

- (b) For heavy-bodied leaf not inferior in quality to the sample now held by the company and marked "Minimum heavy-bodied leaf," one shilling and twopence (1s. 2d.) per pound weight, increasing in price according to quality to two shillings and sixpence (2s. 6d.) per pound weight for best heavy-bodied leaf not inferior in quality to the sample now held by the company and marked "No. 1 heavy-bodied leaf."
- (c) In making up the total leaf to be purchased by the company from the grower under this agreement, for every 2 lb. weight of heavy-bodied leaf to be purchased by the company according to sample the grower shall deliver and the company shall purchase 1 lb. weight of light-bodied leaf, and in the event of the grower not being able to deliver graded leaf according to sample in the proportion of 1 lb. weight of light-bodied leaf to every 2 lb. weight of heavy-bodied leaf the company may reject and refuse to purchase all heavy-bodied leaf in excess of the aforesaid proportion, notwithstanding that the same is up to sample and is not in excess of the total quantity hereby agreed to be purchased.
- (d) The company in purchasing the above proportion of heavy-bodied leaf shall not be bound to purchase more than thirty-five per cent. (35 per cent.) of the minimum grade or sample of heavy-bodied leaf of the total of such heavy-bodied leaf, delivered as aforesaid, and may reject all heavy-bodied leaf of the minimum grade or sample in excess of thirty-five per cent. (35 per cent.) of the total of the heavy-bodied leaf to be purchased as aforesaid, notwithstanding that the same is not in excess of the total heavy-bodied leaf to be purchased hereunder.

Some of the growers have expressed in evidence their grave doubts as to whether or not the terms of paragraph (c), insisting on 1 lb. weight of light-bodied leaf for every 2 lb. weight of heavy-bodied leaf can be carried out by the growers.

Mr. C. E. Lowe, Government Tobacco Instructor, and also Mr. W. H. Owen, who was one of the first to grow leaf for the company, in evidence have given it as their opinion that it will be impossible for the growers to comply with the terms of the contract regarding percentages of the heavy-bodied and light-bodied.

Mr. S. F. Brame told the Committee that in his opinion the leaf exhibits before the Committee were all light leaf. This brings us to a very interesting question—the difference in the type of leaf asked for by Mr. Whittaker when he commenced operations in the Nelson district, and that asked for to-day by the company. The evidence of the growers' representatives, that of Mr. Lowe, of Mr. Owen, and of Mr. Brame all goes to show that the standard has been altered. Expert evidence before the Committee seems to indicate also that the best leaf to the manufacturer is not the thin light-bodied lemon-coloured leaf.

Limitation of contracts: Your Committee has considered the petition of R. R. Hodgkinson and thirty-five other tobacco-growers of the Nelson-Motueka district who have been refused contracts by the company this season. The position of these growers is that they have loaded their properties with kilns, drying-sheds, and other appointments, encouraged so to do by the company. Mr. R. L. Gracie in evidence stated that "the reason for not offering contracts to these farmers is simply the fact that we found it possible to meet our estimated requirements for the 1930-31 season by placing contracts with farmers who had in previous years given more satisfactory results than the petitioners." This statement does not concur with the evidence tendered before the Committee on behalf of the growers, wherein it was shown that some of the growers were in possession of payment dockets showing that they had received some of the top prices during the past season. In the Riwaka district, among others, one farmer was refused a contract who possessed some of the best land there, and who in two seasons received £1,563 from the company for the leaf delivered. No contracts have been given to growers in the Moutere district this season, as the company alleges such area is unsuited for the growing of tobacco. The National Tobacco Co. takes supplies of leaf from this area, while expert evidence has been tendered that good results have been obtained there—in fact, one farm produced the largest financial return yet received in the Dominion per acre, it being over £240 for less than 1 acre in cultivation. It is understood by your Committee that the National Tobacco Company has since offered a contract to a number of the rejected growers.

MANUFACTURING COSTS OF NEW ZEALAND AND AMERICAN LEAF USED IN MANUFACTURE.

Messrs. W. D. and H. O. Wills in evidence gave the following return as to the cost of domestic leaf used in the manufacture of "Silver Fern" tobaccos:—

	£
" Price paid to grower	25,185
" Buying and shipping and supervising	4,546
" Redrying—	
Loss in	2,599
Cost of	1,283
" Total	33,613
" Loss for stems and cost of stemming and blending	10,000
" Factory costs—leaf	43-60d.

* "The biggest loss is on account of stems, which amounts to nearly one-third of the cost of the leaf up to that stage. The cost of American leaf used in the same tobaccos was on the 1st July 19-6d. per pound. That was the cost landed in New Zealand in the form of strips ready for manufacturing. With the addition of 2s. per pound duty on imported leaf the cost was exactly the same as that of the New Zealand leaf."

It is interesting to compare these figures with those tendered to the Australian Select Committee by Mr. Bentley, the director of the British Australasian Tobacco Co., Pty., Ltd.