

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 500lb. of bran and 300lb. 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