

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  $\frac{3}{4}$ d. 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.