harvest is a reasonably good one—as it is estimated it will be—it would mean our carrying it for another twelve months at least, and the charges on that would be so heavy that we, as an association, will be ruined.

Would not a lessening of the price in New Zealand lead to an increased consumption ?—Not to any extent. I do not think the lessening of the price of milling-wheat would alter the consumption to any extent. It might have some influence regarding fowl-wheat, and for that reason we are definitely keeping down the price of fowl-wheat. We are selling fowl-wheat to-day at 6s. per bushel f.o.b., spread delivery, October, November, December, which is quite a bit less than we could obtain for it on the market. In order to increase consumption, as much as price will do it, we are definitely selling fowl-wheat at that price.

Fowl-wheat ?—Yes.

You say you are willing to sell at that price ?—Yes.

Will that price be to the merchants, or to the poultry people direct ?—Well, unfortunately, we have never been able to make contracts with any association or organization of poultry-producers that could deal with us direct. We have dealt with one or more dairy factories direct. We understand that they were supplying their own suppliers on a commission basis. We are quite prepared to deal direct with any organization of the poultry people.

Can you give us any definite information about any further shipments ?—No, sir, for the reason that there is no definite information at present.

Are you shipping on a consignment basis ?—We are at present.

There is no fixed price ?—No, no fixed price. The advice we have had from our London agents is that the prospects of the market rising towards the end of the year are very good indeed, and they advise us to ship on consignment.

Can you tell the Committee what freight you are paying ?—We have freight at £1 5s. per ton.

Mr. Jenkins.] What does that amount to per bushel ?—About 8d.

The Chairman.] How do you calculate it ?—37⅓ bushels to the ton—about 8d.

Hon. Mr. Cobbe.] Will not this big export of wheat tend to maintain prices at their present level ? Is that not really the reason for your action ? I presume you are exporting wheat in order to maintain prices here in New Zealand ?—Well, the position really is this: If there is not a surplus we can maintain prices, and if there is a surplus we can maintain prices. We have command of the wheat. We could maintain prices without exporting, because we could prevent an excess of wheat coming on the market. We could supply the market according to its requirements. But the fact is that, in this case, that would be disastrous to ourselves. It would ruin us in course of time.

Does the law allow you to hold any foodstuff if there is a demand for it ?—Not if there is a demand for it. I do not know about the law, but necessity would compel us to get rid of it as quickly as possible if there was a demand for it.

Would not the Board of Trade step in ?—Yes, it might. But I may say that we are not holding up any sales where there is a demand for it. We are supplying the demand, and we are only too pleased to have the opportunity.

Do you expect this wheat you are exporting to realize as much as it would if it were sold in New Zealand ?—Well, it might, or it might not; it depends on the movements of the world's markets. As a matter of fact, we are gambling on the weather conditions in the Argentine and Australia, and also on the reports of new crop prospects in the Old World and in America, when our wheat reaches Home.

What is the position if it was placed on the market here: would it sell at a falling price ?—Well, if we forced it on the market here to-day the only possible way it would be absorbed would be if some merchant or speculator bought it for export.

But do you not think it would lead to a greatly increased consumption. If the price of an ordinary commodity tends to decrease, it means an increased consumption ?—That is quite sound generally, but you cannot get that effect very quickly. For instance, take the poultry men: they only consume a certain quantity of wheat, no matter what the price is. It might perhaps take several years to increase the consumption markedly by lowering the price.

But, Mr. Mulholland, you cannot get away from the fact that this big exportation of wheat must mean the maintenance of the present price for New Zealand. I presume that is the reason for it ?—Yes, that is one reason, certainly; but, as I have pointed out, the maintenance of this price would have been assured whether we shipped it or not.

You say that the importation of flour and wheat from Australia is one of the reasons why you have to export your surplus here ?—Yes.

What is the reason for the importation of flour and wheat from Australia ?—I am not altogether sure as to what is the reason. I think that the reason for the importation of flour undoubtedly is that the bakers desire Australian flour to mix with our flour. As regards the importation of wheat, I am not quite sure as to what accounts for that. Some of it undoubtedly is used by millers mixing it with our wheat to obtain a flour which they can sell to bakers more readily. Whether that is justified is another matter. I think you will have Mr. West, of the Wheat Research Institute, before you before long. He will probably be able to give you more information on that point.

I have been informed that in Australia they grow a wheat-grain which is much harder than we have here. On account of the climatic difference, perhaps, they grow a smaller and harder grain. You might be able to grow it here, but you would not be able to get the same yield. Is that so ?—I think possibly we could grow it here, but whether we would get the same quality is another matter. However, one of the chief functions of the Wheat Research Institute is to investigate that question and see whether we can improve the quality of our wheat. Mr. West is most emphatic in stating that our wheat is of a sufficiently good quality to make good bread, provided that the milling and the baking are done scientifically. Perhaps I am putting words into his mouth that I should not, seeing that he is to give evidence ; but, so far as I understand it, he says that the miller needs to know what is known as the " protein-content " of the wheats, and to mix them carefully, and so supply an even strength of flour throughout the year. The trouble with New Zealand flour is not so much because of its weakness as because of its variation. The quality of the flour from one mill may be quite different from the quality of the flour from another mill. To overcome that really requires the application of science to milling.

There seems to be an idea abroad that here in New Zealand we cannot grow the wheat that is necessary for making the best flour—that the New Zealand wheat is softer and heavier grain, which gives a much greater yield per acre. Are there any grounds for that ?—I think Mr. West will contradict that entirely. I am very much a layman on that point, but I think when you get Mr. West before you he will contradict that, and will show you that our wheat is quite capable of making first-class flour.

My informant is an Australian who is supposed to be fairly well up in this particular question. He says the Australian flour is made from a harder wheat with a smaller grain, but that you prefer to grow a larger and heavier grain ?—Well, the position, so far as I am aware, is that our present wheat has been developed under our local conditions as the result of many years of work at Lincoln College. Nearly the whole of the wheat grown in Canterbury is from seed derived from Lincoln College. I should say fully 80 per cent. originates from Lincoln College seed, so far as Tuscan and Hunter's are concerned. I do not think the College has put out for many years Velvet or Pearl. So far as quality is concerned, it is a question of investigation. It is not a matter for me to say ; it is a matter that has to be proved. I may say that Dr. Hilgendorf, of Lincoln College, is at present developing a cross between our ordinary Tuscan and Hunter's which—I am not sure whether I am not telling tales out of school—has given very good results. The results of analysis, and also the yield, have been very satisfactory.

Rev. Mr. Carr.] Is it a new wheat ?—No, I do not think it is entirely a new wheat. It is a cross between Tuscan and Hunter's. It is not on the market yet. It is not in commerce yet.

Mr. Bitchener.] Following on Mr. Cobbe's questions in regard to Australian wheat, have you ever tried any of that Australian wheat yourself on your own farm ?—No, I have never tried any Australian wheat. I know that some of the high-grade Australian wheat has been tried in my district, but it has not been altogether satisfactory, for one reason or another. I think one reason is that it is rather subject to disease under our climatic conditions.

Very much so, I should say. There have been quite a number of farmers who have tried it, and it has been found quite unsuitable to our climatic conditions ?—That is so. At that present time I understand that the Government have considerably over one hundred varieties of wheat under test at Ashburton, and Dr. Hilgendorf, at Lincoln College, has many hundreds of varieties under test there also, but so far I do not think anything has been discovered that is better than, or as good as, the wheat developed under our own conditions.

There have been quite a number of tests of Australian and other wheats ?—Yes. I understand they have come from all parts of the world.

Have you any reason to believe that any of them would be more satisfactory than what we have in New Zealand ?—Well, it has not been proved so yet. That is as much as I can say.

Mr. Jones.] Will the export of wheat raise the price of wheat and flour above what is considered a reasonable price by Parliament ?—No, sir, it cannot do that. The duty prevents it doing that.

Mr. McCombs.] You state that the estimated production for this year is 7,440,000 bushels, and that the carry-over will amount to 805,297 bushels ?—Yes.

Is not that an excessive estimate of the carry-over ?—It is large, but I would not say it is excessive from the point of view of wheat-production. If that was in sight in February, 1930, it would make it impossible for us to carry the wheat. It would mean we would have to carry the wheat for twelve months or more.

We had a miller before us the other day who pointed out that there was only one and a half months of a carry-over, and yet, according to your statement, you have a carry-over of 805,297 bushels ?—There is about 500,000 bushels a month used for milling.

And for one and a half months ?—That would be 750,000 bushels.

Your figures show 805,297 bushels ?—Yes, but that includes all classes of wheat.

Well, now, is it a fair thing, when there is only one and a half months of a carry-over, to risk the food-supply of the people, taking into consideration the tremendous concessions that have been made to the wheat industry? Do you think it is a fair thing to risk the food-supply of the people in this way?—Well, in the first place, I do not think we are risking the food-supply of the people; and, in the second place, we could not possibly afford to hold the wheat. It would cost us 1s. 6d. a bushel to carry the wheat, and that would mean ruin for us. And there is another thing I would ask you to remember, and that is that we are not all the growers. It would not be fair to our members, who are bearing more than their share of the troubles of the industry now, to have to carry this additional burden, while the others escape. And more especially is that so during this year, because about 20 per cent. of those who signed our contracts had at the time they signed disposed of this season's wheat, so that their wheat did not come into the pool this year.

It seems to me that it is not fair. Tremendous concessions have been made with a view to producing the necessary food-supplies in New Zealand, and now you are risking that food-supply. I think a further explanation is necessary?—Well, sir, you must remember that we are forced into this position as a private concern in order to save ourselves. We could not afford to carry that over. To put it plainly, we would be "broke" if we attempted to do it. We could not do it.

What do you expect to be selling wheat at in February?—At about 5s. 9d. on trucks.

Could you not sell this carry-over to New Zealand buyers at about 5s. 9d.?—Well, we would have to give the question consideration. But in regard to that we might well find ourselves carrying the carry-over next season. It would not remove the surplus from the market. I think the poultry people put that point very clearly to you when they stated that their surplus of three years ago was still affecting their market. We must not have our market ruined for years to come by selling to some New Zealand buyer.

Do you think your policy is reasonable in view of the fact that during the eight months of 1929 there have been 706,924 bushels imported?—I do not think that has anything to do with us at all.

Is that not due to the fact that the bakers could not buy it here?—No. There must have been other reasons. As a matter of fact, we are led to believe that, as far as imported flour is concerned, the bakers brought it in to improve their loaf. Personally, I believe that the position is that the bakers had sufficient profits to be able to afford to use the higher-priced flour for advertisement purposes. I think that has a lot to do with the large importation of flour.

But it does not seem a fair thing, seeing that there is such a small carry-over, that it should be exported?—Well, if there is any other way, we would be only too pleased to take it.

You would not be willing to sell it to a buyer in New Zealand?—No, we would not be willing to sell it to a buyer in New Zealand if it is going to be used to hang round our neck next season.

You would not sell to a New Zealand buyer?—No. If we did so it would have to be kept off the market or prevented from injuring our trade. If the carry-over is not exported it would be possible for, say, the millers, if they liked, to buy just sufficient for their own requirements at the moment, and to strangle us slowly. We have to guard against that position.

What price do you expect to get for the wheat exported?—Well, we do not know, of course, what price we will get. Our advices from our London agents are that the price will probably be much better towards the end of the year, when it arrives at Home. I think I have some figures worked out showing the probable price that we would receive, on cabled information some weeks ago which quoted 55s. a quarter. That was on the 12th of last month. That would be equal to 6s. 10½d. per bushel.

What is the cost of shipping?—Well, the total cost of shipping was about 1s. 2d., giving, say, about 5s. 8½d. f.o.b. here.

What would you say to the poultry people if they say you are prepared to sell to the foreigner at a lower price than you will sell to us?—Well, in that connection, what I would say to the poultry people would be that we are just taking a leaf out of their own book. They do the same, and so does every other export trade. It is essential in business to do that.

Notwithstanding the fact that the community supports the wheat industry, you would be prepared to sell to the foreigner rather than to the consumer in New Zealand?—Yes, that is true; but it is not affecting the price of his bread. It will not make any difference to the price of bread. That has been demonstrated in my previous evidence.

You say you are shipping on a rising market?—Yes. We expect we are shipping on a rising market, and our information is that the prospects are good towards the end of the year. Late information since then has been to the effect that there has been a fall, but our agents express the opinion that that is merely temporary.

What is your price to the miller?—To the miller our price to-day is 6s. 5d. f.o.b.

Mr. Jenkins.] I believe you are now charging the poultry people 6s. 7d.?—No—6s.

And you will only get 5s. 6d. by sending it abroad?—We hope to receive more than that.

Could not the poultry people have taken the surplus wheat?—No, I am quite sure they could not.

The high price would prevent them?—Well, I do not know about that. I would say that, at whatever price they could get it, they could not absorb it before the next harvest.

They want to reduce their cost of production?—Well, we say just the same thing. If you take the duties off everything else, and thus reduce the cost of production, we will do without any duty. I think the poultry men are under a misapprehension so far as wheat is concerned. They forget the very great number of hens there are in the wheat-growing districts, and that the poultry people there get their poultry-food at a price which no other country under any conditions can compete with. Many of them get wheat delivered at about 5s. 9d., and that is usually good milling-wheat.

Do you not think the poultry people should have an opportunity of acquiring this surplus at a reasonable price?—In addition to their ordinary requirements?

Yes ?—Well, sir, I will make this offer: If the poultry men will do that to the extent of 200,000 bushels and guarantee to consume it by next March, so that it does not become a menace to us next year, we will supply them with 200,000 bushels of good milling-wheat at the price that we get for our export wheat.

The whole of your exportable surplus ?—No; it would not be reasonable to make that proposition, because it is not possible for them to take that. But if they can take 200,000 bushels of our surplus, and get rid of it, so that it will not come on to the market next year against us, or reduce their consumption against us, we will be prepared to do business with them.

But they may want to use some of it next year ?—Is not that just my point—that they cannot use it this year.

They say they cannot get it ?—Well, sir, I am prepared, subject, of course, to my directors' approval, to make that offer.

The Chairman.] Would your association be prepared to make a standing arrangement with responsible people representing the poultry industry so that they could get their supplies at preferential rates in order to carry on their business ? Would your association be prepared to consider that as a standing policy ?—Yes. We have endeavoured in the past to get such an arrangement with them.

Rev. Mr. Carr.] It is not only a matter of the poultry men in the North Island complaining; there has also been trouble in connection with the export of bacon and pork because the pig-farmers are unable to get grain for their pigs, and they have been using fish-meal, with disastrous consequences. The poultry people and the pig people in the North Island are complaining that they cannot get adequate supplies ?—Well, I will just explain what we are doing for the poultry people. We are offering wheat at 6s., spread over the next three months. That is a great concession. That means an f.o.b. value of 5s. 1·77d. last March, and on trucks it represents about 4s. 9½d. to the grower; so, you see, we are making a tremendous effort to meet the poultry people. And I can also say this: that if the poultry men would organize, and make their purchases not later than May, they would get their wheat at a very much lower figure. The cost of holding the wheat in their own buildings, and so on, would be very much less than the cost of holding it in a commercial way. If I might make a suggestion, I would say that I think, in the majority of cases, it is finance that is one of the great difficulties, and it seems to me that from that point of view it might be possible to make use of the rural credits or some other Government financial institution.

To help the poultry people ?—Yes.

Have they any organization ?—No, I believe not. I believe that is one of the great troubles.

Mr. Macpherson.] In regard to the surplus, and looking at it from a commercial point of view, there is only one possible way of getting rid of the surplus, and that is to get it out of the country ?—That is so.

If we retain that surplus here somebody will have to "carry the baby" ?—Yes.

You cannot afford to hold on for another six or seven months with the prospect of getting only a very low price for it when the new crop comes in ?—No, we cannot afford to do that.

So far as the association is concerned, there is no possible hope of dealing with the surplus other than by export ?—That is correct.

If the supplies were kept here it would only mean an additional burden for somebody to carry: somebody would have to pay the interest on capital and storage charges, and so on ?—That is so.

And probably large sums of money would be lost ?—That is so. We consider that it would be to the economic advantage of the country to export the surplus. It stops piling up expenses, and it means bringing in outside money to the country. It does not matter what you are dealing with, to hold a surplus for a long time is bad business.

You are quite satisfied in your own mind that you are doing the best thing by exporting the surplus ?—Yes. We went very carefully into it. I may say that we recognized that politically we were doing a thing that would have to be explained very fully, and it was with a sense of very great responsibility that we undertook to do it. Now, the position is this: We had an opportunity of getting a reduction in freight and other charges, representing 6d. a bushel. Now, the market would have to advance 4s. a quarter to cover that 6d. a bushel if we delayed shipping at the moment. The full reduction was only available to the end of this month. In November the freight is £1 7s. 6d., which is still quite a low freight. That represents a reduction of rather more than 5d. After, I presume, the old freights will be reinstated. There is also another question that has not been raised, but is of importance, and that is why we do not wait until the beginning of the season to export, or why we did not export at the beginning of this season. Well, at the beginning of this season the markets were so absolutely against us that it would have meant reducing the price here to probably 4s. a bushel, which would have given the wheat industry a shock that would have been disastrous. And to wait until the next harvest means incurring another 6d. in expenses, and we would also run the risk of an adverse market.

Would you be in a more comfortable position if you had a smaller surplus ?—Yes; we would be in a more comfortable position if we had just a reasonable carry-over—just sufficient for ordinary purposes.

In regard to Australian wheat as compared to New Zealand wheat, the climatic conditions make all the difference in the world ?—Yes. I may say that I have been told that a number of mills that have been mixing Australian flour with their own flour because the bakers have expressed an appreciation of that mixture have quietly dropped the Australian flour, and that the bakers are still quite satisfied, not knowing any difference.

Is not the agitation in the North very largely due to speculators and commission agents ?—Well, I have no direct knowledge, but I have a shrewd suspicion that that is the case.

Rev. Mr. Carr.] If the wheat-growers were to grow more Hunter's and Velvet, would there be the same necessity for importing Australian flour and wheat ?—Well, twelve months ago I might have said Yes definitely, but after what Mr. West has told me I could not answer that question definitely at the moment.

Are you aware that Dr. Hilgendorf has stated definitely that Solid-straw Tuscan gives the quantity, and that the wheat-growers would do better to grow more Hunter's in order to get the quality ?—I do not know that Dr. Hilgendorf has made that statement recently.

Yes, within the past year ?—I would suggest that you hold judgment on that in abeyance until you have heard Mr. West's evidence. I think his evidence will be of great value to you.

Mr. Macpherson.] Is it not a well-known fact amongst practical growers that the quality of the wheat varies with the quality of the land ?—That is so. And it goes further than that: the quality of the land has a great deal to do with what is called the protein-content. I have seen the results of tests Mr. West has carried out where Tuscan has given a far higher protein yield than Velvet grown on different land, and that when grown on the same land there was a little difference in favour of Hunter's as compared to Tuscan, but nothing like what we have supposed. Mr. West has made the statement that there is more difference within a variety grown in different localities than between the varieties grown in the same locality.

After all, the farmer is mostly concerned with the number of bags he produces ?—No; he is more concerned with his bank account.

Rev. Mr. Carr.] There are considerations in comparing Australian flour with our flour for baking purposes other than the protein-content ?—Yes, there is the moisture-content.

Would that be due to moisture ?—Yes.

If you take a handful of Australian flour and throw it up, it comes down like a cloud, but the New Zealand flour comes down heavier ?—Yes.

Would that affect the quality of the bread ?—I could not say.

Would it make it lighter, or heavier ?—I could not say.

Mr. Bitchener.] Have you any reason to believe that because of the growers' association the millers have kept off the market. We have had evidence here that some of the millers have stocked up to the doors for months. Have you any reason to believe that there are many like that ?—It is hard to answer that in general terms. We know that there are a number of mills that would not stock up, and that there are other mills that are fully stocked up. I could not answer that in general terms.

You are carrying it, instead of the miller ?—In a number of cases that is true.

Do you not think the miller could carry it as cheaply as you ?—The millers could carry it cheaper; they have their own stores.

The Chairman.] Are any other parties shipping wheat, apart from the wheat pool ?—No.

Will the lower prices you are likely to receive from export have any effect on production later ?—If it seriously affects the price of wheat it will have an effect on production, but if it eventuates as we hope I do not think it will be felt as far as production is concerned, provided we are not forced to export after next harvest, in which case I think we would have to let the whole market go.

If you receive £2 10s. a quarter at Home you will not get much more than 5s. a bushel ?—No.

I think there is an error in your statement. You say there were 861,479 centals of wheat imported; the correct figure shows it is 500,000 bushels less than that. I think you have made an error in taking as centals what are really bushels. It makes a material difference to your calculations ?—We were working from a return which Mr. Fraser, Government Statistician, was kind enough to give us.

You have included wheat imported for 1928 and part of 1929 ?—These were the actual figures obtained from Mr. Fraser. However, I shall check the figures and see how they work out. I think they are right, unless Mr. Fraser's figures are wrong.

EDWARD BOOCOCK, Wellington, examined. (No. 61.)

Witness: I wish to give evidence before this Committee from the point of view of the domestic-poultry keeper, who has almost vanished, and from the point of view of the general public. My view is that the general public know practically nothing about the existence of this Committee. I think, if you spoke to twenty men in the street, nineteen of them would say they never heard of it. I wish to speak on behalf of the less-wealthy section of the community.

The Chairman.] Those who keep fowls ?—Who used to keep fowls, and would do so if fowl-feed was a reasonable price. I think we might say that there are in New Zealand about three hundred thousand householders. Before the war, and before fowl-feed went up to such a price, it was the usual thing for these people to keep domestic fowls. It is a most unusual thing now for these people to keep fowls. In the suburb where I reside practically every householder kept a few fowls at one time, but now the domestic fowl is getting as extinct as the horse. I think it is the high price of poultry-food, partly due to the duties placed on it, that has killed domestic-poultry keeping. I say that is a very great loss to the community. If, say, one hundred thousand householders kept fowls, and they each made a profit of £5 a year, which is a conservative figure, the country has lost for the last fourteen or fifteen years half a million of money every year, and I think this is very deplorable. Unless some very good results have been achieved for the community in general, it seems to me that these duties should be removed.

Mr. Macpherson.] You assume that probably one hundred thousand domestic elements have gone out of poultry-keeping ?—I should say 90 per cent. have.

Is that not the result of the by-laws in the towns, which sometimes prohibit people from keeping fowls ?—It might be to a slight extent, but not altogether, because some people still keep fowls.

Is there not truth in the report that a very large number of families who used to keep fowls have practically become too lazy now, and do not want the trouble and bother ?—There might be a small amount of truth in that. Of course, that is really a matter of opinion, but I think that is a very small factor. I think there are still a lot of industrious people who would take an intelligent interest in such a hobby as keeping poultry if it were a payable proposition. Not only is there no profit in it at present, but there is actually a loss incurred. I myself think, and they have proved it, that they are out-of-pocket by keeping fowls, and they simply put them in the pot.

Seeing that the actual cost of protection given the wheat-grower only means an added cost to the poultry-owner of the value of six and a half eggs per annum per fowl, do you think that is sufficient to keep him from going in for poultry ?—Who is responsible for that statement ?

We have had facts and figures proving that ?—Does the Government Statistician prove that ?

We have had evidence from quite a number of people. It is a simple matter to work it out. It is presumed by the most expert men that a fowl requires approximately 100 lb. per annum of wheat foodstuffs, and if you work it out on the basis of protection at £1 per ton you will find it comes down to practically the cost of six and a half eggs per fowl laying a gross of eggs a year for the protection given the wheat-grower ?—Six and a half eggs per fowl per year ?

Yes. That is, the value of six and a half eggs from each fowl pays the protection given to the wheat-grower. Would you think that that would constitute a sufficient bar to domestic-poultry keeping ?—No, if those figures are correct, I should not think it does.

Mr. Bitchener.] It was given in evidence, I understand, that New Zealand wheat to-day could be bought at 1d. a bushel cheaper than imported wheat without the duty at the present time ?– Only 1d. ?

Yes. Evidence was given here by Wellington merchants to that effect. That would account for the statement about six and a half eggs a year which Mr. Macpherson mentions. You are a are that the price of eggs at the present time is exceedingly low for the time of year ?—I think so, yes.

At what price do you think you should be able to buy fowl-wheat to produce eggs at what they are bringing to-day, 1s. 4d. a dozen ?—I should say about 4s. a bushel, roughly speaking. It is some time since I kept fowls.

It costs at the same time over 1s. a bushel to get that wheat from the South Island to the consumer here. The growers at that rate would have to produce it at 3s. a bushel ?—I am not prepared to say just what the figure should be, but I am dealing with the general principle of the very high price of fowl-feed.

But you also have the low price of eggs ?—Probably the duty is not the sole factor in the high price of fowl-feed ; but it seems to me very desirable that the price of fowl feed and wheat should be as low as possible not only in the interests of poultry-keepers, but in the interests of the public generally.

Mr. Bitchener: Our people who are growing wheat and have fowls find it is an unpayable proposition to keep poultry now with the price eggs are and have been for some time past. They have never been known for a number of years to be at such a low price so early in the year. So it is almost an impossibility that wheat-prices should be the cause of poultry-keeping not paying.

The Chairman: Thank you very much for coming forward and giving evidence, Mr. Boocock.

MALCOLM FRASER, Government Statistician, Wellington, examined. (No. 62.)

The Chairman.] A witness who appeared before the Committee stated that in 1918–19 the gross profits of the millers were £415,997, and in 1926–27 they were £535,711, and so on. We would like to know whether you could throw any light on the figures that are given—whether the figures are absolutely reliable ?—What is called gross profits is the difference between the cost of materials and the value of the product. That is as shown in the returns furnished by the millers themselves.

Out of those gross profits what other charges would have to be taken into account ?—All other charges.

There is no indication in the Year-book as to what the charges are ?—There are in some of the statistics, but the statistics do not pretend to show a profit and loss account.

The statement made may be most unfair to the millers. It looks as if they are making far too much of a profit, and the members of the Committee thought these figures should be looked into ?—The "other expenses of operation" are shown in 1927–28 as £285,856, and a total of salaries and wages, in addition, of £158,512 to males and £3,813 to females. The statistics do not purport to show a profit and loss account.

This is the statement that was made : "I will now take the output value, less wages and grain —that is, the gross profits. In 1918–19 it was £415,997, and in 1926–27 it was £535,711." The statement of gross profits seems on the high side, and, as I said before, we are lacking in details showing how the gross profits should be reduced to come near the net profits ?—The statistics available for grain-mills are set out in full on page 64 of the "Statistical Report on Factory Production for 1926–27." It includes all grain-mills dealing both with wheat and oats.

Mr. Bitchener.] I thought we had evidence from Mr. Ireland that there were other factors in their profit in the balance-sheet that were not absolutely connected with milling, and that affected the position to a certain extent. Would they be taken out ?—Mr. Ireland referred to the fact that the statistics here cover all grain-mills—that is, both flour-mills and oat-mills. In the last year fifty-three

mills were covered. I have here copies of the questionnaire sent out for the collection of these statistics. You can see from it what was obtained from the miller, and you can then comprehend what the statistics cover.

Mr. McCombs.] Before 1914, if I remember rightly, the added value given in the process of manufacture of a ton of grain would roughly work out at about £1 16s., and now it is £5. I am not giving those figures as accurate, but I would like to have those figures from you, year by year, over a period—say, the last five years before the war and since ?—Well, we have not always collected these statistics. The first collection annually was for 1918–19.

We had a Cost-of-living Commission in 1912 ?—Prior to that these statistics were collected at every population census only.

The census figures would probably do us by way of comparison ?—All statistics are improving—they are becoming better. When we were only collecting every census—every five years—they were not so strictly comparable one census with the other. The methods of classification and treatment of the returns both by the supplier and the Office were apt to be forgotten in the interval. We had different people to tabulate them at each census. As a matter of fact, we seldom had any of the same men on the work from census to census; but from 1918 onwards there has been an annual collection and a gradual improvement in the quality of the statistics, which are now more strictly comparable from year to year.

You have them from 1914 onwards ?—No, annually from 1918–19 onwards. Prior to that we have them in 1916, 1911, 1906, 1901, and so on.

Could you give the added value in the process of manufacture per ton of grain products produced. They would be comparable to some extent from year to year ?—You are considering wheat and flour ?

Probably it is hard for you to separate that from meal ?—I could have a special tabulation made which would go back for ten years and deal with mills producing flour only. In 1928–29 there were fifty-three mills. Of these, thirty-nine were dealing with flour only, two were engaged in oat products alone, and nine were engaged in combined products, and three were not producing flour or oatmeal, but other fancy foods. For those thirty-nine mills producing flour only I could give you a tabulation for the last ten years.

I would like to get back behind 1914 to some extent ?—I cannot give you that. Returns for those years are all destroyed.

We have it in part in the 1912 Cost-of-living Commission. We could make a comparison ourselves ?—The point is, what information would you like to have in regard to these mills ?

The added value given in the process of manufacture ?—That is simply the difference between the cost of materials purchased—the wheat, oats, bags, string, and any other material that is used in the process of manufacture and preparation—and what is given as the value of the product or output.

You might let us have the information calculated on the added value on the basis of a ton of flour produced ?—It will take some time for us to get the information out. The added value is only one figure.

There would be great variation ?—Immediately you see a variation you want the explanation of what causes it. The more detail you go into, the more you want to know of the movement-causes.

Mr. Jones.] If you drew up the figures as suggested, would they, in your opinion, be sufficiently accurate for this Committee to base its conclusions on ?—That is a rather difficult question; the statistics are merely the aggregation and classification of the figures supplied to us. We have checked and verified them as far as that is practicable—that is, if from an examination of a return a discrepancy is apparent, the figures are queried and the matter rectified—but we do not deal with them as an auditor does with a balance-sheet.

If you give those figures to us we will accept them as being accurate. They would be, as far as you are able to judge. In your opinion, would they be sufficiently accurate for us to base a finding on to the House ?—I think they would give a pretty good general indication of what they purport to give. The cost of wheat used would be pretty accurate. The value of flour and products are supposed to be the selling-value at the mill: more variation might enter into that.

The evidence has disclosed that the amount of wheat in a 4 lb. loaf of bread is valued round about 4d. Have you any means of finding from your records and giving to the Committee how the costs are distributed that make 4d. worth of wheat worth 1s. 1d. when delivered to the householder ?—I do not think so.

What is the average consumption of bread per person in New Zealand ?—I could not tell you offhand.

Mr. Bitchener.] How do you arrive at approximately what bread is consumed ?—When we were seeking weights for our cost-of-living figures we took samples of the deliveries on the rounds of the families concerned, taking count of the numbers in the household, and the amount of bread delivered, from which we got a weight or consumption which was more or less precise.

All our flour is not turned into bread, by a long way ?—I am aware of that.

Captain H. M. RUSHWORTH, M.P., re-examined. (No 63.)

Witness: The figures I submitted to the Committee were the total value of output of the mills after wages and salaries and cost of grain had been deducted. The figures are given under the heading of "Salaries and Wages paid" in the Year-book. They were deducted, and the value of the grain was deducted.

The Chairman.] You have said the gross profits were £415,997 in 1918–19, and £535,711 in 1926–27 ?—Yes, and in 1924–25 the gross profits were £642,175 ; but then commenced the importation of flour from Australia, and the following year that rose tremendously, which reduced the gross profits, so the peak in gross profits was really before 1926, when flour was imported from Australia.

I take it the gross profits in 1920–21 were £677,164 ?—Yes. There was no import of flour that year or the following year, but it started the year after that.

D. COLQUHOUN, Department of Industries and Commerce, examined. (No. 64.)

Witness : I have here the prices of bread quoted in official publications from various countries. In the August number of the *Gazette* issued by the Ministry of Labour in Great Britain the predominating price given for a 4 lb. loaf on the 1st July was 8½d., and on the 1st August 9d. In the *Labour Gazette* issued by the Department of Labour in Canada the price of plain white bread per pound is given for the principal cities throughout Canada. The lowest is in Quebec, which is 5 cents per pound, or 2½d. I think the predominating prices are 7·3 and 8 cents. The highest is in Prince Rupert, which is 10 cents. The price in Montreal is 5⅜ cents, and in Toronto the prices are 6·7 and 7·3 cents. The following prices are taken from the *Monthly Labour Review* issued by the United States Government: Chicago, 9·6 to 9·9 cents per pound ; Cleveland, 7·7 cents ; Atlanta, 10·8 cents ; Boston, 8·6 cents. There is considerable variation. In some places — for instance, Jacksonville—the price is 10 cents. In New Orleans the price is 8·7 and 8·8 cents ; New York 8·8 and 8·6 cents ; and Philadelphia 8·3 cents.

Mr. Macpherson.] Have you the cost of wheat in Great Britain, where bread is selling at 8½d. to 9d. per 4 lb. loaf ?—Roughly speaking, it is 46s. to 48s. a quarter c.i.f.—6s. a bushel.

Mr. WILLIAM WALTER MULHOLLAND re-examined. (No. 65.)

Witness : I am sorry there is a little error in the statement I read. It was due to the Government Statistician mistaking bushels for centals in one column in a return which he was kind enough to forward to me. The figure 861,479 centals includes the 1928 figures, 761,055, which in that particular year alone were taken as bushels. All the others were centals. The Statistician's Office in copying out the figures and sending them out to me made the mistake of making them centals. It is the only mistake that has ever been made in figures sent out from his Office to me. The figure 1,435,798 bushels will now read 928,428 bushels, a difference of roughly 500,000 bushels. That makes the total importations of wheat and flour 1,688,748 bushels.

Mr. McCombs.] I do not suppose they are as important as the other figures ?—They do not seriously interfere with my argument at all. They will, however, influence the final figure arrived at in one part of my statement by 500,000 bushels. That is of some importance, although it does not influence my argument. It does show a much smaller carry-over for 1930 than we anticipated.

It makes your export policy less sound ?—It does not from our individual point of view, but it does from the community point of view.

Mr. Jones.] Supposing you got last year's average, where would you be ?—We would have 1,500,000 bushels to carry over again.

Mr. McCombs.] Thirty-one bushels per acre is more than the average for the last ten years ?—It is slightly under the average for the last ten years.

It includes three very good years ?—Yes.

Greater than the seven ?—Yes, and greater than the previous twenty-five.

The Chairman.] You get a bigger crop from manuring ?—I think we might claim there is 1 bushel an acre actual increase.

Mr. McCombs.] If Mr. West's calculations are correct—that the soil is an important factor—very soon you can put the nitrogen-content into the soil in the first place ?—Strange to say, the investigations not only here, but elsewhere, reveal the fact that manuring with artificial manures has little effect on the protein-content. It has a slight effect, but it is not anything so important as soil and climatic conditions.

The Chairman.] Would you mind giving me those corrected figures ?—507,423. All the imports for 1928 have to be corrected right through.

Would you submit a fresh statement ?—Yes, I shall do so.

Mr. McCombs.] In your statement you practically arrive at a carry-over of 297,000 bushels ?—Yes.

[NOTE.—Corrected figures are now included in my statement as appearing in this evidence. It was found that the portion of my statement I have referred to was not affected by the error, and the carry-over on the 28th February, 1931, shown as 805,297 bushels, was correct.]

WEDNESDAY, THE 9TH OCTOBER, 1929.

Mr. WILLIAM MACHIN, General Manager, New Zealand Farmers' Co-operative Association of Canterbury, Ltd., examined. (No. 66.)

The Chairman.] What is your full name, Mr. Machin ?—William Machin.

And your official position ?—I am the general manager of the New Zealand Farmers' Co-operative Association of Canterbury, Ltd., and I am also chairman of the economics committee of the Canterbury Chamber of Commerce.

Will you proceed with your statement, Mr. Machin?—Yes, sir. I would like to preface my general statement by explaining how I get my facts with regard to details of farmers' accounts. It may interest the Committee to know how I arrive at those facts, and so I have brought a specimen of some blank budget sheets which I am using regularly in my business, and have for many years. From these sheets I obtain the exact figures at the end of each year of the expenditure and receipts of our clients. I get these forms filled in by a very large number of our clients, and the system is such that at the beginning of the year I am able to form very reliable estimates of their expenditure and receipts, and at the end of each year to check them up. The form has columns for expenditure "Estimated" and "Actual"; and for receipts "Estimated" and "Actual." Under the heading of "Expenditure" there are the following: Interest on mortgages, interest on current account, rent, labour, harvest wages, insurance, blacksmith, threshing, chaffcutting, local rates, land-tax, manure, seeds, household, motor expenses, unforseen expenses. Under the heading of "Receipts" there are the following: Lambs, profit grown sheep, wool, cattle, pigs, crops, wheat, oats, barley, peas, grass-seed (cocksfoot), milk cheques (bonus inclusive), skins, hides, fat. So that the facts I shall deal with concerning the farmers' accounts are taken from an analysis of the actual accounts of clients who are dealing with the concern of which I am general manager. I think I ought to put in that specimen to show you how we are dealing with farmers' accounts. [Specimen form handed in.] I will now proceed with my statement:—

The importance of the wheat industry: Wheat-growing is one of the most important industries in New Zealand, for the following reasons: (1) The industry can easily supply all the wheat which is required for human and other consumption in the Dominion. (2) The growing of wheat is a necessary part of farm cropping rotation in the South Island. It adds considerably to the value of other operations in agricultural farming, and helps to maintain the practice of good mixed farming. (3) Wheat-growing lands in the South Island comprise over a million acres, and each year wheat occupies from 150,000 to 350,000 acres of New Zealand land, from which it gives a high return by the utilization of large quantities of labour, both directly and indirectly. (4) This industry directly employs the farmer and his family, the ploughman and teamster, the agricultural-implement maker and the blacksmith, the horse-breeder, the saddler, the tanner, the flax-grower, the binder-twine maker, the engineer, the threshing-mill worker, the hauler, watersider, railway worker and storeman, the fertilizer-manufacturer, and the miller; and also clerical and labouring workers at many points. It indirectly employs workers in all New Zealand secondary industries, and contributes largely toward the protection many of them enjoy. The Commissioner of Crown Lands for Canterbury publicly expressed the opinion on the 6th September, 1929, at a meeting of the Economic Society of Australia and New Zealand, that "unemployment would be eased if more land was broken up for the plough."

Recognition and help from Government: The value of the industry has been recognized by successive New Zealand Governments, which have for many years given it protection in varying degrees and by different methods. The industry has been assisted by this protection, but has suffered because of the uncertainty of its continuance, and by its frequent alteration and revision. The prospects of stabilization of the protective duties in 1927 resulted in the increase of the area sown in wheat from 220,000 acres to over 260,000 acres in one season. The uncertainty of the last six months as to whether the sliding scale of duties will be revised and the protection decreased has resulted in a decrease in the area sown, and in much concern and uncertainty in the minds of those employed in wheat-growing and its allied trades. There is probably no industry in New Zealand which has responded more quickly and favourably to the assistance of protection by the Government than that of wheat-growing.

The equity of protection to wheat-growing: The wheat-growing industry is one of the few primary industries in New Zealand assisted by protection. The protection has now resulted in sufficient wheat being grown for the entire needs of the Dominion. The present form of protection, the sliding scale of duties, ensures—while the Dominion grows sufficient wheat for requirements—that the price of bread shall not rise to the consumer, and secures—within certain variations, which depend upon negotiations between growers and millers—a fairly reasonable and stable price to the wheat-grower. It is estimated that this protection of the wheat-growing industry costs the bread-eaters of New Zealand less than 5s. per head per annum on the average. It results in the retail price of bread over the counter averaging not more than 3d. per pound—a price which compares favourably with the cost of other commodities in New Zealand, and more than favourably with the cost of bread in other countries in relation to wages and prices generally It is true that, as practically no wheat is grown in the North Island, the protection is mainly received by the South Island wheat-grower and is paid for by consumers of bread in the Dominion generally. This is regarded by some people as unjust to the North Island, but protection of any industry generally falls more or less unevenly on other sections of the community. The North Island enjoys many valuable and exclusive privileges to which the South Island contributes, such as the seat of Government; valuable shipping services and tourist returns from the subsidized mail-services; the import duties on lemons, floor-coverings, &c. These must be recognized as part of the give-and-take in the Dominion relationship of the two Islands. Far more important, however, is the consideration that the farming community, including the wheat-grower and his allied trades, has his overhead costs and other expenditure greatly inflated by the protection through import duties enjoyed by the secondary industries, and the protection of industrial wages which is enjoyed by workers. These import duties, ranging up to 60 per cent. of the value of the goods—now increased from a further 1 per cent. to 2 per cent. by the new primage duty, and further increased to the consumer by the interest charges and gross profit which are necessarily added to the duty as well as the goods—cover a wide range of goods which are purchased by the farmer, such as boots and shoes, apparel, millinery, 29 to 51 per cent.; drapery, 22 to 42 per cent.; furniture, 27 to 47 per cent.; leather, 17 to 27 per cent.; brushes, 27 to 47 per

cent.; saddlery and leather-work, 22 to 51 per cent.; carts, trucks, and drays, 22 to 42 per cent.; cultivators, harrows, ploughs, drills, seed-sowers, fertilizer-sowers, lime-sowers, ploughshares, and seed and grain cleaners, 13½ to 41 per cent. The writer has made careful investigations into the merchandise purchases of some hundreds of farmers during the past three years, and has discovered that the exactions which have been forced from them toward the revenues of the Dominion and the protection of secondary industries have ranged from £5 to £40 per family per annum. The extra contribution to protected wages made by the farming community is not so easily calculated. The Year-book shows the rise in the index number of all wages from 1000 in 1914 to 1594 in 1927, and agricultural and pastoral wages from 1000 in 1914 to 1473 in 1927, which is significant. Therefore it appears to be a sound argument in equity that, as the wheat-grower is a large financial contributor to the protection enjoyed by other industries, it is not unreasonable for him, on this ground alone, to receive reasonable and effective protection for his own industry. Further, the wheat-grower has protection only for the wheat which he grows for consumption in New Zealand. He receives no protection whatever for the excess wheat which he produces. This has to be exported, because it is surplus to the requirements of the Dominion. He might fairly claim to be put on the same footing as the egg industry, which is protected by large import duties, and his surplus which has to be exported subsidized by the Government in order to make up whatever price is realized to a figure which gives a payable return.

The cost of wheat-growing: The wheat-grower has received about 6s. per bushel f.o.b. for his wheat during the past season. The average railage to f.o.b. is about 3½d. per bushel. Therefore the return has been about 5s. 8½d., out of which has been paid, as a rule, 1d. brokerage for selling, &c. The writer is satisfied from his acquaintance with many hundreds of wheat-growers' accounts that wheat costs, over a series of years, practically 5s. 4d. per bushel to grow and place on trucks in Canterbury. He has made large numbers of calculations with farmers and others in detail of the individual items of cost incurred in the growing of wheat. These have ranged from 4s. to 7s. per bushel, according to the quantity grown, the seasons, the value and quality of the land, the rotations of the crops, the quantity of live-stock also carried, &c. There are very few farmers who grow wheat exclusively; therefore most costings require some measure of estimation and correction. The most careful and accurate calculation made, however, has been based on the following method over the last three years, from particulars extracted from a number of farm accounts where an average area of about 160 acres of wheat is grown in mixed farming, mainly with sheep also, and an average yield of 30 to 35 bushels was obtained; therefore this land could be regarded as good and suitable for the purpose of wheat-growing. The method adopted was to take the following factors: The number of sheep and other live and dead stock held three years ago and to-day at standard values; the area and value of the land three years ago and to-day; the profit made during the period, after allowing not more than £6 to £7 per week for the supervision and labour of the owner where he acted as working manager; the deduction of a net profit of 2s. per sheep carried per annum; finally, the division of the number of bushels of wheat sold off the farm during the period into the net profit made for the period after the above calculations and deductions had been made for the period. These calculations have resulted in a net profit of 4d. per bushel over the whole, taking the net selling-prices on trucks as not averaging more than 5s. 8d. per bushel over the period. Therefore, taking into consideration the capital involved, the risks of seasons, &c., and the long hours and toil required in wheat-growing, an average net profit of 4d. per bushel over a series of years—which inevitably implies a loss to some wheat-growers and a little larger profit to others—cannot be considered as excessive.

The necessity for the protection of wheat-growing: Perhaps the most important consideration involved here is that New Zealand must retain her wheat-growing industry if she wishes to maintain a race of good agricultural farmers. Sound mixed-farming practice and education demands the growing of wheat, and both the soil and its sons would be the poorer without it. New Zealand's requirements and production of wheat are so comparatively small beside the huge wheat-production of the world that it would be easy to swamp and cripple this industry in New Zealand by the importation of even a comparatively tiny surplus of dumped flour or wheat from any of the great wheat-producing countries. New Zealand's production and requirements are at present nearly 10,000,000 bushels a year. The average production of wheat in the United States and Canada in the five years ending with 1913 was 887,227,000 bushels. The crops for the past three years have been—1926, 1,238,176,000 bushels; 1927, 1,357,039,000 bushels; 1928, 1,436,321,000 bushels. The Southern Hemisphere — mainly the Argentine and Australia — produced in the years 1909–13 an average of 250,107,000 bushels, but in 1928 produced 431,000,000 bushels. The world's wheat-production is increasing. In any year competing countries with surpluses might be hawking wheat and flour at under production cost, and then only the present sliding scale of duties would save the industry in New Zealand. No reasonable subsidy would do it, nor would a reasonable fixed protective duty. Dumping duties are not efficacious, and embargoes seem to be out of the question. The Montana *Producer* recently stated a truism in connection with increasing world production of wheat: "Corn acreage is increasing rapidly because the modern grain-machinery makes it possible for one man to handle much larger acreages than in the past. Listing and four-row cultivators handled by tractors have reduced the cost of early-maturing-corn production to a marked extent."

The protection of primary production in other countries: In all countries of the world there is growing interest in the State protection of the primary industries; from the clear cut embargo against importation, or the less definite fixed import duty, to such complicated arrangements as the Patterson Butter Scheme in Australia, or the American McNary-Haugen Farm Relief Measure, or the House Bill for Farm Relief, which has just passed the American Congress and become law.

One of the most interesting developments in wheat-protection is that of the United States of America against the menace to her wheat-growers from her neighbour Canada. The London *Times* Supplement of the 13th July, 1929, states: "In 1921, during eight months (ending the 30th May) the imports of wheat and flour to the United States of America from Canada were—Wheat, 46,000,000 bushels; flour, 1,240,000 barrels (of 200 lb.)." These were then on the "free" list. "In 1929, during eight months (ending 30th May) the imports of wheat and flour to the United States of America from Canada were—Wheat, 6,500,000 bushels; flour, 2,400 barrels (of 200 lb.)." As Canadian wheat is now paying a duty of 42 cents per bushel, and Canadian flour a duty of 8s. per bushel (of 200 lb.), this enormous reduction in imports of wheat of 40,000,000 bushels, and flour of practically the whole, through protective duties, is proof that the United States regards high protection of its wheat-farmers as essential.

Conclusion: The present sliding scale of duties on wheat and flour has proved an effective protection of the industry in New Zealand. The cost of this protection to the community is reasonable, and practically the whole of it goes into the industry. If the protection is decreased, the wheat-grower appears to be entitled to ask for relief through the decrease in the protection given to other Dominion industries whose goods and services he has to buy. It is very desirable that the sliding scale of duties should be retained, and that the wheat-grower and his allied trades should be assured against the fear of constant alterations or reductions, so that he may continue and develop his production in the same manner that other industries have developed their business under steady protection. A final and most important consideration is that the Government of New Zealand is now trying every means, at great cost, to reduce unemployment in the Dominion. In my experience, over 20 per cent. of the value of our wheat crop is spent on direct labour, and, in addition, at least 10 per cent. is spent on threshing, about 3 per cent. on haulage, a little over 4 per cent. on railage, and nearly 2 per cent. is paid to the blacksmith. There are, in addition, many other labour expenses. The Commission may also be aware that the very complete records of the South Australian Department of Agriculture on the Turretfield Demonstration Farm show the labour involved on the farm in producing the wheat crop as 24·8 per cent. of the total cost of 4s. 9d. per bushel. Therefore, seeing that the wheat industry and its allied trades, secure under a sliding scale of duties, gives large employment at a small cost spread evenly over the whole population of the Dominion, it cannot be gainsaid that if New Zealand largely lost this industry any Government would gladly spend much money in the endeavour to recover it. My reason for closing with this argument is that the retention in an industry of all those who are naturally engaged in it, and who are giving sound economical value for the livelihood they obtain from it—an industry which is interwoven with the economic structure of the whole community—is much better and sounder and more permanent in its results than the creation of the necessity for adventitious schemes for providing employment. In short, it would be a pity to risk the creation of further unemployment in the Dominion when no artificial scheme for providing employment could be so sound and efficacious in naturally and usefully employing men as wheat-growing.

Mr. Wright.] Has the sliding scale of duties stabilized the wheat industry better than anything else in your experience?—Yes.

Do you know of any other means which would effect the same stabilization of the industry?—No. I have discussed the matter with others, and thought out various alternatives, and we cannot think of any scheme which would be so effective at both ends—at the one end to protect the farmer, and at the other end to protect the consumer of bread.

At the time the sliding scale was imposed, did you anticipate that it would be a final settlement or solution of this important question?—We hoped it might be.

Before you took up your present position, I think, you were the New Zealand manager of Sims, Cooper, and Co.?—Yes.

So that you are fully acquainted with the meat business between New Zealand and the Old Country?—Yes.

Have you formed any idea as to what would happen if the wheat industry went out or was materially diminished, and the farmers were driven to producing a greater quantity of lambs? What effect would that have upon the meat industry of New Zealand?—Well, our main meat industry is the lamb industry. The lamb industry may well, I think, be termed a luxury trade. There has been a steady growth of the lamb exported from New Zealand. There are over six million more sheep in the country to-day than there were seven years ago. I think if the wheat-growing industry went out the farmers would have to turn to lambs, and the sudden increase in the production of lambs would have a bad effect on the price which would be obtained for our lamb in England. It has been difficult during the last few years to maintain the price of our lamb with an increasing export. I think the sudden increase in export through going over from wheat to lambs would have a very bad effect upon the prices received for our lamb generally in New Zealand.

It would not only affect the price of lamb in the South Island, but it would affect the price of North Island lamb as well?—Yes.

In connection with the protection the Government has given to the egg-producing industry, I think you have some evidence to give in regard to that. I would like you to elaborate your evidence on the point. It has been suggested that the poultry industry is suffering in New Zealand through its inability to obtain wheat at a reasonable price for its requirements?—Yes, I have gone into that question, and have discussed it with wheat-growers and poultry men, and have heard many arguments on that subject. I have told the poultry people definitely that any opposition to reasonable protection for the wheat-grower comes with an exceedingly bad grace from the egg-producing industry, and for this reason: that the egg-producing industry is protected against imports at its most vulnerable point—that is, in connection with egg-pulp. Those imports into New Zealand do not come from

England; they would come from other countries, and the general protective tariff is 8d. a pound, which on a 2 oz. egg is equal to 1d. per egg. That is a fine protection against the importation of egg-pulp into New Zealand. And then the poultry-producer gets it again on the other side: he gets a guaranteed price from the Government on all he exports; and he naturally exports under these conditions for the purpose of maintaining his price in New Zealand. With the Government-guaranteed price the egg-producer gets from £2 15s. to £3 5s. per case. It seems to me that he is getting exceptionally good protection and exceptionally good treatment. The egg-producer has protection at both ends: he has protection against the importation of egg-pulp, and he gets protection for the export of his surplus. He has a stabilized price at which he can place his surplus on the world's market. I do not know of any other primary industry in New Zealand that gets such excellent protection.

Perhaps the witness may be allowed to put in an extract from a Christchurch newspaper on the export of eggs. I understand it is taken largely from the Agricultural Department's returns?—Yes. This is the cutting. I could not get it from a more official source. [Handed in.]

Hon. Mr. Cobbe.] After all, there are a comparatively small number of people engaged in the wheat industry. We have to look after the interests of the consumers as a whole. Can you suggest any method by which the price of bread could be reduced to the consumer? There seems to be a big margin somewhere or other. We have had a witness here giving evidence that to-day bread is being sold in Sheffield at 4d. for the 4 lb. loaf, and 8d. seems to be the highest price in the Old Country.—Eightpence for a 4 lb. loaf?

Yes, 8d. for the 4 lb. loaf?—My opinion is that it is about 10d. for the 4 lb. loaf in England.

We have had that evidence?—I think the price of bread in England is, roughly, 2½d. a pound.

Of course, it does seem, in a wheat-growing country like New Zealand, that the price of bread to the ordinary consumer is very high?—Well, sir, perhaps I might most effectively answer that by stating that in a very large wheat-growing country like the United States the price of bread is very much higher than it is here.

That may be so in the United States, because wages and everything else is so high there; but here we have a big population of people who are consumers of bread, and they complain bitterly because of the high price they have to pay for their principal article of food?—Well, sir, I would say this: if this Committee will examine the ratio of prices of commodities with wages in any other country in the world they will find that the price of bread here is not high in comparison with other countries. I think they will find that bread is one of the cheapest commodities in New Zealand, and that it compares favourably with the price of bread in any other country in the world.

The evidence we have had is that the price of bread here is 1s. 3d. for the 4 lb. loaf, and in some cases 1s. 4d.; and in Great Britain it is 8d. for the 4 lb. loaf, and in Sheffield, where they have special machinery, it is only 4d. for the 4 lb. loaf?—I think you will find that where the 1s. 3d. is charged it includes services of various kinds, such as delivery, booking, &c., which are very high in New Zealand.

We want to make the bread cheaper to the people. Do you know of any method of bringing that about?—Well, sir, the only method would be to find out if there is some leakage in the costs of the system. I am not going to say anything about the baker's costs—I know nothing about them; and I am not going to say anything about the miller's costs, because I know nothing about them. I can only speak of what I know, and that is the farmer's costs.

In your opinion, the leakage is not in the growers?—Most decidedly not.

With reference to the export of wheat, do you not think the surplus could be put on the market at a lower price?—If you put your surplus on the market at a lower price you always interfere with your home trade. A surplus is like King Charles's head—it always keeps cropping up. If you cannot get rid of your surplus by export it will upset your main home trade. But if I might be allowed to make a suggestion I would like to do so: I think this surplus wheat should be exported in the form of flour, so that we could retain the milling in New Zealand; and we could then retain the offals in New Zealand, and employ all the labour involved in New Zealand. You would then merely export the thing that you did not want—that is, the flour. I am very keen on retaining all the labour possible in New Zealand. I understand it will cost the wheat-growers about 1s. a bushel to export the surplus wheat in the form of wheat, and that comes to just under £2 10s. on the ton of flour. That £2 10s. a ton could be used to subsidize the flour exported, and then the mills, being given this extra amount to grind, would have an increased turnover. Supposing they could be got to grind this surplus at £1 a ton less for the sake of getting the extra turnover, and the Meat-producers Board would grant a subsidy for the sake of getting the extra offals for the pork-producers, you would then have from £3 to £5 a ton to play with; and you could send your extra flour, with this subsidy, to the markets of the world and thus get rid of it. That is really my own idea; I do not know how those concerned would view it.

Do you not think it would be a considerable benefit to the pork industry, and also to the poultry industry, if the duties were taken off the fowl-wheat, the bran, and pollard?—Well, sir, if you take the duty off the fowl-wheat, how are you going to differentiate between the fowl-wheat and the milling-wheat?

The Chairman.] Could it not be kept in bond?—It would surely be very difficult and expensive to deal with wheat and flour in bond. I wonder whether fowl-wheat could be stained in some way. But the pollard and bran prices are not excessive. The prices of bran and pollard have not been excessive in New Zealand during the last few years in comparison with import prices. I do not think the users of bran and pollard have really much to complain of.

Hon. Mr. Cobbe.] There is a scarcity at present?—Well, that is a very difficult question, and a reduction of the duties might not help it. There are very few countries that have any surplus of bran and pollard to spare. Perhaps what I have just suggested about milling the surplus wheat in New Zealand might help to get over that difficulty.

Do you not think the fowl-wheat could be brought in?—So long as it is adequately safeguarded, so that it is not used for milling, it might be brought in, but what is the use of bringing it in when we have a surplus? I maintain that the poultry industry cannot really ask for that, when they already have double protection as against the single protection of the wheat-grower.

Mr. Macpherson.] In connection with the discrimination between fowl-wheat and milling-wheat, I suppose you are satisfied that the best class of wheat to feed fowls on is milling-wheat?—Yes.

The suggestion has been made that we should remove the duty on imported fowl-wheat. Where are you going to draw the line?—That is the difficulty.

It is practically impossible?—It would be a matter of very great difficulty.

Will not the importation of such wheat be taken advantage of for milling?—Yes, if it were brought in in quantities it would be. Second-grade wheat and broken wheat could be used for milling.

You are of opinion that it is practically impossible to discriminate between the two grades?—I am sure fowl-wheat would be used for milling unless there were particular safeguards.

In regard to the price of bread here as compared to the price of bread in England, the wages there are about 8s. a day?—Yes.

And about 14s. here?—Yes.

Taking everything into consideration, is not our bread cheaper here than in England?—Relatively, I am quite sure that an investigation would prove that.

In Canada the minimum price there is given as 5 cents per pound, and it rises to the enormous price of 10·8 cents per pound—in other words, from 7d. as a minimum to 1s. 9d. for the 4 lb. loaf?—Yes, and that is where they grow enormous quantities of wheat.

The Chairman (to Mr. Macpherson): Are you sure your statements are correct? Is not the average from 7 to 8 cents?

Mr. Macpherson: That would be about 1s. 2d. for the 4 lb. loaf.

Mr. Macpherson (to witness).] Would 8 cents be a fair average?—Yes. As far as the price of bread and wages and other things are concerned, I am quite prepared to say that if the Committee will examine the prices in any of the other British countries or the great commercial countries they will find that the price of bread here is cheaper in relation to the other figures for commodities and wages.

Would you say that the wheat-growers would be justified in asking for the removal of some of the duties that they have to pay? We have heard a good deal about the duties that the poultry industry, the pig industry, and other industries have to pay?—Well, sir, when once you impose duties it is very difficult to take them off. Personally, I am a free-trader. When once you start, you have to go on giving protection. It is something like prevarication: when once you start lying you have to tell more lies, and still more lies. The wheat-farmers contribute towards the cost of protection for the secondary industries of this country, and therefore they are quite justified, on that ground alone, in asking for protection for their products.

It naturally makes the wheat-grower more discontented when he finds that his brother farmer who deals in poultry, and pigs, and so forth, and who is highly protected, is asking for the removal of the protection on wheat?—I think that is so. As a rule, the farmers are chiefly against the high protection to the town industries; but in this connection we have the poultry-farmers and the pig-farmers complaining about the protection given to another class of farmer.

Do you think it would be possible to devise ways and means to have Australian bran and pollard admitted duty-free without affecting the wheat-grower?—Well, I cannot see how you could get much bran and pollard from Australia. Apparently Australia has not a very large surplus.

Do you think the wheat-grower could stand the removal of the duty on bran and pollard?—During the last few years the facts show that it would not have prejudiced him very much. But the duty on bran and pollard is not a large duty comparatively. I think the maize-grower in the North Island gets about double the protection that is given to bran and pollard. The duty on maize is about 2s. per cental.

Do you say that it would not prejudice the wheat-grower to any extent if the duty on bran and pollard was removed?—As far as I can see, from what has taken place during the last few years, I think it would prejudice him very little; but seeing that bran and pollard are the by-products of the milling industry, if there was a large offering of bran and pollard from outside it might cause a reduction in the price in New Zealand, and it might cause the miller to put up his conversion costs and prejudice the price he pays to the wheat-grower.

Seeing that the actual available surplus from Australia is so small, you think it would not affect the wheat-grower here very much?—Well, that is what has happened in the past. Of course, you never know what may happen in the future. They might suddenly have a large surplus in Australia.

Mr. McCombs.] You are aware that there have been various alterations and revisions of the tariff so far as the wheat industry is concerned?—Yes.

And is it not a fact that all the alterations hitherto have been in favour of the wheat-grower?—Yes, I think that is mainly so. But there have been intervals of uncertainty, and there is no doubt that that suspense has had a bad effect upon the farmer, because he is one of those people who have to think very long beforehand and to plan very long beforehand about his crops.

But is it not a fact that the demand for alterations has come from those who wanted increases, and, as a matter of fact, they have got increases?—That may be so; but this is the case with protection. The appetite grows by what it feeds on. There is always more protection wanted.

The alterations have always been in the direction of giving increased protection?—Well, I do not say that they have always been upward, because the embargo gave the highest form of protection, and New Zealand had an embargo for several years. I do not think, however, any statesman would be willing to advocate an embargo to-day; but, of course, that is the very highest form of protection.

How do you account for the fact that the price of bread is the lowest in those countries that do not produce wheat, such as England?—There is a very considerable amount of wheat grown in England; but, of course, in relation to the requirements of England it is small. I may say that England produces more produce than people imagine—for instance, 60 per cent. of her own meat. Very few people know that. But where you have the free-trade policy it makes most things cheaper. They could not carry on, on the wages paid in England, if most commodities were not extraordinarily cheap there.

We have had evidence to the effect that during one short period flour was available from Australia at £8 10s. Now, on that the sliding scale would give a protection of £8 10s.—that is, 100 per cent. That is greater protection than all the protection we have heard about?—Well, it must have been only temporary; and that is exactly the point. The sliding scale can protect an industry like the wheat industry of New Zealand from the effects of dumping. I think the sliding scale is of the highest value because it protects New Zealand against that sort of thing.

Would it be possible to protect the wheat industry, without injuring other industries, by means of a subsidy on flour produced from New-Zealand-grown wheat; if needs be, on the same principle as the sliding scale?—How would you guarantee that any flour is made from New-Zealand-grown wheat?

We have the Customs Department, which attends to such matters in connection with other industries. That is not insuperable?—It would be very expensive. It would be a very expensive procedure. Some one would have to find the money for the bounty and the procedure also. It could only be done at greater cost.

No; the cost would fall on different shoulders, and it would relieve those industries that depend upon wheat by-products?—You mean that the people who eat most bread would not have to pay the most under those circumstances?

Yes.—I would like to think that out.

With regard to the carry-over from one season to another, we have had it in evidence from the millers that a three-months carry-over is required in order that the old wheat can be mixed with the new wheat in the proportion of fifty-fifty. That would mean, actually, a carry-over for about a month and a half. Have you any personal information in regard to the matter, and what do you consider should be the quantity of carry-over for this Dominion?—I consider that we should have a carry-over of between 500,000 and 750,000 bushels of wheat.

Would not that be less than one month's supply?—I have arrived at that figure not by calculation of my own, but by a very close contact with those who were discussing wheat-prices and duties, &c., about a couple of years ago, when the question of the carry-over was being used as a reason for depressing the price of wheat. It was said that if there was a large carry-over the farmers could not be given anything like the price of wheat that would be given under other circumstances. In discussing the matter we thought that about 500,000 bushels would be a fair carry-over.

Would that not be a rather limited amount?—No, I do not think so.

How?—Well, we would have the new wheat coming into consumption at the end of February in some years.

But the millers say that at the commencement the proportion of new wheat to old should be fifty-fifty?—They say so, but I do not think that that usually happens, judging by the evident reluctance in buying old wheat sometimes.

If, for instance, we had a bad season and a poor crop, do you think that 500,000 bushels would be a fair thing?—If you had a bad season you would always have a fair amount of wheat coming forward at the beginning. In my own limited experience I know that there is a great number of people threshing very early in the year. I can see that owing to climatic conditions there might be a little pinch toward the end of a season, but I have never known it.

If there is a bad season and a pinch, it would probably come at the end of the season and before the commencement of the new season?—If you have a bad season in any case I think the pinch will come in January and February.

But if there is a small production the pinch will be felt more severely before the next January and February?—Well, supposing that you get a very small crop, we know enough about the wheat position in New Zealand to know how long our supplies would last, and naturally some action would be taken to provide for sufficient foodstuffs. Supposing that instead of getting a 38- or 39-bushel crop we obtained a yield of about 29 bushels, and a smaller acreage was put in, we would know what to expect, because in July, August, September, and October we estimate the position, and such a shortage would be estimated and could be provided against in sufficient time.

Half a million bushels would be approximately less than three weeks' supply?—Yes, about that for a full supply.

Do you really think that we would be acting prudently to risk having less than three weeks' supply in the Dominion at one particular time?—Assuming that you are right—I do not think that I will agree that we would ever get down to only three weeks' supply in the Dominion—but assuming that to be the position, I will take your figures of 500,000 bushels to be less than three weeks' supply——

No; these are your figures.—It is really your assumption on my figures, sir. I say that 500,000 bushels would provide for an overlap between the old wheat and the new at the end of a season, but I would not advocate that a three weeks' supply only should be all that would be available. Supposing the crop yielded only 4,000,000 or 5,000,000 bushels, we would early have to set about rectifying the position. With a normal crop I think that three weeks' supply—say, 500,000 bushels of old wheat, which is six weeks' supply when mixed with the new wheat—would be ample, considering the enormous quantity of wheat there is always available throughout the world.

Mr. Bitchener.] Mr. McCombs seems to be very concerned about the carry-over. I presume that you have not had as many years' experience in the wheat industry as you have had in the meat industry ?—That is so.

The position has occurred in New Zealand on more than one occasion that the flour-mills have been absolutely cleaned out in January and February, and particularly in January ?—I have heard so.

Is it not a fact that the Board of Trade has figures showing conclusively the quantity of foodstuffs and flour, &c., in stock for practically every month of the year ?—I think we all have these figures. I have examined the prices of wheat during the different months in past years and tried to find out whether at any time there had been a shortage of wheat that would justify the millers giving a higher price for it, but, generally speaking, I find that in January and February there has been no inflation of prices that would have taken place if there had been a shortage.

Is it not a fact that millers usually prefer the old wheat to the new at that time, and is there an increase in price in respect of the old wheat sufficient to warrant the holding of the wheat for that time ?—Actions speak louder than words, and I can say that there has been no great desire to obtain the old wheat and to pay a higher price for it.

In your opinion, you think there is warrant for the contention that 500,000 bushels would be an ample carry-over under normal conditions ?—Yes, I think so; but, if you will allow me, I would like to qualify that by saying that I feel that where protection is given, such as in the case of the wheat industry, such protected industries should organize in order to make it reasonably sure that, in return for the protection, there should be no shortage in the particular commodities so protected.

Mr. Jones.] With regard to bread-prices in other parts of the world, are you aware that wheat-prices three months ago touched the lowest point reached for fifteen years ?—I knew that the prices were low, but I did not know that they were the lowest for fifteen years.

And when wheat was down to that price, that would affect the price of bread ?—Most decidedly it would in every free-trade country.

With respect to fowl-wheat, evidence has been given that about 1,500,000 to 2,000,000 bushels are used for poultry-feed per annum. Do you think it is a reasonable proposition, seeing that the poultry-farmer already gets protection, that cheaper wheat should be brought to New Zealand and thus take away from the New Zealand farmer that market for approximately 2,000,000 bushels ?—I do not think that is a reasonable thing. I think that in calculating the guaranteed price for eggs for export that must be taken into consideration.

Would that affect the price of wheat seconds, and would that in turn affect the first-quality price ?—Yes, it would.

Mr. Waite.] The poultry-keepers in the North Island have been complaining that the price of fowl-wheat in the North Island is very high: supposing that they had to pay 8s. or 9s. per bushel for wheat for this purpose, would that be at too high a price ?—I think that the price of wheat in the North Island should never be more than the price of wheat in the South Island plus reasonable recognized handling-charges. I have thought at times that the prices I have seen reported as having been paid for wheat by poultry-producers were rather high—in fact, I have not been able to account for the increased price at times.

Taking the price of wheat in the South Island, plus transport costs and ordinary handling charges, which cannot be avoided, do you still consider that the prices charged to the poultry-keepers in the North Island are too high ?—Well, I have a large trade myself in fowl-wheat in the North Island, and I know that, comparing my own sales with prices I sometimes see reported in the newspapers, such reported prices are far in excess of the prices I could get for my sales in the North Island.

Do you think that it is a faulty method of buying on the part of the poultry-keepers that causes this ?—My feeling is that, if the reported high prices are correct, there is needed some organization of poultry-keepers to deal with the Wheat-growers' Association. The poultry-keepers could then make a very good deal in buying their fowl-wheat; and if I were a poultry-keeper in the North Island I think I would organize in that manner to try to make a direct deal with the Wheat-growers' Association. I am speaking, as you will understand, quite impartially, because I know that I would personally lose a great deal of business if that came about.

I think that it does appear to the Committee that these charges are high, and that anything that could be done to reduce the price charged to the poultry-keepers would be a step in the right direction. You think that better buying methods on the part of the North Island poultry men would reduce costs ?—I certainly do.

With respect to bread-prices, are you aware that in London and in Edinburgh in the second week of August of this year the price of bread was 10d. per 4 lb. loaf ?—I was not definitely aware of it; I was casually aware of it.

Has it been brought under your notice that the Independent Labour Party in Scotland has made a protest about the high price of bread in Scotland ?—Yes, I saw a reference to that.

Have you seen the report with respect to a letter sent by the Independent Labour Party to the Right Hon. Mr. Graham, M.P., President of the Board of Trade, and which is as follows: "I am directed to forward to you the following resolution on behalf of the Scottish I.L.P. executive, and the I.L.P. Women's Council: 'The Scottish Independent Labour Party, and the Glasgow I.L.P. Women's Advisory Council, representing the vast body of consumers in Scotland, calls the attention of the Board of Trade to the recent increase in the price of bread from 9d. to 10½d. per 4 lb. loaf'" ? The suggestion is made that the Food Council should make a thorough investigation into the reasons for the increase in the price of bread, and should use its powers to enforce a reduction in the interests of consumers.—Yes, that report was shown to me a few days ago.

That report appears in the *Scotsman* of 16th August, 1929 ?—Yes.

Would that position arise because wheat is now much dearer ?—The price would fluctuate with the world's market price for wheat. I regard bread dearer proportionately in England than in New Zealand, taking into account the prices of all commodities and the rates of wages, &c., and if the members of the Committee would look into that matter they would be astonished to find that in protected New Zealand we have the advantage in that respect.

The Chairman.] And yet you argue for more protection ?—No, I merely ask that the very good system now in operation should be retained.

Mr. Waite.] Is it your opinion, from your experience, that when the price of wheat is high that factor does increase the price of bread to the consumer ?—Undoubtedly.

What are your opinions with respect to the advantages of the sliding scale of duties in operation in this country ?—Unless there is some catastrophe, the sliding scale of duties will keep the price of bread down to about 1s. per 4 lb. loaf over the counter, and I think that the sliding scale is one of the finest things that could be done to obtain that result.

The Chairman.] You indicated, in reply to Mr. Waite, that the price of bread was relatively dearer in England than in New Zealand ?—Yes, sir.

Well, Mr. Waite stated that a protest had been made to the President of the Board of Trade when the price of bread in Scotland was raised from 9d. to 10½d. If a protest was justifiable under those conditions, what have you to say when the 4 lb. loaf in New Zealand costs from 1s. 1d. to 1s. 4d. ?—It depends on parity prices. I know that the cost of bread delivery in New Zealand is very high.

I carry it home with me.—If I buy a loaf of bread over the counter I get it at a cheaper rate than when it is delivered and booked. My personal baker tells me that it costs 1d. per loaf to deliver bread.

On a 2 lb. loaf ?—I am not sure. He said, "per loaf." I run a monthly account, and he tells me that it costs ½d. per loaf to book it. The fact remains that he does put on this amount for the service of booking and delivering.

Do you not think that the average "man in the street," when he sees that bread is charged at 10½d. for a 4 lb. loaf in a country where wheat and flour have, practically, to be wholly imported, will labour under a feeling of injustice when he considers that in a country where wheat is grown he has to pay from 1s. to 1s. 4d. per loaf ?—The average man reading the newspapers does not consider these relative things. In this case the facts should convince him.

Are you not aware that there is a general protest against the price of bread ?—I have not heard of it. I think that my baker charges me 1s. 0¾d. per 4 lb. loaf delivered. I asked him why the prices were at that level, and he told me that the cost of delivering and booking were factors which had to be considered. I do not think that the actual price of bread is really very much in question. It is a very cheap food, you know.

It is not cheap enough for many people who buy it ?—I think that none of the things we buy are considered cheap enough, when it comes to that.

You said a little while ago that the average family paid in the Customs tariff from £5 to £40 per annum ?—I am merely detailing figures taken from accounts I keep personally.

The North Island farmer has to pay a still further price for his flour, pollard, and bran ?—He gets an advantage in other ways. We pay a great deal more for our fruit, &c., in the South Island.

A witness referred to the egg-producers, and contended that they got large subsidies.—Yes.

Have you any idea of the amount of subsidies they receive ?—I saw some reference the other day to an item of £10,000 being granted. I think it amounts to a guarantee price of from £2 15s. to £3 5s. per case, and I take it that the Government makes it up to that.

Mr. McCombs.] If that figure is realized, then the Government would not be called upon to supply that amount.

The Chairman.] Have you any idea of the actual amount that the poultry-keepers received last year ?—No, sir.

Would it surprise you to learn that they received only £5,400 ?—No, I am not surprised, although I saw in a newspaper a report to the effect that the sum of £10,000 had been granted.

That is a vote, but it does not necessarily follow that the whole amount will be paid out.—I see.

The poultry-raisers claim that their business is just as valuable to the Dominion as is the business of the wheat-growers. The value of the poultry products has been stated to be about £2,500,000 per annum, or the same value, approximately, as the value of the wheat-production ?—That is a very interesting statement. I suppose the Committee did not accept it without investigation ?

The Committee can recall the witness if necessary—he is not far away at the present time.—I think that these figures should be investigated. I think there are about three million five hundred thousand fowls in the Dominion, and, as a good many of them are kept by private owners, one cannot conceive that the product of these fowls would be equal in value to the product of the wheat industry.

That statement has been made to the Committee.—I would like to investigate that.

It has been shown that the total amount received by way of a subsidy in one year was £5,400, and that the vote for this year is £10,000. We will compare that with the amount paid, by way of protection, on wheat and flour. How much do they receive per annum ?—I have not the exact figures.

According to your preliminary statement, it would amount to a little under 5s. per head per annum ?—Yes.

That would be about £400,000 per annum ? — I presume that the egg-producers receive this subsidy on all eggs they export. I presume that they all get this subsidy on the price realized, and they must be satisfied with regard to the total output in New Zealand——

They are not satisfied at all ?—They must have received these prices. This subsidy has evidently been sufficient to bring the whole of their product, including that which they export, up to the New Zealand parity in egg-prices, so that the subsidy has done what was intended.

The price of eggs is very low at the present time ?—Yes, at the present time.

This is the statement we have had from Mr. E. J. Fawcett, who is a Farm Economist employed by the Department of Agriculture. He says, "In other words, the poultry industry is valued at the present time at about £2,500,000 to the farmers, and the value of the wheat industry to the farmers is approximately the same."

Mr. Jones: Did he say that the poultry industry was worth that to the farmer ?

The Chairman: Yes.

Mr. Jones: I do not think the witness said that exactly.

The Chairman: I am quoting from his statement.

Witness: Taking the relative values of the industries, it looks, at first blush, to be an incorrect statement.

The Chairman.] The point I wanted to bring out was that apparently you are of opinion that the poultry-farmer should not make any complaint, because he already gets preference; but the figures do not show that ?—I claim that they do. I claim that the protection given to eggs by way of an import duty on that commodity, and the subsidy given to eggs exported out of the country, has been sufficient to give the poultry-producer protection against both imports and exports, and that is more than the wheat-producer is asking.

Well, the poultry-producers have only received assistance to the extent of £5,400. You claim in your own statement that the protection enjoyed by the wheat-growers amounts to approximately £400,000 per annum ?—I will say that if a careful examination is made of the value of the poultry industry as against the wheat industry it will be found that the contention that the value is equal is absolutely incorrect—that is, taking the industries as a whole. Take the land employed, and the labour, direct and indirect. Take the export of wheat, for which we are asking no protection. When we can export, that helps the trade balance, and assists the purchasing-power of the country generally. The value of the poultry industry must be infinitely less if it takes only £5,400 per annum to give it the necessary protection. That shows that that industry is much less in value than the wheat industry. The wheat industry supplies the needs of the whole community in New Zealand.

With regard to the prices of bran and pollard, are you aware that complaint has been made by pig-raisers and dairy-farmers in connection with the £1 duty on pollard and bran ?—Yes, I believe complaint has been made.

Would it not be a reasonable thing to concede some concession in that respect ?—Well, ever since I have been in New Zealand I have heard complaints about the duty on agricultural implements and other things used and consumed by the wheat-growers, and I have never heard of any move to give them relief by reducing the protection on these. In a protected country some one has to carry the protection.

Supposing we admit that wheat-growing is absolutely essential in the interests of the country, do you think that it would be possible for the wheat-grower to receive assistance by means other than the sliding scale of duties ?—I cannot think of a way in which he could get it so satisfactorily. I cannot conceive of a way of doing that so effectively as the present sliding scale of duties.

The effect is that the price of wheat and flour cannot go below a certain minimum, but it can go to any maximum ?—The position is adequately met, except in case of a catastrophe. While New Zealand provides sufficient wheat and flour the bread-prices cannot possibly go above approximately 1s. per loaf.

At that rate the local price is governed by the imported price ?—The local price is governed up to a certain level: the level fixed under the sliding scale of duties governs the price.

Therefore the local costs for bread and wheat could go to any price but for the fact that this country can import the necessary wheat ?—If we grow sufficient wheat and provide sufficient flour, the only thing that would put up the price would be an increase in labour costs, or some other overhead costs, in New Zealand.

And it could be done by a combination of wheat-growers ?—I do not think so. I think that that would be impossible under the sliding scale of duty, which makes for stability in prices.

Does not that stability mean the exaction of the highest price ?—It certainly does, up to the reasonable limits provided by the sliding scale.

Well, the price is therefore governed by the imported article ?—It is governed by the level fixed by the sliding scale of duty. According to your statement, a South Australian experiment shows that the cost of labour in growing wheat amounted to 24·8 per cent. on the total cost of 4s. 9d. per bushel.

These figures would depend upon the price of the land ?—That was very cheap land. I have taken that into account.

And the high costs of land in New Zealand would affect those figures ?—The high costs of land in New Zealand would bring the cost of producing wheat on that basis to above 4s. 9d. We believe that that, combined with other factors, would bring it up to about 5s. 4d.

You state that the North Island enjoys many valuable and exclusive privileges to which the South Island contributes, such as the seat of Government, valuable shipping services and tourist returns, &c., and import duties on lemons, floor-coverings, &c. Where are these floor-coverings made ?—It is a North Island industry, and the cost of protection is enjoyed by the North Island.

But the North-Islander pays higher prices in other directions ?—Yes. Each Island pays for the protection given to industries in the other Island, and, in addition, the price in each locality is increased by the freight and handling-charges on the goods it imports or receives.

And you think that the seat of Government gives to the North Island an added advantage over the South Island ?—Yes, very largely.

Do you think that that is of material importance ?—Yes, I do.

What advantage does Auckland receive over Christchurch ?—Well, Auckland is very closely linked with Wellington.

Not more so than Christchurch ?—Geographically, perhaps not ; but in other respects, yes. There are many more public servants in the North Island, and the South Island contributes towards their spending-powers.

I cannot agree that that should affect the price of wheat.—It affects the whole of our business.

The Chairman : Thank you for your evidence.

Mr. Macpherson.] In your previous evidence you stated that the sliding scale of duties has resulted in the farmer being guaranteed a profit of 4d. per bushel on an average yield of wheat. That would cost 5s. 4d. to produce, as shown by your figures ?—These are my own figures, and, while they coincide, more or less, with the other figures, the average return has been put down at 5s. 8½d., showing that the average profit would amount to 4d. per bushel. A proportion would be under the average, and would be, consequently, less than 4d.

Has not the sliding scale the effect of practically reducing the profit on wheat to that average of 4d. per bushel ?—Yes, if other figures coincide with the figures I have presented.

With an average yield the farmer cannot expect to get more than 4d. per bushel profit ?—The figures I have been able to get seem to show that.

That is an important point with the sliding scale, in that it limits the profit the producer can get to an average of about 4d. per bushel. It does not matter so much what the outside wheat prices are, unless, of course, there is an extraordinary high price. The farmer is practically secured that 4d. per bushel on an average yield ?—Some make no profit at all, others make more ; these are average figures.

Mr. Jones.] The evidence has shown that with the present cost of flour the cost of the 4 lb. loaf in the South Island is about 5d.—that is, to produce—and if the price of bread was a burning question, do you think the housewife would bake her own bread and save more than half the retail value ?—I have heard that discussed during the last month or two, but the fact remains that very few do it.

Is there a way out for the housewife to do that if she desires ?—Yes, certainly, if she considers it worth while.

Mr. Wright.] With regard to the relative values of the wheat and egg industry, with an intimate knowledge of the primary products of New Zealand did it not amaze you that it should be suggested that the egg industry was equal in value to the wheat industry ?—Yes, it surprised me very much.

From the statement which was read—the Chairman will correct me if I am wrong—apparently the witness took the capital value of the egg industry and compared it with the value of the yearly product of the wheat industry. The figure £2,000,000 was given as the value of the egg industry, and a like amount as the value of the wheat industry.

The Chairman : It was £2,500,000.

Mr. Wright (to witness).] So that a comparison appears to have been made between the capital value in the one instance and the yearly production in the other. Can you give us a rough idea of what you consider is the capital value of the wheat industry of New Zealand ?—I would not care to give that without investigation.

Would it be safe to say that the figures would run into many millions sterling ?—Undoubtedly. I would like to examine the matter further. The labour value is very high. I have had figures taken out for forty-two farms, and I find that on an average of 130 acres of wheat grown per season each grower pays £22 to the blacksmith, £44 to the hauler, £153 for threshing, and £267 on the average for labour other than his own. When you are estimating the value of an industry, I think that facts of this sort should be taken into consideration. The statement made as to the relative values of the two industries is very surprising, and I shall certainly go into the matter further.

The Chairman.] If the annual value of the egg products is £2,500,000, a good deal of cost must be involved by way of production ?—The capital and productive value of the industry must be small in comparison to wheat.

The Chairman : But I am referring to the products.

Mr. Jones : The finished product is being taken in the one case, and the raw product in the other case.

Witness : Precisely. Bread at 3d. per pound must be a better proposition for the community than eggs at 1s. 4d. per pound.

The Chairman.] With reference to sheep-farming, you estimate that the net profit per sheep is 2s. per annum ?—Please do not take that as being an exact estimation. I had to arbitrarily fix some figures as a basis, and I placed it as low as possible so as to give as much profit as possible to the wheat.

You say that it is only the present sliding scale of duties that would save the industry in New Zealand ?—I cannot think of any other more satisfactory method.

Did the farmers not grow wheat in this country before the institution of the sliding scale ?—Certainly they did.

If they did so then, why cannot they do so now ?—I do not think that you can compare things that were with things that are. Circumstances alter.

It is fair to make a comparison. The sliding scale of duties has only been in operation for about two years ?—Supposing I add the word "effectively" to my previous statement in this connection. Supposing we take into consideration the increased importations for the last few years—there has been a large increase in the importations of wheat and flour from Australia. If the present system were altered it is likely that our industry would be ruined.

There have been large importations during the operation of the sliding scale ?—But the quantity is small in comparison with the enormous importations during the previous years.

The Chairman : The actual duties on wheat and flour, since the coming into operation of the sliding scale, amount to £100,000.

Mr. Macpherson.] Have you worked out any estimate in regard to the net profit returned to the wheat-grower in New Zealand, taking the basis at 10,000,000 bushels and a profit at 4d. per bushel ?—No.

It comes to about £166,000.—I have not worked it out.

It appears to me that if £166,000 only is distributed amongst the wheat-growers of New Zealand the margin of profit is very small indeed ?—I believe that the margin of profit is small indeed. I would not be a wheat-grower for anything.

Mr. Macpherson : I have been a wheat-grower for forty years, and I have never come out as I would like. I have had as much luck on the racecourse as I have had with wheat-growing.

Witness : I think that there is no industry that is so badly compensated as the wheat-growing industry.

Mr. McCombs : In view of Mr. Wright's statement with respect to the comparison of the two industries being taken on different bases—the capital value in the one case, and the value of the yearly product in the other case—I think we had better recall the witness who gave the information in that connection. My consultations with him go to show that it is the yearly product in each case that has been referred to.

The Chairman : He can be recalled next week.

Mr. McCombs : That should be done, I submit, because the statement goes on record from Mr. Wright that the bases of comparison are apparently not the same.

Mr. Wright : I feel strongly that the comparison of these industries is such that one cannot but feel very much surprised. We would like these statements proved to the uttermost, because we feel that from the viewpoint of the wheat-growers there can be no comparison whatever as to the relative importance of these two industries.

Mr. McCombs : It would only involve the consumption of less than two dozen and a half eggs per week per family of five to bring about that result.

Mr. Wright : My point is that with regard to the production of wheat, from the time the ploughshare is first put into the ground until the finished product is lying on the householder's table, it is an economic gold-mine. The labour employed in the production of eggs in the earlier stages might, of course, be considerable—I am not going to minimize the importance of that—but I would like to point out that it is after the wheat is grown that an enormous amount of labour is entailed.

Mr. McCombs : The only statement we have had is that the egg industry is equal to the wheat industry, and not that they are equal in results. I think that possibly that can be sustained.

The Chairman : We shall investigate the two sets of figures. Thank you for your evidence, Mr. Machin.

ALBERT HAMILTON TOCKER, M.A., examined. (No. 67.)

Witness : I am a Professor of Economics at the Canterbury College. The Canterbury Chamber of Commerce has asked me to prepare and submit to the Select Committee evidence dealing with the economic effects on Canterbury and New Zealand of a removal of the present duties on wheat and flour. This evidence is based upon figures relating to the wheat industry collected by Mr. W. H. Nicholls, accountant, Christchurch, by Mr. I. W. Weston, Farm Economist at Canterbury Agricultural College, and others, and on the official statistics published by the Government. In my investigation I have striven to make a brief but comprehensive summary of the main facts to be considered in estimating the economic effects of the removal of duties, to interpret these facts impartially, and to reach broad conclusions on economic grounds alone.

The economic approach : I know of no prominent economist living who does not support the general case for free-trade. The broad grounds for this support are that, as a general rule, any people is likely to attain a higher standard of living with a lesser expenditure of effort and resources under free-trade than under protection. The case for free-trade has been stated by Mr. J. M. Keynes somewhat as follows : Free-trade rests on two fundamental assumptions than are unchallengeable : (1) It is better to employ our labour and capital in trades where we are relatively more efficient than other people, and to exchange the products of those trades for goods in the production of which we are relatively less efficient. (2) There can be no disadvantage in receiving goods from abroad. We pay only with exports, and exchange is to the advantage of both parties. All countries strive to export, and exports not paid for by imports represent diminution of the country's capital. These are general rules which hold true on average and in the long-run. But there may be exceptions to these general rules. Generally protective taxes involve a direct loss to the community taxed, but there may be advantages which more than compensate the loss sustained. (1) It may, for instance, be wise to encourage specially desirable industries (such as those providing foodstuffs) or key industries on which the continued working of many other trades depends. (2) It may be worth while to suffer a temporary loss in order to permit infant industries to become established, the loss being recouped by the gain accruing from those industries when established. (3) It may be better to suffer some loss from protection which stabilizes conditions in any industry, rather than meet a greater loss due to instability which cannot be escaped under free-trade. I believe these basic principles would be accepted by almost all economists, and it is from them that I approach the case of wheat and flour duties.

The case of wheat and flour: The case stated for free-trade is a general case not necessarily applicable to any particular industry, for such industry might be one of the exceptions noted. Further, the establishment of the principle that free-trade is best does not necessarily mean that existing duties should be removed at once, for the gain secured by removing duties may be more than balanced by the resultant loss. In any case of change affecting economic conditions such as these there is a gain to some sections of the community and a loss to others to be considered, and the net advantage of any change

to the community as a whole can be estimated only by comparing the anticipated gain and the anticipated loss and examining the net result. I propose, therefore, to attempt some estimate of the gain, in lowering costs of living and of production, which might reasonably be expected to accrue to the country from the removal of the duties; then to attempt a similar estimate of the losses which might be anticipated; and so, by balancing the gain and loss, to reach an estimate of the probable net results achieved if the duties were removed.

The gain: (*a*) Flour prices: The maximum price that can be charged for flour in New Zealand is limited by the price at which Australian flour can be landed at Auckland. In practice prices are lower at southern ports, and usually lowest in Christchurch, the differences being accounted for by differences in transport costs from the producing-centres to the various markets. Prices (net) for August, 1929, of flour per ton to bakehouses are quoted as—Auckland, £17 11s.; Wellington, £17 5s.; Christchurch, £15 16s. 10½d.; Dunedin, £16 6s. 7½d. With such variations in price the duty will be fully operative only where the price is highest—that is, in Auckland. Little error, however, will be introduced by taking Auckland prices as representative of North Island conditions, and Christchurch prices as representing South Island conditions. The Customs Department states that the average duty paid on flour entering New Zealand during the year 1928 was £2 10s. 7d. per ton. I assume that the price per ton of all flour consumed in the North Island, whether locally produced or imported, is raised by the full amount of the duty—in round figures £2 10s.—and that the price per ton of all flour consumed in the South Island is raised by the amount of the duty less £1 15s., which is, roughly, the amount by which Auckland prices exceed Christchurch prices. The Official Year-book, 1929, page 935, estimates the total flour-consumption of New Zealand as 312,866,787 lb., or slightly less than 156,500 tons. I have divided this according to population, taking the population as, roughly, 60 per cent. in the North and 40 per cent. in the South Island. The calculation of the total cost to the community of the duty, as far as flour-consumption is concerned, and on the assumption that the duty raises the price of all flour consumed, is then as follows: North Island, 93,900 tons, at £2 10s. a ton, £234,700; South Island, 62,600 tons, at 15s. a ton, £46,950: total, 156,500 tons, £281,700. This estimate is somewhat tentative, and applies only to flour, but covers wheat used for flour as well. The Year-book also gives the average flour-consumption per annum of the population as 221 lb. per head. Taking population as, roughly, one million and a half, and consumption as 220 lb. per head, the maximum cost of the duty in those parts of New Zealand where prices are raised by the full amount of the duty paid—that is, by £2 10s. per ton—works out at 5s. 6d. per head per year. Where flour-prices are lower by £1 15s. per ton the cost of the duty is 1s. 7¾d. per head per year. It appears that, broadly, the cost of the duty on wheat and flour per head per year is not greater than 5s. 6d. in the North Island nor greater than 1s. 7¾d. in the South. Over New Zealand as a whole it probably averages substantially less than this.

(*b*) Bran and pollard: The effect of the duty on bran, pollard, and fowl-wheat has also to be considered. Using the prices given by Mr. Nicholls for bran and pollard for the four years and a half, 1925 to June, 1929, I find that the Auckland price of bran has averaged during that period 12s. 9d. a ton lower than the landed cost without duty of Australian bran, while Auckland prices for pollard have averaged 10s. per ton higher than the landed cost without duty of Australian pollard. Christchurch prices of both bran and pollard average about £1 10s. a ton lower than Auckland prices, and prices in other centres are probably appreciably lower than in Auckland. It may fairly be concluded that the average prices of bran and pollard together in New Zealand are certainly no higher than they would be without the duty, and they are probably substantially less than the average prices of imports from Australia. The imports of bran, pollard, and sharps are usually small. Generally the effect of a duty on wheat and flour in New Zealand will be to encourage local flour-production, and therefore to increase the supply of bran and pollard. The greater supply of these will undoubtedly tend to keep their local prices down, while a lower supply would tend to increase their prices.

(*c*) Fowl-wheat: The 1929 Year-book, page 458, estimates the average annual consumption of wheat in New Zealand for all purposes during the last five years as 8,296,000 bushels. Assuming 250,000 acres are sown yearly and 2 bushels per acre are required for seed, and averaging the wheat used by local flour-mills during the last five years (Year-book, page 557), the following estimates are reached*:—

Five-year Averages.

	Bushels.
Total consumption for all purposes	8,296,000
Seed, 250,000 acres at 2 bushels per acre	500,000
	7,796,000
Flour-mill consumption	5,891,000
Used for other purposes	1,905,000

The residue used for other purposes includes second-quality wheat unsuitable for flour, but I shall assume that about 2,000,000 bushels is used for fowl-wheat, and that its price is raised proportionately to the duty collected on flour, £2 10s. a ton. This equals approximately 1s. a bushel on wheat at Auckland, and, I shall assume, 6d. a bushel at Christchurch. 56 per cent. of the fowls are in the North Island and 44 per cent. in the South (1926 Census Report). These assumptions give the following as the cost of the duty to poultry-farmers: North—56 per cent. of 2,000,000 bushels at 1s. a bushel, £56,000; South—44 per cent. of 2,000,000 bushels at 6d. a bushel, £22,000: total, £78,000.

* I find the basis of 2 bushels being required for seed is a little high, but the error involved is negligible. Dr. Hilgendorf tells me that 1½ bushels would be more accurate.

This estimate is generous in every respect. It works out at about 4¾d. per head per year for the 3,800,000 head of poultry in the Dominion. But there can be no guarantee that the cost of fowl-wheat would be reduced to this extent if the duties were removed.

(*d*) Total gain: Combining the figures given above, the maximum estimate of the cost to the community of the duty on wheat and flour may be stated as £281,700 on flour-consumption and £78,000 on fowl-wheat, or less than £360,000 in all. This figure is probably a maximum estimate for a year when conditions were fairly normal. Australian conditions of production vary greatly from season to season, and supplies and prices of both wheat and flour fluctuate considerably. The price of bread fluctuates much less in extent and in frequency. Stable wholesale prices of wheat and flour will tend to narrow the margin between them and the prices of bread, while unstable prices tend to widen that margin, as bakers and millers must allow something for the risk of fluctuation in prices of material. Hence it is very doubtful whether the whole of the present theoretical cost of the duty would be passed on to the consumer were that duty removed. Some considerable part of the saving secured by the removal of duties would almost certainly stick somewhere between the wheat-grower or flour-importer on the one side and the consumer on the other. I conclude, therefore, that the gain to the community in lower costs of living and production to be anticipated from the removal of the duties would not be above £360,000 a year, and it might be substantially less. A reasonable rough estimate in my opinion would be £250,000.

The loss: (*a*) Effect on wheat industry: The effect on the wheat industry of a removal of wheat duties can be estimated best from a review of past experience. It is now well recognized, and will doubtless be accepted, that the chief cause of variations in New Zealand's total yield of wheat is the variation in area, and that the area sown increases when market prospects are good and falls when those prospects are bad in the eyes of the farmer. The following table shows variations in area sown, total yield, wheat and flour prices, during the last ten years.

Acreage, Yield, and Price of Wheat, 1920–29.

Harvest of	Total Area.	Total Yield.	Price per Bushel at Christchurch Merchants.	Flour-prices per Ton f.o.b. Lyttelton, August.
	Acres.	Bushels.	s. d.	£ s. d.
1920	139,611	4,559,934	7 3	16 10 0
1921	219,985	6,872,262	7 9½	21 0 0
1922	352,918	10,565,275	5 9	18 0 0
1923	275,775	8,395,023	5 6½	15 10 0
1924	173,864	4,174,537	5 7	15 10 0
1925	166,964	5,447,758	6 8½	18 0 0
1926	151,673	4,617,041	7 4	19 10 0
1927	220,083	7,952,442	6 4	17 10 0
1928	260,987	9,541,444	6 1½	16 5 0
1929	255,312	8,832,864	6 0½	16 5 0

The Chairman.] You have not taken into account the flour subsidy there?—I have said that the area sown depends on the market prospects in the eyes of the farmer. The subsidy, of course, would come into the matter.

On top of these prices a material subsidy was paid, and that would affect the prices considerably?—I think the Committee will appreciate the fact that the area sown increases when the prospects are good and decreases when the prospects are bad. If it be accepted that somewhere between 8,000,000 and 9,000,000 bushels of wheat are required to satisfy our requirements, and the average yield is 32 bushels to the acre, then the yearly acreage of wheat should be from 250,000 to 280,000. (On the basis of a four-year rotation this would require upwards of 1,000,000 acres of land.) The actual acreage sown in wheat, as shown in the table above, has ranged from less than 140,000 to 352,000, or in the ratio of 1 to 2½, while the total yield has ranged from 4·2 to 10·5 million bushels—which gives, roughly, a similar ratio. Wheat is part of a rotation of crops which is best planned for some years ahead. In order to plan, and to stick to his plan, the farmer requires some security of returns. Past experience has shown that prospects of good prices increase the area sown, and prospects of low prices decrease it. I cannot state what are the costs of producing wheat, but have seen a variety of estimates. I consider the orthodox economic view is sound and particularly applicable to the case of wheat: that costs of production vary widely, and that production will be carried up to the point where cost of production equals price, but no farther. A student, Mr. C. E. Iversen, M.Ag., who investigated farm costs in small farms in Springs County, Canterbury, last year, informed me that he suspected that wheat-production costs ranged from 4s. to 7s. 6d. a bushel on different farms, and I would expect some such dispersion of costs. The middle point between these extreme figures is 5s. 9d. on the farm, which means approximately 6s. 1d. at the flour-mill. It is characteristic of most statistical dispersions, particularly of this type, that there are a few instances at the high and low extremes, and the majority cluster round the centre of the range of distribution. If it is true of wheat-production—and it must be true in the long-run—that production will not be carried beyond the point where cost equals price, and that the costs of the majority of growers cluster round a point about midway between the extreme variations of costs, then any movement of price near the centre of the cost group must affect a large number of growers, falling prices or prospects driving them out

of production and rising prices or prospects attracting them into it. The figures of acreage, yield, and prices given above support this theoretical reasoning and this conclusion. The complete removal of the duties would mean that farmers would expect wide fluctuations of local prices, which would depend on the price of imports of Australian flour, and a general level of prices substantially lower than that prevailing under the duty. They would anticipate both a serious fall in price and an insecure and variable market. Under these conditions I believe some would still produce wheat, but all who feared either the risks of an unstable market or unremunerative prices would avoid wheat-production. Considering the wide range of acreage planted during the past ten years, a period during which some protection was given at all times, it seems quite reasonable to assume that if the duties were removed wheat-production would be reduced, on the average of the years, by at least half of the present total yield. Opinion in Canterbury generally holds that the effect would be greater than this, but in order to be reasonably conservative I shall use this as a basis for my estimate of the loss which would follow a removal of the duties.

(*b*) Effect on dependent industries: Though some farmers would suffer serious losses from such a reduction, the extent of loss and its annual value are difficult to estimate. Farmers would turn to the most profitable alternative products (generally wool and lambs), and their loss would be measured by the reduction in net returns to the farm resulting from the exclusion of wheat from their range of products, or from the reduced receipts from wheat if included. But serious losses would also be incurred in many occupations either wholly or partly dependent on wheat-production. Mr. Nicholls's estimate of the annual value of wheat-production of 8,000,000 bushels to labour alone in these dependent trades is as follows:—

	Annual Income affected. £
Labour employed in—	
Harvesting crop	200,000
Handling crop	20,973
Permanent farm labour	236,600
Flour-milling	175,956
Rope and twine (20 per cent.)	9,030
Agricultural implements (one-third)	63,667
Threshing-mills	100,000
Cartage contractors	15,000
	821,226
To this Mr. Nicholls adds loss to railage	66,867
Giving total labour and rail income affected	£888,093

This estimate is for a production of 8,000,000 bushels. Assuming a reduction of 50 per cent. owing to the removal of duties, the immediate loss in labour and rail income would approximate half the above amount, or, say, £440,000. This estimate, however, does not include industries indirectly affected, such as country blacksmiths, who rely largely on work connected with wheat-growing, and others partly dependent on those directly connected with wheat, nor does it include interest on the reduction or total loss in capital value of land and plant for wheat-production, harvesting, handling, threshing, flour-mills, &c. Mr. Nicholls's estimate of the amount invested in plant and machinery on farms and in flour-mills alone is nearly £4,000,000. If half of this is rendered useless the capital loss is £2,000,000. I assume 1,000,000 acres of land are needed to grow wheat, one-quarter being sown in wheat each year, and that the land is worth £30 an acre on average under present conditions. Wheat land is, then, valued at £30,000,000. A fall in value of 10 per cent. in the value of all this land if wheat-growing became much less profitable appears a safe estimate, and would amount to £3,000,000. Adding the £2,000,000 above, this gives an estimated total capital loss on plant, machinery, and land-values of £5,000,000, or, reckoned at 6 per cent., £300,000 a year. Other capital losses in dependent trades would increase this annual loss substantially, and these losses would all be permanent. The total loss to labour would not necessarily be permanent. The annual loss would be the difference between what is earned now and what could be earned when new employment is found. But an allowance must be added for the cost of displacement, removal to new jobs, and for the unemployment sustained. Many workers would undoubtedly suffer a permanent loss in the value of the training and skill they have acquired—a sort of personal capital—which would be rendered useless on account of the decline in the industry on which they are dependent for their specialized occupations.

(*c*) Other losses: Further indirect losses are probable, but this value is difficult to estimate. There is the insurance against risk, and the speculative gains to dealers, &c., that are unavoidable where market conditions are unstable, and where both supplies and prices fluctuate as they would with a free market. There is an appreciable risk of short supplies in the event of a bad season or a shipping stoppage in Australia. The prospects of securing adequate and reliable supplies of offals from overseas should New Zealand supplies be reduced is uncertain, and the very uncertainty would be harmful to the industries using those products. The fact is that wheat-growing has become essentially a key industry, the very basis of a complex and intricate organization, embracing businesses and occupations of all kinds. In so far as these are dependent upon wheat-growing all must gain in stability and security from anything which makes wheat-growing stable and secure, and all must suffer with wheat-growing should that industry be contracted.

The balance of gain and loss: It is not possible to estimate with any close degree of accuracy the extent of the annual loss which the community as a whole would suffer if the duties were removed. The estimates given above place the loss at £300,000 a year as a minimum to land and fixed capital

alone. Losses to labour and indirect losses might amount to a similar total, or they might be greater. Though many incommensurable quantities are included, I think £500,000 a year is not out of the way as an estimate of the total loss to the community which would result from the reduction of wheat-production by half, and the consequent depreciation in values, dislocation and displacement, unemployment, and general disorganization of industry. Against this must be balanced the probable gain to the community. I have estimated this at £360,000, which is almost certainly a maximum figure. The 1928 rate of duty on flour, £2 10s. a ton, works out at 1s. 0½d. a bushel on wheat (48 bushels to the ton). I doubt whether wheat-farmers are getting more than half of this extra 1s.; the remaining half probably sticks somewhere between the wheat-grower and the consumer. In the same way, if the duty were removed, I doubt very greatly whether the consumer would get the full benefit: much of the gain from cheaper flour would probably stick somewhere between the grower or importer and the consumer. Some would, in fact, need to be applied as insurance against the risk of much less stable conditions. Hence I would estimate the probable total gain to the community from the removal of duties on wheat and flour at a figure much lower than £360,000, and probably in the neighbourhood of £250,000. Based on these figures, which, of course, cannot be more than approximate, the net gain to the community of a complete removal of duties may be estimated as perhaps £250,000 a year, the net loss as perhaps twice as much. In other words, it appears that it costs the community now about £250,000 a year to maintain the duties; it might cost twice as much to take them off. These are short-term estimates only. The loss would fall more heavily in the first year, particularly on labour displaced, and on struggling farmers whose equity in their land and plant might be wiped out by the reduction in value. It might then be expected to decline slowly as adjustments were made to new conditions, and most of it would work itself out or be forgotten by the time that, say, twenty years had passed.

The effect on total production and trade: At the present time the value of the wheat crop is approximately £2,500,000. The process of flour-milling adds about £700,000 and brings its total value up to about £3,200,000, a figure which omits considerable charges due to handling. If the industry were reduced to half, flour and wheat imports without duty would probably amount to somewhere about £1,500,000. Land which now produces wheat is estimated to be capable of producing less than £1,000,000 worth of sheep products. If half were turned over from wheat to sheep products, the additional value of sheep-production might be £500,000 for export, the additional flour imports required £1,500,000. Similarly our total national production would be increased by £500,000 in one direction and decreased by about £1,500,000 in another, a net decrease of £1,000,000. If we produce less value we must consume less, and consumption can be maintained at present levels only if production is kept up. The loss entailed would fall to some extent on wheat-farmers, but to a much greater extent on those whose services are required in wheat-production and dependent trades, such as threshing, handling, storage, transport, &c., but who would not be required if sheep-production were substituted for wheat. They would be displaced, and their services if directed elsewhere might be expected to produce the £1,000,000 required to make up the deficit in the balance of trade and restore the value of production to its former level. But it is difficult to see at the present time where those displaced are to be employed in increasing production along other lines. For production elsewhere, as in the wheat industry, tends to be carried to the point where costs of production are just covered by prices. Production appears to be carried to this point at the present time, yet there is a considerable number unemployed, whose prospects of obtaining work are not improved by the outlook for the next export season. How, then, are the displaced workers to be absorbed in increasing production? Since there is nothing in the removal of wheat and flour duties to cause other prices to decline, I can see no way for the removal of duties to extend the margin of production in other industries, unless costs of production are lowered. The only appreciable effect of the removal of duties would be a slight lowering of the cost of living, and this cannot lower costs of production unless it is passed on in lower wages. Lower wages would mean that workers would get practically no benefit from lower flour prices. Producers of goods other than wheat and flour would benefit from lower wages, and the margin of their production might be extended, presumably until the total value of production was as great as before, till overseas trade balanced and the displaced workers were absorbed. This is what would happen if economic forces worked perfectly freely. But they do not, and the achievement might therefore fall short of the theoretical result. But broadly the result of the removal of the duty would be the diversion of some resources, both of labour and capital, from wheat-growing and flour-milling to other pursuits. The workers dependent on the industry suffer the cost of displacement, unemployment, and the necessity to find new jobs, for which they may be less well fitted. The wheat-growers and related trades stand to lose something of their profits and of the capital value of their land and plant. This value will be transferred to the land and plant and to the profits of other producers, whose costs of production must be reduced if their production is to expand. The losses would be concentrated on comparatively few people and severely felt. The gains in other branches of industry would probably be so widely dispersed as to be unnoticeable.

The present instability: One other aspect of the situation remains to be considered. Present conditions are undoubtedly abnormal and somewhat unstable. The dislocations of trade, prices, and production which afflicted the world after the war are not yet fully adjusted, and the future is difficult to estimate. But it is broadly true that in America, Britain, Australia, and New Zealand, at least, prices of farm-products have been abnormally low as a rule since 1920 compared with prices of manufactured goods or the cost of living. It appears unlikely that this state of affairs will continue indefinitely—either farm prices must rise or other prices fall. Hence the price situation is unstable. But production is unstable, too, for wheat-production is peculiarly susceptible to climatic changes. The Canadian Wheat Pool (quoted Royal Bank of Canada, August, 1929) estimates the present year's crop at 57 per cent. of normal. Canadian prices quoted by the same authority and others for No. 1 Northern wheat were 1·05 dollars per bushel on the 30th May, and 1·75 dollars per bushel (7s. 3d.) on

the 17th July, 1929. In Australia during the five years 1922–23 to 1926-27 the total yield in millions of bushels year by year was 109, 125, 164, 114, 161. Since quantities required for local consumption vary little, the exportable surplus is subject to great variations. Under such conditions of supply fluctuations in prices are unavoidable and are often considerable. Such price-fluctuations in wheat and flour are seldom passed on to the consumer, for retail prices tend to be more stable.

Improving the industry: There is a good deal to be gained from stable conditions and a reliable supply. Under the sliding-scale duty of the last two years the wheat industry has enjoyed an unusual measure of security. This security has promoted the desire for more effective production and marketing. Consequently the Wheat Research Institute has been formed, and the wheat pool is undertaking to market the crop. These are experiments made largely on the initiative of the wheat-growers themselves, which are worthy of some encouragement. If the industry is safeguarded for a while longer it appears reasonable to expect more effective organization and a greater production at a lower cost per unit. This will make wheat-growing more profitable and attractive, and should produce a greater yield. As soon as the yield is sufficient to satisfy New Zealand total requirements the local price will be determined by the ordinary working of supply and demand, and the duty, even though it remains, should cease to be operative. It may still be useful, but as a means of stabilizing the industry against the wide fluctuations in world prices to which it is peculiarly subject rather than as a means of protection.

Summary and conclusion: In conclusion I would summarize my views as follows:—

1. The maintenance of the duties on wheat and flour at the present time is perfectly consistent with the principle that, as a general rule, free-trade is the soundest practice. Such principles admit exceptions, and wheat-growing is essentially a key industry, any dislocation of which would have far-reaching effects on other related industries. The effects on those industries might be much more costly than the duties on wheat and flour are at present.

2. Any estimates of the probable gain and loss accruing to the community must necessarily be approximate only. My estimates, based on the figures I have examined, are that the probable gain in the lowered cost of living and of production would not be greater than £250,000 a year, while for the immediate future the probable loss would be at the rate of £500,000 a year or more. At the present time, therefore, I consider that the losses to the community incurred by a removal of the duties would be substantially greater than the probable gain.

3. The effect of a removal of duties would be to reduce wheat-growing by about half the present acreage. Half the present acreage would be devoted to wheat, the other half to sheep-production. About £500,000 more sheep products and about £1,500,000 less wheat products would result. The loss to production must be made up by transferring the labour displaced from wheat and related industries into other industries. Before those industries could absorb the additional labour their costs would have to be reduced. The removal of duties would lower those costs only if lower costs of living were reflected in lower wages. Hence labour has little to gain from the change. The net effect would be to transfer benefits now enjoyed by producers in wheat and related industries to producers in other industries. The loss of benefit, being concentrated, would be severe; the gain would be so widely dispersed as to be almost negligible to the community.

4. The present is an unsuitable time to introduce drastic changes in conditions of production. Prices and costs of production are still somewhat out of balance as the result of war changes, and conditions are unstable. Farmers have been struggling hard against insecurity and instability in their markets, and the introduction of another factor making for further instability would weaken confidence and have other undesirable effects. There is a strong case for continuing present safeguards until production, trade, and prices are more settled. Then wheat and flour protection may be unnecessary.

5. The unusual stability enjoyed during the past two years has stimulated wheat-growers to attempt the improvement of their methods of production and marketing, and the Wheat Research Institute and the wheat pool have been established. Such self-help deserves encouragement, and it may be worth while for the community to pay something to safeguard the industry awhile, in the hope that success with these efforts will ensure a reliable supply at a cost which will make protection unnecessary. Further, the industry produces a commodity which is a first essential of life, but overseas supplies are somewhat unreliable and subject to variations in quantity and price. It might therefore be cheaper in the long-run for the community to make some sacrifice to secure adequate and reliable local supplies at stable prices.

6. It appears on these grounds that there are strong reasons for continuing the safeguarding of wheat and flour productions. For many years the Department of Industries and Trade (which represents the Government and the public), the wheat-farmers, and the flour-millers have all accepted this conclusion, and have given the closest study to methods of applying it. After years of experiment and change they have arrived by a sort of method of trial and error at the sliding-scale duties, which appear to give the desired measure of stability at a cost ranging from 1s. 7¾d. to at most 5s. 6d. for flour, plus about 1s. at most for fowl-wheat per head of population per year. I can think of no other form of safeguard at once so cheap, so practicable, convenient, and so well suited to the needs of the situation.

Hon. Mr. Cobbe.] You speak of making a sacrifice in order to protect this industry: do you think that the sacrifices the Dominion is making are too great?—It seems to me that the method outlined is the method that must be followed. My contention is that the community has more to lose than to gain by a reduction in the sliding scale of duties.

Mr. Jones.] In fixing wages by arbitration the price of bread is taken into consideration?—Bread is one of the items included in the cost-of-living index numbers.

With reference to wheat costs, you are assuming that the duty would at all times be paid on wheat coming into New Zealand?—In making up that estimate I assumed that the price of all flour consumed was raised by the full amount of the duty paid.

Are you aware that good fowl-wheat can be purchased to-day, without paying duty, at a cheaper rate than Australian wheat can be purchased?—I would not be surprised.

Are you aware that the North Island pig-raisers get a subsidy on pork to the extent of £27,000?—I believe that that is the case.

Would that be a reasonable set-off as against the extra price paid for pig-food in that locality?—Yes, I think that that would be quite a reasonable set-off.

Mr. McCombs.] In your estimates you refer to the fall in the value of land of 10 per cent. if wheat-growing became less profitable: why 10 per cent.?—Well, 10 per cent. of £30 is £3. The evidence submitted by the Director of Lincoln College suggested £5 per acre, and I thought I would play safe and reduced the amount to £3. I think that the consensus of opinion in Canterbury is that if the duty on wheat was removed the fall in the value of wheat-growing lands would be at least 10 per cent.

Do not these values exist because the duty is there?—The extra £3 per acre on the value of the land may be regarded as largely due to the duty.

Then, the community, by giving protection, is creating these values?—Yes, the community is creating these values to a certain extent. I think the community has received very great advantages in return.

Yes, but in estimating the balance against the community is it fair to charge against the community the value that the community has created?—The additional value of £3 on 1,000,000 acres is £3,000,000, and I do not think that it has cost the community £3,000,000 to create the additional value. I think the community has gained appreciably in stability, and particularly through the narrower spread as between the wheat and flour prices on the one hand and the bread prices on the other.

You mention the average value of the wheat lands to be £30 per acre. What is the average production per acre?—I think the Committee would have a better idea than I would. I would say 30 bushels per acre.

And the protection is 1s. 3d. per bushel?—The effective protection last year was not 1s. 3d.—it was 1s. per bushel.

Well, then, 30 bushels of wheat per acre on £30-per-acre land and 5 per cent. interest on the capital value of the land—on that basis is not the community giving these farmers rent-free land to produce wheat?—I do not think that your calculations can be borne out, because that 1s. does not by any means apply to the whole of the wheat, but only to the wheat sold in Auckland. The price of wheat in New Zealand is fixed by the price at which Australian wheat can be landed at Auckland. The prices elsewhere are lower than in Auckland, and consequently the £2 10s. duty is fully paid only on that wheat which is sold in Auckland, and not throughout the rest of New Zealand.

Have you investigated the question as to what would be a reasonable carry-over?—No, not at all.

The opinions you have expressed are really based on facts that you have not presented to the Committee but that you know of your own knowledge?—I have read a good deal of the evidence which has been given before this Committee. I have striven to frame my estimates from that evidence. I suggest that the main problem before this Committee is to estimate and compare the net gain and loss resulting from the imposition of these duties. The figures I have quoted are mainly from evidence which has been given before the Committee, and I think the Committee are better able to judge than I am the validity of the evidence on which I have based my calculations. My figures are taken from the evidence given here and from the Official Year-book issued by the Government Statistician.

Here is one of your statements: "It might therefore be cheaper in the long-run for the community to make some sacrifice to secure adequate and reliable supplies." You have really summarized the evidence rather than given evidence?—I have attempted to summarize the evidence in the way in which it appeals to a professional economist, and that, I think, is the function of a professional economist—to reach conclusions from evidence.

It would have been better if you had supplied the Committee with data that has not been available up to now?—I can hardly be regarded as a witness supplying data which has not already been supplied, but as a witness supplying the method of dealing with the data.

In connection with the amount of duty on imported flour, you have given the average duty as £2 10s. 7d. The actual amount for the whole period of the sliding scale amounts to £2 16s. 4d. instead of £2 10s. 7d. It would make a material difference to your calculations if the average rose?—It might add £50,000.

The figures are only relative—they are not actual?—The figures are relative. They are admittedly subject to some margin of error, which is narrow. You cannot get away from the main fact.

An addition of 6s. per ton to the duty paid——?—Makes a difference of £50,000.

I am not quite clear how you estimate the duty paid on wheat. I think you said it was 1s. a bushel?—I estimated the duty at £2 10s. a ton during 1928. With 48 bushels to the ton of flour it would make the duty 1s. 0½d. per bushel of wheat.

The average duty for 1927 and 1928 is 1s. 3d. per bushel?—That is quite consistent with what I have said.

I would like to know how you arrive at your estimate of the millers' costs at £176,000?—That is Mr. Nicholls's estimate, given in one of his exhibits placed before this Committee. It represents the payment of labour employed in the flour-mills.

That is labour only?—Yes.

You said that in the ordinary course the supply and demand would be affected by the fact that the wheat is substantially held by an organization controlling a large quantity of wheat?—That organization has always claimed—and other similar organizations throughout the world have learned—that it is wise not to uphold local prices. If they attempt to uphold local prices I think other means should be found to deal with them.

That is to say, if there is any abuse?—It is conceivable that an organization like the wheat pool could attempt to monopolize the wheat produced in New Zealand. I would condemn that.

You say in your statement, "I doubt whether wheat-farmers are getting more than half of this extra 1s.; the remaining half probably sticks somewhere between the wheat-grower and the consumer." If that is the case, it shows there is a wasteful method employed, is there not, when we waste half the total amount we give him in the course of handing it over?—I have seen figures somewhere to support the statement I have made. I think almost any method of protection is to some extent wasteful.

This is wasteful to the extent of 50 per cent. according to your own statement?—And it is a matter of suggesting the least wasteful method.

It does not appeal to me as being a very sound method when we waste half?—It is a question of getting a sounder method. The measure of efficiency reached in this sort of thing is probably very low.

It is very low at 50 per cent. waste. You say you do not know of any other more efficient method of giving the wheat-grower protection?—I do not know of anything practicable at present in New Zealand.

Personally, I am not against the wheat-grower by any means. What I am mostly concerned about is that we pay a certain amount out to protect the wheat-grower: who actually gets it?—I see very great difficulties in anything in the way of a subsidy. The principal difficulty is in determining what amount of subsidy should be granted. It would vary in the wheat sold at Christchurch and Auckland, for instance.

The Chairman.] Your statement in regard to the advisability of paying under the sliding scale is the most disastrous statement I have seen?—What statement is that?

Where you admit that the wheat-grower only gets half the amount paid to him under this system?—I have seen some statement to that effect somewhere, but I would not stick closely to the figure "one-half."

You can understand when publicity is given to a statement of this kind that it is destructive to the scheme you advocate as being the best scheme?—I think you would find that protection of any kind is subject to that sort of disadvantage.

Is that not a strong condemnation of any form of protection?—Most forms of protection, I think, should be condemned.

Admitting that the duty is £2 16s. 4d. per ton on the average up to the present, do you not consider that a straight-out definite duty on flour at per ton would effect the same object?—A straight-out duty would mean the fluctuations in New Zealand prices would be the same as fluctuations in world's prices. I think much more is to be gained in a stable price.

There is no stability in regard to the sliding scale of duty, inasmuch as there is no limit to the lift of the price, but there is a limit to any downward trend?—It would be possible to develop means to prevent any lift of price.

There is none at present except by the importation of wheat and flour?—You have kept the price up by the sliding scale of import duties, and you could keep it down by a sliding scale of export duties.

You agree that the public should be protected against an undue lift of price?—I am inclined to think that if on the one hand you give the wheat-grower protection which keeps his prices up, on the other hand you should give the consumer protection to keep the prices down.

Mr. Jones.] If the duty is lifting the price of wheat and you are preparing a balance-sheet, will you offset that by the protection that is given in other ways as reducing the price of land?—If one is preparing a balance-sheet one should certainly do that, and the wheat-grower would be altogether on the wrong side.

Mr. Wright.] Following up Mr. McCombs's question on the effective value of the duty on wheat, what is the proportion of the duty on eggs and the bonus on eggs on the value of the fowl?—I have not gone into it.

You think it would be out of all proportion to the effect it would have on land?—It was suggested this morning that the bonus paid on eggs was £5,400 in one year. The poultry-producer will not sell locally at lower than the price he can get for export, consequently the cost to the community is not only the £5,400 paid in bonus, but an increase in the price of local eggs due to that guaranteed subsidy for overseas sale, and the cost is very difficult to estimate. It would probably be very much more than £5,400.

If the production of eggs at 12s. per bird would give £2,500,000 a year, what effect would that export duty have on that amount—£125,000?—At 1d. an egg?

What is the average price of the egg in New Zealand?—If the price per egg is 2d. the duty may be worth £1,250,000.

With regard to the sliding scale of duties and the point the Chairman brought before you, that the wheat-grower only got one-half of the protection given, would you say that that 50 per cent. is indicative of all protection, more or less?—I would not like to generalize, because I have not looked into the matter fully, but I would suspect that a considerable part of all protection sticks between the producer and the consumer.

A very appreciable part?—Yes.

Mr. Macpherson.] Assuming that the average price of eggs is 1s. 5d. a dozen in New Zealand, and if the surplus exported were thrown on the New Zealand market, making a difference of 3d. a dozen in price, is not the actual guarantee to the poultry-grower more than we are giving to the wheat-grower—one-fifth of his total production?—Regarding the £2,500,000, that figure, I take it, covers all products in New Zealand. 75 per cent. of the poultry flocks in New Zealand consist of less than two dozen birds, kept mainly for private homes, and I think that only a fraction of that two and a half millions would be marketed. I am not quite sure that it is a valid thing to compare the total value of the production of eggs which is not marketed with the total value of the production of wheat which is marketed. I think if this is done it would be equally valid to include not only the farmers' wheat-production, but all the odds and ends he produces in connection with his household requirements.

Do you not think the subsidy on the export of eggs raises a greater menace to the public than the duty on wheat?—It probably costs the community as a whole more.

Is it not a fact that the sliding scale practically ensures the farmer a very moderate profit for growing wheat, and at a given point that protection disappears altogether? Is he not then entitled as a grower to the world's parity when there is a scarcity throughout the world?—The New Zealand grower does not suffer reductions below his fixed price in New Zealand. From the community point of view it seems reasonable that he should give something in return if the world's parity rises above the New Zealand fixed price.

Your figures are based very largely on imported flour and wheat being at a price much lower than it is now?—The duty, for instance, of £2 10s. was based on last year's prices, which were considerably lower than the present prices are.

Assuming the present prices are maintained in Australia and elsewhere, then it costs this community nothing—the protection disappears?—I am not quite sure what the present prices are, but I think protection has just about disappeared at the present time.

Assuming that wheat without duty can be sold at a less price than it can be imported for, it would cost New Zealand nothing?—That is so.

The Chairman.] That addition of £2 10s. 7d. duty would amount to approximately £50,000 a year—that means on £281,000 it would be plus £50,000?—Yes, it is an increase of 20 per cent. I would allow, say, 25 per cent. for possible errors in my estimates for those figures. The error in the figures will not be great enough to impair the main conclusion.

E. J. FAWCETT, Department of Agriculture, Wellington, examined. (No. 68.)

The Chairman.] I would like you to state, Mr. Fawcett, how you regard the suggestion that the egg-producers by getting a subsidy get a greater benefit than the wheat-growers?—The guarantee which was afforded the egg-producers in 1927–28 was suggested, in the first place, tentatively to amount to about £2,500. You must understand that these guarantees which have been given in 1927–28 and 1928–29 are for limited quantities only. There was a limit set to the loss which the Government agreed to provide, and in the case of 1927–28 it was tacitly agreed that that would be in the vicinity of £2,500. Unfortunately, owing to the low prices received for those eggs on the London market—some eight thousand cases—there was such a small return that the Government had to supply a further £3,000, approximately. Therefore that guarantee in 1927–28 could have no effect whatever on the big bulk of eggs produced in New Zealand. In the 1928–29 season that guarantee is limited to £10,000, irrespective of the quantity exported. There, again, it cannot reflect on the whole of the eggs in New Zealand. Furthermore, in 1927–28 eggs were selling in New Zealand just after the export season at a lower price than the egg-producers were receiving on these export eggs. At the present time the price is considerably lower on the New Zealand market than will be received under the guarantee provided by the Government, if those eggs realize anything like a price at all on the London market.

The local prices are lower?—Yes. Therefore the export of the small quantity of eggs has in no way kept up the price of eggs on the local market.

Mr. Wright.] If the subsidy on the export of eggs, which is actually, according to Mr. Machin, about 1d. per egg exported, can it be said that it does not affect the whole of the local prices of eggs?—It was suggested last year it did, but in actual practice I do not think it affected the local prices. There was an attempt made last year to maintain the price, but it was not effected; and this year it is less effective than ever, owing mainly to, I say definitely, the surplus or an over-production of eggs in New Zealand and the fact that some merchants only undertook export. Therefore the others had no responsibility in the matter and could exploit the market and the surplus production as they wished.

You consider there has been an over-production of eggs in New Zealand this last year?—Yes.

Therefore the poultry industry has not been curtailed as a result of the price they have had to pay for wheat?—In certain localities it has, notably Auckland.

Only in certain localities. Is that to any appreciable extent?—The Auckland farmers, I think definitely, have been penalized to a certain extent. The production in the Auckland District would be, roughly, a quarter of the eggs produced in New Zealand.

What quantities of eggs are being exported now—there are considerable quantities, are there not?—No, not considerable quantities.

How many eggs this year are being exported?—It is impossible to say at the present time, but it is probably up to fifteen thousand cases.

In competing on the London market you have to compete against some of the lowest-paid countries in the world—Czecho-Slovakia, Hungary, and other Continental countries?—Yes.

And to enable this to be done the bonus paid by the Government on eggs must be fairly considerable?—If the export were to be established as a permanent thing, yes.

Do you consider that with the low cost of wages in those Continental countries eggs can ever be exported from New Zealand in sufficient quantities at a sufficient price to enable us to enter into effective competition with those countries?—Unless the price on the London market is materially increased, and the cost of handling and transport of eggs is decreased, I have said definitely that I do not think we will ever establish an export trade in eggs.

Mr. Jones.] Would you detail what that value of £2,500,000 actually means?—It was suggested I be recalled. It is hardly fair for me to detail it now without any figures at my hand. I am prepared to come here and give you the whole basis on which I have made my assertion, and that, I think, is the fairer method. I did not anticipate the question of eggs coming up at all to-day.

Would the protection granted in connection with egg-pulp tend to increase the price of eggs in New Zealand?—You mean egg-pulp for export?

No, the prohibition regarding its entering the Dominion. What effect would that have on the poultry industry in New Zealand ?—Undoubtedly that increased the production of eggs in New Zealand considerably. As you know, in 1919, I think it was, the poultry-producers met Government representatives and guaranteed them that if the importation of Asiatic eggs was stopped the poultry-producers in New Zealand would produce sufficient eggs for our local requirements. That was done by 1921, there being a supposed surplus in the country. Since that date export in small quantities has been made from year to year, and owing to the price received for those trial shipments on the London market a certain amount of optimism was created, and undoubtedly those factors have tended towards the increase of poultry-production in New Zealand.

You have heard it stated that the poultry-farmers consider they should get in their wheat duty-free. Do you think they should get it duty-free into New Zealand, and at the same time have the amount of protection they have to-day ?—It is a difficult question to answer, because, as we have stressed before, we are dealing with Asiatic competition, and, whether we agree with protection or not, we do, I think, agree to trade within the Empire or within the white races, if possible, but competition of very lowly paid labour comes into the question. If the removal of the duty on wheat were effected, the wheat industry would be detrimentally affected, in which case I think the egg-producers in New Zealand would eventually be in a worse position than they are in at the present time. I think that undoubtedly.

You think the poultry-farmer would be worse off than he is to-day ?—Yes, particularly with reference to bran and pollard, which constitute quite a proportion of his food.

Mr. Waite.] If the duty were entirely removed from wheat, what would that reduce the food costs on eggs per dozen ?—In the South Island, nothing; but in the North Island, where the duty is operative, presuming that it would reduce the cost of wheat by 1s. a bushel, the reduction in the cost of the production of eggs would be approximately 1d. a dozen. So far as bran and pollard are concerned, the poultry man would probably use 20 lb. to 25 lb. of bran and pollard per year per bird, and it is a matter of arithmetic to arrive at what that reduction of £1 by the removal of the duty would amount to.

Practically negligible ?—It is negligible when you think of one dozen eggs; but you must understand it would be a different matter with a poultry-farmer working on a large scale, dealing with a large number of eggs. Five hundred birds at 1s. a bird is £25, and that is what makes the difference to a man working on a large scale.

The Chairman.] Do I understand you to say that if the duties were taken off bran, pollard, and wheat, and also off egg-pulp, the poultry-farmer would be in a worse position than he is in now ?—I said that if the removal of the duty on wheat or wheat equivalents were effected the wheat industry in New Zealand would be detrimentally affected, and it would not be to the advantage of the poultry industry. We have it suggested to us, whether we agree with it or not, that the wheat-farmer is not making any profit on his wheat. We know that there is quite a considerable proportion of the total wheat grown which is consumed by poultry-keepers. Therefore if the wheat-grower went out of business, as has been suggested, through the removal of duty, then the whole of the poultry industry would have to get its grain from overseas, and also its bran and pollard, and therefore the poultry-farmer would be in a bad position. One does not absolutely say that would follow, but it would if the arguments put forward are correct.

Hon. Mr. Cobbe.] Has there been a reduction in the number of commercial poultry-farmers in the North Island ?—This year, undoubtedly.

Is that due to the high cost of food ?—No, I should say not. I have studied the poultry industry thoroughly for the last three or four months, and one is forced to the conclusion that the present position of the poultry industry is due to over-production, and not to the cost of food. The cost of food is a contributing factor, of course.

Mr. Waite.] Is it owing to the low price of eggs ?—The price of eggs has never been so low on the market as it is at the present time—not for years. The price at the present time does not cover the cost of production on poultry-farms.

Hon. Mr. Cobbe.] The price of wheat does not affect the question ?—It does where the duty is fully operative. In Auckland it affects it to the tune of 1s. a bird.

Is that one of the reasons why a number of poultry-farmers have gone out of business ?—It is a contributing factor, but it is the low price of eggs chiefly.

If the price of eggs is low and the price of wheat is high, of course that has some effect ?—The point is that the poultry industry does go through cycles in the way of production and prices. The price of fowl-feed then comes into it and accentuates the position. During the last ten years we have had two cycles in connection with the production of eggs, the high and low peak occurring approximately every five years, and the price of wheat has generally been high when the price of eggs has been high, but there is always a drag naturally between the two. The poultry-farmers increase their production, the price of eggs drops, the price of fowl-feed is comparatively high, and they go out, and you get a stifling effect every five years—for the last ten years, anyhow.

Mr. Macpherson.] I understand the price of eggs, more or less, is something like 1s. 2d. and 1s. 3d. per dozen in the North Island. You say it costs 1s. a bushel more for wheat in the North, but the price in the North is stable. Eggs in Christchurch are down to as low as 10½d. a dozen ?—Yes, and therefore the Wellington market is probably flooded with Christchurch eggs at the present time, and the Auckland people are not able to take advantage of that market so readily.

Your calculations that a drop in the price of wheat by 1s. a bushel would reduce the cost of producing eggs by 1d. a dozen refer to the bushel of wheat delivered in Auckland; but the price per dozen between the South and the North is 3d., so the North Island people are infinitely better off ?—I think you are referring to the retail price here and the wholesale price in Christchurch.

Mr. Wright.] Would it not be better if the poultry people went near the source of supply ?—Also, might I ask you whether it would be better if the wheat were grown where production is cheapest. We have heard it suggested that wheat can be grown cheaper in Australia than in New Zealand.

You differentiate between paying a subsidy on eggs and an import duty on wheat ?—The bonus paid on eggs is not a fixed thing, and it is only for experimental purposes.

Would you object to the experiment being enlarged so as to embrace wheat ?—I have no feeling one way or the other.

Do you know that the export bounty in Australia has raised the price of butter to the consumer ?—One has read so.

Would not the export bounty on eggs raise the price of eggs to the New Zealand consumer ?—I have said not. Definitely they are not comparable.

Mr. McCombs.] *Re* the value of the poultry industry, which is set down at £2,500,000 : we are told by Professor Tocker, on the authority, I think, of the Year-book, that there are 3,800,000 head of poultry in the Dominion ?—That was in 1926.

In an efficiently-kept poultry-farm, what would be the total value of the products per bird—the bird for the table finally, the value of the eggs produced, and so on ?—Just speaking offhand, the total poultry in New Zealand is shown in the 1926 census, which does not hold at the present day. There has undoubtedly been a tremendous increase since that date, which has resulted in over-production, and it is estimated on fairly reliable sources that at the beginning of this year the laying-birds in New Zealand, including ducks, were approximately 3,900,000.

What is the production per head ?—The production per head from those birds has been assessed on quite reliable information, taking as a basis some thirty or forty farms, which I have the actual records of, and it is nine dozen eggs per bird per annum. The average on farms of which I speak was 11·3 dozen, and allowing therefore for the poorer production capacity of farmyard birds, &c., I have assessed the production as nine dozen eggs, which is the same as the suggested production for birds in England.

Would the production per bird be 12s. per annum ?—The average price of eggs last year received by the producers was 1s. 5d. per dozen. That is the wholesale price. You could add 3d. to that for the retail price.

Placing the value of the poultry industry at £2,500,000 per annum is an underestimate ?—It is conservative. As far as the sale of poultry is concerned, the practice in New Zealand is to replace laying-birds every two years ; therefore you get a 50-per-cent. replacement every year, which gives for sale approximately a million to a million and a quarter birds. Some die, of course ; but in addition to that there is quite a big sale of cockerels—the surplus cockerels from those kept for breeding—and the price received for those birds ranges from 2s. 6d. to 3s. a bird. That would be a fair average to allow for the cockerels. Therefore it is only a matter of calculation to obtain the relative value to the producers of the eggs. Whether it is correct to assess that value wholly as Professor Tocker has mentioned is a question ; but one could safely say that if there was no poultry in New Zealand and no wheat-farmer, and all the eggs had to be imported, they would be much dearer than they are now, and would cost more to import than would wheat.

You could say the value of the bird would be 15s. to 16s. per annum ?—Approximately, yes.

On that basis the poultry industry would be valued at more than £2,850,000 ?—Counting handling charges, which we do not want to, it would be more than that.

You not only stick to the figure of £2,500,000, but you say it is a conservative estimate ?—Yes.

Mr. Jones.] You are taking the finished product. The finished product, as far as the farmer is concerned, is £2,500,000 on the farm ; that is multiplied by three and a half times when it gets to the table as bread ?—There are differences in that respect. I have not said that from a labour viewpoint the poultry industry is as valuable as the wheat industry outside of the production on the farm. I refer to the value of the products to the producer. The difference is that practically the whole of the value of the wheat industry goes in labour and other charges. On the poultry-farm, on the other hand, the whole of the value of the product, with the exception of a small amount, approximately 3d. to 4d. a dozen, is represented by food which comes from the wheat-farmer. Therefore I say the wheat-farmer is to a considerable extent dependent on the poultry industry for his livelihood.

You do not suggest any comparison in the amount of labour employed in the poultry and wheat industries ?—No.

I am not accusing you of it. The thing has got mixed up. Is it not a fact that when the £2,500,000 for wheat is turned into bread it becomes £8,750,000 ?—That is so ; but, as I said before, in the eggs and wheat produced in New Zealand we have something comparable.

Then, of course, there is the finished product in the pig and fowl ?—It all goes to stress the importance of these side-lines so far as the prosperity of the wheat industry is concerned. The wheat industry and the others are interdependent. I have no brief for one or the other.

Mr. Wright.] What is the duty on the importation of eggs ?—I cannot tell you that offhand.

Mr. Good : 20 per cent. *ad. valorem* under British preferential tariff, and 40 per cent. on general importations. The duty on egg-pulp is 25 per cent. British preferential tariff, or 4d. per pound, whichever rate is the higher, and 45 per cent. under the general tariff, or 8d. per pound, whichever is the higher.

The Chairman.] It has been suggested that owing to the high costs in New Zealand of egg-production New Zealand will have a great difficulty in finding a profitable market for eggs. How does it come about that Australia exported to England £107,000 worth of poultry products—Australia being a high cost production country—and the United States of America £307,000 ? How can countries such as these compete on the English market if we cannot ?—As far as Australia is concerned, a loss was incurred last year on their export to England. I do not know what the position is with regard to the United States. It is probable, of course, that they are using it as a dumping-ground. It might be the export of a surplus, on which they will expect to incur a loss, and, if New Zealand exports, she, I think, will be in the same position.

TUESDAY, 15TH OCTOBER, 1929.

Mr. HERBERT EDWIN WEST examined. (No. 69.)

(In the absence of the Chairman, Mr. McCombs took the chair.)

The Acting-Chairman.] What is your full name, Mr. West?—Herbert Edwin West.

You are in charge of the laboratory of the Wheat Research Institute, Christchurch?—Yes, sir.

Will you proceed with your statement, Mr. West?—Mr. Chairman and gentlemen, I do not know just exactly what you want, but I have prepared a statement with respect to some factors relative to the comparative milling and baking qualities of New Zealand wheat, as follows:—

Wheat in its various forms has many judges: Good wheat to the farmer means high yield per acre, resistance to the wind and diseases, and ease of harvesting; the miller considers wheat of good quality when it is sound, free from disease, sprouting, fairly clean, low in moisture, thin in the "skin" or the branny layers, and capable of producing a lively stable flour of good colour; the baker stipulates that wheat must give uniform flour that will absorb an average amount of water during the process of dough-making, that will stand the mechanical abuse of a modern bakery, and that will give a finished loaf; while the ultimate consumer considers wheat good when the resultant loaf is pleasing to the eye, the taste, and satisfying to the palate. In brief, high-quality wheat must yield well, give a good extraction of uniform flour, and produce a loaf of bread under varied bakehouse conditions which will satisfy both the mental and physical stipulations of the consumer. We have in New Zealand all the above qualifications. At present, however, they are not to be found in any single one of the three main wheat types. Tuscan is wind-resistant: it yields well; but it is thick in the skin, very variable in flour-colour and baking-quality. The Velvets, on the other hand, are not wind-resistant, neither do they yield as well as the Tuscans; however, they give a higher yield of flour, are better in colour, and usually superior in baking-quality. The Hunter's type takes up an intermediate position. The ultimate aim of the Wheat Research Institute is to combine the good characteristics into a new type or types of wheat specially suitable for New Zealand conditions. The task is neither easy nor quick, for it must be remembered that wheat inherits only the ability to show various characteristics under a definite set of environmental conditions. Baking-quality is generally, though not always, associated with the amount of protein or gluten in the flour. As the protein percentage is very sensitive to differences in soil-moisture during the stage from blossoming to maturity, the weather and the ability of the soil to retain moisture play an all-important part in the determination of high-quality wheat. A practical demonstration of this can be seen by comparing the quality of the 1928 and 1929 Canadian wheat crops. 1928 was fairly damp—a shower every week during the growing season; result, 500,000,000 bushel crop low in baking-quality. The summer of 1929 was exceedingly dry, giving 250,000,000 bushels of excellent baking-quality. Another example may be taken in New Zealand. The light soils, which do not retain the moisture as efficiently as the heavy type, usually produce a wheat of superior baking-quality. This then brings us to the question of uniformity.

Uniformity: The greatest drawback New Zealand wheat has is its variability in moisture and in milling and baking qualities. This variation is in most cases due to the heterogeneous nature of the moisture-holding capacity of the soil. Most of the lines sold to millers are small, being made up of from a few to, say, five hundred bags. Without any method of actually determining the baking-quality of these lines before milling, it is small wonder that the flour is not uniform. We are of the opinion that if millers would blend their wheat lines so as to produce a flour of an average protein-content they would be able to supply the bakers with a better flour. The modern bakehouse is largely mechanical. With mechanical devices the process works according to time. Thus the more uniform a flour is the less trouble a baker will have with it. A baker cannot afford to experiment with every new shipment of flour. If he is in the habit of using 10·5 gallons of liquor to the sack, every flour he receives should have about that amount of water-absorption. If he runs ten-hour sponges or four-hour straight doughs, then all his flours should be so uniform that he will not have to make any serious alterations in his times. This uniformity can be brought about by proper blending of the wheat-mix prior to milling. It may be mentioned here that, in my opinion, much of the foreign flour is used as a safety factor. Canadian and Australian flours are, in general, stronger than New Zealand flours. That is to say, they take more water, are more stable during fermentation, and produce a lighter and more bulky loaf. By putting a small percentage of them in the mix a baker runs less risk of spoiling a night's batch in case he was using a poor New Zealand flour. However, I feel certain that if the bakers could rely upon an average uniform flour they would to a very large extent discontinue the use of the foreign product. Our biggest task at present, then, is to assist the millers in their quest for uniformity. To date the quickest and most practical method is to determine the amount of protein present in the lines of wheat, and then to blend for an average protein content of, say, 9 per cent. This test does not tell anything about quality of protein. So far there is no accurate method of determining protein-quality. It is very evident that a wheat might be high in protein and yet be poor in baking-quality because the protein was weak. However, as before stated, usually a good wheat is one that is high in protein. It is encouraging to see that some millers are taking a very active interest, and have already made considerable improvement in the uniformity of their product. One mill, in particular, has advanced to the stage where it will sell the coming season's flour on a definite moisture and protein basis. Good bread can, has, and will be made from wheat containing but 9 per cent. protein. I say 9 per cent., because the protein-content for the average New Zealand wheat is between 9 and 10 per cent. This is not as high as that of Australian and

Canadian flour. The following table shows the protein-content of wheat in Canada during the crop years of 1927–28 and 1928–29 :—

Province.	Grade.	Protein.	
		1927–28.	1928–29.
		Per Cent.	Per Cent.
Manitoba	10	..	12·47
	20	11·44	12·15
	30	11·21	11·93
Saskatchewan	10	11·87	12·98
	20	11·65	12·50
	30	11·60	12·33
Alberta	10	12·62	12·67
	20	11·63	12·26
	30	11·27	11·88

The protein-contents of wheat in North Dakota, a State bordering on Canada, are as follows :—

Year.	Protein. Per Cent.	Year.	Protein. Per Cent.
1922	12·00	1925	12·30
1923	13·29	1926	14·23
1924	11·33	1927	11·82

It can be seen from these figures that New Zealand is about 2 to 4 per cent. lower in protein than Canadian and some American wheats. In terms of the baker this means less loaves to the sack of flour and a more difficult flour to handle. To the consumer it amounts to a greater weight of dry solid matter per loaf of bread; and, if the baker has done his work thoroughly, a food just as nourishing. High-protein wheats give flour of good water-absorption. The best of Australian and Canadian flours may require up to 12 gallons of liquor to the sack. A good New Zealand will stand about 10·5. Thus there is a difference of about 15 lb. in favour of the foreign flour. But what the bakers lose the customers gain; hence it is evident that the use of New Zealand flour is in the interests of the consuming public. As far as the difficulty of handling the flour and dough in the bakehouse is concerned, much of this would disappear if all the home products were uniformly the same. It is not to be inferred that the millers are not trying to produce a uniform product; nothing would be further from the truth. I find them exceedingly sympathetic to our work, and very eager to try any feasible method which will better their flour. It is highly probable that the coming season's wheat will be turned into a more acceptable commodity. New Zealand wheats are somewhat higher in moisture. The following table gives the moisture-content of forty-seven different lines which were graded into store as wheat in good condition :—

Table I.—Moisture-content of Forty-seven Lines of Wheat which were put into Store as Wheat in Good Condition.

Laboratory No.	Origin.	Moisture-content.	Laboratory No.	Origin.	Moisture-content.
		Per Cent.			Per Cent.
114	Culverden ..	15·16	141	Doyleston ..	16·75
115	Phœbe	15·35	142	Horrelville ..	15·59
116	Culverden ..	14·75	143	Carlton	15·53
117	Scargill	14·90	144	Lauriston ..	14·45
118	Hawarden ..	14·94	145	Killinchy ..	15·28
119	Hawarden ..	16·40	146	Darfield	15·05
120	Scargill	15·54	147	Southbrook ..	15·99
121	Hawarden ..	14·80	148	Mount Hutt ..	14·50
122	Omihi	16·21	149	Fernside	15·56
123	Hawarden ..	13·90	150	Cust	15·07
124	Waipara	15·17	151	Hororata ..	14·29
125	Woodgrove ..	15·56	152	Oxford	15·87
126	Hawarden ..	15·76	155	Courtenay ..	15·18
127	Scargill	15·13	156	Overdale	15·97
128	Hawarden ..	14·83	157	Coalgate	15·09
129	Hawarden ..	14·88	158	Amberley ..	15·10
130	Hawarden ..	14·83	159	Mount Hutt ..	15·29
131	Darfield	15·02	160	Ashburton ..	15·44
134	Darfield	16·47	161	Kirwee	15·98
135	Darfield	15·26	162	Doyleston ..	16·04
136	Cust	15·42	163	Sefton	14·87
137	Hawarden ..	15·89	164	Ashley	16·00
138	Ashley Bank ..	15·59			
139	Lauriston ..	15·23	Average		15·34
140	Prebbleton ..	15·34			

In my opinion, wheat carrying 16 per cent. moisture is decidedly out of condition. At any rate, it is safe to say that it is an impossibility to produce flour containing not more than the allowed maximum of moisture from wheat having 16 per cent. moisture without the miller losing 2 per cent.

Table II gives the moisture-content of twenty lines in a mill. In sixteen of these lines moisture or weight has been lost between the 2nd July and the 24th September. It will be noted that most of the lines tend toward a final moisture-content somewhere in the neighbourhood of 15 per cent. One can say, then, that with wheat under 15 per cent. the miller would gain on storage, but would lose on that over 15 per cent.

Table II.—Moisture-content and Variation of Moisture of Twenty Lines in Store at a Mill.

No.	Dates tested.				Loss in Three Months.
	2nd July.	30th July.	27th August.	24th September.	
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1	16·33	16·68	16·04	15·71	0·62
2	16·25	16·02	15·46	15·00	1·25
3	16·18	16·09	15·52	14·95	1·23
4	15·04	15·80	15·16	14·50	0·54
5	15·45	15·53	15·13	14·92	0·53
6	16·97	16·89	16·36	15·63	1·34
7	14·10	15·56	14·19	13·75	0·35
8	16·52	15·95	15·74	15·15	0·37
9	14·44	15·62	15·00	15·06	0·62*
10	15·61	15·54	15·39	15·08	0·53
11	14·69	14·82	14·55	14·15	0·54
12	14·45	14·99	14·59	14·42	0·03
13	14·74	14·96	14·86	14·73	0·01
14	15·68	15·78	15·83	15·38	0·30
15	15·54	15·71	15·62	14·81	0·73
16	13·85	14·53	15·11	14·38	0·53*
17	14·66	15·02	15·05	15·60	0·94*
18	15·66	15·71	15·75	15·46	0·20
19	15·67	15·57	15·57	14·91	0·76
20	14·79	14·79	15·12	14·82	0·03*

* Gain.

Table III is composed of samples collected from threshing-mills on stook- and stack-threshed material. This table gives one a very good indication of how the miller more often loses than gains on his total weight of wheat.

Table III.—Moisture-content of Stook- and Stack-threshed Material.

Laboratory No.	Origin.	Moisture-content.	Laboratory No.	Origin.	Moisture-content.
	STOOK.	Per Cent.		STOOK—*continued.*	Per Cent.
A1	Lincoln	14·53	20	St. Andrews ..	17·94
2	Wakanui Road ..	16·26	21	Waimate	17·14
3	Dromore	16·30	22	St. Andrews ..	17·52
4	Tinwald	15·08	23	Southburn ..	18·05
5	Willoughby ..	17·23			
6	Ashburton ..	16·30		STACK.	Per Cent.
7	Wakanui Road ..	16·47	24	Lincoln	15·66
8	Wakanui Road ..	16·50	25	Lincoln	15·65
9	Willoughby ..	16·41	26	Lincoln	15·83
10	Temuka	17·83	27	Eyreton	16·76
11	Timaru	19·09	28	Eyreton	16·77
12	Southburn ..	17·66	29	Kaiapoi	15·52
13	Kaiapoi	16·20	30	Springston ..	16·18
14	Studholme ..	18·84	40	Lincoln	15·42
15	Kaiapoi	14·92	43	North Rakaia ..	14·05
16	Bankside ..	15·90	44	Hororata ..	15·22
17	Ashley	17·58	45	Southbridge ..	14·67
18	Arrowhenua ..	17·92	46	Kaiapoi	15·17
19	Otaio	19·50	47	Kaiapoi	15·23

Table IV is comprised of tests taken on the moisture-content of the mill products in three different mills in New Zealand. It is very evident that a considerable loss takes place during milling, which may be accounted for by evaporation of moisture.

Table IV.—New Zealand, 1929: Tests taken on Mill Products.

Laboratory No.	Material and Origin.	Moisture-content.
		Per Cent.
229	Wheat to first break	16·36
230	Bran from this wheat	14·83
231	Pollard from this wheat	14·64
232	Flour from this wheat	15·51
192	Wheat to first break	15·62
193	Bran from this wheat	14·27
194	Pollard from this wheat	14·02
195	Flour from this wheat	15·18
168	Wheat to first break	15·34
169	Bran from this wheat	14·39
170	Pollard from this wheat	13·79
171	Flour from this wheat	14·87

Table V gives the moisture-content of some Australian wheats and flours. These samples were sent in moisture-tight containers to our laboratory when the tests were made.

Table V.—Australian Wheats and Flours.

Laboratory No.	Wheats and Flours.	Moisture.
	WHEAT, AND ORIGIN.	Per Cent.
273	F.a.q., New South Wales	12·59
275	Sydney Chamber of Commerce	12·72
281	F.a.q., Victorian wheat, Melbourne Chamber of Commerce	12·58
282	F.a.q., Victorian wheat, Melbourne Chamber of Commerce	12·69
287	North-western	12·59
288	Southern	12·79
289	Western	12·89
290	F.a.q., New South Wales, Sydney Chamber of Commerce	11·19
304	F.a.q., Victorian	13·09
305	Standard sample, South Australia	11·52
306	Wimmera wheat	12·55
307	Strathalkyn wheat, South Australia	12·19
308	Freeling wheat, South Australia	12·24
309	North-eastern wheat	12·46
310	Point Pass wheat, South Australia	12·39
311	Central wheat	12·38
	Average	12·42
	FLOUR, AND ORIGIN.	
270	Perfection	12·45
276	Maroma	12·43
280	Melbourne Chamber of Commerce	13·24
291	Darling's	12·79
292	Gillespie's City flour	12·44
293	Torquil Flour-mills, Sydney	13·11
294	Brunton's flour	12·94
296	J. Minigie and Co.	13·07
297	Tomlins and Simmons	12·35
298	Brunton's	12·24
299	L. Kickham Proprietary, Ltd.	12·46
300	City Flour-mills, South Australia	14·13
301	W. C. Thomas and Sons	12·99
302	Murray Bridge Mill, South Australia	13·78
303	Thomas and Co.'s mills, South Australia	13·35
	Average	12·91

It may be noted that the moisture is in the environs of 12 to 13 per cent. for the wheat, and practically the same for the flour, although two flours are very close to 14 per cent. The interesting feature in this table, especially when compared with Table IV, is that the Australian miller loses less during milling than does the New Zealand miller. The reason is that he is working with a fairly dry wheat, to which he can add sufficient water to more than compensate for the loss due to evaporation without having more than the legal amount of moisture in his flour. Under the Canadian system of grading the miller is safeguarded in regard to high moisture. Wheat up to and including 14 per cent. moisture is sold as straight grade. Between 14 and 17 per cent. it is called tough, and over 17 per cent. it is termed damp. Tough and damp wheats do not demand the same price as straight grades. The grading is done in accordance with tests made on a moisture-recording apparatus. Here judging of moisture is done by feeling the wheat or by biting it, an altogether unreliable method of determining the condition of wheat.

Yield of flour: It is rather difficult to draw comparisons between flour-extractions in New Zealand and in Canada. New Zealand mills follow a modified English system of gristing, whereas most Canadian mills use the American method. The former method aims at getting every possible ounce of flour from the wheat; the latter is not so particular, because the mill offals bring good returns. In Canada there are several grades of bran and pollard, varying in the amount of flour; here, of course, you have but one bran and one pollard. Thus the milling-quality of New Zealand wheat when judged from the viewpoint of yield of flour is as good or better than Canadian wheat milled under Canadian conditions. Flour-yields here run around 73 to 75 per cent., whereas on most American mills the yield is about 70 to 73 per cent. With any particular type of wheat flour-yield becomes a question of the flow-sheet of the mill, the equipment, and the efficiency of that equipment. One could not expect the average New Zealand mill to get satisfactory results on, say, an all-Canadian wheat without a great deal of modification of mill machinery and expensive rearrangement of the mill flow. It may be worth mentioning that the tendency in many countries is towards the elimination of the small miller and inclined in the direction of the large milling combinations. Many of the large mills in America own their own bakeries. For instance, the bakery business in Winnipeg, Canada, is practically owned by three large milling companies. Moreover, such companies make a specialty of animal-foods for dairy cattle, poultry, and swine. It is conceivable that these side-lines are the ones which return handsome profits. Millers in this country have not the same room for expansion along specialty lines.

Quality of New Zealand flour: There are two considerations here. First the baker's viewpoint will be discussed, and then that of the public. As far as the baker is concerned, New Zealand flour as it is to-day is not as easy to work as Australian or Canadian. The reasons are rather technical, and will not be discussed unless you so wish. However, difficulties in manufacture of a commodity, while important, do not occupy a primary place in such a discussion. Wheat in its final form of bread occupies no mean position in our diet. In the final analysis, then, the main question is one of food value. Does New Zealand wheat compare favourably with other wheats in this respect? Is the consumer getting the full value for his money? These are paramount questions, and can be answered in the affirmative because—(1) Vegetable proteins, such as that of the gluten in wheat, are not ideal nitrogenous food for man. No wheat can supply sufficient of the proper protein for human consumption. For this reason, then, we must look elsewhere for our protein requirements. Thus a high-protein wheat from the point of nutrition is not more valuable than a starchy wheat—in fact, a doctor of no small repute has told me that cereal workers should spend more time in developing a highly starchy wheat, because, after all, the ultimate good of this commodity lies in its food value. (2) Since New Zealand wheats are only medium in amount of protein, the flour during the process of dough-making absorbs less water than do foreign flours. This means that the New Zealand loaf has less water or more food per unit. (3) Most foreign mills sell several grades of flour. The best grades are much lower in ash or mineral content than the lower grades. In Canada the high grades are kept for domestic or European consumption, the medium low grades are sent to the Orient, and the very low grades are sold for various types of animal-feed mixtures. In New Zealand one grade of flour is made. It represents all the flour which can be extracted from the wheat. It is, then, considerably higher in mineral-content than the best grades of foreign flour. Since the human body requires a considerable amount of mineral matter per diem, it can be readily seen that New Zealand flour is often more beneficial than the foreign production.

What can we expect from research? In the first place, we shall obtain more uniformity. Less variation will ease the baker's problem, give him more confidence in the local commodity, and to some extent cut down upon the introduction of Canadian and Australian flour. After all, it is really a matter of relativity. I have found that many bakers imagine they are getting Canadian flour in the flour which they receive from some of the New Zealand millers, and they say their baking is the better for it, when there is really no Canadian flour in it at all. It is purely a psychological effect. However, the New Zealand flour has been made much more uniform in the last nine months. The results of past years at Lincoln College have brought forth a new type of wheat which has the good yielding-properties of Tuscan and many of the excellent baking-qualities of the Velvets. Under the more intensive breeding programme which is being pursued to-day we can expect to see great improvement in the milling and baking qualities of our wheat. The following is a record of this year's performance on a new crossbred wheat (No. 79/13), compared with our three standard varieties grown in the same

field. No. 79/13 is a cross between Hunter's and Tuscan. Wheat under selection seven years, 5 acres of it sown this year.

——	Tuscan.	Hunter's.	Velvet.	79/13.
Yield (bushels per acre)	50·0	50·6	48·4	51·0
Ease of milling	*	†	*	†
Percentage of extraction	70·8	67·4	76·7	67·4
Water-absorption	10·9	10·7	10·8	11·9
Volume of loaf	23·5	24·7	25·1	25·4
Stability	*	*	*	*
Texture	7·0	11·0	12·0	11·0
Bloom	6·0	12·0	12·0	12·0
Single-figure value for loaf	7·1	9·2	9·5	9·5

* Very easy to mill. † Very hard to mill. Experimental mill extraction is always lower than that of a commercial mill, and this is specially true of those marked †.

There is much to be learned about the type of manures to be used, the proper time for their application, their effect upon the milling and baking qualities, and the food value. Time and method of harvesting, storage, milling, ageing of flour, and manner of baking present many problems which are of vital interest to the consumer. In order to obtain the best article with the least amount of expense each step must be thoroughly analysed. We have made a start, and are optimistic enough to believe that the public is going to reap the benefits in increased palatability, digestibility, and hence food value of our staple article.

Mr. Macpherson.] Your statement has been very interesting indeed. There is no doubt that you are able to show the farmer, the miller, and the consumer that we are working along the right lines. The one very important fact that stands out from your statement is that, above the question of economics, we are getting the best value and the most suitable food of any part of the world so far as the human being is concerned. That is very gratifying to all of us. Are there any other crosses besides the crosses between Hunter's and Tuscan that you mention ?—Yes, there are several other crosses, but this is the most promising.

Has it the disease-resisting qualities of the Tuscan ?—It has the wind-resisting qualities of the Tuscan. I do not think they have paid so much attention to the matter of disease-resistance. Of course, they would have to select for resistance to the various kinds of rust. If they found one very susceptible to rust, naturally they would have to delete it, as they would not get such a high yield.

So far as disease-resistance is concerned, would that depend to a great extent on the state of the ground upon which the wheat is grown ?—Yes ; you would have to grow it under suitable conditions to resist disease.

The Acting-Chairman.] Have you held any tests with regard to fertilizers and other manures ?—Yes. I could have brought those results. This year we had 255 samples in manure trials, and I have run out the protein-content of them. But the chemical nature of the soil plays a very small part. It worked out that there was only one fertilizer used that had a marked effect on the protein, and that was the Nauru, and then Ephos was very close to it. Nitrate, of course, had a tendency to give a higher protein-content than the phosphate. You would expect that, but the tendency was not significant. But the variation due to the different types of fertilizer used was about 2 per cent., while the variation due to the locality was over 12 per cent.—that is, six times as great. The locality played an all-important part in the thing.

Mr. Macpherson.] Do the millers put out a flour that has a uniform content of moisture, or do they make variations—for instance, could the miller put out a flour that has an extra content of moisture ?—Yes, he could put out a flour with an extra content of moisture by giving his wheat a definite extra content prior to milling. There is a standard set of 14 per cent. of moisture. On the other hand, I do not think it is a fair thing to ask the miller to put out flour containing less moisture than the moisture in the wheat that he bought.

I quite agree with that ; but it can be done ?—Oh, yes, quite easily. Prior to milling he could either add or take out water.

I understand that certain bakers prefer to use a proportion of high-class Australian flour for the purpose of regularity in regard to the moisture-content ?—Yes, that is true.

Would the number of loaves from the batch depend on the moisture-content ?—Yes. I think the whole thing could be summed up in two phases—the number of loaves and the stability of the dough.

The Acting-Chairman.] Certain manures will enable the plant to get the nitrogen out of the land ?—Yes, there is no doubt about that. The total amount of nitrogen in the crop is increased by nitrogenous manures, but the percentage remains about the same. The total amount comes out in an increased yield, but the ratio between the protein remains practically the same.

Mr. Macpherson.] The climatic conditions in the different countries, such as Canada and Australia, affect the wheat in regard to its moisture-content ?—Yes. Take the Yeoman Two, for instance : that has proved itself to be particularly suitable for British conditions, and it is not as strong as Canadian, but it is considerably stronger than the average British wheat. There must be a certain set of factors that we can combine together to give us the wheat which is particularly suitable for this country. You cannot bring a wheat from another country and grow it here and expect to get what they do. It is a question of crossing the desirable types and eliminating the undesirable ones.

You are satisfied, from your experiments, that it is entirely a question of the development of the wheat in New Zealand to suit New Zealand conditions ?—Yes.

Entirely so ?—Yes.

The Acting-Chairman.] We have had a miller here telling us that by heating some of the wheat up to a certain temperature he could produce good results ?—Yes; that is the "K. J." process.

Mr. Macpherson.] That is why I asked you those questions ?—I see what you mean now. This "K. J." method does not dry out everything. It is done in a moisture-tight container. It is a pure heat that is used, and the higher the moisture the lower the temperature at which you must heat.

The Acting-Chairman.] Does it affect the protein-content ?—Coagulation in the protein takes place.

As in the case of the white of an egg ?—Yes, to a slight extent. It is turned from moisture into coagulation.

In connection with wheat-stability in the stack, does anything happen to the grain if there is a change in regard to moisture ?—Well, of course, the wheat-berry is alive, but it is in a dormant condition. Respiration is normally taking place and carbon dioxide is being given off, and, of course, by those processes heat is being developed. The higher the moisture-content the greater the respiration and the greater the amount of heat given off. That is why we like to see wheat with under 15 per cent. of moisture, because we have found that in wheat with over 15 per cent. of moisture the respiration, or the amount of heat, goes up in an ascending curve. If it is over 15 per cent. it goes up very quickly, and if that takes place it is likely to cause what we call "bin burning" and "heating," and might develop various defects in the flour.

Does ageing take place while it is in the wheat-berry ?—Yes, ageing takes place while it is in the berry, but at a much lower rate. Ageing apparently is an oxidative sort of process: it gets oxygen from the air. It goes on at a much more rapid rate when the wheat has been milled.

How long should wheat be held ?—I would say a month.

With regard to this special wheat—this cross between Hunter's and Tuscan—you have enough to plant 5 acres ?—Yes; that has been sown this year.

You will have about fifty times that next year, and so on ?—Yes.

How long would it take to get enough for the whole of New Zealand ?—You might figure it out on paper, but whether you would get it is another thing.

It is difficult milling ?—Well, you see, that is dependent upon the moisture-content, upon the plumpness of the berry, and the efficiency of the miller.

Mr. Macpherson.] Have you given any consideration to the question of the farmers' work generally, as to the time of cutting—the right period for cutting ?—Yes, we have done some work on that point, and those figures are out. They agree almost exactly with figures which I had obtained from Canada, and figures which, of course, have been obtained from other countries; they are just a few days out.

That is a very important matter, if you have found out something of general value to the farmers—as to the right period of cutting, and the time that it is necessary for the crop to mature in the stook under average weather conditions, and the difference between stook-threshed wheat and stack-threshed wheat: you know the effect of this upon the ultimate milling of the wheat ?—Yes, we have those results.

You are studying this phase ?—Yes, we have done that this year.

And you think that your results will be of considerable value to the farmer ?—They would be, to some farmers.

Yes, I know that some farmers would take the trouble to profit by your advice, while others might not ?—Yes, there are some farmers who would laugh at you if you told them that stack-threshing was a waste of time.

Climatic conditions play an important part ?—Yes. If your crop is right and you have the machines ready to go into it, why stack ? But if you have not the machines, and it is liable to rain, much more damage will occur to your crop if it is not properly stacked.

At a place like Hakataramea, in the Oamaru district, where they grow the finest wheat in New Zealand, stacking would be a pure waste of time. There are no dews at nights there, and they have perfectly dry and ideal conditions, and there nothing that could be done by the farmer would put the wheat into a better condition. But there are other districts where they get very different conditions —very humid atmosphere and very heavy dews at night, and where the moisture-content of the wheat is like a thermometer, in that it goes up and down ?—Yes, that is especially so in the case of dew, which is worse than rain.

Mr. EDWIN DUDLEY GOOD, Investigating and Advisory Officer, Customs Department, re-examined. (No. 70.)

The Acting-Chairman.] You are an officer of the Customs Department ?—Yes.

You have a statement which you wish to place before us, I understand ?—Yes; this is a statement as to the landed Wellington value of Canadian flour for October, November, and December of this year: The f.o.b. value will be £17 1s. per ton; freight (at 11 dollars a ton), £2 5s. 3d.; wharfage, 4s.; harbour-improvement rate, 1s.; cartage, 3s. 6d.; insurance (at 9s. 9d. per cent.), 2s.; interest and exchange (1¾ per cent.), 6s. 9d.; duty, nil; primage (2 per cent.), 8s.: total, £20 11s. 6d. Of course, those figures would be altered if the freight altered, but that is the present ruling rate of freight. That is the value landed at Wellington, and not in Auckland, where there is no harbour-improvement rate. There may be slight differences in wharfage and cartage. Those figures are for shipments to arrive in October, November, and December of this year.

Mr. DUNCAN COLQUHOUN re-examined. (No. 71.)

The Acting-Chairman.] You are an officer of the Department of Industries and Commerce ?—Yes.

At the request of the Acting-Chairman Mr. Colquhoun submitted his statement regarding subsidies.

Witness: In regard to the question raised in connection with the matter of subsidies, I have gone into the question as to what it would cost if a subsidy were paid. It is worked out in this way: 645 4 lb. loaves per ton of flour = 1,290 2 lb. loaves per ton of flour; at ½d. per 2 lb. loaf = £2 13s. 9d. per ton proposed subsidy = £376,250 per year. North Island prices for bread are usually ½d. per 2 lb. loaf higher than prices ruling in the South Island. To reduce bread-prices uniformly throughout main towns in New Zealand an additional subsidy of £2 13s. 9d. per ton of flour would require to be paid on flour sold in the North Island. The quantity of flour sold in the North Island per year is 86,800 tons, which at £2 13s. 9d. per ton = £233,275. The total amount required per annum for the Dominion would be £609,525.

Mr. Macpherson.] What are we paying under the sliding scale ?—Well, this is just what the Chairman asked me to get out—what it would cost to pay the subsidy.

The Acting-Chairman.] What are we paying on flour coming in now ?—I think it is £2 19s. 7d. per ton.

Mr. Macpherson.] What we are paying now by way of duty, seeing that the prices of wheat and flour have gone up: the figure given to us shows that the prices are down to the lowest point ?—Well, I have a rather different view from that which has been put. I put it this way: What are you paying ? You have got to take the price for all practical purposes just now. Say the export price of flour in Australia is £12 per ton. Now, to land it in New Zealand the duty is £2—that is, £14 per ton. In the South Island flour is costing £15 16s. 10½d. net at the main ports, so that therefore there is the difference between £14 and £15 16s. 10½d., and that is what you are paying for protecting the industry in the South Island.

That is practically a dumping quotation ?—It is being sold in Auckland at £17 11s. net and it costs £14, so that in Auckland it is costing £3 11s. to protect the industry.

But wheat cannot be imported just now for the same price at which we can get our own wheat ?—No, because wheat in Australia is much above the world's parity.

But flour is not the same ?—No. If we did not have the local competition we would probably have to pay more, because it must be understood that the selling of flour in Australia for export has to be done by negotiation. The buyers take into consideration the local competition. If we were dependent upon Australia and they knew we did not have supplies here we would have to pay a higher price. I may as well give you an illustration of that. Let us take the rennet for cheese-factories in New Zealand. We have a local factory at Eltham. When that factory started it was during the war-time, when outside combinations were asking £40 per 100 lb. cask. That was during the war-time; but the proposition in 1925 was this: Hanson's price in New South Wales was £6 10s. per keg of 100 lb. In Victoria, where there was no local competition, their price was £8 10s. In New Zealand, where we had an efficient factory, the price was £4 8s. That shows the difference in the price when there is local competition. During 1925 Jensens wrote to New Zealand manufacturers and asked them to come to an arrangement. The position to-day is that in 1929 Hanson's price is £6 7s. in New South Wales, while in New Zealand their price is £3 18s. 6d., because they have to meet the local competition here. That shows you the value of local competition. I look at it in this way: I am neither a Free-trader nor Protectionist. I maintain that every industry must be considered on its merits, because with the development of trusts and combines, with their world-wide ramifications, although they have mass production and can produce cheaper, it is not the cost of manufacture that solely determines their selling-price, it is the amount of local competition in the country to which they are sending it. If we did not have this local competition we would have to pay a higher price.

That is your assumption: taking Canadian wheat at £20 and having no wheat here, it is quite reasonable to expect that Australia would undersell Canada on this market by £1 a ton—they would let us have it at £19 ?—Yes, it would be at a higher price than they are selling to us at now. That applies to quite a number of things. You have to consider every industry on its merits; you cannot lay down a hard-and-fast rule. I may say that I have prepared some suggestions and given them to the Minister, and he will probably discuss the matter with you. One suggestion is this: that instead of paying a subsidy to reduce the price of flour so that bread can be reduced in price there should be an equalization scheme whereby flour will be sold at the same price in the main towns throughout New Zealand, basing the price on the present price of flour at Christchurch, Timaru, and Oamaru, and paying a subsidy equal to the cost of transporting the flour from those main South Island ports to the other ports of New Zealand. I have prepared the following statement on the subject. If it is decided to protect the wheat-growing industry in New Zealand, then the present sliding scale of duties on imported flour should be maintained. The higher cost of bread and flour in the North Island has caused considerable discussion, and the following suggestions regarding an equalization scheme are submitted for consideration:—

(*a*) That the following towns be termed "distributing-centres" for New-Zealand-made flour: North Island—Auckland, New Plymouth, Wanganui, Wellington, Napier, Gisborne; South Island—Christchurch (Lyttelton), Timaru, Oamaru, Dunedin, Invercargill, Nelson, Blenheim, Greymouth, Westport.

(*b*) That the ruling price of flour f.o.b. Lyttelton, Timaru, and Oamaru be the ruling price at all the distributing-centres stated in (*a*). The present price of flour at Christchurch (Lyttelton), Timaru, and Oamaru is £16 5s. per ton, less cash discount of 2½ per cent. The adoption of this uniform price would place the bakers in all the distributing-centres on an equal footing as far as cost of flour is concerned.

(*c*) The cost of transporting flour f.o.b. Lyttelton into store, Auckland, is £1 6s. 11d. per ton; Lyttelton to Wellington (into store), £1 7s.; Lyttelton to Wanganui (into store), £1 6s. 8d.

(*d*) To enable the millers to sell flour at a uniform price as suggested in the foregoing it would be necessary to pay a subsidy on all flour sold through the distributing-centres other than Christchurch (Lyttelton), Timaru, and Oamaru.

(*e*) 62 per cent. of the flour consumed in the Dominion is sold in the North Island, the remaining 38 per cent. being consumed in the South Island. The output of New Zealand flour-mills for the year ended 31st March, 1928, was 134,976 tons, and for the year ended 31st March, 1929, 135,751 tons. Assuming that the output is 140,000 tons per year, the quantity sold to the North Island would be 86,800 tons, the quantity sold to the South Island would be 53,200 tons. The greater quantity in the South Island would be sold in the more populous province of Canterbury and in the North Otago district, equal to 45 per cent. of the total requirements of the South Island. The quantity of flour sold for the South Island on which subsidy would require to be paid would be 29,260 tons, making a total for the Dominion of 116,060 tons.

(*f*) The cost per year would be—North Island, 86,800 tons, say £1 10s. per ton, £130,200; South Island, 29,260 tons, say 15s. per ton, £21,945: total, £152,145. Average per ton, £1 6s. 3d. Average per ton of total sales of New Zealand flour, £1 1s.

(*g*) The following suggested methods of providing the money for payment of the proposed subsidy: (1) Government to provide money from Consolidated Fund; (2) the industry to bear the cost (*i.e.*, the flour-miller would pay a levy on all flour sold for the purpose of administering an equalization fund); (3) the industry to provide so-much per ton on all sales of flour for an "on equalization fund" controlled by the Government. The Government to bear half the cost of subsidy. If (2) were adopted the uniform price would require to be raised above the present ruling prices at Christchurch, Timaru, and Oamaru. No. (3) commends itself because the industry could stand half the cost of the proposed subsidy without raising the proposed uniform price. The position would be—Estimated cost of subsidy, £152,145. Flour-millers levy of 11s. per ton on all sales of flour (140,000 tons), £79,000; Consolidated Fund (balance), say, 11s. per ton, £79,000: total, £158,000. Probably 10s. per ton levy would be sufficient. If the foregoing proposals were adopted the Department of Industries and Commerce could administer the scheme with very little cost to the State, on account of the previous experience with wheat-control and subsidies.

The Acting-Chairman.] Have you discussed that matter with any of the millers?—I have discussed the idea of an equalization scheme with them, and I know that they would favour it, but I have not discussed this particular proposal with them.

Of course, that would give them added protection in Auckland?—Yes.

Mr. Macpherson.] What would be the additional cost to the State, or would there be any?—It would be just that which is stated here in my statement. On the other hand, the State is collecting a certain amount of duty on flour which is coming in, and this proposal may have a tendency to reduce the revenue in that way.

And it would increase the expense?—Yes.

I think it is an important proposal, and that it deserves investigation?—I have been so closely associated with the milling industry that I have been able to give you these ideas.

That would relieve the tension between Distributors Ltd. and the Auckland millers very much?—It would not affect the competition between the two of them; it would not alter the question of competition between them. Personally, I think the duty on wheat can be reduced without injuring the flour-milling industry.

Mr. Jenkins.] Dr. Marsden and the Department of Scientific and Industrial Research have been going into the question of an increase in the yield?—I think that the yield would be increased.

The Acting-Chairman.] What reduction in the duty on wheat do you propose?—I propose that it should be reduced from 1s. 3d. to 9d. per bushel, and I think that the grower will still be well safeguarded.

That is 6d.: it would give the miller an advantage of £1 4s., and you ask him to find 11s. out of it?—I do not think it would make any difference to the miller; it is not the cost of landing Australian wheat that is the determining factor, but it is the cost of landing Australian flour that is the determining factor. The question of reducing the duty on wheat is not the real issue—imported flour is the bugbear.

Mr. Jenkins.] A reduction in the duty would help the poultry people?—Reducing it from 1s. 3d. to 9d. would not help them at all. At the present moment if you went on to the Australian market you would find that it is up 1s. above the world's parity. It is selling as high as 6s.; but even if you got it at 5s. 9d. and then paid duty, by the time you landed it the extra cost would be 1s. 2d., and that would make it 6s. 11d.

The Acting-Chairman.] Do you know whether the millers would favour this proposal?—The millers' representative in Wellington, Mr. Donald, could tell you.

Do you know whether he would favour a scheme like this?—I do not know. I have not discussed this actual scheme with any of them, but I know that they favour an equalization scheme.

Mr. Macpherson.] Have they indicated to you the nature of an equalization scheme which might be adopted?—No.

Statement by Mr. MALCOLM FRASER, Government Statistician. (No. 72.)

In accordance with the request of the Committee I have prepared certain tables of statistics for the past ten years relating to the grain-mills in New Zealand (see Appendix VI). The tables have been compiled from the returns of factory production collected under the Census and Statistics Act. The mills classified under the heading of "Grain-mills" for statistical purposes include mills engaged in the production of flour, wheatmeal and other wheaten products, and oatmeal and other oaten products. Statistics given show separately for each of the years covered data for those mills engaged in the production of flour, bran, and pollard only. As an indication of the extent to which the mills producing

flour, bran, and pollard only enter into the total production of flour for all mills, it may be stated that for the year ended 31st March, 1928, the mills engaged solely in the production of flour, bran, and pollard used 4,083,769 bushels, or 64·22 per cent., of the total of 6,358,865 bushels of wheat reported for all mills, and produced 86,232 tons, or 63·89 per cent., of the total 134,976 tons of flour produced. The statistics cover the operations at the mill only; trading operations (*e.g.*, buying and selling grain or flour) are not included. The question was asked as to imported flour used for mixing. An examination of the returns show that no flour is included in the materials used, and the ratio of wheat used to the quantity of flour produced makes it clear that imported flour has not been included there.

These statistics are not identical with a revenue account. To instance one particular, it may be noted that the opening and closing stocks are treated differently. For the statistical returns any stocks of materials on hand at the beginning of the year would be included in the return under "Materials used" during the year (assuming, of course, they have been so used), while any stocks of untreated materials at end of year are not to be taken into account, but stocks of commodities produced during the year and remaining unsold at end of year are to be included in the product at the estimated selling-price. In a revenue account, on the other hand, the stocks on hand of materials and products would be taken into account at cost both at beginning and end of year.

The comparison of later with earlier years in the tables may be affected, because in the earlier years all the items of expenses may not have been covered. It is clear from the tables that the instruction regarding "Other expenses" adopted in 1924–25 and printed on the form of return since then has resulted in the increased "Other expenses" from 1925–26 onwards.

The following notes interpret what is to be included in the form under headings used in the tables:—

A. Salaries and wages: This is to include ordinary salaries and wages (including amounts drawn by working proprietors in lieu of salaries and wages), and amounts paid to employees engaged by contract, as well as overtime and bonuses, if paid.

B. Materials used: These figures are to represent the cost of wheat, oats, bags, &c., at the mill, and should therefore include transport charges to the mill.

C. Other expenses of operation: This is asked for separately under (*a*) cost of coal; (*b*) cost of other fuel and power; (*c*) insurance of factory, buildings, and plant; and (*d*) depreciation of factory, buildings, and plant. In addition, all other expenses of operation not elsewhere enumerated on the forms are to be given. Since 1925-26 the following direction has appeared on the form of return: "This heading should cover interest, and bank charges, rent, taxes, management and office expenses, and all other expenses not elsewhere enumerated incurred during the year. Income-tax should not be included."

D. Value of flour and other products: The value shown is to be based on the selling-price at the mill. Flour or other products produced during the year but remaining unsold in stock at the end of the year are to be included on the basis of estimated selling-price.

The tables prepared and attached give the following particulars:—

A. Financial statistics: *Table I.*—This table shows, in respect of mills engaged in the production of flour and its by-products only, the expenses of operation, classified under the following headings: (*a*) Salaries and wages; (*b*) cost of wheat, bags, and sundry materials; and (*c*) other expenses, the total value of flour, bran, and pollard, and the balance or difference between the total expenses of operation and the total value of products. The percentage ratios that each group of expenses, as well as the balance, bear to the total value of products are given in the lower section of this table.

Table II.—This table shows the same particulars as Table I, but refers to mills which were not engaged solely in the production of flour and its by-products. These mills were engaged in the production of oatmeal and other oaten products, as well as wheaten products other than flour (*e.g.*, wheatmeal, &c.), in addition to the production of flour and its by-products. In a few cases flour and its by-products were not produced. The cost of materials in this instance covers wheat, oats, other grains, bags, and sundries.

Table III.—This table sets out the same particulars as Tables I and II in respect of all mills covered in both these tables.

B. Quantitative and Financial Statistics: *Table IV.*—This table shows in respect of the mills making solely flour and its by-products: (*a*) The salaries and wages; (*b*) the cost of wheat, sundry materials, and bags; (*c*) the other expenses of operation; (*d*) the balance (representing the difference between the total expenses of operation and the total value of products); and (*e*) the total value of products, expressed per ton of flour, together with the added value (difference between cost of wheat, bags, and sundry materials and value of products) per ton of flour, and the quantity of wheat (in bushels) per ton of flour.

Table V.—This table shows in respect of the mills making solely flour and its by-products the salaries and wages and other expenses per ton of flour in mills classified according to the output of flour during each year covered by the statistics.

Table VI.—The information given in this table shows the quantities of flour and wheat reported for (*a*) mills engaged in making solely flour and its by-products, (*b*) other mills, and (*c*) all mills.

C. Wheat-harvest and prices: *Table VII.*—This table shows the quantities of wheat harvested, together with the average prices of wheat (Tuscan, Christchurch prices, f.o.b. nearest port or delivered, sacks extra), flour (average four centres, f.o.b. nearest port or delivered, sacks in), and bread (2 lb. loaf, average four centres, retail cash over counter) from 1916 to 1928. Relative numbers equating the figures for each year to the first year given in the table (= 1000) are given in the second half of the table.

D. Graph: A graph showing curves plotted from the relative numbers relating to (1) wheat harvest; (2) average price of (*a*) wheat, (*b*) flour, and (*c*) bread, which are given in the lower section of Table VII, is also attached.

APPENDIX.

APPENDIX I.—WHEAT AND FLOUR, BRAN AND POLLARD: IMPORTS, EXPORTS, AND PRODUCTION.

(Put in by Dr. G. Craig.)

WHEAT AND FLOUR.

TOTAL IMPORTS AND TOTAL EXPORTS OF WHEAT AND FLOUR, AND PRODUCTION OF WHEAT, IN NEW ZEALAND DURING THE YEARS 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, and SIX MONTHS OF 1929.

—	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	6 Months, 1929.
	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
Total wheat imported ..	306,181	5,080	290	3,548,340	2,253,740	1,697,384	737,081	761,055	110,335
Less re-exports of imported wheat	13	13	23	35	115	52	27	5	..
Net imports of wheat ..	306,168	5,067	267	3,548,305	2,253,625	1,697,332	737,054	761,050	110,335
Total flour imported expressed in terms of equivalent wheat*	5,664	24	79	62	393,888	1,290,768	687,552	456,000	234,288
Less re-exports of imported flour expressed in terms of equivalent wheat*	122	..	..	..	1,812	6,713	2,993	5,798	4,582
Net imports of flour ..	5,542	24	79	62	392,076	1,284,055	684,559	450,202	229,706
Total net imports of wheat and equivalent flour	311,710	5,091	346	3,548,367	2,645,701	2,981,387	1,421,613	1,211,252	340,041
Total yield in New Zealand	6,872,262	10,565,275	8,395,023	4,174,537	5,447,758	4,617,041	7,952,442	9,541,444	8,818,756
Less New Zealand wheat and equivalent flour of New Zealand produce exported	6,432	1,214,013	4,023	1,635	1,247	1,982	885	1,474	2,054
Net New Zealand wheat available for consumption	6,865,830	9,351,262	8,391,000	4,172,902	5,446,511	4,615,059	7,951,557	9,539,970	8,816,702
Net imported wheat (including equivalent flour)	311,710	5,091	346	3,548,367	2,645,701	2,981,387	1,421,613	1,211,252	340,041
Grand total wheat and equivalent flour	7,177,540	9,356,353	8,391,346	7,721,269	8,092,212	7,596,446	9,373,170	10,751,222	9,156,743

* Flour converted to wheat on the basis of 1 ton flour equals 48 bushels of wheat.

TOTAL QUANTITY OF WHEAT AND FLOUR IMPORTED INTO NEW ZEALAND FROM EACH COUNTRY OF ORIGIN, THE RATE OF DUTY AND THE TOTAL DUTY PAID THEREON, DURING THE CALENDAR YEARS 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, AND THE SIX MONTHS ENDED 30TH JUNE, 1929.

Country of Origin.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	6 Months, 1929.
Wheat.									
	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
Australia	306,153	5,043	250	3,548,340	2,241,700	1,588,397	729,838	746,596	60,985
Canada	..	..	..	..	11,900	74,606	7,230	14,450	49,350
United Kingdom	28	34	40	..	12	8	3	9	..
United States of America ..	..	3	..	..	128	34,373	10	..	..
Total imports ..	306,181	5,080	290	3,548,340	2,253,740	1,697,384	737,081	761,055	110,335
Rate of duty payable ..	9d. or 2s. per cental	2s. per cental (14s. 4d. per bushel)	2s. per cental (14s. 4d. per bushel)	2s. per cental or free	2s. per cental or free	2s. per cental or free	2s. per cental or free, or sliding scale	1s. 3d. per bushel*	1s. 5¾d. per bushel*
Total duty paid	£2,682	£305	£17	Nil	£3,732	£35,613	£33,416	£47,703	£8,197
Flour.									
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Australia	118	..	..	..	8,087	26,537	12,157	3,546	1,865
Canada	..	..	..	..	117	302	2,153	5,731	2,954
United Kingdom	..	..	2	1	..	2	1	2	..
United States of America ..	..	..	..	..	1	50	13	221	62
Total imports ..	118	..	2	1	8,205	26,891	14,324	9,500	4,881
Rate of duty payable ..	£1, £2 10s. per ton	£2 10s. per ton	£2 10s. per ton	£2 10s. per ton	£3 per ton	£3 per ton	£3 per ton, or sliding scale	£2 10s. 7d. per ton	£2 19s. 7d. per ton
Total duty paid ..	£116	..	£3	£3	£24,522	£80,001	£43,960	£24,041	£14,537

* Average rate under the present sliding scale of duties.

BRAN AND POLLARD.

TOTAL QUANTITY OF BRAN AND POLLARD IMPORTED INTO NEW ZEALAND FROM EACH COUNTRY OF ORIGIN DURING THE CALENDAR YEARS 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, AND THE SIX MONTHS ENDED 30TH JUNE, 1929.

Country of Origin.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	6 Months, 1929.
Bran.									
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Australia	..	..	887	4,096	2,124	1,829	27	62	..
Canada	..	..	..	..	..	11	..	..	..
Totals	..	..	887	4,096	2,124	1,840	27	62	..
Rate of duty payable ..	£1 or £2 10s. per ton	£2 10s. per ton	£2 10s. per ton, or free	Free	£2 10s. or £1 per ton	£1 per ton	£1 per ton	£1 per ton	£1 per ton
Total duty paid	..	..	..	..	£2,155	£1,840	£27	£62	..
Pollard.									
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Australia	70	..	399	3,522	2,779	2,969	2,819	1,668	2,518
Canada	..	..	..	..	..	761	38	..	..
Totals	70	..	399	3,522	2,779	3,730	2,857	1,668	2,518
Rate of duty payable ..	£1 or £2 10s. per ton	£2 10s. per ton	£2 10s. per ton, or free	Free	£2 10s. or £1 per ton	£1 per ton	£1 per ton	£1 per ton	£1 per ton
Total duty paid	£70	..	..	..	£2,892	£3,730	£2,857	£1,668	£2,518
Totals.									
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Bran	..	..	887	4,096	2,124	1,840	27	62	..
Pollard	70	..	399	3,522	2,779	3,730	2,857	1,668	2,518
Grand total ..	70	..	1,286	7,618	4,903	5,570	2,884	1,730	2,518

WHEAT.

TOTAL QUANTITY OF WHEAT IMPORTED INTO NEW ZEALAND WHICH PAID DUTY UNDER THE PRESENT SLIDING SCALE OF DUTY, AND THE AMOUNT OF DUTY PAID, DURING THE PERIOD 1ST NOVEMBER, 1927, TO 30TH JUNE, 1929.

Rate of Duty: Pence per Bushel.	Australian Wheat.		Canadian Wheat.		Total Wheat.	
	Imports.	Duty paid.	Imports.	Duty paid.	Imports.	Duty paid.
	Bushels.	£	Bushels.	£	Bushels.	£
Under 3d.	27	..	13,200	22	13,227	22
3d. to 5½d.	3,341	55	..	..	3,341	55
6d. to 8d.	29,072	963	30,600	913	59,672	1,876
9d. to 11½d.	115,998	4,762	3,333	139	119,331	4,901
12d. to 14½d.	181,034	9,469	..	..	181,034	9,469
15d. to 17½d.	351,442	22,629	16,667	1,174	368,109	23,803
18d. to 20½d.	45,875	3,635	..	..	45,875	3,635
21d. to 23½d.	68,041	6,227	..	..	68,041	6,227
24d. to 26½d.	79,195	8,312	..	..	79,195	8,312
Totals	874,025	56,052	63,800	2,248	937,825	58,300
Average duty per bushel ..	..	15·4d.	..	8·45d.*	..	15d.
Total duty which would have been paid at previous fixed rate (2s. per cental)	..	£52,442	..	£3,828	..	£56,270

* Subject to review.

FLOUR.

TOTAL QUANTITY OF FLOUR IMPORTED INTO NEW ZEALAND WHICH PAID DUTY UNDER THE PRESENT SLIDING SCALE OF DUTY, AND THE AMOUNT OF DUTY PAID DURING THE PERIOD 1ST NOVEMBER, 1927, TO 30TH JUNE, 1929.

Rate of Duty paid: Shillings per Ton.	Australian Flour.		Canadian Flour.		United States Flour.		Total Flour.	
	Imports.	Duty paid.	Imports.	Duty paid.	Imports.	Duty paid.	Imports.	Duty paid.
	Tons.	£	Tons.	£	Tons.	£	Tons.	£
0 to 9	..	..	1,174	119	87	13	1,268	132
10 to 19	..	..	1,134	802	61	49	1,195	851
20 to 29	..	..	1,691	2,018	35	44	1,726	2,062
30 to 39	..	..	2,544	4,425	6	9	2,550	4,434
40 to 49	79	172	672	1,536	4	8	755	1,716
50 to 59	51	145	602	1,613	25	69	678	1,827
60 to 69	553	1,811	469	1,488	49	154	1,071	3,453
70 to 79	942	3,526	254	946	25	94	1,221	4,566
80 to 89	1,115	4,725	411	1,765	..	..	1,526	6,490
90 to 99	1,094	5,136	64	301	..	..	1,158	5,437
100 to 109	303	1,550	33	168	..	..	336	1,718
110 to 119	941	5,357	..	..	..	..	941	5,357
120 to 129	701	4,294	..	..	..	..	701	4,294
130 to 139	68	439	..	..	..	..	68	439
Totals	5,854	27,155	9,048	15,181	292	440	15,194	42,776
Average duty per ton	..	£4 12s. 9d.	..	£1 13s. 7d.	..	£1 10s. 2d.	..	£2 16s. 4d.
Total duty which would have been paid at previous fixed rate (£3 per ton)	..	£17,562	..	£27,144	..	£876	..	£45,582

CUSTOMS DUTY.

RATES OF CUSTOMS DUTY PAYABLE ON WHEAT, WHEATEN FLOUR, BRAN, AND POLLARD SINCE 1879.

Date.	Wheat.	Flour.	Bran and Pollard.
	Per Cental.	Per Cental.	Per Cental.
1879 to 1908	9d.	1s.	1s.
1908 to 3rd November, 1921*	9d.	British, 1s. Foreign, 1s. 2⅝d.	British, 1s. Foreign, 1s. 2⅝d.
4th November, 1921	2s.	2s. 6d.	2s. 6d.
26th July, 1923	2s.	2s. 6d.	Free
November, 1923	2s.	2s. 6d.	2s. 6d.
24th March, 1924	2s.	2s. 6d.	Free
1st December, 1924	Free	2s. 6d.	Free
1st March, 1925	2s.	3s.	2s. 6d.
31st April, 1925	2s.	3s.	1s.
1st November, 1925	Free†	3s.	1s.
1st March, 1927	2s.	3s.	1s.
14th September, 1927	Sliding scale of duties	..	1s.

* From 21st October, 1914, to 31st December, 1915, the duty on wheat and flour was remitted by means of an item on the Appropriations for the Customs Department. From 8th December, 1916, to 7th February, 1917, the duty on flour was similarly remitted.
† Under permit issued by Minister of Industries and Commerce.

NOTE.—In addition to the above duties (if any), primage duty of 1 per cent. *ad valorem* has been charged since 29th September, 1915. (Increased to 2 per cent. by resolution of 1st August, 1929.)

AUSTRALIAN FLOUR.

QUANTITY OF AUSTRALIAN FLOUR IMPORTED AND ENTERED FOR HOME CONSUMPTION AT THE FOUR MAIN PORTS OF NEW ZEALAND DURING THE YEAR ENDED 31ST MARCH, 1929.

	Total Imports.	From Sydney.		From Melbourne.	
		C.d. Value Basis.	F.o.b. Basis.	C.d. Value Basis.	F.o.b. Basis.
Tons		844	188	917	390
C.d. value	£ 10,358	£ 2,371	£ 11,072	£ 4,849
F.o.b. value	9,758	2,085	10,449	4,168
Total duty	4,005	890	4,497	1,984
Charges and primage	1,519	340	1,639	703
Total landed value	15,282	3,315	16,585	6,855
Average per ton—				
C.d. value	£ s. d. 12 5 5	£ s. d. 12 11 3	£ s. d. 12 1 6	£ s. d. 12 8 5
F.o.b. value	11 11 2	11 0 10	11 7 11	10 13 8
Total duty	4 14 11	4 14 3	4 18 1	5 1 9
Charges and primage	1 16 0	1 16 0	1 15 9	1 16 0
Total landed value	18 2 1	17 11 2	18 1 9	17 11 6
Average difference between c.d. value and f.o.b. value		17s. 2d.		19s. 11d.

CANADIAN FLOUR.

(NOTE.—Representative shipments only during the year ended 31st March, 1929.)

	C.d.v. Basis.	F.o.b. Basis.
Average per ton—		
C.d. value	£ s. d. 15 16 5	£ s. d. 16 13 1
F.o.b. value	14 19 9	14 4 0
Total duty	1 3 6	1 11 5
Total flour analysed as above	1,009 tons	2,914 tons.

SECTION 114 OF THE CUSTOMS AMENDMENT ACT, 1913, AS AMENDED BY THE CUSTOMS AMENDMENT ACTS, 1921 AND 1927.

(1) When any duty is imposed on goods according to the value thereof, or where for any other reason the value of any goods is to be determined for the purposes of the tariff, such value shall be taken to be the fair market value of such goods when sold for cash in the ordinary course of business for home consumption in the principal markets of the country from which the goods are exported at the time when they were so exported, with ten per centum added to such fair market value. Such fair market value is hereinafter in this Act referred to as the current domestic value: Provided that, where so indicated in the tariff, the current domestic value of any goods shall be ascertained by reference to their value at the port of export to New Zealand in lieu of their value in the principal markets of the country of export, but otherwise in accordance with the provisions of this section.

(2) No deduction of any kind shall be allowed from the current domestic value of such goods because of any special or sample discount, or because of any special arrangement concerning the export of the goods, or the exclusive right to the sale thereof within certain territorial limits, or because of any royalty payable upon patent rights but not payable when goods are so exported, or on account of any other consideration by which a special reduction in price has been, or might be, obtained.

(3) If it is proved to the satisfaction of the Collector that any drawback of import duty or excise duty has been paid or allowed upon any parts, materials, or ingredients used in making any goods, or that any import duty or excise duty has been actually paid upon the goods in the country from which they were exported, or would have been payable upon the goods in that country if they had been there entered for home consumption instead of being exported therefrom, the amount of that duty or drawback shall be deducted from the current domestic value of the goods as determined in accordance with the foregoing provisions.

(4) When the current domestic value of any goods when sold for cash for home consumption as aforesaid depends in the ordinary course of business upon the quantity sold, such value shall be determined by reference to the quantity actually imported at one and the same time by the same importer from the same seller or supplier, save and except that if the goods are imported under a *bond fide* contract of purchase made in the ordinary course of business and including a greater quantity of such goods than that which is actually imported at one and the same time, the current domestic value of such goods shall be estimated by reference to the aggregate quantity so included in that contract and imported or to be imported in pursuance thereof within a period not exceeding twelve months.

(5) The determination of the Collector, or, in the case of an appeal under the provisions hereinafter contained, the determination of the Minister, as to the existence and terms of any such contract as is referred to in the last preceding subsection, and as to the quantity by reference to which the current domestic value of any goods is to be estimated in accordance with that subsection, shall be final and conclusive.

APPENDIX II.—WHEAT-GROWING INDUSTRY IN NEW ZEALAND.

STATEMENT SUBMITTED FOR THE INFORMATION OF MEMBERS OF THE PARLIAMENTARY COMMITTEE DEALING WITH THE WHEAT AND ALLIED INDUSTRIES.

(Put in by Mr. J. W. Collins.)

1. THE INDUSTRY PRIOR TO THE GREAT WAR.

THE history of the wheat-growing industry in New Zealand is synchronous with the history of the Province of Canterbury and to a lesser degree the Province of Otago. That Canterbury, because of its superiority and ease of cultivation, would be the main wheat-growing area was recognized in the "fifties," a few years after the founding of the province in 1849.

Briefly, the following factors have played an important part in the development of the industry: The growth of the wheat industry was slow during the "fifties" and "sixties"; pastoral pursuits and the lure of the gold rushes claimed preference. The influx of population during the "sixties" resulted in increased labour being available for agriculture. The improved communications with overseas countries and the prices ruling being considered at that period satisfactory, wheat-growing made rapid strides during the "seventies." During the period 1860–69 the average annual area under wheat in New Zealand was 47,000 acres, and during 1870–79 it was 150,000 acres. The prices ruling averaged 4s. 7d. per bushel for the period 1871–80. In the "eighties" and "nineties" much more wheat was produced than could be consumed in the Dominion, and a heavy export trade grew up, the quantity exported in 1883 being 4,897,540 bushels and in 1890 4,467,026 bushels.

Owing to world-wide depression, resulting in falling prices for New Zealand's then staple exports —wool and grain—the Dominion experienced the worst depression in its history during the period 1881–90. The average annual price of wheat per bushel for the period was 3s. 8d., while in 1885 it had fallen to 2s. 11d. In the "eighties" the area under wheat was returned as between 300,000 and 400,000 acres.

In the year 1892 the record area in the history of wheat-growing was established—viz., 402,000 acres—with a yield of 10,258,000 bushels. The record yield was obtained in 1899—viz., 13,079,000 bushels, from an area of 399,000 acres. On only two other occasions has the yield of wheat for any one season exceeded 10,000,000 bushels—viz., in 1883, 10,271,000 bushels, and in 1922, 10,565,275 bushels.

The successful experiments in the export of frozen meat carried out in the year 1882, and the subsequent development of refrigeration, and later the great strides made by the dairying industry, were determining factors in New Zealand ceasing to be an exporter of wheat.

On only three occasions since 1901—namely, in 1909, 1910, and 1911—has the annual export of wheat reached 1,000,000 bushels. In some years the export was practically nil. It was seldom, however, prior to 1914 that the country's production was insufficient for its own requirements, though in 1898 imports amounted to 60,860 bushels and exports to only 10,090 bushels.

Schedules are attached, marked "A" and "B," showing for each year during the period 1869 to 1914 the following particulars: (*a*) Area under wheat; (*b*) total yield; (*c*) average yield per acre; (*d*) exports and imports; (*e*) prices—wheat per bushel, flour per ton.

(2) THE INDUSTRY DURING THE WAR AND POST-WAR PERIODS.

The industry during the war and post-war periods has passed through various and complex phases. They may be divided for general purposes under the following headings: (*a*) Price fixation, with temporary free market period, 1914 to 1917; (*b*) absolute Government control 1918–1922; (*c*) farmers' and millers' arrangements, 1923.

(a) Price Fixation.

After the outbreak of war in August, 1914, the prospects of supplies of wheat within the Dominion being sufficient were not encouraging. A serious drought in Australia accentuated the apprehension in the public mind. Although the millers and the then Government stated that there were sufficient supplies within the country to last till the next harvest, a steadily rising price soon undermined this optimism. At the end of August, 1914, wheat was 5s. per bushel and flour was £12 per ton (a rise of 25 per cent. and 20 per cent. respectively since the beginning of the month). At the end of August a deputation waited on the then Prime Minister asking that the Regulations of Trade and Commerce Act, 1924, be applied to wheat in order to control prices.

A Food Commission under the chairmanship of Mr. Justice Stringer was set up to inquire and report. The Commission recommended that the maximum price of wheat be fixed at 4s. 9d. per bushel and flour at £11 10s. per ton. Prior to the Order in Council being issued fixing such prices, wheat had been selling at 5s. 3d. to 5s. 6d. per bushel. The Commission again went into the matter, and prices were raised on the 21st October, 1914, to 5s. 3d. per bushel for wheat and £13 per ton for flour. Farmers refused to sell, and there was no power to compel them to do so. As the millers were urgently in need of supplies of wheat, the Proclamation was evaded by equal quantities of wheat and oats being purchased at the same time, the wheat at regulation price and the oats at prices much above their market value. In some cases exorbitant prices were paid for sacks as a means of evasion.

During November and December, 1914, some farmers were still holding their wheat, and the Government, believing there was a shortage, made purchases of Canadian and Australian wheat at 6s. 3d. per bushel c.i.f. The first shipments of these purchases reached the Dominion early in January, 1915. On the 8th January, 1915, a third Proclamation was issued fixing the maximum prices of wheat at 5s. 9d. per bushel. A loss of 6d. per bushel, amounting to £93,771 10s. 7d., was made by the Government on the sale of this imported wheat.

In the meantime the price of bread had risen from 6d. to 9½d. per 4 lb. loaf, and consumers were complaining. The merchants and farmers were also dissatisfied. Pressure was brought to bear on Parliament, and on the 8th February, 1915, all restrictions on the sale of wheat and flour were removed. As a result flour rose to £16 and £17 per ton in March and April, and wheat was sold at 7s. per bushel on trucks at country stations. Export of cereals was prohibited. In September, 1915, the price of wheat rose to 7s. 6d. per bushel. Later information from the Census and Statistics Office showed that a mistake had been made in the quantity of wheat available, and that the harvest would yield more than the previous estimates. The result of this was a big drop in price, and a clamour for the removal of the embargo on export. The embargo was removed, and prices slowly rose. In October, 1916, a strike occurred in Australia, and owing to the threatened disarrangement of shipping and to the prospects of a shortage in New Zealand the price of wheat rose during November to 6s. 6d. per bushel and flour to £15 per ton f.o.b. Lyttelton.

The question of controlling prices was again raised, but at this time the Government had appointed the Board of Trade (in March, 1916) to deal with the position. In devising a method of control the Board kept in view (*a*) the control and distribution of the season's crop, (*b*) the encouragement of the production of sufficient wheat for New Zealand's requirements. The Board recommended the fixation of maximum prices and the guarantee of a fixed price for the next season's crop. An Order in Council was gazetted on the 6th February, 1917, guaranteeing 5s. 10d. per bushel. The Board distinguished between the various grades of wheat, and the Government fixed prices accordingly. An increment of ½d. per bushel was made on the price of wheat sold each month from May to August. The prices per bushel were as under :—

Wheat sold for delivery in February, March, or April, 1917 : Tuscan, 5s. 7d. ; Hunter's 5s. 8d. ; Pearl and Velvet, 5s. 9d.

Wheat sold for delivery in May, 1917 : Tuscan, 5s. 7½d. ; Hunter's 5s. 8½d. ; Pearl and Velvet, 5s. 9½d.

Wheat sold for delivery in June, 1917 : Tuscan, 5s. 8d. ; Hunter's, 5s. 9d. ; Pearl and Velvet, 5s. 10d.

Wheat sold for delivery in July, 1917 : Tuscan, 5s. 8½d. ; Hunter's, 5s. 9½d. ; Pearl and Velvet, 5s. 10½d.

Wheat sold for delivery later than July, 1917 : Tuscan, 5s. 9d. ; Hunter's, 5s. 10d. ; Pearl and Velvet, 5s. 11d.

The price of flour was also fixed on the basis of £15 per ton f.o.b. in 200 lb. sacks. Bran was fixed at £4, and pollard at £6.

The regulations also specified the form of all contracts made in connection with wheat.

The administration of this scheme under the Board of Trade proved more successful than that carried out at the beginning of the war. Definite prices were fixed for definite periods. The result was the stabilization of the trade in wheat and wheat products. The wheat-supply for 1916–17 was not sufficient for domestic needs. On the 2nd May, 1917, the Board of Trade purchased 1,150,000 bushels of Australian wheat at 5s. 6d. per bushel. The price realized for this purchase was £351,325 7s. 9d., and the total expenditure £356,138 15s. 6d., the loss being £4,813 7s. 8d. The expenses of administration, exchange, &c., were £1,876 9s. 9d., making a total loss of £6,689 17s. 6d. (1·39d. per bushel). This loss, however, was due not to careless handling of the transactions or to high expenses connected therewith, but rather to the fact that the Government decided to charge to millers such a price as would enable them to conform to the gazetted prices of flour and by-products.

By the end of 1917 the policy of the Government had again altered. Instead of merely fixing prices, it was decided to effect a more rigid control over the wheat industry. By an Order in Council of the 22nd December, 1917, private dealings in wheat were forbidden, definitions of good milling-wheat and inferior wheat were laid down, and arrangements were made for the Government purchase of the whole crop and for its distribution and resale to the millers.

The beginning of the year 1918 saw the wheat-growing industry enter upon another phase—that of absolute Govenent control.

(b) Government Control, 1918–1922.

The work of purchase and resale of wheat under absolute Government control was entrusted to the following organizations :—

(1) The Wheat Controller and his staff, with headquarters at Christchurch.

(2) The Government brokers licensed by the Board of Trade and bound to keep faith with the regulations.

(3) The Wheat Trade Advisory Committee, consisting of representatives of wheat-growers, flour-millers, and Government brokers, to confer with the Wheat Controller as required.

The brokers were bound to buy only good milling-wheat at the Government prices and under Government regulations, and to sell only to persons possessing wheat-purchase warrants issued by the Wheat Controller. The Controller allocated to each flour-miller his quantity, and the miller had to take possession of the total quantity as soon as was practicable. The price at which the miller bought was slightly in advance of the rate at which the farmer sold, so as to cover administration costs. The brokers were allotted definite districts, and received a commission for purchase, also for resale. The regulations also provided that certain returns had to be submitted to the Wheat Controller to keep him advised of the conditions affecting wheat-production, wheat stocks, and flour stocks.

The purchase and sale of seed wheat was subject to different arrangements : the brokers were authorized to resell with the permission of the Wheat Controller. Dealings in fowl-wheat, although private dealings were allowed, were so controlled that evasion of the regulations for milling-wheat was not possible.

The absolute control of the purchase and resale of wheat in New Zealand continued over the crops of the 1917–18, 1918–19, 1919–20, 1920–21, and 1921–22 seasons. The conditions remained the same except with the variations in prices.

During 1918 the prices paid to the farmers were as under:

Prices per bushel for South Island, f.o.b. nearest port: In January, February, March, 5s. 10d.; in April, 5s. 10½d.; in May, 5s. 11d.; in June, 5s. 11½d.; in July, 6s.; in August, 6s. 0½d.; in and after September, 6s. 1d.

Prices for North Island, f.o.b. Wellington, Wanganui, New Plymouth, Napier, Gisborne, or Auckland, the same as the above with the addition of 4d. per bushel.

For the purpose of encouraging production the prices for 1919 were increased. An Order in Council of the 25th February, 1919, fixed the price at 6s. 6d. per bushel f.o.b. main ports, allowing the usual increment of ½d. per bushel.

For 1920 the following prices per bushel were paid to growers, with the increment of ¾d. per month from May to October: Tuscan, 7s. 3d.; Hunter's, 7s. 6d.; Pearl, 7s. 9d.

For the year 1921 the prices per bushel were fixed at: Tuscan, 7s. 6d.; Hunter's, 7s. 9d.; Pearl, 8s.

The guarantee for the 1922 season was framed in view of the downward tendency of the wheat-market. The prices per bushel paid to growers were—Tuscan, 5s. 6d.; Hunter's, 5s. 9d.; and Pearl, 5s. 3d., with the usual increment. The harvest was a particularly large one. The total yield amounted to 10,565,275 bushels, but the Government, having bound themselves to purchase only "good milling" wheat, was vigorous in its grading, and classed only 7,853,993 bushels as good-milling quality. On account of the anticipated loss on the surplus, which had to be exported on Government account, the price charged for resale to the local millers was "loaded" to an amount of 9d. per bushel, this loading also covering the estimated costs of administration and brokerage charges. The loss on export was not as great as was anticipated, and the balance of profit remaining in the hands of the Government was used to reduce, from November, 1922, to February, 1923, the price of flour and bread. Part of the 1921–22 surplus crop was carried forward to the year 1923 and sold to local millers.

The following statistics relate to the production of wheat in New Zealand under absolute Government control:—

Season.	Area in Wheat.	Total Yield.	Average Yield per Acre.
	Acres.	Bushels.	Bushels.
1917–18	280,978	6,807,536	24·23
1918–19	208,030	6,567,629	31·57
1919–20	139,611	4,559,934	32·66
1920–21	219,985	6,872,262	31·24
1921–22	352,918	10,565,275	29·94

During the purchase of the 1917–18 crop in New Zealand it became evident that there would be a serious shortage if we relied upon our local supply. The Board of Trade therefore decided to arrange for the importation of wheat and resale to flour-millers. During the year 1918, 1,370,542 bushels of wheat were imported from Australia; in 1919, 1,336,222 bushels; and in 1920, 1,905,163 bushels. The control and distribution of both Australian and New Zealand wheat was handled with no expense whatever to the Government. The State operations in this connection yielded a profit, which went towards paying flour subsidies.

In order that the price of bread would be stabilized, the Government issued an Order in Council in March, 1918, fixing the price of bread throughout the Dominion at the standard prices ruling as at the 4th March, 1918.

During the year 1920, owing to increased cost of wheat, the millers desired to increase the price for flour, with a subsequent increase in the price for bread. To overcome the difficulty, and to obviate increasing bread-prices, the Government decided to subsidize the flour-millers. The rate per ton of flour, and the total amounts paid by way of subsidy, were as under:—

	Rate per Ton of Flour. £ s. d.	Total Amount. £
Year ending 31st March, 1920	2 17 6	358,305
,, 1921	4 10 0	489,571
,, 1922	1 10 0	182,055
		£1,029,931

The subsidy from November, 1922, to February, 1923, was at the rate of £2 7s. 6d. per ton of flour sold, and was paid from the accumulated profits of the Wheat Control Office, which were—

	£ s. d.
1918–19 season	10,672 9 8
1919–20 season	15,567 12 5
1920–21 season	125,104 10 5
1921–22 season	5,272 12 0
	£156,517 4 6

(c) Farmers' and Millers' Arrangements.

Although the Government did not control the New-Zealand-grown wheat of the 1923 harvest, the embargo on the importation of wheat and flour was continued. The wheat-growers and flour-millers held conferences which resulted in mutually arranged prices for wheat. The prices per bushel for the 1923 crop were 5s. 4d. for Tuscan, 5s. 6d. for Hunter's, and 5s. 8d. for Pearl.

The prices arranged for the 1923–24 crop were 1d. in advance of the previous year's prices, an increment of ½d. per bushel per month being made from May to October.

The 1923 harvest was sufficient for the Dominion's requirements, but the 1924 crop was affected by persistent wet weather, there being a shortage of over 3,000,000 bushels.

If wheat were imported, flour could not be kept at £15 10s. f.o.b. Southern ports when a wheat duty had to be paid. If the duty were removed it was maintained that those millers importing duty-free would make greater profits—particularly in the North Island—than those millers who had bought the higher-priced New Zealand wheat. The Government made provision for the importation of wheat to meet the Dominion's needs. Early in 1924 the Government made forward arrangements for the purchase of Australian wheat. During 1924, and as late as February, 1925, shipments of this purchase were landed in New Zealand. The Government's forward purchase was an opportune one, for in the latter months of the year ending February, 1925, overseas f.o.b. prices advanced to as much as 7s. 3d. per bushel. The quantity purchased and sold was 3,887,679 bushels (104,134 tons), and this action is estimated to have saved the bread-consumers and poultry-farmers in New Zealand at least £35,000 per month during the latter part of 1924 and early 1925.

The difficulties experienced in 1924 were again met with in 1925, on account of shortage of locally grown wheat, and the Government undertook to purchase the supplies required. The quantity imported from July, 1925, to February, 1926, was 1,794,119 bushels. For this purchase the millers guaranteed all expenses.

In December, 1924, a *Gazette* notice was issued revoking the embargo on the import of wheat and flour as from the 1st March, 1925. The duty on flour was raised to £3 per ton, as against £2 10s. per ton formerly ruling. In March, 1925, a sudden fall took place in the world prices of wheat, and a deadlock arose in the Dominion between the farmers and millers. A shortage of bran and pollard arose, especially in the dairy and poultry industries. These industries had always fared well in regard to bran and pollard, as the fixed price had generally been low when compared with the Australian price.

On the 23rd April, 1925, a representative conference met in Wellington, which was attended by wheat-growers, the executive of the New Zealand Farmers' Union, millers, poultry men, and grain-merchants. The following resolution was submitted to the Government: "That, in order to overcome the present deadlock in the wheat situation and secure for the New Zealand wheat-growers a fair price for his produce, and to ensure a continuance of wheat-growing on a scale sufficient for the Dominion's growing requirements, this conference requests that the Government should either reimpose the embargo on flour or levy a dumping duty on any further importations."

As the result of a discussion with the Minister of Agriculture it was agreed by Cabinet that—

(1) Millers to offer farmers 6s. 8d. for Tuscan, 6s. 10d. for Hunter's, and 7s. for Pearl, an increase of 5d. on the then-existing prices.
(2) Millers' prices to be £18 per ton for flour f.o.b. South, a maximum of £8 per ton for bran, and £9 for pollard.
(3) Duty on bran and pollard from Australia to be reduced from £2 10s. to £1 per ton.
(4) Millers to find cash for wheat from Australia to supply the deficiency till next harvest, and Government to purchase, import, and distribute these necessary additional supplies.

This decision of the Government involved neither reimposition of the embargo on flour nor any alteration of the duty. The Government had solved the difficulty of an increase in wheat-prices, without a corresponding increase in the price of flour, by substantial increases in the prices of bran and pollard, which, as previously mentioned, had been sold at very low rates.

In May, 1925, a conference of millers and growers put forward an arrangement, which was ratified by the Government, as follows: That the millers were to pay for all wheat sown in 1925 and harvested in 1925–26 at prices based on 6s. 5d., 6s. 7d., and 6s. 9d., for Tuscan, Hunter's, and Velvet varieties respectively f.o.b. Southern ports, any surplus offered over milling requirements to be purchased by the millers at the same price; that flour was to remain at £18 per ton, bran and pollard to be reduced to £7 and £8 per ton respectively; that wheat-growers were to sow an area of wheat calculated to provide for the whole of the Dominion's requirements; that the duty on wheat should remain at the then-existing figure, and import would not be interfered with; that, if necessary, to protect the millers in 1926 an embargo would be placed on the import of flour; that the price of bread should not be increased. Although the growers were supposed to sow an area of wheat sufficient for local requirements, this was not done, only a little more than half the area being sown.

In 1925 a conference of growers, at which millers were represented, requested the Government to take control of the market for the 1926 season, to purchase wheat from the growers at the prices arranged in May, to resell to millers, and to import the necessary additional supplies from overseas. On the 14th December, 1925, a *Gazette* notice was issued prohibiting private dealings in wheat. On the 14th January, 1926, private importation was prohibited. Later in the month, however, with a knowledge of a wheat shortage in Australia and the shortage in New Zealand, the growers and merchants expressed a desire to reconsider the matter, and the Government was asked to refrain from adopting control, and to allow the market to take its own course behind the protection of the tariff. The Government preparations for institution of control were cancelled; a *Gazette* notice of the 28th February, 1926, revoked the Orders in Council prohibiting the import of wheat and wheat products and prohibiting private dealings in wheat.

The Government agreed to a "free market with duties" by a *Gazette* notice of the 23rd February, 1926, confirming the duty of 1s. 2½d. per bushel on wheat, £3 per ton on flour, and £1 per ton on bran and pollard. From this date the Government control of operations in the wheat trade ceased, except that permits were granted for the importation of fowl-wheat free of duty until the 1927 harvest.

Farmers' Organizations.—In 1923 the growers formed a Board comprising representatives from all the main wheat-growing areas, and successfully negotiated an agreement with the millers as to wheat-prices. The Wheat Board functioned in connection with the crops of the 1923, 1924, and 1925 harvests. During the latter part of 1928 the growers formed a company—the New Zealand Wheat-growers' Co-operative Association, Ltd.—for the purpose of selling the wheat of growers, who entered into an agreement with the association whereby the association is the sole selling-agent for a period of five years. A large proportion of the 1929 crop is being handled by the association.

3. Flour-milling Industry.

There are forty-nine flour-mills operating in New Zealand, forty in the South Island and nine in the North Island. The average yearly output is approximately 135,000 tons of flour, 19,700 tons of bran, and 31,460 tons of pollard, and the average yearly requirements of wheat for milling purposes are from 6,500,000 to 7,000,000 bushels. The value of the land, buildings, plant, and machinery of the flour-milling industry in the Dominion is £830,178; the number of persons employed, 697; the wages paid during 1928, £175,956; the value of products, £2,949,921; the value added in course of manufacture, £607,995.

During the year 1901 a New Zealand Flour-millers' Association was formed. Out of a total of forty mills in the Dominion thirty were linked up with the association. The number increased to thirty-three, but later about half the milling-strength, tested by output, was outside the combination. The association gained considerable public attention owing to Parliament authorizing in 1903 an inquiry into the nature and methods of its working. This association ceased operations prior to the war.

During the latter part of the year 1922 a new company was formed—Distributors Ltd.—for the purpose of acting as sole selling-agent for flour, bran, and pollard for all such flour-millers as should enter into agreements with it to that effect. Agreements were made with the company in connection with all the mills in New Zealand except the three mills in the Auckland District and four small mills in the South Island. The original agreements were for a period of six years, and expired during 1928. Distributors Ltd. was re-formed, and now all the mills in New Zealand, with the exception of those in Auckland and one mill in the South Island, are associated with Distributors Ltd.

In October, 1924, the Crown took proceedings against Distributors Ltd. and several associated flour-millers for breaches of the Commercial Trusts Act. The case was dismissed in the Supreme Court. The Crown appealed against the decision, and the Court of Appeal (September, 1925), by a majority of three Judges to two, pronounced in favour of the Crown. The milling interests thereupon took the case to the Privy Council, which, in December, 1926, pronounced in favour of Distributors Ltd.

4. New Zealand's Wheat Requirements.

In recent years the domestic requirements of wheat may be stated to be—For milling, 6,500,000 bushels; for fowl-feed and other purposes, 2,000,000 bushels; for seed, 500,000 bushels: total, 9,000,000 bushels.

The following table shows, by land districts, the area in wheat for threshing, the total yield, and the yield per acre for the year 1927–28:—

Land District.	Area.	Total Yield.	Yield per Acre.
	Acres.	Bushels.	Bushels.
North Auckland	68	1,524	22·41
Auckland	60	1,296	21·60
Gisborne	54	1,750	32·41
Hawke's Bay	444	15,740	35·45
Taranaki	76	2,860	37·63
Wellington	2,281	81,186	35·59
Nelson	1,406	37,877	26·94
Marlborough	3,478	98,366	28·28
Westland	..	..	..
Canterbury	217,933	8,086,015	37·10
Otago	29,677	1,025,153	34·54
Southland	5,510	189,677	34·42
Totals	260,987	9,541,444	36·56

It is interesting to note that the Dominion occupies fourth or fifth place amongst the thirty-eight wheat-producing countries for highest yield per acre.

5. SCHEDULES ATTACHED TO THIS REPORT.

Schedule A, showing—1869 to 1914: Area in wheat; total yield; average yield per acre; exports; imports.

Schedule B, showing—1869 to 1914: Average prices, wheat (per bushel), flour (per ton).

Schedule C, showing—1918 to 1922: Prices under Government control—wheat, flour, bran and pollard, and bread.

Schedule D, showing—1914 to 1928: Area in wheat; total yield; average yield per acre; exports; imports; flour imported, 1924–28; value of wheat, flour, bran, and pollard imported, 1924 to 1928.

Schedule E, showing—1911 to 1929: Price charged for New Zealand flour.

Schedule F, showing—August, 1929: Prices ruling for wheat, flour, and bread in main centres of New Zealand.

Schedule G, showing — April–August, 1929: Prices ruling for wheat, flour, bran, pollard, and bread, Sydney, New South Wales.

NOTE.—When comparing prices of wheat in New Zealand and Australia it should be noted that in New Zealand wheat is sold sacks extra, and in Australia wheat is sold sacks in.

SCHEDULE A.

Year.	Area in Wheat (in Thousand Acres).	Total Yield (in Thousand Bushels).	Average Yield per Acre (in Bushels).	Exports (in Thousand Bushels).	Imports (in Thousand Bushels).
1869	65	1,619	25·2	82	183
1870	86	2,348	27·3	387	86
1871	78	1,834	23·5	272	159
1872	109	2,448	22·5	477	73
1873	132	3,189	24·0	537	59
1874	132	3,392	25·0	983	9
1875	106	2,974	28·0	548	109
1876	91	2,864	31·5	686	59
1877	142	4,054	28·5	860	98
1878	243	6,336	26·5	1,701	68
1879	265	6,077	23·0	2,518	..
1880	270	7,610	28·0	3,120	96
1881	325	8,148	25·0	3,761	23
1882	366	8,298	22·7	3,189	15
1883	391	10,271	26·3	4,898	65
1884	378	9,827	26·0	2,706	5
1885	270	6,867	25·4	1,359	4
1886	174	4,242	24·4	1,252	9
1887	253	6,298	24·9	630	10
1888	357	9,424	26·4	2,308	2
1889	362	8,770	24·2	2,694	..
1890	336	8,449	25·2	4,467	..
1891	301	5,724	19·0	1,455	..
1892	402	10,258	25·0	2,461	1
1893	381	8,378	22·0	2,619	..
1894	243	4,892	20·2	229	58
1895	149	3,613	24·3	15	99
1896	245	6,844	28·0	458	5
1897	259	5,927	23·0	72	61
1898	316	5,670	18·0	10	2
1899	399	13,073	32·8	2,902	..
1900	270	8,582	31·8	2,867	..
1901	206	6,527	31·6	2,301	2
1902	163	4,047	24·8	195	..
1903	194	7,458	38·3	72	..
1904	230	7,892	34·3	814	..
1905	258	9,124	35·4	967	1
1906	222	6,799	30·6	61	..
1907	206	5,605	27·2	1	39
1908	198	5,667	28·8	1	26
1909	252	8,773	34·8	1,419	66
1910	311	8,783	28·2	1,294	3
1911	322	8,290	25·7	1,254	11
1912	216	7,261	33·7	505	1
1913	190	5,180	27·3	62	..
1914	167	5,232	31·4	17	121

SCHEDULE B.

AVERAGE PRICES FOR WHEAT AND FLOUR.

Year.	Wheat, per Bushel.	Flour, per Ton.	Year.	Wheat, per Bushel.	Flour, per Ton.
	s. d.	£ s. d.		s. d.	£ s. d.
1869	4 3	10 15 0	1892	4 0	11 2 6
1870	3 9½	10 5 0	1893	2 9¼	8 5 0
1871	4 8¼	..	1894	2 5¾	7 5 0
1872	4 4¾	12 15 0	1895	2 11¼	8 0 0
1873	4 9¾	12 0 0	1896	3 7¼	10 0 0
1874	4 7½	11 12 6	1897	4 3¼	11 12 6
1875	4 2	10 7 6	1898	4 2¾	11 15 0
1876	4 3¾	11 0 0	1899	2 6¾	7 0 0
1877	6 0	16 0 0	1900	2 4¾	7 10 0
1878	4 7¾	12 8 0	1901	2 5¼	6 12 6
1879	3 11¾	10 13 4	1902	3 6	9 17 6
1880	4 2	11 5 0	1903	4 2	10 17 6
1881	4 1¼	10 17 6	1904	3 1½	8 17 6
1882	4 3½	10 15 0	1905	3 1¼	9 2 6
1883	4 3	10 15 0	1906	3 2½	8 12 6
1884	3 7¼	9 15 0	1907	3 9	9 7 6
1885	2 11¾	8 10 0	1908	4 7½	11 0 0
1886	3 9¼	10 0 0	1909	4 1	10 13 4
1887	3 8¾	9 15 0	1910	3 8	9 12 0
1888	3 0	9 0 0	1911	3 9	..
1889	3 10½	10 10 0	1912	3 8	..
1890	3 1¾	9 8 9	1913	3 10	..
1891	3 10½	11 5 0	1914	5 9	13 0 0

SCHEDULE C.

PRICES OF WHEAT, FLOUR, BRAN, POLLARD, AND BREAD UNDER GOVERNMENT CONTROL, 1918–1922.

Year.	Wheat: Prices per Bushel, f.o.b. Lyttelton, Timaru, and Oamaru.			Flour, Bran, and Pollard: Prices per Ton, f.o.b. Lyttelton, Timaru, and Oamaru.		
	Tuscan.	Hunter's.	Pearl.	Flour.	Bran.	Pollard.
	s. d.	s. d.	s. d.	£ s. d.	£ s. d.	£ s. d.
1918	5 10	5 10	5 10	15 10 0	5 10 0	7 10 0
1919	6 6	6 6	6 6	15 0 0	5 10 0	7 10 0
1920	7 3	7 6	7 9	16 10 0	7 0 0	9 0 0
1921	7 6	7 9	8 0	21 0 0	6 0 0	9 0 0
1922	5 6	5 9	6 3	18 0 0	5 0 0	8 0 0

NOTES.

Wheat.—North Island, 4d. per bushel additional; Nelson and Marlborough, 4d. per bushel addition from 1919. During 1918, increment of ½d. per bushel from April to September; during 1919, increment ½d. per bushel July to October; during 1920, increment ½d. per bushel May to October; during 1921 and 1922, increment ¾d. per bushel May to October.

Flour.—The following subsidies were paid to flour-millers: Year 1919, £2 17s. 6d.; year 1920, £4 10s.; year 1921, £1 10s. The value of flour for these years was as under: 1919—selling-price £15, plus subsidy of £2 17s. 6d. = £17 17s. 6d.; 1920—selling-price £16 10s., plus subsidy of £4 10s. = £21; 1921—selling-price £21, plus subsidy of £1 10s. = £22 10s.

Bread.—Bread-prices (cash per 2 lb. loaf): 1918—South Island, 4¾d.; North Island, 5d. 1919—South Island, 5d.; North Island, 5½d. 1920—South Island, 5½d.; North Island, 6d. 1921—South Island, 6½d.; North Island, 7d. 1922—South Island, 6d.; North Island, 6½d.

SCHEDULE D.

WHEAT PRODUCED, EXPORTED, AND IMPORTED, 1914–28; ALSO FLOUR IMPORTED, 1924–28.

Year.	Area.	Total Yield.	Average Yield per Acre.	Exports.	Imports.	Flour imported.
	Acres.	Bushels.	Bushels.	Bushels.	Bushels.	Tons.
1914	168,774	5,231,700	31·37	17,080	121,737	..
1915	229,600	6,644,336	28·94	360	522,617	..
1916	329,207	7,108,360	21·59	68,812	51,512	..
1917	218,942	5,083,277	23·22	1,503	719,977	..
1918	280,978	6,807,536	24·23	1,123	1,370,542	..
1919	208,030	6,567,629	31·57	1,623	1,336,222	..
1920	139,611	4,559,934	32·66	758	1,905,163	..
1921	219,985	6,872,262	31·24	462	306,257	..
1922	352,918	10,565,275	29·94	1,212,830	5,080	..
1923	275,775	8,395,023	30·44	3,478	290	..
1924	173,864	4,174,537	24·01	1,102	3,548,340	1
1925	166,964	5,447,758	32·62	678	2,253,740	8,206
1926	151,673	4,617,041	30·44	775	1,697,385	26,891
1927	220,083	7,952,442	36·13	787	737,082	14,324
1928	260,987	9,541,444	36·56	692	761,055	9,500

VALUE OF WHEAT, FLOUR, BRAN, AND POLLARD IMPORTED INTO NEW ZEALAND DURING THE FIVE YEARS 1924–28.

Year.	Wheat.	Flour.	Bran.	Pollard.	Total.
	£	£	£	£	£
1924	1,039,774	22	24,249	23,207	1,087,252
1925	798,090	124,229	16,894	24,780	963,993
1926	603,195	421,326	15,377	30,976	1,070,874
1927	228,492	203,153	195	23,052	454,892
1928	230,209	152,416	468	14,121	397,214
	£2,899,760	£901,146	£57,183	£116,136	£3,974,225

SCHEDULE E.

FLOUR-PRICES (PER TON) IN NEW ZEALAND.

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.
1911 ..	9 0	8 10	8 10	8 10	8 10	8 10	9 0	9 0	8 10	9 0	8 10	8 10
1912 ..	8 10	8 10	8 10	8 10	8 10	8 10	8 10	8 10	8 10	8 10	8 10	8 10
1913 ..	8 10	8 10	8 10	8 10	9 0	9 0	9 0	9 0	9 0	9 0	9 0	9 0
1914 ..	9 0	9 0	9 0	10 0	10 0	10 0	10 0	11 0	12 0	13 0	13 0	13 0
1915 ..	13 0	15 10	17 10	17 10	17 10	17 0	17 0	16 0	15 0	13 0	12 0	13 0
1916 ..	13 0	13 0	13 0	13 0	13 0	12 0	12 0	12 0	12 0	12 10	13 0	14 10
1917 ..	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0
1918 ..	15 0	15 0	15 0	15 0	15 0	15 10	15 10	15 10	15 10	15 10	15 10	15 10
1919 ..	15 10	15 0	15 0	15 0	15 0	15 0	14 15	14 15	14 15	14 10	15 0	14 15
1920 ..	14 15	14 15	16 10	16 10	16 10	16 10	16 10	16 10	16 10	16 10	16 10	16 10
1921 ..	16 10	16 10	21 0	21 0	21 0	21 0	21 0	21 0	21 0	21 0	21 0	21 0
1922 ..	21 0	21 0	18 0	18 0	18 0	18 0	18 0	18 0	18 0	18 0	15 10	15 10
1923 ..	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10
1924 ..	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10	15 10
1925 ..	15 10	15 10	19 0	19 0	18 0	18 0	18 0	18 0	18 0	18 0	18 0	18 0
1926 ..	18 0	18 0	18 0	18 0	18 0	18 0	19 0	20 0	20 0	19 10	19 10	19 10
1927 ..	18 0	18 0	17 0	17 0	17 0	17 0	17 10	17 10	17 10	17 10	17 10	17 10
1928 ..	17 10	17 10	17 10	17 10	17 10	17 10	16 5	16 5	16 5	16 5	16 5	16 5
1929 ..	16 5	16 5	16 5	16 5	16 5	16 5	16 5	16 5	..	..	..	..

From 1911 to 1929 the prices stated above are all f.o.b. Lyttelton, Timaru, or Oamaru. There is this exception, however, to be noted: In July, 1926, and extending to the 7th July, 1928, an arrangement was made whereby the price of flour was fixed at practically a flat rate for all New Zealand main ports. The prices stated in the list during that period are not f.o.b. Lyttelton, Timaru, or Oamaru, but represent prices paid at all main ports, including North Island. The above are the actual prices paid by bakers.

Government Subsidy.—From the 1st March, 1919, to the 28th February, 1920, the Government paid to millers by way of subsidy £2 17s. 6d. per ton of flour sold; from 1st March, 1920, to the 28th February, 1921, £4 10s.; from 1st March, 1921, to the 28th February, 1922, £1 10s.; from the 1st November, 1922, to the 28th February, 1923, £2 7s. 6d.

SCHEDULE F.

WHEAT: PRICES F.O.B. LYTTELTON, AUGUST, 1929. FLOUR AND BREAD: PRICES IN FOUR MAIN CENTRES OF NEW ZEALAND, AUGUST, 1929.

Wheat: Prices f.o.b. Lyttelton, per Bushel.

Tuscan, 6s.; Hunter's, 6s. 3d.; Pearl, 6s. 6d.

New Zealand Flour: Net Prices per Ton into Bakehouse.

Auckland, £17 11s.; Wellington, £17 5s.; Christchurch, £15 16s. 10½d.; Dunedin, £16 6s. 7½d.

Bread. Price per 4 lb. Loaf.

	Over Counter.	Delivered.
	s. d.	s. d.
Auckland—Cash	1 1	1 2
Booked	1 2	1 3
Wellington—Cash	1 0	1 2
Booked	1 0	1 2
Christchurch—Cash	1 0	1 1
Booked	1 0	1 1
Dunedin—Cash	0 11	1 0½
Booked	1 0½	1 0½

NOTE.—The foregoing are the ruling prices for bread charged by the leading bakers. In each centre some small concerns are cutting prices.

SCHEDULE G.

Wheat, Flour, Bran, and Pollard Prices, Sydney, New South Wales.

Wheat.

	Wheat f.o.b. Sydney, per Bushel.	London Parity, f.o.b., per Bushel.
1929—April 10	4s. 10½d.	4s. 8½d. to 4s. 9½d.
30	4s. 8d.	..
May 16	4s. 9d.	..
30	4s. 7¾d.	4s. 3½d.
June 27	4s. 7½d.	4s. 5½d.
July 2	4s. 11½d.	..
11	5s. 3d.	4s. 8d.
18	5s. 11d. to 6s.	..
31	6s. 1d. to 6s. 2d.	5s. 9d.

It will be noted that Australian prices have advanced above London parity. This is accounted for by the attitude of wheat-holders, who are anticipating higher prices because of drought conditions in west and south-west districts of New South Wales.

Flour, Bran, and Pollard.

1929.	Flour per Ton, Sydney.		£	s.	d.	Bran, per Ton. £	s.	d.	Pollard, per Ton. £	s.	d.
April 10 ..	Local	..	11	10	0	6	0	0	6	10	0
	Export	..	9	12	6						
May 16 ..	Local	..	11	10	0	6	10	0	7	0	0
	Export	..	9	5	0						
		to	9	10	0						
June 1 ..	Local	..	11	10	0	6	10	0	7	0	0
	Export	..	8	15	0						
27 ..	Local	..	11	10	0	7	5	0	8	0	0
	Export	..	9	5	0						
		to	9	10	0						
July 3 ..	Local	..	11	10	0	..			..		
	Export	..	10	10	0						
11 ..	Local	..	13	0	0	7	5	0	8	0	0
	Export	..	12	0	0						
August 1 ..	Local	..	14	0	0	8	0	0	8	0	0
	Export	..	12	0	0						
8 ..	Local	..	14	0	0	8	0	0	8	0	0
	Export	.	12	0	0						

Bread-prices, Sydney, New South Wales.

The prices for bread in Sydney remain constant notwithstanding the advance in the local price of flour from £11 10s. to £14 per ton. Prices are—Cash over the counter, 11d. per 4 lb. loaf; cash and delivered, 11½d. per 4 lb. loaf; delivered and booked, 1s. per 4 lb. loaf.

Prices in Melbourne, Victoria, 8th August, 1929.

Wheat, 5s. 9d. per bushel on truck, Melbourne. Flour, £13 per ton. Bran and pollard, £7 10s. per ton. Bread—Over counter, 8½d. to 9d. per 4 lb. loaf; industrial suburbs, delivered, 10d. per 4 lb. loaf; other suburbs, 11d. per 4 lb. loaf; in country districts, 1s. to 1s. 1d. per 4 lb. loaf.

SCHEDULE H.

Grain-mills—New Zealand.

Year ended 31st March,	Number of Mills.	Value of Land, Buildings, Machinery and Plant.	Persons engaged.	Wages paid.	Expenses of Operation other than Wages and Cost of Materials.	Total Cost of Materials used.	Total Value of Output.	Added Value through Process of Manufacture.	Flour produced.	Oatmeal produced.
		£		£	£	£	£	£	Tons.	Tons.
1896 ..	90	355,847	419	40,890	*	653,219	874,696	221,477	81,033	16,482
1901 ..	78	358,656	515	49,364	*	545,642	682,884	137,242	83,017	7,418
1906 ..	77	411,558	540	57,335	*	835,477	1,058,186	222,709	95,528	7,247
1911 ..	66	407,720	424	50,984	*	1,040,762	1,248,001	207,238	105,939	6,758
1916 ..	53	391,320	382	58,885	*	1,826,009	1,976,914	150,905	107,242	5,602
1919 ..	51	542,688	647	109,743	*	2,061,762	2,467,261	405,499	116,616	6,934
1920 ..	52	572,933	584	115,904	*	2,411,734	2,807,916	396,182	126,712½	7,449
1921 ..	53	584,914	644	150,396	234,085	2,819,318	3,426,965	607,647	131,766½	6,485½
1922 ..	52	665,445	688	166,471	266,228	2,526,632	3,156,530	629,898	121,663	5,035
1923 ..	53	672,362	670	165,913	251,331	2,450,090	3,059,004	608,914	139,702	5,529
1924 ..	52	722,855	695	167,467	242,672	2,117,132	2,718,611	601,479	133,428	7,259
1925 ..	51	707,394	672	171,558	274,329	2,215,843	2,849,222	633,379	136,214½	6,222½
1926 ..	53	782,184	675	171,325	307,134	2,488,545	3,064,820	576,275	128,699	4,674
1927 ..	52	744,405	648	162,325	285,856	2,153,007	2,699,333	546,326	110,373	3,715
1928 ..	52	830,178	697	175,956	299,102	2,341,026	2,949,021	607,995	134,976	4,499

* Not available.

Note.—Prior to 1919 statistics relative to the grain-mills were collected in connection with the population census. Commencing with the year 1918–19 the collection became an annual one.

SCHEDULE I.

PRICES FOR WHEAT, FLOUR, BRAN, AND POLLARD IN MELBOURNE, VICTORIA.

1929.	Wheat, per Bushel.	Flour (Local) per Ton delivered, less 5s. Cash Discount.	Flour (Export), per Ton.	Bran, per Ton.	Pollard, per Ton.
		£ s. d.		£ s. d.	£ s. d.
April ..	4s. 8d. and 4s. 8½d.	11 5 0	£10 (nominal) ..	6 10 0	7 0 0
May ..	4s. 8½d. declined to 4s. 6d. and 4s. 4d.	11 0 0	£10 and £9 15s. (nominal)	6 10 0	7 0 0
June ..	4s. 4½d. increased to 4s. 8¼d. ..	11 0 0	No quotations ..	7 0 0	7 10 0
July ..	4s. 10d. increased to 5s. 10½d., declined to 5s. 8d.	11 0 0 increased to 13 0 0	,, ..	7 10 0	7 10 0
August ..	5s. 9d.	13 0 0	,, ..	7 10 0	7 10 0

Owing to the low prices offering from the export flour trade there has been practically no business.

SCHEDULE J.

FOWL-WHEAT PRICES, WELLINGTON, 26TH AUGUST, 1929.

1. Cost of transport, &c., fowl-wheat, Lyttelton to Wellington :— Per Bushel.

Freight (17s. 6d. per ton)	5·62d.
Harbour rate (1s. per ten sacks)	0·36d.
Wharfage (Wellington)	1·28d.
Sampling, weighing, branding, insurance, exchange, and cartage to store (Wellington)	2·54d.
	9·80d.

2. Sacks in : Fowl-wheat in the North Island is sold sacks in. This is equal to 4·20d. per bushel.

3. Merchants' profits : The wholesale merchants' profit varies from 1d. to 2d. per bushel, according to quantity and distance of delivery.

4. Prices in Canterbury.—Quotations for under-grade wheat, 26th August, 1929 : 5s. 8d. per bushel f.o.b. Lyttelton sacks extra (1s. 2d.). Good whole fowl-wheat, 5s. 11d. per bushel f.o.b. Lyttelton, sacks extra.

5. Cost in store, Wellington :— Per Bushel f.o.b. Lyttelton.

	s. d.
(*a*) Under-grade	5 8
Transport, &c., to Wellington	0 9·8
Sacks in	0 4·2
Cost in merchant's store, Wellington	6 10
	s. d.
(*b*) Good whole	6 0
Charges as above	1 2
Cost in merchant's store, Wellington	7 2

6. Cost to poultry-farmers :—

(*a*) Under-grade—	s. d.
Cost in store, Wellington	6 10
Add merchant's profits	0 2
Cost per bushel	7 0
(*b*) Good whole—	s. d.
Cost in store, Wellington	7 2
Add merchant's profits	0 2
Cost per bushel	7 4

SCHEDULE K.

SEE FREIGHT RATES.

(Special rates for full cargoes.)

Sydney or Melbourne (direct) to Auckland :—
Wheat, 30s. per ton of 2,240 lb. = 8¾d. per bushel.
Flour, 30s. per ton of 2,000 lb.
Bran, 35s. per ton of 2,000 lb.
Pollard, 30s. per ton of 2,000 lb.

Sydney or Melbourne (direct) to Wellington :—
Same as above with the addition of 1s. per ton harbour-improvement rate.

SCHEDULE L.

PRICES FOR BREAD IN AUSTRALIA.

(Extract from *Quarterly Summary of Australian Statistics*, June, 1929, by Commonwealth Statistician.)

The following are the average predominant retail prices of bread per 2 lb. loaf ruling in each of the undermentioned towns :—

—	Prices, in Pence, 1929.			—	Prices, in Pence, 1929.		
	April.	May.	June.		April.	May.	June.
New South Wales—				South Australia—			
Sydney	5·73	5·73	5·73	Adelaide	5·00	5·00	5·00
Newcastle	5·50	5·50	5·50	Kadina	5·50	5·50	5·50
Broken Hill	6·43	6·43	6·43	Port Pirie	5·10	5·00	5·00
Goulburn	6·00	6·00	6·00	Mount Gambier ..	5·50	5·50	5·50
Bathurst	5·50	5·50	5·50	Peterborough ..	5·50	5·50	5·50
Victoria—				Western Australia—			
Melbourne	5·38	5·38	5·30	Perth and Freemantle ..	5·50	5·50	5·50
Ballarat	6·00	6·00	6·00	Kalgoorlie and Boulder	6·50	6·50	6·50
Bendigo	6·00	6·00	6·00	Northam	6·00	6·00	6·00
Geelong	6·00	6·00	6·00	Bunburg	6·00	6·00	6·00
Warrnambool	5·50	5·50	5·50	Geraldton	6·00	6·00	6·00
Queensland—				Tasmania—			
Brisbane	5·25	5·25	5·25	Hobart	5·50	5·50	5·50
Toowoomba	5·25	5·25	5·50	Launceston	4·93	4·93	4·93
Rockhampton	5·50	5·50	5·50	Burnie	5·50	5·50	5·50
Charters Towers ..	6·25	6·25	6·25	Devonport	6·00	6·00	6·00
Warwick	5·25	5·25	5·25	Queenstown	5·50	5·50	5·50

SCHEDULE M.

PRODUCTION OF FLOUR, BRAN, AND POLLARD IN AUSTRALIA; EXPORTS OF FLOUR, BRAN, AND POLLARD FROM AUSTRALIA.

(Extracted from Commonwealth Year-book.)

Year.	Flour produced.	Flour exported.	Percentage of Exports.	Bran and Pollard produced.	Bran and Pollard exported.	Percentage of Exports.
	Tons.	Tons.		Tons.	Tons.	
1922–23	985,479	394,501	40·00	402,336	3,951	0·98
1923–24	1,092,856	511,191	46·70	461,523	9,999	2·16
1924–25	1,068,698	448,047	41·92	442,472	34,432	7·78
1925–26	1,185,968	501,032	42·24	483,758	11,617	2·40
1926–27	1,141,748	493,464	43·22	464,375	10,094	2·17
Totals ..	5,474,749	2,348,235	42·89	2,254,464	70,093	3·10

FLOUR: EXPORTS FROM AUSTRALIA DURING THE FIVE YEARS 1922–23 TO 1926–27.

Country to which exported.	Total for Five Years.	Country to which exported.	Total for Five Years.
	Tons.		Tons.
Egypt	862,727	Portuguese East Africa ..	20,302
United Kingdom	426,750	China	13,822
Netherlands East Indies	276,552	New Zealand	45,382
Malaya (British)	187,071	Fiji	16,221
Union of South Africa	144,102	French Indo-China	10,145
Philippine Islands	53,463	India	3,473
Ceylon	62,429	Papua	3,804
Hong Kong	44,973	Italy	2,293
Mauritius	35,593	Other countries	78,451
Japan	18,693		
Malta	23,955	Total	2,348,235
New Caledonia	18,034		

SCHEDULE N.

WHOLESALE PRICES PER TON FOR NEW ZEALAND FLOUR, BRAN, POLLARD, SUBJECT TO CASH DISCOUNT OF 2½ PER CENT.

—	Flour.	Bran.	Pollard.
	£ s. d.	£ s. d.	£ s. d.
Auckland	18 0 0	8 0 0	9 10 0
Wellington	17 11 0	7 18 6	9 7 6
Christchurch	16 5 0	6 10 0	8 0 0
Dunedin	16 15 0	7 0 0	8 10 0

The following is a brief summary regarding supplies: Auckland—Acute shortage bran; pollard in fair supply. Wellington—Bran in short supply; pollard plentiful. Christchurch—Bran scarce; ample supplies of pollard now available. Dunedin—Bran-supplies short; pollard plentiful.

At this time of year there is generally a heavy demand for bran and pollard. For the past month there has been a shortage. Bran is still in short supply, but this will continue only for a brief period. The scarcity of pollard has passed, and stocks are now accumulating.

APPENDIX III.—STATISTICS OF PIG-FEEDING.

(Put in by Professor M. J. Scott.)

A.—Waikato Farms Returns: Cows and Pigs.

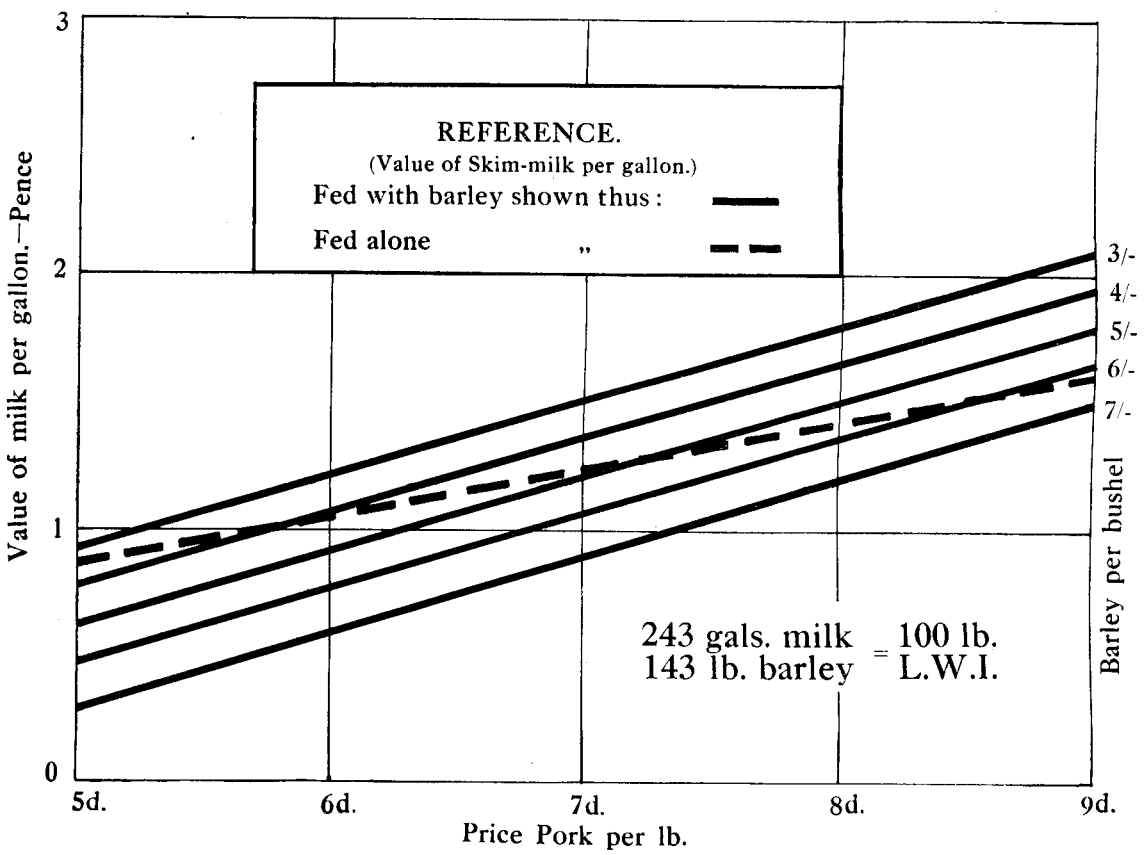
1 Farm Reference Number.	2 Acres.	3 No Cows.	4 Pounds Butter-fat.	5 Number of Calves reared.	6 Number of Cows to supply Milk for Calves.	7 Cows supplying Pigs.	8 Number of Sows.	9 Farrow Dates.	10 Stores wintered.	11 Gross Return from Pigs.	12 Cost of Concentrates.	13 Value of Concentrates expressed as Percentages of Gross Returns.	14 Net Return per Cow from Pigs.	15 General Conditions (Pigs).
										£ s. d.	£ s. d.		£ s. d.	
Skim-milk Farms.														
220	75	30	9,000	15	8	22	7	Aug. to Feb.	42	135 0 0	7 10 0	5·5	5 18 0	Good houses, and sties in good repair. All weaners run together till put into sties to fatten.
135	200	55	12,000	18	9	46	10	July to Nov.	18	225 0 0	7 0 0	3·1	4 15 0	Each sow separate pen, ¼ acre. After weaning all run together. No sties; fattened in small paddock.
75	42	20	4,400	6	3	17	6	Sept. to Oct.	..	67 0 0	0 8 0	11·8	3 15 0	Two sows together on 1 acre. Sells weaners and stores.
214	200	52	14,500	10	5	47	8	Sept. to Feb.	..	155 0 0	4 2 0	2·6	3 4 6	Housing fair; sows farrow outside. All piglets run together. (Maize-meal.)
227	150	36	12,200	9	5	31	4	Aug.; Mar.	23	156 12 0	74 8 0	47·0	2 13 0	Good sties. Farrow outside. Good grass always. (Pollard and pig-meal.)
215	113	45	14,130	10	5	40	7	June; Dec.	7	179 0 0	56 0 0	31·0	3 1 6	Sows farrow outside; well wintered; good grass always. (Barley-meal.)
194	80	28	8,120	3	2	26	5	Aug. to Feb.	18	60 0 0	..	0·0	2 10 8	Conditions bad; all pigs run together. Sold as stores and weaners.
109	30	13	3,260	7	4	9	2	Aug. to Mar.	..	25 8 0	2 8 0	10·0	2 12 5	Good houses in bad repair; pigs all run in one paddock.
84	50	28	7,000	5	3	25	4	July to Nov.	9	57 0 0	..	0·0	2 5 7	Sows farrow in small runs; piglets in paddock till put in sty to fatten.
43	36	18	4,500	10	5	13	5	July; Sept.	..	30 0 0	6 8 0	22·0	1 16 0	Small pens; bad conditions—bad drainage, wet sties.
Whey Farms.														
162	106	50	15,720	7	4	46	6	May to Aug.; Nov. to Feb.	..	140 0 0	26 0 0	18·0	2 12 0	Sows in 4-acre paddock; good shelter; pigs weaned on same paddock till drafted to sties to fatten. (Pollard.)
141	208	90	23,078	10	5	85	8	Sept.; Dec. to Mar.	81	216 0 0	27 0 0	12·0	2 3 0	Run of the farm. This year's litters carried through and fatten next year; abundant grass. Sows poor. (Pollard.)
76	100	35	11,030	8	4	31	5	July to Sept.	23	70 0 0	8 0 0	11·3	2 0 0	Sows farrow in one paddock; housing bad; pigs run of the farm; good shelter. (Casein, whey, pollard, and linseed.)
180	149	70	18,000	21	12	58	10	May to Oct.	28	120 0 0	12 0 0	10·0	1 15 2	Small pen each sow, not pig-proof; houses fair; pigs run together; plenty of grass; fair shelter in paddock.
135	97	52	14,800	6	3	49	5	July to Dec.	10	93 0 0	7 0 0	8·0	1 15 0	Sows run together; pigs after weaning have run on gully; good sties, used only for fattening. (Pollard and pig-meal.)
232	140	50	11,750	16	8	42	8	July to Feb.	..	95 0 0	31 0 0	32·0	1 10 7	Skim and whey. Good pens and sties; pigs neglected for first six months. Green oats supplied in spring; good grass available. (Pollard and fatterine.)

B.—Estimates of Total Potential Supplies of Pig-feeds available in each Land District of New Zealand.

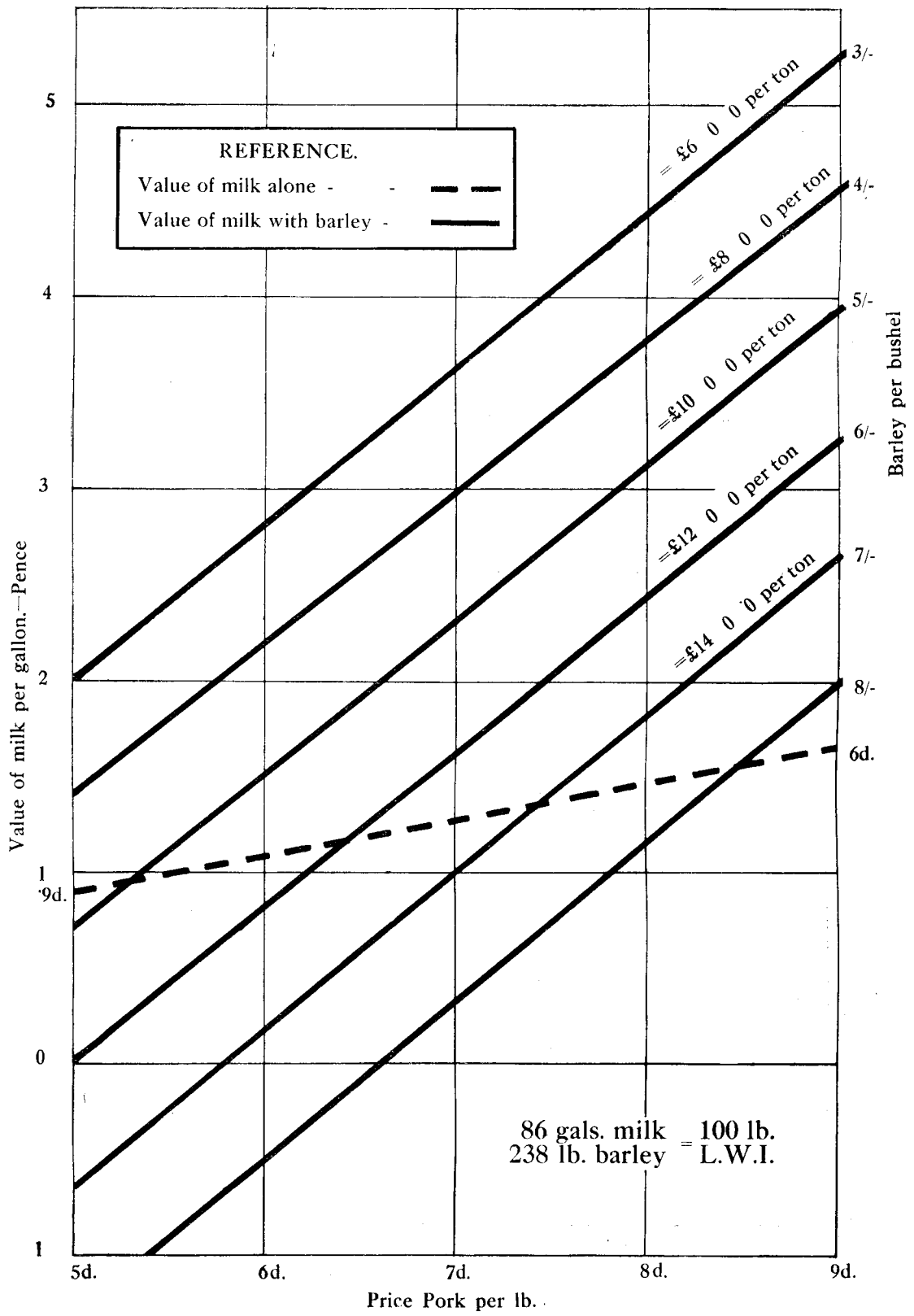
All values as feeds reduced to calories (00000 omitted).

Land District.	Dairy Feed, Skim-milk, and Whey.	Wheat.	Oats.	Barley.	Maize.	Peas and Beans.	Linseed.	Potatoes.	Mangels.	Turnips.	Totals (Approximate).
Estimated total fed to pigs	$\frac{2}{3}$	$\frac{1}{5}$	$\frac{1}{6}$	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{7}{10}$	$\frac{1}{10}$	$\frac{1}{4}$	$\frac{1}{20}$	..
North Auckland ..	799700	180	..	..	10974	110	..	3445	4570	9072	827051
Auckland	136400	160	..	2438	49560	110	..	1907	36557	52477	279609
Gisborne	124300	200	..	2756	104076	50	74	615	6093	4838	243002
Hawke's Bay ..	182600	1890	162	4770	6018	250	74	1355	6093	17993	211205
Taranaki	751300	320	90	318	24	30	..	610	97485	27670	877847
Wellington.. ..	700700	9720	4320	4134	..	2760	462	4900	140134	47477	914607
Nelson	102300	4560	567	3816	..	6270	..	1085	..	7106	125704
Marlborough ..	58300	11760	2448	20988	..	53070	2531	755	9139	6199	165190
Westland	44000	..	..	..	..	..	..	37	..	1663	45700
Canterbury ..	278300	970320	162072	70172	..	166630	22218	43567	173645	214412	2101336
Otago	194700	123000	50256	29256	..	10890	1638	5625	70067	144547	629979
Southland	26400	22800	55872	2226	..	540	..	4078	..	160272	509788
	3636600	1144910	275787	140874	170652	240710	27097	67979	543783	693726	6931028

C.—Graph showing Value of Skim-milk (with and without Barley) for Pig-feeding.



C.—Graph showing Value of Skim-milk (with and without Barley) for Pig-feeding *continued.*



APPENDIX IV.—MAIZE: IMPORTS, EXPORTS, AND PRODUCTION.

(Put in by Mr. E. D. Good.)

THE following figures show the total production in New Zealand, the total imports, and the total exports of maize during each year since 1919.

(NOTE.—The figures for imports do not include ground or crushed maize.)

Year ended 31st March,	Production in New Zealand.		Imports.	Calendar Year.	Exports.
	Acres.	Bushels.	Bushels.		Bushels.
1919 ..	9,792	413,595	95,182	1919 ..	66
1920 ..	9,064	405,775	22,014	1920 ..	244
1921 ..	11,514	500,845	89,318	1921 ..	109
1922 ..	10,522	488,452	68,530	1922 ..	3,259
1923 ..	9,732	505,776	16,752	1923 ..	1,864
1924 ..	8,208	405,855	35,562	1924 ..	84
1925 ..	8,621	426,875	123,032	1925 ..	34
1926 ..	8,508	423,700	132,153	1926 ..	630
1927 ..	10,249	491,468	148,066	1927 ..	Nil.
1928 ..	10,291	482,928	127,727	1928 ..	,,
1929 ..	8,985	456,239	11,443	1929 (9 mths)	,,

GROUND OR CRUSHED MAIZE.

Prior to the 5th October, 1927, ground or crushed maize was dutiable as "grain ground or manufactured," 2s. 6d. per cental (from 1921 to 5th October, 1927). No details of imports prior to the 5th October, 1927, are available, but it is understood that the quantity imported, if any, was very small.

Ground or crushed maize is now dutiable as follows: British preferential rate, free; general (foreign) rate, 1d. per pound. The imports at these rates of duty have been as follows:—

Country of Origin.	5th October to 31st December, 1927.	Year 1928.		Eight Months ended August, 1929.	
		lb.	£	lb.	£
South African Union ..	..	435,512	1,563	..	..
Australia	..	1,417,568	6,918	27,706	138
Total imports ..	..	1,853,080	8,481	27,706	138
Importing Ports.					
Auckland	..	344,210	2,299	..	..
Wellington	..	1,375,029	5,591	27,706	138
Lyttelton	..	102,167	474	..	..
Dunedin	..	..	..	..	..
Other ports	..	31,674	117	..	..

TABLE SHOWING PARTICULARS OF THE IMPORTS OF MAIZE (OTHER THAN GROUND OR CRUSHED MAIZE) INTO NEW ZEALAND DURING EACH *Calendar* YEAR FROM 1920.

Country of Origin.	1920.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929 (8 mos.).
					Quantity.					
	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
South African Union	8,407	3,554	8,702	27,654	27,023	65,847	177,084	67,491	8,366	..
Australia	46,330	73,105	6,880	2,064	46,823	82,366	2,330	270	3,648	609
Fiji	26,818	1,789	1,130	..	193	2,000	1,525	2,532	..	..
Dutch East Indies ..	..	..	..	..	..	..	..	58,793	..	..
U.S. America ..	161	4	29	36	43	14	..	25	71	64
New Hebrides ..	..	..	..	..	..	596	968	..	..	..
Other countries ..	..	..	20	39	..	166	..	2	..	..
Totals	81,716	78,452	16,761	29,793	74,082	150,989	181,907	129,113	12,055	673
Importing Ports.										
Auckland	50,507	46,984	13,059	26,650	45,552	91,889	123,507	78,488	5,666	2
Wellington	26,300	28,550	3,702	3,018	27,607	52,286	54,636	46,757	6,096	660
Lyttelton	2,138	2,641	..	116	..	2,741	3,585	3,864	141	..
Dunedin	1,157	277	..	9	..	14	..	..	152	11
Other ports.. ..	1,614	..	..	..	923	4,059	179	4	..	..
					Value.					
	£	£	£	£	£	£	£	£	£	£
South African Union	3,446	1,112	1,896	5,803	6,797	14,479	36,926	11,861	1,997	..
Australia	20,583	21,005	2,490	806	11,713	20,360	783	169	989	159
Fiji	9,415	492	60	..	41	401	291	535	..	..
Dutch East Indies ..	..	..	..	..	..	..	..	9,941	..	..
U.S. America ..	148	6	50	33	65	2	..	21	58	50
New Hebrides ..	..	..	..	..	..	113	240	..	..	..
Other countries ..	..	..	12	12	..	49	..	1	..	..
Totals	33,592	22,615	4,508	6,654	18,616	35,404	38,240	22,528	3,044	209
Importing Ports.										
Auckland	20,259	13,928	3,184	5,539	11,684	21,921	27,144	12,845	1,578	3
Wellington	11,212	7,907	1,324	1,059	6,718	11,861	10,297	8,830	1,388	195
Lyttelton	966	709	..	44	..	631	755	850	39	..
Dunedin	521	71	..	12	..	19	..	..	39	11
Other ports.. ..	634	..	..	..	214	972	44	3	..	..

Rates of duty on maize—	South African. Per 100 lb.	All other Countries. Per 100 lb.
Prior to 4th November, 1921	6d.	9d.
4th November, 1921, to 30th November, 1925	6d.	2s.
1st December, 1925, onwards	2s.	2s.

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.

(Put in by Mr. R. K. Ireland.)

SCHEDULE 1.—CABLE QUOTATIONS.

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1927.		£ s. d.	£ s. d.	£ s. d.	
Jan. 6	5/7 N.S.W. .. .. 5/5 Vic.	..	6 0 0 N.S.W.	7 10 0 N.S.W.	N.S.W. offal reduced 10s.: N.S.W. flour reduced 10s.
„ 11	..	..	..	..	Market unchanged.
„ 24	5/5	11 7 6 Vic. ..	6 10 0 Vic. ..	7 10 0 Vic. ..	Flour best Vic.
			6 0 0 N.S.W.	7 10 0 N.S.W.	
Feb. 1	5/4½, 5/5 f.o.b. ..	L. 13 0 0 Vic. ..	6 10 0 Vic. ..	8 0 0 Vic.	
		E. 11 2 6 Vic.			
„ 7	5/4½	..	..	..	Flour unchanged; pollard reduced 10s.
„ 15	5/4, 5/4½ f.o.b. ..	L. 12 10 0 ..	6 15 0 ..	..	Local flour reduced 10s.; bran advanced 5s.
		E. 11 0 0			
„ 22	5/3½, 5/4 (N.S.W. ½d. more)	E. 10 15 0 to 11 0 0 (nom.)	6 10 0 ..	7 10 0 ..	Vic. manufactures unchanged.
Mar. 1	..	..	..	..	Vic. and N.S.W., all lines unchanged.
„ 8	..	..	..	..	Wheat firmer, but prices Vic. and N.S.W. unchanged.
„ 15	5/3½ Vic. f.o.b. ..	E. 11 0 0 to 11 5 0	E. 6 5 0 ..	E. 6 15 0 ..	N.S.W. farmers holding; no sellers. Difference between local and export flour £1 5s. ton.
„ 22	..	..	..	..	Flour, offal, wheat unchanged.
„ 31	5/4 S.A.	11 5 0 S.A. ..	5 15 0 S.A. ..	5 15 0 S.A.	
	5/4 Vic.	11 5 0 Vic. ..	6 0 0 Vic. ..	7 0 0 Vic.	
	5/5 N.S.W.	11 5 0 N.S.W.	6 0 0 N.S.W.	6 10 0 N.S.W.	
April 7	5/4½ Vic.	E. 11 5 0 all ports (nom.)	7 0 0 Vic. ..	7 10 0 Vic.	
			6 0 0 S.A. ..	6 10 0 S.A.	
			6 0 0 N.S.W.	6 10 0 N.S.W.	
„ 14	E. 5/6½ N.S.W. ..	11 10 0 N.S.W.	6 10 0 N.S.W.	7 10 0 N.S.W.	
	5/5½ Vic.	12 0 0 Vic. ..	7 0 0 Vic. ..	7 10 0 Vic.	
	5/5 S.A.	11 10 0 S.A. ..	7 0 0 S.A. ..	7 10 0 S.A. ..	Drought. Higher prices.
„ 21	E. 5/5 S.A.	11 10 0 S.A. ..	6 10 0 S.A. ..	7 10 0 S.A. ..	Dry wheat districts miss rains; coast flooded.
	5/5 Vic.	11 5 0 Vic. ..	7 0 0 Vic. ..	7 10 0 Vic. ..	
	5/6 N.S.W.	11 5 0 N.S.W.	6 10 0 N.S.W.	7 0 0 N.S.W.	
„ 28	E. 5/8 N.S.W. ..	11 15 0 N.S.W.	6 0 0 N.S.W.	7 0 0 N.S.W.	
	5/7 Vic.	12 0 0 Vic. ..	7 0 0 Vic. ..	7 10 0 Vic.	
	5/7 S.A.	12 0 0 S.A. ..	6 10 0 S.A. ..	7 10 0 S.A.	
May 5	6/– N.S.W. .. .. 5/9 S.A., Vic. (nom.)	E. 12 0 0 all ports (nom.)	7 0 0 all ports	7 10 0 all ports	Market unsettled and dangerous; slump possible.
„ 13	5/10 .. .. 5/9 Vic., S.A.	12 0 0 ..	7 10 0 ..	7 10 0 ..	Wheat, heavy business concluded here 5s. 10d. Offal all round £7 10s. Good demand for flour about £12.
„ 19	5/9½ N.S.W. .. .. 5/9 Vic., S.A.	11 15 0 (nom.)	7 10 0 all ports	7 10 0 all ports	No Australian export sales; market stagnant.
„ 27	5/11 N.S.W.	12 17 6 N.S.W.	7 10 0 N.S.W.	7 10 0 N.S.W.	
	5/10½ Vic.	12 0 0 Vic. ..	7 10 0 Vic. ..	7 10 0 Vic.	
	5/10 S.A.	12 5 0 S.A. ..	7 0 0 S.A. ..	7 10 0 S.A. ..	Market very firm.
June 4	5/11½ N.S.W. ..	E. 13 0 0 N.S.W.	7 10 0 N.S.W.	7 10 0 N.S.W.	
	5/11 Vic.	13 0 0 Vic. ..	7 10 0 Vic. ..	7 10 0 Vic.	
	5/11 S.A.	13 10 0 S.A. ..	6 10 0 S.A. ..	7 15 0 S.A. ..	Wheat, market weaker.
„ 9	5/10½ all ports (nom.) ..	12 10 0 all ports (nom.)	6 15 0 S.A. ..	7 15 0 S.A. ..	Wheat firm; neither buying nor selling.
			7 10 0 Vic. ..	7 10 0 Vic.	
			6 5 0 N.S.W.	6 5 0 N.S.W.	
„ 17	6/– N.S.W. (nom.) ..	11 5 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	
	6/– Vic.	12 7 6 Vic. ..	7 10 0 Vic. ..	7 10 0 Vic.	
	5/11 S.A.	13 0 0 S.A. ..	6 15 0 S.A. ..	7 0 0 S.A.	
„ 18	..	12 5 0 N.S.W.	..	..	No export sales reported.
„ 23	5/11½ N.S.W. ..	12 5 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	Offal all ports unchanged; market stagnant.
	5/11½ Vic.	12 7 6 Vic. ..	7 10 0 Vic. ..	7 10 0 Vic.	
	5/11 S.A.	13 5 0 S.A. ..	6 15 0 S.A. ..	7 0 0 S.A.	
„ 30	5/11 N.S.W.	12 10 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	
	5/11 Vic.	12 7 6 Vic. ..	7 10 0 Vic. ..	7 10 0 Vic.	
	5/10 S.A.	12 10 0 S.A. ..	6 15 0 S.A. ..	7 0 0 S.A.	
July 8	5/10½ N.S.W. ..	12 5 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	
	5/10½ Vic.	12 5 0 Vic. ..	7 10 0 Vic. ..	7 10 0 Vic.	
	5/10 S.A.	12 0 0 S.A. ..	6 10 0 S.A. ..	6 15 0 S.A.	
„ 14	5/10½ N.S.W. ..	12 0 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	
	5/10 Vic.	12 0 0 Vic. ..	6 10 0 Vic. ..	7 0 0 Vic.	
	5/9 S.A.	12 0 0 S.A. ..	6 10 0 S.A. ..	6 15 0 S.A. ..	Wheat and flour stagnant.
„ 23	5/9½ N.S.W.	12 5 0 N.S.W.	6 5 0 N.S.W.	6 5 0 N.S.W.	All lines stagnant; heavy stocks everywhere.
	E. 5/8 Vic. Darl. ..	12 15 0 Vic. Darl.	6 15 0 Vic. Darl.	7 0 0 Vic. Darl.	
		12 0 0 Vic.	6 0 0 Vic. ..	6 10 0 Vic.	
	5/9 S.A.	12 10 0 S.A. ..	6 5 0 S.A. ..	6 10 0 S.A.	
„ 29	5/10 N.S.W.	12 10 0 N.S.W.	5 10 0 N.S.W.	6 5 0 N.S.W.	No export sales reported anywhere; neither buyers nor sellers at present for any lines. Prices nominal; market weak.
	5/9 Vic.	11 15 0 Vic. ..	6 5 0 Vic. ..	6 5 0 Vic.	
	5/9 S.A.	12 0 0 S.A. ..	6 0 0 S.A. ..	6 5 0 S.A.	
Aug. 5	5/10 N.S.W.	L. 13 5 0 N.S.W.	6 10 0 N.S.W.	7 10 0 N.S.W.	No stocks. Pollard advanced 10s. to-day.
		E. 12 10 0 N.S.W.	(nom.)	(nom.)	

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.—*continued.*

SCHEDULE 1.—CABLE QUOTATIONS—*continued.*

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1927.		£ s. d.	£ s. d.	£ s. d.	
Aug. 5	5/8¾ Vic.	L. 13 5 0 Vic. ..	7 0 0 Vic. ..	7 0 0 Vic. ..	Collapse all lines expected. Need only watch dumping from Victoria.
		E. 11 5 0 Vic. ..	4 15 0 Vic. ..	5 10 0 Vic.	
	5/9 S.A.	L. 14 2 6 S.A. ..	6 10 0 S.A. ..	6 15 0 S.A.	
		E. 11 5 0 S.A. ..	5 10 0 S.A. ..	5 15 0 S.A.	
„ 12	5/10 Vic.	E. 12 5 0 Vic. ..	..	..	Vic. one sale made £11 15s.
	5/9½ S.A.	E. 12 0 0 S.A. (nom.)			
		L. 14 2 6 S.A. ..	L. 6 10 0 S.A. ..	L. 6 15 0 S.A. ..	No export sales. Offal: Vic. Milling Association quotes to-day 50 tons bran £5 5s. Say have no pollard stocks. Will not quote further offal. Milling combines importing pollard from Victoria. Milling all States very slack. Usual export outlets not responding to offers.
	5/11 N.S.W.	E. 12 5 0 N.S.W.	L. 7 0 0 N.S.W.	L. 8 0 0 N.S.W.	
„ 18	5/10½ Vic.	12 0 0 Vic. ..	7 0 0 Vic. ..	7 10 0 Vic. ..	Offal, pool stocks exhausted;
	5/9½ S.A.	12 0 0 S.A. ..	6 10 0 S.A. ..	6 15 0 S.A. (nom.)	United Kingdom not buying; India, Africa, 5s. 10½d. sales yesterday. Japan inquiring, but Manchuria offering £1 5s. ton cheaper, also buying Canada under Australia. N.Z. reported buying here.
	5/11½ N.S.W... ..	12 0 0 N.S.W. (nom.)	7 10 0 N.S.W.	8 10 0 N.S.W.	
„ 25	6/2 N.S.W.	12 12 6 N.S.W.	6 15 0 N.S.W.	7 15 0 N.S.W.	Export.
	5/11 Vic.	12 12 6 Vic. ..	7 0 0 Vic. ..	7 10 0 Vic.	
	5/10½ S.A.	12 15 0 S.A. ..	6 10 0 S.A. ..	6 15 0 S.A. ..	Wheat very firm.
Sept. 1	6/1 N.S.W. (nom.) ..	12 5 0 N.S.W.	6 15 0 N.S.W.	7 15 0 N.S.W.	N.S.W., all lines weak; orders scarce. Vic., all mills lines nominal; anxious sellers; no buyers. S.A., milling prices unchanged. Market stagnant.
	5/11 Vic.	12 10 0 Vic. ..	7 0 0 Vic. ..	7 10 0 Vic.	
	5/10½ S.A.				
„ 9	6/2 N.S.W.	12 12 6 (nom.). No buyers, no sellers	7 10 0 N.S.W.	8 10 0 N.S.W.	Australian wheat position very difficult. Now purely local markets. No sellers. Cannot compete with outside parity. Offal all ports very firm; S.A. unchanged.
	5/11 Vic.		7 0 0 Vic. ..	7 10 0 Vic.	
	5/10½ S.A.				
„ 15	5/11½, 6/– Vic. ..	..	..	..	No sellers wheat in any Australian ports. Small parcels offering intermittently. N.S.W. sales made 6s. 3d. Queensland buyers of anything offering. Advance expected.
	6/– S.A.	12 10 0 all ports (nom.)	7 10 0 ..	8 10 0	
„ 20	6/2 to 6/3 bag N.S.W. (no sellers). Buyers—6/5 S.A., 6/1 Vic. (small parcels, nom.). Outports, 6/-; small parcels, 5/10 to 6/-	L. 12 15 0 N.S.W.	L. 8 10 0 N.S.W.	L. 8 10 0 N.S.W.	Vic., N.S.W., S.A. will not quote. N.Z. reputed to be offering bran export. Australia basis £4 17s. 6d.; wheat nominal. No sellers anywhere except for small parcels. One cargo offered withdrawn. Drought.
		E. 12 10 0 N.S.W.			
		L. 12 15 0 Vic. ..	L. 7 10 0 Vic. ..	L. 7 10 0 Vic.	
		E. 12 7 6 Vic.			
		L. 14 5 0 S.A. ..	L. 7 2 6 S.A. ..	L. 7 2 6 S.A.	
		E. 12 10 0 S.A.			
„ 22	..	..	..	..	Private wires north-north-west N.S.W. report good rain started already easing wheat demands pending confirmation.
„ 24	..	..	..	..	Useful rains. Wheat weaker.
„ 28	..	L. 14 5 0 N.S.W.	L. 8 10 0 N.S.W.	L. 8 10 0 N.S.W.	Wheat stagnant. Vic. flour dull. No export sales recorded. Wheat active.
		E. 12 12 6 N.S.W.			
	6/- (nom.), small parcels 6/1½ Vic.	L. 13 10 0 to 13 15 0 Vic.	L. 8 0 0 Vic. ..	L. 7 15 0 Vic.	
	5/11 S.A. (nom.) ..	L. 13 0 0 S.A. ..	L. 7 15 0 S.A. ..	L. 7 7 6 S.A. ..	No sellers. Dry. Rain useful but disappointing.
		E. 12 0 0 S.A. ..	(No export)	E. 7 0 0 S.A.	
„ 29	..	..	..	..	Drought broken. Heavy rain.
Oct. 4	6/3 bag N.S.W. (nom.). .	L. 13 10 0 N.S.W.	L. 8 10 0 N.S.W.	L. 8 10 0 N.S.W.	N.S.W. wheat, no sellers bulk; no quotes. Vic., more offering old rates; no buyers. S.A., no sellers. Fortnight required to gauge effects present splendid rains. Market paralysed meantime. Flour dead. No export sales reported. Offal, no export. Vic. resold Westralian £8.
		L. 13 10 0 Vic. ..	L. 8 10 0 Vic. ..	L. 8 5 0 Vic.	
	6/1 S.A.	L. 14 0 0 S.A. ..	L. 7 15 0 S.A. ..	L. 7 7 6 S.A.	
„ 11	6/4 bag N.S.W. ..	E. 12 15 0 N.S.W.	8 0 0 N.S.W.	8 0 0 N.S.W.	No sales anywhere worth noting. Vic., all mills lines unchanged; offal demands easier. S.A., all mills lines unchanged. Indications wheat may settle at 6s. 1½d. aboard all States.
	6/1 bulk N.S.W. ..	L. 14 0 0 N.S.W.			
	6/1½ Vic.	E. 12 10 0 Vic.			
		L. 13 15 0 Vic.			
	6/– S.A. (nom.)				

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.—*continued.*

SCHEDULE 1.—CABLE QUOTATIONS—*continued.*

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1927.		£ s. d.	£ s. d.	£ s. d.	
Oct. 18	6/- Vic.	..	..	..	No export sales wheat or other milling lines reported any States; prices unchanged. Can buy cargo N.S.W. bag 6s. aboard.
,, 26	6/- S.A.	E. 12 10 0 S.A. ..	7 15 0 S.A. ..	7 7 6 S.A.	
		L. 14 2 6 S.A.		(nom.)	
	6/1 Vic. (nom.) ..	E. 12 10 0 Vic. ..	8 10 0 Vic. ..	8 5 0 Vic.	
		L. 13 10 0 Vic.			
		E. 12 10 0 N.S.W.	8 0 0 N.S.W.	8 0 0 N.S.W.	Wheat, old export stocks exhausted; balance bags secured by mills prevent export. No wheat available for N.Z. till new crops Dec.
		L. 14 5 0 N.S.W.			
Nov. 2	5/10½ S.A. (old) (nom.)	12 10 0 S.A. ..	L. 7 10 0 S.A. ..	L. 7 7 6 S.A.	
		L. 14 2 6 S.A. ..	..	..	Sales parcels. Little offering.
	5/11 Vic. (old) ..	E. 12 0 0 Vic. ..	8 10 0 Vic. ..	8 5 0 Vic.	N.S.W., old wheat stocks
	6/- N.S.W. (nom.) ..	L. 14 5 0 N.S.W.	L. 7 0 0 N.S.W.	L. 7 10 0 N.S.W.	exhausted; new wheat, Dec. 6s.
		E. 12 0 0 N.S.W.			
,, 9	5/9 N.S.W. (old bags) ..	L. 14 5 0 N.S.W.	L. 7 0 0 N.S.W.	L. 7 10 0 N.S.W.	Owing absence of buyers and Canadian, Argentine reports
		E. 12 10 0 N.S.W.			1,000 to 2,000 tons parcels
	5/8½ Vic.	L. 13 10 0 Vic. ..	L. 8 10 0 Vic. ..	L. 8 5 0 Vic.	old wheat offering this week.
		E. 12 10 0 Vic.			
	5/8 S.A.	L. 14 2 6 S.A. ..	L. 7 15 0 S.A. ..	L. 7 7 6 S.A.	
		E. 12 10 0 S.A.			
,, 16	5/10½ N.S.W. (bags 6/9)	..	..	..	Stocks exhausted. Flour offal unchanged, easier. Vic., flour and offal unchanged. S.A., all lines unchanged.
	5/8½ Vic. (nom.)				
,, 30	E. 5/9 N.S.W. ..	E. 12 0 0 all States	L. 6 0 0 to 7 5 0	L. 7 0 0 to 8 0 0	
	E. 5/7 Vic.	L. 13 0 0 to			
	E. 5/7 S.A.	13 15 0 all States			
Dec. 7	5/9 N.S.W.	L. 13 15 0 N.S.W.	6 0 0 N.S.W.	7 0 0 N.S.W.	Prices more or less nominal.
		E. 11 10 0 N.S.W.			
	5/7 Vic.	L. 13 10 0 Vic (old)	6 10 0 Vic. ..	8 0 0 Vic.	
		13 5 0 Vic.(new)			
		E. 11 10 0 Vic.			
		11 15 0 Vic.			
	E. 5/7 S.A.	L. 13 12 6 S.A. ..	7 5 0 S.A. ..	7 10 0 S.A.	
,, 14	5/9 N.S.W., f.o.b. ..	L. 13 15 0 N.S.W.	6 0 0 (av.) ..	7 2 0 (av.)	
		E. 11 12 6 N.S.W.			
	5/7 Vic., f.o.b. ..	E. 11 17 6 Vic.			
		L. 12 15 0 Vic.			
	5/6 S.A., f.o.b. ..	L. 13 12 6 S.A.			
,, 20	5/3 f.o.b.(London parity).				
	5/8 N.S.W.	E. 11 10 0 N.S.W.	6 0 0 (av.) ..	6 10 0 (av.) ..	Market decidedly easier.
		L. 13 15 0 N.S.W.			
	5/6, 5/6½ Vic. ..	E. 11 10 0 Vic.			
		L. 13 0 0 Vic.			
	5/5 S.A.	E. 11 5 0 S.A.			
		L. 13 12 6 S.A.			
,, 28	..	..	..	..	Quotations unchanged.
1928.					
Jan. 4	5/7½ N.S.W.	..	..	..	N.S.W., quotations flour-offal
	5/5½ Vic.	E. 11 5 0 Vic. ..	6 0 0 Vic. ..	7 10 0 Vic.	unchanged.
		L. 13 5 0 Vic.			
	5/5 S.A.	E. 11 5 0 S.A.			
,, 5	..	..	..	..	Vic. local flour reduced 10s.; bran increased 10s.
,, 11	5/5½ Vic.	L. 12 5 0 Vic. ..	6 5 0 ..	7 5 0 (av.)	
		E. 11 2 6 Vic.			
	5/8 N.S.W.	L. 13 5 0 N.S.W.			
		E. 11 7 6 N.S.W.			
	5/5 S.A.	L. 13 5 0 S.A.			
,, 18	5/5¾ Vic.	L. 12 10 0 Vic. ..	6 10 0 ..	7 16 0 ..	Flour, N.S.W. and S.A., un-
		E. 11 2 6 Vic.			changed.
	5/8 N.S.W.	L. 13 5 0 N.S.W.			
		E. 11 7 6 N.S.W.			
	5/5 S.A.	L. 13 5 0 S.A.			
,, 24	..	..	..	..	All markets unchanged.
Feb. 2	5/5 Vic.	E. 11 0 0 Vic. ..	E. 6 10 0 ..	E. 7 10 0	
		L. 12 0 0 Vic. ..	L. 7 0 0 ..	L. 8 0 0	
	5/5½ N.S.W.	L. 12 15 0 N.S.W.			
		E. 11 5 0 N.S.W.			
	5/4½ S.A.	L. 13 5 0 S.A.			
,, 8	5/4½ N.S.W.	L. 12 15 0 N.S.W.	6 15 0 (av.) ..	7 15 0 (av.) ..	No business passing.
		E. 11 0 0 N.S.W.			
	5/4½ Vic.	L. 12 5 0 Vic.			
		E. 11 0 0 Vic.			
	5/4 S.A.	L. 12 15 0 S.A.			
,, 15	5/4½ N.S.W.	L. 12 15 0 N.S.W.	6 16 0 (av.) ..	7 12 0 (av.) ..	Market stagnant.
		E. 10 15 0 N.S.W.			

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.—*continued.*

SCHEDULE 1.—CABLE QUOTATIONS—*continued.*

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1928.		£ s. d.	£ s. d.	£ s. d.	
Feb. 15	5/4½ Vic.	L. 12 2 6 Vic. E. 11 0 0 Vic.			
	5/3½ S.A.	L. 12 12 6 S.A.			
„ 16	..	L. 12 5 0 N.S.W.	..	..	N.S.W., local flour reduced 10s.
„ 22	5/5 N.S.W.	L. 12 5 0 N.S.W.	6 16 0 (av.) ..	7 12 0 (av.) ..	Market firmer. Flour, export rates about £10 15s.
	5/5 Vic.	L. 12 7 6 Vic.			
	5/4½ S.A.	L. 13 2 6 S.A.			
„ 29	5/6 all ports	L. 12 10 0 N.S.W. E. 11 0 0 N.S.W. L. 12 2 6 Vic. E. 11 0 0 Vic. L. 12 15 0 S.A.	6 15 0 ..	7 13 0	
Mar. 7	5/7½ N.S.W.	L. 12 15 0 N.S.W. E. 11 10 0 N.S.W.	6 10 0 ..	7 2 0 ..	Wheat, market strong.
	5/7 Vic.	L. 12 5 0 Vic. E. 11 5 0 Vic.			
	5/6½ S.A.	L. 12 17 6 S.A.			
„ 14	5/8 N.S.W.	L. 12 15 0 N.S.W. E. 11 10 0 N.S.W.	6 13 0 (av.) ..	7 12 0 (av.)	
	5/8 Vic.	L. 12 15 0 Vic. E. 11 10 0 Vic.			
	5/7½ S.A.	L. 13 2 6 S.A.			
„ 21	5/8½ N.S.W.	L. 13 0 0 N.S.W. E. 11 10 0 N.S.W.	6 10 0 ..	7 10 0	
	5/8 Vic.	L. 12 7 6 Vic. E. 11 5 0 Vic.			
	5/7½ S.A.	L. 13 2 6 S.A.			
„ 28	5/8½ N.S.W.	L. 13 0 0 N.S.W. E. 11 10 0 N.S.W.	6 10 0 ..	7 10 0	
	5/8 Vic.	L. 12 7 6 Vic. E. 11 5 0 Vic.			
	5/7½ S.A.	L. 13 12 6 S.A.			
April 4	..	..	..	..	Wheat, flour, offal, unchanged.
„ 11	..	..	..	..	Owing holidays prices nominal; no alterations; no business.
„ 18	5/10 N.S.W.	L. 13 10 0 N.S.W. E. 12 0 0 N.S.W.	6 16 0 ..	7 16 0 ..	Broomhall, Liverpool, advise caution buying.
	5/9½ Vic.	L. 13 2 6 Vic. E. 12 0 0 Vic.			
	5/9 S.A.	L. 13 17 6 S.A.			
„ 26	5/10½ N.S.W. ..	L. 13 10 0 N.S.W. E. 12 10 0 N.S.W.	6 16 0 ..	8 0 0 ..	Options advanced 2d.
	5/10½ Vic.	L. 13 10 0 Vic. E. 12 10 0 Vic.			
	5/9½ S.A.	L. 13 17 6 S.A.			
May 2	6/1½ N.S.W.	L. 13 15 0 N.S.W. E. 12 10 0 N.S.W.	7 0 0 ..	8 0 0	
	6/1 Vic.	L. 13 2 6 Vic. E. 12 10 0 Vic.			
	6/– S.A.	L. 14 0 0 S.A.			
„ 9	6/– to 6/1 N.S.W. ..	L. 13 15 0 N.S.W. E. 12 5 0 N.S.W.	7 2 0 ..	8 7 0	
	6/– Vic.	L. 13 2 6 Vic. E. 12 10 0 Vic.			
	6/– S.A.	L. 14 0 0 S.A.			
„ 17	5/11½ N.S.W. ..	L. 13 15 0 N.S.W. E. 12 5 0 N.S.W.	7 0 0 ..	8 5 0 ..	Flour unchanged.
	5/11 Vic.	L. 13 2 6 Vic. E. 12 10 0 Vic.			
	5/10 S.A.	L. 14 0 0 S.A.			
„ 23	5/9 f.o.b. (London parity) 5/10 to 5/11	L. 13 15 0 N.S.W. E. 12 5 0 N.S.W. L. 13 2 6 Vic. E. 12 0 0 Vic.	6 17 0 ..	8 5 0 ..	Wheat, market stagnant all States; no sales; farmers refuse meet. Market nominal.
„ 30	..	..	..	..	All markets unchanged; no business passing.
June 6	5/10½ N.S.W. ..	L. 13 10 0 N.S.W. E. 12 0 0 N.S.W.	7 5 0 ..	8 2 0 ..	Wheat, America Canada options dropped 2½d. bushel to-day. Australian market absolutely dead; nominal quotations.
	5/10½ Vic.	L. 13 2 6 Vic. E. 11 15 0 Vic.			
	5/11 S.A.	L. 14 0 0 S.A.			
„ 13	5/9½ N.S.W.	L. 13 10 0 N.S.W. E. 12 0 0 N.S.W.	6 10 0 ..	7 17 0 ..	Market stagnant.
	5/9 Vic.	L. 13 2 6 Vic. E. 11 15 0 Vic.			
	5/9 S.A.	L. 14 0 0 S.A.			
„ 20	5/7 to 5/7½ all States (nom.)	L. 13 10 0 N.S.W. E. 11 10 0 N.S.W. L. 13 2 6 Vic. E. 11 5 0 Vic. L. 13 10 0 S.A.	6 10 0 ..	7 17 0 ..	Market still falling.

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.—*continued.*

SCHEDULE 1.—CABLE QUOTATIONS—*continued.*

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1928.		£ s. d.	£ s. d.	£ s. d.	
June 27	5/7 N.S.W.	L. 13 10 0 N.S.W. E. 11 10 0 N.S.W.	E. 4 17 6 ..		
	5/7 Vic.	L. 12 17 6 Vic. E. 11 5 0 Vic.			
	5/7 S.A.	L. 13 10 0 S.A.	..	E. 5 18 0 S.A.	
July 4	..	..	..	..	All markets unchanged.
„ 11	5/8½ N.S.W.	L. 13 10 0 N.S.W. E. 11 5 0 N.S.W.	E. 5 10 0 ..	E. 6 15 0 ..	Wheat practically local. Market, scarce. Farmers holding tight.
	5/7½ Vic.	L. 12 17 6 Vic. E. 11 5 0 Vic.			
	5/7½ S.A.	L. 13 5 0 S.A.			
„ 18	5/7½ to 5/8½ N.S.W. ..	L. 13 10 0 N.S.W. E. 11 5 0 N.S.W.	E. 5 10 0 ..	E. 6 15 0 ..	Wheat, India buying equal to 5s. 8½d.
	5/7½ to 5/8 Vic. ..	L. 12 17 6 Vic. E. 10 15 0 Vic.			
		L. 13 0 0 S.A.			
„ 26	Buyers offer 5/6; sellers 5/8 to 5/8½	E. 10 12 6 N.S.W. E. 10 10 0 Vic.	E. 5 10 0 ..	E. 6 15 0 ..	Wheat now local market all States. Farmers refusing sell; no business passing. Stocks good wheat very scarce. 350 tons pollard arranged for shipment London.
Aug. 1	..	..	E. 5 10 0 ..	E. 6 10 0 ..	Wheat, in absence of business prices unchanged.
„ 3	..	L. 13 0 0 N.S.W. E. 10 15 0 N.S.W. L. 12 7 6 Vic. E. 10 10 0 to 10 15 0 Vic. L. 12 15 0 S.A.			
„ 8	5/2 (London parity) ..	L. 12 10 0 N.S.W. E. 10 15 0 N.S.W. L. 12 7 6 Vic. E. 10 15 0 Vic. L. 12 10 0 S.A.	E. 5 5 0 ..	E. 6 7 0 ..	Wheat, owing entire absence of business quotations nominal.
„ 15	5/1½ India, 5/1 Africa, 5/– all States (nom.)	E. 10 10 0 to 10 15 0 all States	..	..	No business passing; mills trying resell stocks.
		L. 12 5 0 N.S.W. L. 12 7 6 Vic. ..	E. 5 10 0 .. L. 6 10 0 ..	E. 6 10 0 L. 7 10 0	
„ 22	5/– to 5/1 N.S.W. ..	E. 9 15 0 to 10 0 0 N.S.W.	E. 5 0 0 ..	E. 6 0 0	
	5/1 Vic.	L. 12 5 0 N.S.W. E. 10 0 0 Vic. L. 12 7 6 Vic.	L. 6 0 0 ..	L. 7 0 0	
„ 29	5/–	E. 10 0 0 .. L. 12 5 0 ..	L. 6 0 0 .. E. 5 0 0 ..	L. 7 0 0 E. 6 0 0	
Sept. 6	5/1	E. 10 0 0 .. L. 12 5 0 ..	E. 5 5 0 .. L. 6 5 0 ..	E. 5 5 0 L. 6 5 0	
„ 12	5/–	E. 10 0 0 .. L. 12 5 0	L. 6 5 0 ..	L. 6 5 0 ..	No business passing. Export offal subject to negotiations.
„ 19	5/–	L. 12 5 0 N.S.W. L. 12 7 6 Vic. E. 10 0 0 Vic.	L. 6 15 0 N.S.W. L. 6 0 0 Vic. ..	L. 6 15 0 N.S.W. L. 6 10 0 Vic.	Good demand owing to dry weather.
„ 26	4/11 to 5/– N.S.W. (nom.)	L. 12 5 0 N.S.W. E. 10 0 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	Wheat, no sellers owing dry weather.
	4/11 Vic.	L. 12 7 6 Vic. .. E. 10 0 0 Vic.	6 5 0 Vic. ..	6 5 0 Vic.	
Oct. 4	5/– to 5/1 (old) ..	L. 12 10 0 N.S.W.	L. 6 5 0 ..	L. 6 5 0	
	4/9 to 4/10 (new) ..	E. 10 0 0 N.S.W. L. 12 7 6 Vic. E. 10 0 0 Vic.			
„ 11	4/9 (new crops) (nom.)..	L. 12 5 0 N.S.W. E. 10 5 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	India buying wheat 5s. 1d., 5s. 2d. Stocks nearly exhausted. Weather very dry.
		L. 12 2 6 Vic. .. E. 10 5 0 Vic.	6 5 0 Vic. ..	6 5 0 Vic.	
„ 18	5/3 (sales)	E. 10 10 0 N.S.W. L. 12 5 0 N.S.W.	7 0 0 N.S.W.	7 0 0 N.S.W.	Wheat almost exhausted all ports N.S.W. and Vic. Flour, (local) unchanged. Offal, unchanged. Wheat, none offering.
		L. 12 2 6 Vic. ..	6 5 0 Vic. ..	6 5 0 Vic.	
„ 24	5/3 all ports	L. 12 0 0 N.S.W. E. 10 10 0 N.S.W.	6 10 0 N.S.W.	6 10 0 N.S.W.	
		L. 12 7 6 Vic. .. E. 10 10 0 Vic.	6 5 0 Vic. ..	6 5 0 Vic.	
Nov. 1	5/3 (old)	L. 12 0 0 N.S.W.	6 0 0 N.S.W.	6 0 0 N.S.W.	Wheat (old) exhausted.
	5/– (new season) ..	E. 10 10 0 N.S.W. L. 12 7 6 Vic. .. E. 10 10 0 Vic.	6 5 0 Vic. ..	6 5 0 Vic.	

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.—*continued.*

SCHEDULE 1.—CABLE QUOTATIONS—*continued.*

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1928.		£ s. d.	£ s. d.	£ s. d.	
Nov. 7	4/11 to 5/-	L. 12 0 0 N.S.W. E. 10 5 0 N.S.W. L. 12 2 6 Vic. E. 10 10 0 Vic.	6 0 0 ..	6 0 0 ..	Wheat (new season) very scarce; old unobtainable. Price unfixed.
„ 14	..	..	..	..	All quotations unchanged.
„ 22	..	L. 12 0 0 N.S.W. E. 10 0 0 N.S.W. L. 12 2 6 Vic. .. E. 10 0 0 Vic.	6 5 0 N.S.W. 5 15 0 Vic. ..	6 5 0 .. 6 5 0	New wheat, India buying, equal to 4s. 11d. to 5s. No business Vic. flour.
„ 28	4/11½ (new season) ..	L. 12 0 0 N.S.W. E. 10 0 0 N.S.W. L. 12 2 6 Vic. .. E. 10 0 0 Vic.	6 0 0 N.S.W. 5 15 0 Vic. ..	6 0 0 N.S.W. 6 5 0 Vic.	
Dec. 5	4/11½ f.o.b.	L. 11 10 0 Syd. .. E. 10 0 0 Syd. L. 12 2 6 Mel. .. E. 10 0 0 Mel.	6 5 0 Syd. .. 5 15 0 Mel. ..	6 5 0 Syd. .. 6 5 0 Mel.	Davidson's letter dated 5th Dec., 1928.
„ 19	4/8½ (trucks) Syd. (Dec.) 4/8 (trucks) Syd. (Jan.) 4/8½ (trucks) Mel. (Dec.) 4/8 (trucks) Mel. (Jan.)	11 10 0 Syd. .. E. 9 12 6 Mel. .. L. 12 2 6 Mel. ..	6 5 0 Syd. .. 5 15 0 Mel. .. (scarce)	6 5 0 Syd. .. E. 5 15 0 Mel. L. 6 5 0 Mel.	H. R. Carter and Co.
„ 28	Unchanged	11 0 0 Syd. .. E. 9 12 6 Mel. .. L. 12 2 6 Mel. (old) L. 11 2 6 Mel. (new)	6 5 0 Syd. .. 5 15 0 Mel.	6 5 0 Syd. E. 5 15 0 Mel. L. 6 5 0 Mel.	
1929.					
Jan. 8	4/7 (trucks) Syd. (buyers) 4/7 (trucks) Mel. (buyers)	11 0 0 Syd. .. E. 9 12 6 Mel. .. L. 11 2 6 Mel. ..	6 5 0 Syd. .. 5 15 0 Mel.	6 5 0 Syd. .. E. 5 15 0 Mel. L. 6 5 0 Mel.	Offal firm. Dry weather. Syd. paying premium obtain supplies.
„ 14	4/7½ (trucks) Syd. (buyers) 4/7½ (trucks) Mel. (buyers)	E. 9 10 0 Syd. .. L. 11 0 0 Syd. E. 9 12 6 Mel. .. L. 11 2 6 Mel.	7 0 0 Syd. .. 5 15 0 (nom.)	7 0 0 Syd. 6 5 0 Mel.	Weather dry.
„ 21	4/8½ Syd. (buyers) .. 4/8½ Mel. (buyers) ..	E. 9 15 0 Syd. .. L. 11 0 0 Syd.	7 0 0 (nom.) .. 6 5 0 Mel. ..	E. 8 0 0 (prompt) L. 7 0 0 (prompt) 6 10 0 Mel. ..	No stocks.
„ 30	4/8¾ Syd. .. .. 4/8¾ Mel.	E. 9 17 6 Syd. .. L. 11 0 0 Syd. L. 10 15 0 Mel. ..	7 0 0 Syd. .. 6 15 0 Mel. (scarce)	7 0 0 Syd. .. 6 10 0 Mel.	Wheat, quiet.
Feb. 5	4/8¾ Syd. .. .. 4/8¾ Mel.	E. 9 17 6 Syd. .. L. 11 0 0 Syd. L. 10 15 0 Mel. ..	7 0 0 Syd. .. 6 15 0 Mel. ..	7 0 0 Syd. .. 6 10 0 Mel.	Wheat, very firm; flour, Syd., quiet; offal, tendency easier.
„ 11	4/10 Syd. (bag) ..	E. 9 17 6 Syd. .. L. 11 0 0 Syd.	7 0 0 Syd. ..	7 0 0 Syd. ..	Syd., heavy rain; flour quiet.
	4/9½ Mel.	L. 10 15 0 Mel. ..	6 15 0 Mel. ..	6 10 0 Mel. ..	Anticipate lower prices.
„ 18	4/10½ Syd.	E. 9 17 6 Syd. .. L. 11 10 0 Syd.	6 10 0 Syd. ..	6 10 0 Syd. ..	Bran and pollard, weak.
	4/10 Mel.	L. 11 0 0 Mel. ..	6 15 0 Mel. ..	6 10 0 Mel. ..	Likely lower near future.
„ 25	4/11½ Syd. .. .. 4/10¼ Mel.	E. 10 0 0 Syd. .. E. 9 17 6 Mel. ..	.. ..	.. ..	Local values unchanged. Wheat unsettled; offals unchanged.
Mar. 4	4/10¼ Syd.	E. 9 16 3 Syd. ..	L. 6 10 0 Syd. .. E. 6 0 0 Syd. ..	L. 6 10 0 Syd. .. E. 6 0 0 Syd.	Export weak. Flour, local values unchanged; wheat easier.
	4/9½ Mel.	..	..	..	Offal unchanged.
„ 11	4/10 Syd. .. .. 4/9½ Mel.	E. 9 12 6 Syd. .. E. 9 15 0 Mel.	..	..	Otherwise markets unchanged.
„ 19	4/10¼ Syd.	..	L. 6 5 0 Syd. .. E. 5 17 6 Syd.	L. 6 10 0 Syd. .. E. 5 17 6 Syd.	Wheat, firmer feeling owing reduction freights; flour, export and local, unchanged.
	4/9½ Mel.	..	..	..	Bran, unchanged, weak.
„ 25	4/10 Syd.	E. 9 17 6 Syd. ..	L. 6 0 0 Syd. .. E. 5 17 6 Syd. ..	L. 6 10 0 Syd. E. 5 17 6 Syd.	
	4/8¾ Mel.	E. 9 12 6 Mel. ..	E. 6 5 0 Mel. .. L. 6 15 0 Mel. ..	E. 6 5 0 Mel. .. L. 6 15 0 Mel. ..	Flour, local prices unchanged. Weak. Good rain.
April 9	4/9 Syd.	E. 9 10 0 Syd. ..	L. 6 0 0 Syd. .. E. 5 15 0 Syd. ..	L. 6 10 0 Syd. .. E. 5 15 0 Syd.	Flour, local prices unchanged.
	4/8¾ Mel.	E. 9 10 0 Mel. ..	L. 6 7 6 Mel. .. E. 6 0 0 Mel. ..	L. 6 7 6 Mel. E. 6 0 0 Mel.	
„ 15	4/9 Syd.	E. 9 12 6 Syd. ..	L. 6 0 0 Syd. .. E. 6 0 0 Syd. (nom.)	L. 6 10 0 Syd. .. E. 6 0 0 Syd. (nom.)	Wheat firm. Export prices withdrawn.
	4/9 Mel.	E. 9 10 0 Mel. ..	L. 6 10 0 Mel. .. E. 6 2 6 Mel. ..	L. 7 0 0 Mel. .. E. 6 2 6 Mel.	Flour, local prices unchanged.
„ 22	4/9 Syd. .. .. 4/8½ Mel.	E. 9 10 0 Syd. .. E. 9 10 0 Mel. ..	6 0 0 Syd. .. L. 6 10 0 Mel. .. E. 6 0 0 Mel. ..	7 0 0 Syd. .. 7 0 0 Mel. 6 5 0 Mel	Flour, local prices unchanged.
„ 29	4/8 Syd. .. .. 4/8 Mel.	E. 9 7 6 Syd. .. E. 9 10 0 Mel. ..	6 0 0 Syd. .. L. 6 10 0 Mel. .. E. 5 15 0 Mel. ..	7 0 0 Syd. .. L. 7 0 0 Mel. E. 6 5 0 Mel.	Flour, local prices unchanged.

APPENDIX V.—WHEAT, FLOUR, BRAN, AND POLLARD: QUOTATIONS, ETC.—*continued.*

SCHEDULE 1.—CABLE QUOTATIONS—*continued.*

(L. = Local; E. = Export.)

Date.	Wheat.	Flour.	Bran.	Pollard.	Remarks.
1929.		£ s. d.	£ s. d.	£ s. d.	
May 6	4/7½ Syd.	E. 9 5 0 Syd. ..	6 0 0 Syd. ..	7 0 0 Syd. ..	Wheat, market weak; flour, local prices unchanged.
			E. 5 15 0 Syd.		
	4/8 Mel.	E. 9 2 6 Mel. ..	E. 6 0 0 Mel. ..	E. 6 5 0 Mel.	
			L. 6 10 0 Mel. ..	L. 7 0 0 Mel.	
„ 13	4/6½ Syd.	..	L. 6 10 0 Syd. ..	L. 7 10 0 Syd. ..	Flour, local prices, Syd., unchanged.
			E. 6 5 0 Syd. ..	E. 6 5 0 Syd.	
	4/6½ Mel.	L. 10 15 0 Mel. ..	L. 6 10 0 Mel. ..	L. 7 0 0 Mel.	
		E. 8 15 0 to	E. 6 5 0 Mel. ..	E. 6 5 0 Mel.	
		8 17 6 Mel.			
„ 20	4/6	E. 8 15 0 ..	..	..	Wheat, nothing offering; flour, local prices unchanged; offals unchanged, Mel. export prices withdrawn.
		8 10 0 (buyers)			
„ 27	4/6 Syd.	..	L. 6 10 0 Syd. ..	L. 7 10 0 Syd. ..	Flour, local prices unchanged.
			E. 6 5 0 Syd. ..	E. 7 0 0 Syd.	
	4/6 Mel.	E. 8 15 0 ..	L. 6 10 0 Mel. ..	L. 7 0 0 Mel. ..	Nothing available export.
June 1	4/4½ Syd.	E. 8 10 0 to	L. 6 10 0 Syd. ..	L. 7 10 0 Syd. ..	Flour, local prices unchanged.
	4/4½ Mel.	8 12 6	E. 6 5 0 Syd. ..	E. 7 0 0 Syd.	Mel. firmer. Nothing available export.
„ 10	4/5 Syd.	..	..	..	Flour, local prices unchanged;
	4/5 Mel.	E. 8 12 6			offals, nominally unchanged. Millers asking premium; bread, Mel. 10d.
„ 17	4/5½ Syd.	..	8 0 0 Syd. ..	8 5 0 Syd. ..	Flour, local prices unchanged.
	4/5½ Mel.	E. 8 10 0 ..	7 0 0 Mel. ..	7 10 0 Mel.	
„ 24	4/6½ Syd.	..	7 5 0 Syd. ..	8 0 0 Syd. ..	Flour, local prices unchanged.
	4/7 Mel.	E. 8 15 0 ..	7 0 0 Mel. ..	7 10 0 Mel.	
„ 26	4/8	E. 9 0 0 ..	..	..	Market stronger, otherwise unchanged.
July 1	4/9 Syd.	..	..	..	Flour and bran, local prices
	4/9½ Mel.	E. 9 2 6 ..	E. 6 10 0 Mel. ..	E. 7 0 0 Mel.	unchanged.
„ 3	4/11	E. 9 5 0 to			
		9 10 0			
„ 8	5/1 Syd.	E. 10 0 0 Syd. ..	..	..	Flour, Syd., E. advancing,
	5/1½ Mel.	L. 11 0 0 Mel.			L. unchanged; offals unchanged.
„ 15	5/2 Syd.	..	..	..	Flour, local prices unchanged;
	5/3 Mel.	E. 10 10 0 to			offals unchanged. No rain.
		10 12 6			
„ 16	5/10 Syd.	E. 11 10 0			
	5/9 Mel.	..	..	..	Flour, local likely advance £1 or more to-morrow.
„ 22	6/2 Syd. (nom.) ..	L. 14 0 0 Syd. ..	..	..	Wheat disorganized owing drop
	5/7 Mel.	L. 13 0 0 Mel. ..			options; offals unchanged.
		E. 12 0 0 Mel.			
„ 29	6/1 Syd.	L. 14 0 0 Syd. ..	8 0 0 Syd. ..	8 0 0 Syd. ..	Buyers pausing. Rain partial;
	5/8½ Mel.	L. 13 0 0 Mel. ..	7 10 0 Mel. ..	7 10 0 Mel.	missed large areas. Flour,
		E. 12 0 0 Mel.			local export unchanged.
Aug. 5	5/10 Syd. (nom.) ..	L. 14 0 0 Syd. ..	8 0 0 Syd. ..	8 0 0 Syd. ..	Offals meantime unchanged.
	5/7 Mel.	L. 12 15 0 Mel. ..	7 10 0 Mel. ..	7 10 0 Mel.	Raining dry areas.
		E. 11 15 0 Mel.			
„ 12	5/9 Syd. (nom.) ..	L. 14 0 0 Syd. ..	8 0 0 Syd. ..	8 0 0 Syd.	
	5/6 Mel.	L. 12 2 6 Mel. ..	7 15 0 Mel. ..	8 0 0 Mel. ..	Further rain.
		E. 11 7 6 Mel.			
„ 19	5/7½ Syd.	L. 13 0 0 Syd. ..	7 10 0 Syd. ..	7 10 0 Syd. ..	Wheat advancing. Offals, Syd.,
	5/7½ Mel.	L. 12 2 6 Mel. ..	E. 7 0 0 Mel. ..	E. 7 0 0 Mel.	weak; Mel., local prices unchanged.
		E. 11 10 0 Mel.			
„ 26	5/7 Syd. (nom.) ..	L. 13 0 0 Syd. ..	7 0 0 Syd. ..	7 0 0 Syd.	
			E. 6 15 0 Syd. ..	E. 6 15 0 Syd.	
	5/5 Mel.	L. 12 5 0 Mel. ..	7 10 0 Mel. ..	7 15 0 Mel.	
		E. 11 0 0 Mel. ..	E. 6 15 0 Mel. ..	E. 6 15 0 Mel.	
Sept. 2	5/7 Syd. (nom.) ..	L. 13 0 0 Syd. ..	L. 7 0 0 Syd. ..	L. 7 0 0 Syd. ..	Wheat, Syd., Mel., unchanged;
			E. 6 10 0 Syd. ..	E. 6 10 0 Syd.	flour, local, unchanged;
	5/5 Mel.	L. 12 5 0 Mel. ..	L. 7 10 0 Mel. ..	L. 7 15 0 Mel.	offals, local, unchanged.
		E. 10 15 0 Mel. ..	E. 6 15 0 Mel. ..	E. 6 15 0 Mel.	
„ 9	5/7½ Syd.	L. 13 0 0 Syd. ..	L. 7 0 0 Syd. ..	L. 7 0 0 Syd. ..	Wheat firm; flour, offal, local
		E. 11 0 0 Syd. ..			prices unchanged.
	5/7½ Mel.	L. 12 5 0 Mel. ..	L. 7 10 0 Mel. ..	L. 7 15 0 Mel.	
		E. 10 15 0 Mel. ..	E. 6 15 0 Mel. ..	E. 6 15 0 Mel.	
„ 16	5/9½ Syd.	L. 13 0 0 Syd. ..	L. 7 10 0 Syd. ..	L. 7 10 0 Syd.	
		E. 11 10 0 Syd.			
	5/8½ Mel.	L. 12 10 0 Mel. ..	L. 7 10 0 Mel. ..	L. 7 15 0 Mel.	
		E. 11 0 0 Mel. ..	E. 6 15 0 Mel. ..	E. 7 0 0 Mel.	

SCHEDULE 2.—EXTRACTS FROM LETTERS HELD BY DISTRIBUTORS LTD., CHRISTCHURCH.

Melbourne, 7th February, 1929.

OFFAL: The market is unchanged, with a tendency to be a little easier, but everything is hanging on the weather, which is still keeping exceedingly dry. The association quotation in Sydney is still £7, but a premium has been paid for prompt delivery—as high as £8 has been obtained, but we are now told that bran is available at £7 10s. and that the bigger buyers are getting their supplies at £7. It is bran that has been so scarce, but the market in New South Wales is very sensitive, because the mills are all working full time, and any change in the weather would immediately be reflected in lower values, and the same thing will apply here, though just now we have only had very little rain, and conditions are keeping exceedingly dry. There is no bran available for export, but there is a little pollard offering at £6 10s.

Melbourne, 11th May, 1929.

Offal.—Owing to the cold weather the local demand has increased considerably, and with the mills curtailing their working-time the output will also be less, and bran in Sydney has been advanced to £6 10s. and pollard to £7 10s. Of course, this also helps the mills in the reduction in price of flour. The Sydney Association would accept £6 5s. for export, but they are declining to quote any pollard at all for shipment. In Melbourne the local prices are unchanged—bran £6 10s., pollard £7—but with diminishing stocks the market is undoubtedly firmer, and we doubt if we could now quote any bran for export at under about £6 5s., but pollard has had a lot of business for shipment to your North Island at £6 5s. aboard. We think the surplus is pretty well cleared up.

Melbourne, 14th May, 1929.

Pollard.—The price in Sydney is now £7 10s., and they are not quoting for export. Bran (local) is £6 10s., but for export £6 5s. is named. In Melbourne the local position is unchanged at £6 10s. and £7 respectively for bran and pollard, and for export both are now quoted at £6 5s., but stocks are small. Local weather conditions are not at all favourable. Rain is badly wanted, and therefore it is not easy to now obtain supplies for shipment.

Melbourne, 21st May, 1929.

Offals.—The local position is unchanged both here and Sydney, though there has been some rain in New South Wales, and this may ease the demand to some extent. There are several inquiries from your North Island for pollard, but in the meantime Sydney will not quote except on local price of £7 10s. Our millers are refusing to quote at all just now, though the local position is £7. We had a little rain last week-end, but the total result is very disappointing. Conditions are now more threatening, and a good downpour would undoubtedly make a difference to offals. A few of the country mills that have been offering small lots of flour at a lower price have simply been doing so because they want the offal.

Melbourne, 4th June, 1929.

Bran and Pollard.—The market is very firm indeed. Local demand has been well maintained, and Sydney report a better inquiry. It is a weather condition. The association was discussing the question of raising the price of offal, but they did not do so because they did not wish to reduce the price of flour, but the position here stands that we have nothing available for export. For local use mills are obtaining a premium on associated price. They are talking up to £7 for bran, and pollard has had business at £7 5s. Sydney is not now quoting anything for export, though we think they might accept £6 5s. for a limited quantity of bran, and £7 for pollard. There are, however, inquiries from your North Island, and a little business has been done in pollard at £6 10s. aboard Adelaide, but freight is 10s. higher than from either here or Sydney.

Melbourne, 11th June, 1929.

Bran and Pollard.—With the mills working shorter time, and the good local demand, stocks have decreased very considerably. Sydney advises that they do not think they will have any to spare for export for the rest of the winter. Their local market for bran is £6 10s. and pollard £7 10s. The local price here for bran is £6 10s. and pollard £7, but millers are asking a premium, and are obtaining same. We might get a little bran for export at £6 15s. and pollard at £7 2s. 6d., but the quantities would be very small. We are waiting to hear the actual position in South Australia, but we have fixed pollard at £6 10s. aboard Adelaide for shipment to your North Island, but freight is 10s. more than from Melbourne.

Melbourne, 18th June, 1929.

Bran and Pollard.—Sydney is now £8 to £8 5s. respectively. Their market is distinctly higher than ours, and as far as pollard is concerned it is getting very close to the price of flour. This is rather extraordinary. In Melbourne bran is available at £7 and pollard at £7 10s. There is a little surplus of pollard, and we have been offered to-day 30 tons at £7 7s. 6d., and a little business has also been done for shipment to Queensland at £7 5s., but there is no quantity available. We have not had any further advices from South Australia.

Melbourne, 24th June, 1929.

Offal.—The quotation here is bran £7, pollard £7 10s.; but a premium is being paid for bran for prompt delivery. Pollard is a little in excess of demand, and £7 5s. to £7 7s. 6d. has been named for a small quantity for export. The Sydney position is now given as bran £7 5s. and pollard £8, but with nothing offering for export, and a premium is being paid locally on these prices. South Australia has refused to quote during the last week, though some business has been done for shipment by the steamer "Kurow" in pollard at up to £6 5s. aboard. Freight, however, is 10s. higher than from here.

Melbourne, 29th July, 1929.

Bran and pollard are both very firm owing to the dry conditions. Price in Sydney for both is £8, and in Melbourne it is now £7 10s. It might be possible to get a little bran at 2s. 6d. reduction, and also perhaps a little pollard. The mills are all working full time again, and consequently the output has increased, but the local demand, especially in the country, is very large. Adelaide is rather cheaper. There is a very limited quantity of bran offered for export at £6 10s. and pollard at £6 15s., but the quantity is very small.

SCHEDULE 3.—FLOUR-VALUES WITH AND WITHOUT MOISTURE.

AUSTRALIAN FLOUR WITH ADDED MOISTURE.

(Melbourne quotations, 5th August, 1929.)

	Per Cent.	lb.		£ s. d.
1 ton flour	71·43	2,000		12 15 0
Bran, pollard	28·57	800	(£7 10s.)	3 0 0
Waste	..	80		..
	100·00	2,880		£15 15 0
	Bushels.	lb.		£ s. d.
Wheat	46·36	2,796	(5s. 7d.)	13 0 2
3 per cent. moisture added	1·24	84		..
	48·00	2,880		..
Available for cost of manufacture, sale and delivery, taxation, gain or loss	..	..	..	2 14 0
				£15 15 0

SAME WITHOUT ADDED MOISTURE.

	lb.		£ s. d.
Flour	2,000		12 15 0
Offals	800	(£7 10s.)	3 0 0
Waste	80		..
	2,880		£15 15 0

	£ s. d.
Wheat, 48 bushels, 2,880 lb., 5s. 7d.	13 8 0
Available for cost of manufacture, sale and delivery, taxation, gain or loss	2 7 0
	£15 15 0

Gain by adding 3 per cent. moisture, 7s. 10d. per ton of flour.

APPENDIX VI.—STATISTICS OF FACTORY PRODUCTION.

(Put in by Mr. M. Fraser.)

TABLE I.—SHOWING THE PRINCIPAL FINANCIAL STATISTICS IN RESPECT OF THE MILLS ENGAGED IN THE PRODUCTION OF FLOUR AND BY-PRODUCTS ONLY.

Year ended 31st March,	Expenses of Operation.				Balance representing Expenses not included in First Three Columns, and Profit.	Value of Products.
	Salaries and Wages.	Cost of Wheat, Oats, Bags, and Sundry Materials.	Other Expenses.	Total.		
	(*a*) ABSOLUTE FIGURES.					
	£	£	£	£	£	£
1919	60,467	1,144,685	*	1,205,152	132,239	1,337,391
1920	61,552	1,322,388	*	1,383,940	163,465	1,547,405
1921	86,763	1,645,570	132,369	1,864,702	109,830	1,974,532
1922	101,891	1,559,629	129,614	1,791,134	120,438	1,911,572
1923	99,497	1,408,267	128,662	1,636,426	116,352	1,752,778
1924	84,063	1,052,023	114,168	1,250,254	130,257	1,380,511
1925	95,709	1,238,054	151,890	1,485,653	93,760	1,579,413
1926	102,657	1,450,299	181,083	1,734,039	23,706	1,757,745
1927	95,464	1,208,070	158,863	1,462,397	26,187	1,488,584
1928	96,631	1,340,310	165,831	1,602,772	71,664	1,674,436
	(*b*) PERCENTAGES (EACH COLUMN OF TOTAL VALUE OF PRODUCTS).					
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1919	4·52	85·59	..	..	9·89	100
1920	3·98	85·46	..	..	10·56	100
1921	4·40	83·34	6·70	..	5·56	100
1922	5·33	81·59	6·78	..	6·30	100
1923	5·68	80·34	7·34	..	6·64	100
1924	6·09	76·21	8·27	..	9·43	100
1925	6·06	78·39	9·61	..	5·94	100
1926	5·84	82·51	10·30	..	1·35	100
1927	6·41	81·16	10·67	..	1·76	100
1928	5·77	80·05	9·90	..	4·28	100

* Figures not available for 1918–19 and 1919–20.

TABLE II.—SHOWING THE PRINCIPAL FINANCIAL STATISTICS IN RESPECT OF THE MILLS NOT ENGAGED SOLELY IN THE PRODUCTION OF FLOUR AND BY-PRODUCTS.

Year ended 31st March,	Expenses of Operation.				Balance representing Expenses not included in First Three Columns, and Profit.	Value of Products.
	Salaries and Wages.	Cost of Wheat, Oats, Bags, and Sundry Materials.	Other Expenses.	Total.		
	(*a*) ABSOLUTE FIGURES.					
	£	£	£	£	£	£
1919	49,276	917,077	*	966,353	163,517	1,129,870
1920	54,352	1,089,346	*	1,143,698	116,813	1,260,511
1921	63,633	1,173,748	101,716	1,339,097	113,336	1,452,433
1922	64,580	967,003	136,614	1,168,197	76,761	1,244,958
1923	66,416	1,041,823	122,669	1,230,908	75,318	1,306,226
1924	83,404	1,065,109	128,504	1,277,017	61,083	1,338,100
1925	75,849	977,789	122,439	1,176,077	93,732	1,269,809
1926	68,668	1,038,246	126,051	1,232,965	74,110	1,307,075
1927	66,861	944,937	126,993	1,138,791	71,958	1,210,749
1928	79,325	1,000,716	133,271	1,213,312	61,273	1,274,585
	(*b*) PERCENTAGES (EACH COLUMN OF TOTAL VALUE OF PRODUCTS).					
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1919	4·36	81·17	..	..	14·47	100
1920	4·31	86·42	..	..	9·27	100
1921	4·38	80·81	7·00	..	7·81	100
1922	5·19	77·67	10·97	..	6·17	100
1923	5·08	79·76	9·39	..	5·77	100
1924	6·23	79·60	9·60	..	4·57	100
1925	5·98	77·00	9·64	..	7·38	100
1926	5·25	79·43	9·64	..	5·68	100
1927	5·52	78·05	10·49	..	5·94	100
1928	6·22	78·51	10·46	..	4·81	100

* Figures not available for 1918–19 and 1919–20.

TABLE III.—SHOWING THE PRINCIPAL FINANCIAL STATISTICS IN RESPECT OF ALL MILLS.

Year ended 31st March,	Expenses of Operation.				Balance representing Expenses not included in First Three Columns, and Profit.	Value of Products.
	Salaries and Wages.	Cost of Wheat, Oats, Bags, and Sundry Materials.	Other Expenses.	Total.		
	(*a*) ABSOLUTE FIGURES.					
	£	£	£	£	£	£
1919	109,743	2,061,762	207,596*	2,379,101	88,160	2,467,261
1920	115,904	2,411,734	241,642*	2,769,280	38,636	2,807,916
1921	150,396	2,819,318	234,085	3,203,799	223,166	3,426,965
1922	166,471	2,526,632	266,228	2,959,331	197,199	3,156,530
1923	165,913	2,450,090	251,331	2,867,334	191,670	3,059,004
1924	167,467	2,117,132	242,672	2,527,271	191,340	2,718,611
1925	171,558	2,215,843	274,329	2,661,730	187,492	2,849,222
1926	171,325	2,488,545	307,134	2,967,004	97,816	3,064,820
1927	162,325	2,153,007	285,856	2,601,188	98,145	2,699,333
1928	175,956	2,341,026	299,102	2,816,084	132,937	2,949,021
	(*b*) PERCENTAGES (EACH COLUMN OF TOTAL VALUE OF PRODUCTS).					
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1919	4·45	83·56	8·41	..	3·58	100
1920	4·13	85·89	8·60	..	1·38	100
1921	4·39	82·27	6·83	..	6·51	100
1922	5·27	80·04	8·44	..	6·25	100
1923	5·42	80·09	8·22	..	6·27	100
1924	6·16	77·87	8·93	..	7·04	100
1925	6·02	77·77	9·63	..	6·58	100
1926	5·59	81·20	10·02	..	3·19	100
1927	6·01	79·76	10·59	..	3·64	100
1928	5·97	79·38	10·14	..	4·51	100

* Estimated.

TABLE IV.—SHOWING FINANCIAL AND QUANTITATIVE STATISTICS RELATING TO MILLS ENGAGED IN THE PRODUCTION OF FLOUR ONLY AND BY-PRODUCTS (BRAN AND POLLARD).

Per Ton of Flour.

Year ended 31st March,	Number of Mills.	Expenses of Operation.				Balance (Difference between Total Debits and Value of Products).	Value of Products.	Added Value (Difference between Cost of Wheat, Bags, &c., and Value of Products).	Quantity of Wheat per Ton of Flour.
		Salaries and Wages.	Cost of Wheat, Bags, and Sundry Materials.	Other Expenses.	Total.				
		£	£	£	£	£	£	£	Bushels.
1919 ..	32	0·845	16·004	..	16·849	1·849	18·698	2·694	48·921
1920 ..	35	0·807	17·336	..	18·143	2·143	20·286	2·950	46·617
1921 ..	34	1·038	19·687	1·584	22·309	1·314	23·623	3·936	47·434
1922 ..	36	1·259	19·273	1·602	22·134	1·488	23·622	4·349	46·360
1923 ..	36	1·164	16·474	1·505	19·143	1·361	20·505	4·030	46·174
1924 ..	32	1·101	13·003	1·496	15·600	2·483	18·083	5·080	46·472
1925 ..	34	1·132	14·649	1·797	17·578	1·109	18·687	4·039	47·050
1926 ..	37	1·231	17·394	2·172	20·797	0·284	21·081	3·687	46·364
1927 ..	35	1·357	17·171	2·258	20·786	0·372	21·158	3·987	45·890
1928 ..	37	1·121	15·543	1·923	18·587	0·831	19·418	3·875	47·358

N.B.—With regard to the number of mills, it should be noted that some mills were not included for all years. Whenever they engaged in the production of oatmeal or any products other than flour, bran, and pollard, they were excluded from these particular statistics.

TABLE V.—SHOWING IN RESPECT OF MILLS MAKING SOLELY FLOUR AND ITS BY-PRODUCTS, THE SALARIES AND WAGES AND OTHER EXPENSES OF OPERATION PER TON OF FLOUR FOR THESE MILLS CLASSIFIED ACCORDING TO THEIR OUTPUT OF FLOUR DURING THE YEARS COVERED BY THE TABLE.

Per Ton of Flour.

Year ended 31st March,	Salaries and Wages.				Other Expenses.			
	Under 1,000 Tons.	1,000–5,000 Tons.	5,000 Tons and over.	Total.	Under 1,000 Tons.	1,000–5,000 Tons.	5,000 Tons and over.	Total.
	£	£	£	£	£	£	£	£
1919	1·187	0·880	0·759	0·845	..	..	..	*
1920	0·820	0·766	0·858	0·807	..	..	..	*
1921	1·174	1·005	1·043	1·038	1·280	1·354	1·865	1·584
1922	1·682	1·270	1·142	1·259	1·356	1·733	1·524	1·602
1923	1·609	1·078	1·146	1·164	1·780	1·845	1·252	1·505
1924	1·362	0·989	1·180	1·101	1·853	1·706	1·194	1·496
1925	1·601	1·101	1·083	1·132	1·738	2·320	1·393	1·797
1926	1·781	1·110	1·237	1·231	2·555	2·045	2·217	2·172
1927	1·572	1·453	1·050	1·357	1·984	2·594	1·581	2·258
1928	1·420	1·083	1·101	1·121	2·174	1·998	1·774	1·923

* Figures not available for years 1918–19 and 1919–20.

TABLE VI.—SHOWING THE QUANTITIES OF FLOUR AND WHEAT REPORTED FOR (*a*) MILLS MAKING SOLELY FLOUR AND ITS BY-PRODUCTS, (*b*) OTHER MILLS, AND (*c*) ALL MILLS.

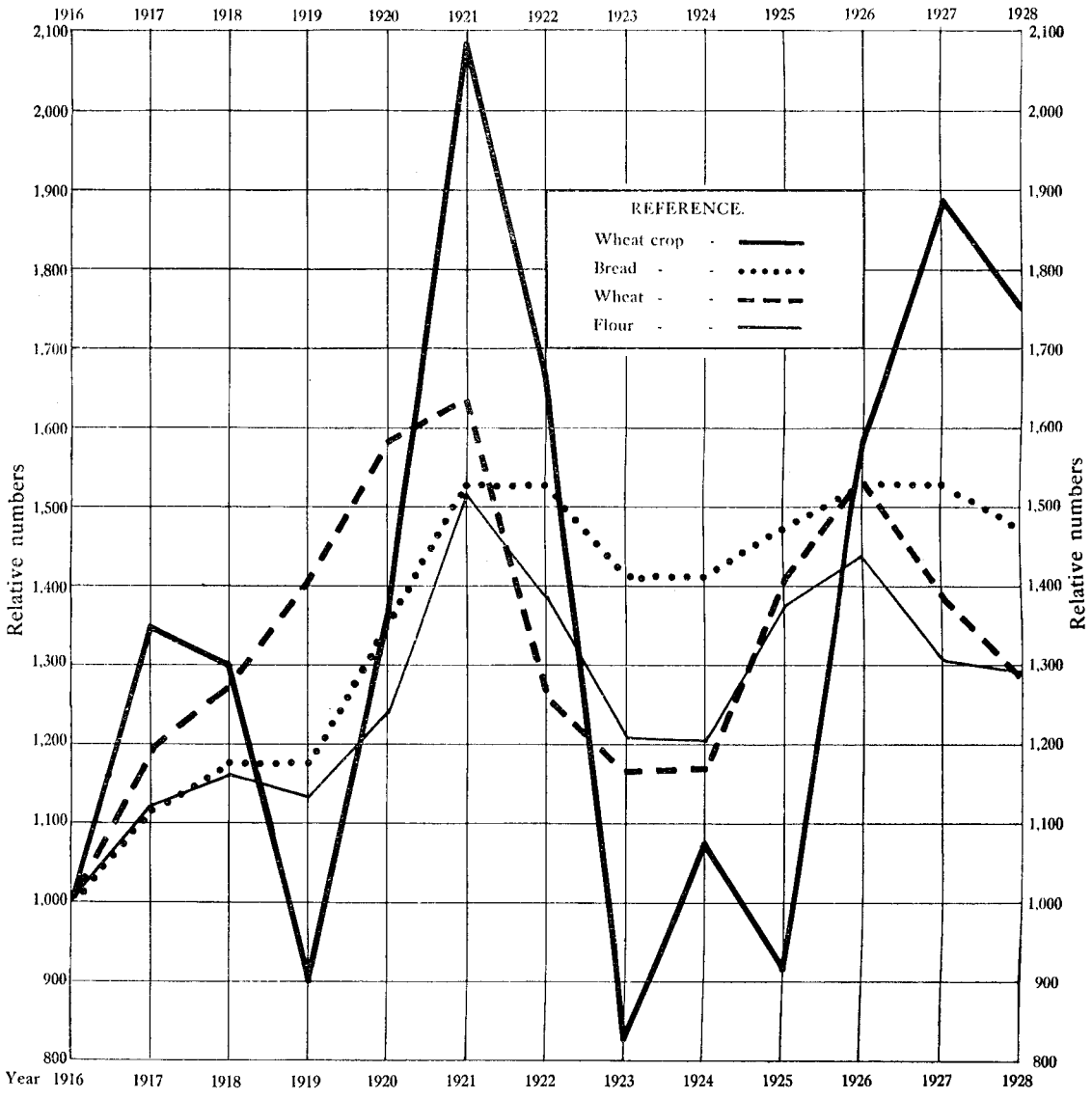
Year.	Mills producing Flour only.	Other Mills.	Total.	Percentage of Mills making Flour to Total.
	FLOUR.			
	Tons.	Tons.	Tons.	Per Cent.
1919	71,527	45,089	116,616	61·34
1920	76,278½	50,434	126,712½	60·20
1921	83,585	48,181½	131,766½	63·43
1922	80,924½	40,738½	121,663	66·52
1923	85,482¾	48,476¼	133,959	63·07
1924	76,341	57,087	133,428	57·22
1925	84,518	51,696½	136,214½	62·05
1926	83,380	45,319	128,699	64·79
1927	70,357	40,016	110,373	63·74
1928	86,232	48,744	134,976	63·89
	WHEAT.			
	Bushels.	Bushels.	Bushels.	Per Cent.
1919	3,499,179	2,172,120	5,671,299	61·70
1920	3,555,873	2,384,426	5,940,299	59·86
1921	3,964,807	2,235,676	6,200,483	63·94
1922	3,751,690	1,903,873	5,655,563	66·34
1923	3,947,050	2,311,109	6,258,159	63·07
1924	3,547,715	2,922,781	6,470,496	54·83
1925	3,976,550	2,381,819	6,358,369	62·54
1926	3,865,805	2,132,856	5,998,661	64·44
1927	3,228,683	1,846,112	5,074,795	63·62
1928	4,083,769	2,275,096	6,358,865	64·22

TABLE VII.—SHOWING PARTICULARS IN RESPECT OF THE ANNUAL WHEAT-YIELD, AND THE AVERAGE PRICES OF WHEAT, FLOUR, AND BREAD, FROM 1916–17 TO 1928–29.

Calendar Year.	Quantity of Wheat.	Prices.		
		Wheat (Tuscan) (Christchurch Prices) f.o.b. Nearest Port or delivered, Sacks extra.	Flour (Average Four Centres) f.o.b. Nearest Port or delivered, Sacks in.	Bread (2 lb. Loaf), Average Four Centres, Retail Cash over Counter.
	ABSOLUTE FIGURES.			
	Bushels.	Per Bushel. s. d.	Per Ton. £ s. d.	d.
1916	5,051,227	4 9¼	13 7 8	4¼
1917	6,807,536	5 8¼	15 1 1	4¾
1918	6,567,629	6 0¾	15 11 5	5
1919	4,559,934	6 8¼	15 3 2	5
1920	6,872,262	7 6½	16 11 11	5¾
1921	10,565,275	7 9½	20 5 10	6½
1922	8,395,023	6 0	18 10 11	6½
1923	4,174,537	5 6¾	16 3 7	6
1924	5,447,758	5 7	16 2 0	6
1925	4,617,041	6 8½	18 8 2	6¼
1926	7,952,442	7 3¾	19 4 11	6½
1927	9,541,444	6 7¼	17 9 3	6½
1928	8,832,864	6 1½	17 5 3	6¼
	RELATIVE NUMBERS (1916 = 1000).			
1916	1000	1000	1000	1000
1917	1348	1192	1125	1118
1918	1300	1271	1163	1177
1919	903	1402	1133	1177
1920	1361	1581	1240	1353
1921	2092	1633	1516	1529
1922	1662	1258	1386	1529
1923	826	1166	1209	1412
1924	1078	1170	1205	1412
1925	914	1406	1376	1471
1926	1574	1533	1438	1529
1927	1889	1384	1305	1529
1928	1749	1284	1291	1471

N.B.—Prices represent averages for calendar years. Wheat-yields are for the season at the end of the calendar year mentioned in each case.

GRAPH SHOWING CURVES PLOTTED FROM RELATIVE NUMBERS COMPUTED IN RESPECT OF THE WHEAT HARVEST, AND THE PRICES OF WHEAT, FLOUR, AND BREAD, FROM 1916 TO 1929 (1916 = 1000).



N.B.—It should be particularly noted that the various curves are plotted from relative numbers, not the crude figures; and that a rise or fall in any curve above or below the 1000 mark indicates a percentage rise or fall in comparison with the figure for the first year (calendar year 1916 for prices, and 1916–17 season for harvest).

APPENDIX VII.

(Put in by W. H. Nicholls).

SCHEDULE 1.

STATEMENT OF THE ESTIMATED AMOUNT OF CAPITAL INVESTED IN WHEAT-GROWING INDUSTRY AND IN THE INDUSTRIES DIRECTLY OR SUBSTANTIALLY DEPENDENT THEREON.

	£
Invested in land—	
260,987 acres devoted to wheat-growing, at an average value of £33 per acre (given by the manager of a large farmers' co-operative company and confirmed by Dr. F. W. Hilgendorf)	8,612,571
Invested in plant and machinery—	
An average of £500 per farm is the estimate given by Mr. R. E. Alexander, and in respect of six thousand growers of wheat the amount involved is	3,000,000
Invested in flour-milling industry (New Zealand Official Year-book, 1929, p. 557)—	
Land, buildings, machinery, and plant	830,178
Invested in rope and twine industry (as advised by Government Statistician)—	
Land, buildings, machinery, and plant	93,092
Invested in agricultural-implement and dairying-machinery manufacturing (Year-book, p. 567)—	
Land, buildings, machinery, and plant	346,012
Invested in grain-stores for handling of wheat—	
Estimated at	100,000
Total	£12,981,853

No estimate made in connection with industries more remotely affected.

SCHEDULE 2.

STATEMENT SUMMARIZING EFFECT OF A COMPLETE CHANGE-OVER IN PRODUCTION FROM WHEAT TO LIVE-STOCK.

Effect on Wages.		Estimated Annual Income affected.	If Labour not absorbed for Three Months, Loss will be	If Labour not absorbed for Six Months, Loss will be
		£	£	£
Casual labour—				
Harvesting crop (8,000,000 bushels) at 6d. per bushel (Dr. Hilgendorf's estimate) ..		200,000	50,000	100,000
Handling crop (employed in grain-stores)—	£			
Paid by Lyttelton Harbour Board	2,785			
Paid by stock and station agents in Christchurch and surrounding country districts for handling wheat	13,284			
Estimated to be paid out at Timaru and Oamaru for handling wheat	4,000			
Paid for handling wheat over wharves at South Island ports only ..	7,896			
	£27,965			
75 per cent. of this amount not required if change-over to mutton and wool..		20,973	5,243	10,486
Farm labour (permanent hands)—				
1,300 less men required on change-over from wheat to live-stock at estimate by Dr. Hilgendorf of £3 10s. per week per man		236,600	59,150	118,300
Flour-milling industry—				
697 men employed, earning per annum (Government Statistician's figures) ..		175,956	43,989	87,978
Rope and twine industry—				
228 men employed, earning £45,151 per annum (1928 réport of Department of Industries and Commerce), with 20 per cent. of output referable to wheat (binder-twine)		9,030	2,257	4,515
Agricultural-implement industry—				
With dairying-machinery manufacturing, this industry employs 885 men, paying £191,002 per annum in wages. A conservative estimate of one-third has been taken as the wages on agricultural implements, repairs, and manufacturing		63,667	15,916	31,832
Threshing-mills—				
Earning 6d. per bushel on 8,000,000 bushels, or revenue of £200,000 per annum, of which the secretary of the Threshing-mill Owners' Association states that one-half of the total revenue is disbursed in wages (mostly casual)		100,000	25,000	50,000
Cartage contractors—				
Earning 6d. per sack (Mr. R. E. Alexander's estimate), or a revenue of £60,000 per annum, of which a conservative estimate of one-fourth would be paid in wages		15,000	3,750	7,500
Total wages affected		821,226	205,305	410,611
Loss of railage (per annum)		66,867	66,867	66,867
Total effect on labour and railage		888,093	272,172	477,478

NOTE.—No estimate has been made of the effect on labour in industries indirectly affected—manure-works, country blacksmith, flax-mills—nor in respect of the loss of income due to the reduced return on capital invested, &c.

SCHEDULE 3.

BRAN: COMPARATIVE STATEMENT OF NEW ZEALAND AND AUSTRALIAN PRICES FROM 1925 TO 1929.

	1925.			1926.			1927.			1928.			1929.		
	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.
Per ton—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
March quarter	5 12 6	7 0 0	6 5 0	8 0 0	9 9 0	7 10 0	6 9 4	7 19 8	6 15 0	6 0 8	7 0 8	6 15 0	6 10 0	8 0 0	6 15 0
June quarter	8 0 0	9 10 0	8 0 0	8 0 0	10 2 0	7 5 0	6 0 0	7 11 1	7 10 0	6 10 0	8 0 0	6 15 0	6 10 0	8 0 0	6 10 0
September quarter	8 0 0	9 10 0	8 5 0	7 17 4	10 16 2	7 15 0	5 9 4	6 10 2	7 0 0	6 10 0	8 0 0	6 0 0	..	..	..
December quarter	8 0 0	9 10 0	8 10 0	7 0 0	9 10 0	Not available	5 10 0	5 15 0	6 0 0	6 10 0	8 0 0	5 15 0	..	..	..
Landed cost in Auckland of Australian bran (without duty) based on Australian quotations—															
March quarter	..	8 1 6	..	..	9 6 6	..	..	8 11 6	..	..	8 11 6	..	..	8 11 6	..
June quarter	..	9 16 6	..	..	9 1 6	..	..	9 6 6	..	..	8 11 6	..	..	8 11 6	..
September quarter	..	10 1 6	..	..	9 11 6	..	..	8 16 6	..	..	8 16 6	..	..	..	..
December quarter	..	10 6 6	..	..	Not available	..	..	7 16 6	..	..	7 11 6	..	..	..	..

Freight, 35s. per ton bran; insurance and exchange, 15s. per cent.—say, 1s. 6d. per ton. Importer's profit omitted.

NOTE.—New Zealand prices taken from *Abstract of Statistics*; Australian prices taken from monthly issues of the *Pastoral Review*.

SCHEDULE 4.

POLLARD: COMPARATIVE STATEMENT OF NEW ZEALAND AND AUSTRALIAN PRICES FROM 1925 TO 1929.

	1925.			1926.			1927.			1928.			1929.		
	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.	Christchurch.	Auckland.	Australia.
Per ton—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
March quarter	6 12 6	8 0 0	7 15 0	9 0 0	10 10 0	9 5 0	8 18 8	10 9 4	7 10 0	7 15 4	8 13 4	7 10 0	8 0 0	9 10 0	6 15 0
June quarter	9 0 0	10 10 0	8 10 0	9 0 0	11 2 0	9 0 0	8 0 0	9 10 0	7 10 0	8 8 8	9 10 0	8 10 0	8 0 0	9 10 0	7 0 0
September quarter	9 0 0	10 10 0	8 15 0	9 9 4	11 18 9	10 10 0	7 5 7	8 9 10	7 10 0	8 0 0	9 10 0	7 0 0	..	..	..
December quarter	9 0 0	10 10 0	10 15 0	9 4 0	11 10 0	Not available	7 10 0	8 5 0	7 10 0	8 0 0	9 10 0	6 5 0	..	..	..
Landed cost in Auckland of Australian pollard (without duty) based on Australian quotations—															
March quarter	..	9 6 0	..	..	10 16 6	..	..	9 1 6	..	..	9 1 6	..	..	8 6 6	..
June quarter	..	10 1 6	..	..	10 11 6	..	..	9 1 6	..	..	10 1 6	..	..	8 11 6	..
September quarter	..	10 6 6	..	..	12 1 6	..	..	9 1 6	..	..	8 11 6	..	..	..	..
December quarter	..	12 6 6	..	..	Not available	..	..	9 1 6	..	..	7 16 6	..	..	..	..

Freight, 30s. per ton; insurance and exchange, 15s. per cent. Importer's profit omitted.

NOTE.—New Zealand prices taken from quarterly figures published in *Abstract of Statistics*; Australian figures taken from monthly issues of the *Pastoral Review*.

SCHEDULE 5.

STATEMENT OF COSTS OF BAKING BREAD PER 4 LB. LOAF EXTRACTED FROM ACTUAL COSTS SUBMITTED BY BAKER WITH LARGE PRODUCTION.

Flour at per ton cost	£13	£14	£15	£16	£17	£18	£19	Nothing.
	d.	d.	d.	d.	d.	d.	d.	d.
Flour	4·90	5·28	5·65	6·03	6·41	6·79	7·16	..
Other ingredients	0·69	0·69	0·69	0·69	0·69	0·69	0·69	0·69
Bakehouse wages	1·10	1·10	1·10	1·10	1·10	1·10	1·10	1·10
Fuel, light, and power	0·24	0·24	0·24	0·24	0·24	0·24	0·24	0·24
Bakehouse overhead (including repairs and maintenance, insurance, rates, advertising, depreciation, and general administration)	1·06	1·06	1·06	1·06	1·06	1·06	1·06	1·06
Delivery expenses (including wages, motor-maintenance, garaging, horse-feed, depreciation of vans and carts)	1·39	1·39	1·39	1·39	1·39	1·39	1·39	1·39
Total cost	9·38	9·76	10·13	10·51	10·89	11·27	11·64	4·48

SCHEDULE 6.

STATEMENT OF COST OF BAKING BREAD PER 4 LB. LOAF SUBMITTED BY BAKER DOING 700 LOAVES PER WEEK AND TAKING VARYING PRICES OF FLOUR.

Flour at per ton cost	£13	£14	£15	£16	£17	£18	£19	Nothing.
	d.	d.	d.	d.	d.	d.	d.	d.
Flour (eleven sacks per week)	4·90	5·28	5·65	6·03	6·41	6·79	7·16	..
Other ingredients	0·30	0·30	0·30	0·30	0·30	0·30	0·30	0·30
Bakehouse wages, fuel, and power	2·34	2·34	2·34	2·34	2·34	2·34	2·34	2·34
Delivery costs	2·74	2·74	2·74	2·74	2·74	2·74	2·74	2·74
Depreciation of bakehouse buildings and plant, interest on invested capital, and incidentals	1·37	1·37	1·37	1·37	1·37	1·37	1·37	1·37
Total cost per 4 lb. loaf	11·65	12·03	12·40	12·78	13·16	13·16	13·91	6·75
Baker's margin at 1s. 1d. per loaf	1·35	0·97	0·60	0·22	Loss	Loss	Loss	..

NOTE.—(1) Sixty-four loaves produced per sack. (2) Proprietor works in bakehouse and his labour assessed at £6 per week. (3) On this cost, even if flour cost nothing, the 4 lb. loaf could not be sold under 6¾d.

SCHEDULE 7.

(Extract from *American Bakers' Weekly*, 1929.)

COST AND PRICES ON A 1 LB. LOAF OF BREAD.

Average quality formula as in use to-day in wholesale plants.

Flour cost per barrel (196 lb.)	$7	$6	$5	$4	Nothing.
	Cents.	Cents.	Cents.	Cents.	Cents.
Flour (per 1 lb. loaf)	2·37	2·03	1·70	1·36	..
All other ingredients	0·92	0·92	0·92	0·92	0·92
All other bakery costs	3·54	3·54	3·54	3·54	3·54
Total cost to baker	6·83	6·49	6·16	5·82	4·46
Baker's margin	0·65	0·65	0·65	0·65	0·65
Wholesale price	7·48	7·14	6·81	6·47	5·11
Grocer's margin	1·28	1·28	1·28	1·28	1·28
Retail price	8·76	8·42	8·09	7·75	6·39

These costs do not include any interest charged on investment or any adjustment for stale returns.

SCHEDULE 8.

The Relationship between the Per-cent. Extraction or the Number of Pounds of Flour from 60 lb. of Wheat and the Number of 4 lb. Loaves of Bread.

1. Flour-extraction.	2. Flour.	3. Dough.	4. 4 lb. Loaves.	5. 1s. less per Bushel of Wheat equals so-much less per 4 lb. Loaf.	1. Flour-extraction.	2. Flour.	3. Dough.	4. 4 lb. Loaves.	5. 1s. less per Bushel of Wheat equals so-much less per 4 lb. Loaf.
Per Cent.	lb.	lb.	Number.	Farthings.	Per Cent.	lb.	lb.	Number.	Farthings.
66	39·6	60·5	14·4	3·33	74	44·4	67·9	16·2	2·96
67	40·2	61·5	14·7	3·26	75	45·0	68·8	16·4	2·92
68	40·8	62·4	14·9	3·22	76	45·6	69·7	16·6	2·89
69	41·4	63·3	15·1	3·17	77	46·2	70·6	16·8	2·85
70	42·0	64·2	15·3	3·13	78	46·8	71·6	17·1	2·80
71	42·6	65·1	15·5	3·09	79	47·4	72·5	17·3	2·77
72	43·2	66·0	15·8	3·03	80	48·0	73·4	17·5	2·74
73	43·8	67·0	16·0	3·00					

Explanation.

Column 1 gives the various percentage extractions of flour from clean wheat, or, in other words, the pounds of flour obtainable from 100 lb. of wheat. This percentage varies with the type of wheat, the moisture-content of that wheat, the mechanical efficiency of the mill, and the personal milling knowledge of the miller. I would say that 72 per cent. is an average.

Column 2 is arrived at by multiplying 60 lb. of wheat by the percentages in column 1—that is, 39·6 lb. of flour equals 66 per cent. of 60 lb. of wheat, or, in other words, at a 66-per-cent. flour-extraction one gets 39·6 lb. of flour (note). Some mills calculate this percentage extraction on clean wheat—that is, wheat that has been cleaned and scoured—while others calculate it on their dirty wheat. Since wheat may contain from 0·5 to a high percentage of weeds, tares, chaff, &c., the man who calculated on a clean wheat basis will show a high extraction.

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