COMPARISON OF COSTS OF AMERICAN BRIGHT LEAF AND AUSTRALIAN BRIGHT LEAF.

	American Price. d.	Australian Price. d.
Average landed cost of American bright fillers redried	17·88	..
Average price paid growers for Australian lemon and bright mahogany leaf, 1929 crop, not redried	..	36·93
Add average loss in weight caused through redrying—9 per cent.	..	3·32
Add actual cost of buying, redrying, and boxing Australian leaf	..	1·30
Average cost of American bright and Australian bright leaf, both now redried	17·88	41·55
Add interest at 5 per cent. for two years	1·79	4·15
Average cost of leaf aged for two years and ready for stemming	19·67	45·70

Strips: The leaf has now to be converted into strips—*i.e.*, the midribs have to be removed by the process known as stemming. The stems are useless, and the remainder of the leaf, known as strips, has of necessity to bear the cost of the whole. The Australian leaf, on the whole, has a large and heavier stem than the American, the average yields of bright strips being as under: American, 80·55 per cent.; Australian, 77·42 per cent.

	American Price. d.	Australian Price. d.
The average cost of 1 lb. of strips is therefore	24·42	59·03
To which has to be added—		
Leaf expense—storage, insurance, &c.	0·31	1·03
Cost of stemming	2·72	3·51
And in the case of American strips	36·0	..
Total cost of one pound of strips	63·45	63·57

The factory cost of the tobacco used in "Twelves" is as follows: Imported, 24·97d. per pound; local 49·5d. per pound.

The comparative figures, Australian and New Zealand, speak for themselves, and need no comment. One thing, however, is obvious—namely, that in both countries the governing factor in the price paid to the grower for his leaf is determined by the basic import duty on the imported foreign leaf.

The manner of importation of foreign leaf by these concerns is dealt with in a later section of the report.

Your Committee would like to emphasize that there is a manufacturing process whereby the stems or midrid is used. This is done by crushing the midrib and then rolling it and putting it through the machines at a much finer cut than the tobacco with which it is mixed. In some instances as much as 21 per cent. of crushed stems is being used. It is therefore obvious that any talk of loss of midrib should not be seriously regarded in production costing.

Members of your Committee paid a visit to the factory of the Dominion Tobacco Co. at Petone, and were conducted over the works by Mr. R. L. Gracie, factory superintendent. Mr. R. B. Smith, Mr. R. E. Ramsay, and Mr. Stott were also in attendance.

The report of the Department of Labour on the conditions of labour and the factory is as follows:—

"*W. D. and H. O. Wills, Ltd., Petone.*

"The factory is modern, being a well-constructed ferro-concrete building with first-class window area, ensuring good lighting; the floor is satisfactory and the cubic space per person adequate; the sanitation is good, and dining-accommodation is provided and gas-stoves for heating purposes.

"A canteen system obtains with regard to the supply of food. The room is kept clean by a staff paid by the company. The welfare of the female workers is considered by the employment of a trained nurse with special quarters set apart for giving proper attention in cases of indisposition. A properly equipped hospital bed is provided. Dust-removing appliances are fitted, and rooms are fairly clear of dust and obnoxious odours. Female labour is utilized in machinery operations to a considerable extent, and I noticed females carrying out practically all tin-making operations—stamping out, crimping, and soldering. The employees in this establishment work under good conditions, and the factory is not defective in any of the requirements of the Factories Act—namely, construction generally, sanitation, ventilation, heating, dust-removing appliances, first-aid appliances, and dining-accommodation.