

3. The Government guarantees to the grower an average gross market price of 2s. 3d. per pound on the open market in London on all leaf of Class 1, and similarly 1s. 4d. per pound on all leaf of Class 2.

4. Leaf of Class 1 shall form not less than one-third of the total weight of leaf exported in any one year.

5. No leaf shall be accepted for export that has not been raised from previously approved seed.

6. All matters relative to the culture, treatment, and preparation of tobacco-leaf for export shall be carried out in accordance with the subjoined instructions and any additional instructions that may be issued by the Department of Agriculture from time to time, and the Government reserves the right to withhold the privileges of the guarantee from any grower who materially departs from or fails to comply with any instructions so issued.

7. All tobacco-leaf intended for export under the guarantee shall be delivered by the grower in approved containers to a central packing-house appointed by the Department, whereat such leaf shall be graded and conditioned, and packed in accordance with the requirements of the Department.

8. The Government retains the right to add to or to amend the foregoing conditions from time to time, if found necessary, for the purpose of protecting the spirit of the guarantee, or for the purpose of establishing the tobacco export trade on a satisfactory basis.

Mr. C. E. Lowe was engaged by the Department as Instructor in Tobacco-culture, and his services were made available to the growers participating in the scheme. The result of the year's operations was that thirty members of the association grew under the guarantee, a kiln was erected, other necessary premises were acquired, and from 8 to 10 tons of tobacco-leaf was cured. Messrs. Wills and Co. purchased 13,000 lb. of this, while other individual association members sold their leaf to the National Tobacco Co. No leaf was therefore exported by the growers, and the guarantee was not called upon. On the entry of the W. D. and H. O. Wills (N.Z.), Ltd., Co. the activities of the Government Tobacco Instructor were then centred round the Hokianga and Rotorua districts. Certain growers in the Sandy Bay and Takaka districts obtained leaf through the Department, but, unfortunately for themselves, did not receive adequate instruction from the Department's expert.

The operations of the Department in the northern districts may be divided into (a) instruction to Maori growers, and (b) instruction and activities among European growers.

As to the operations among the Maori people, the results achieved through the Department's guidance are set out in the following report furnished by the Director-General of Agriculture :—

"Associations were formed in both areas. The Hokianga association included forty-eight growers, and the Rotorua association twenty-five growers. Reasonably satisfactory progress was made in both areas. The production of tobacco-leaf in Hokianga was 16,515 lb., and at Rotorua 7,417 lb.

"Those interested in the scheme were warned by the management of the risk of growing tobacco without first having made provision for the disposal of the resultant crop. It was, however, a deep-rooted conviction on the part of those interested in the tobacco-growing project in those areas that one or another of the local companies would purchase the leaf at the end of the season, provided it was of a satisfactory standard.

"One kiln was erected in Hokianga and seven in the Rotorua district, but, unfortunately, with the exception of a small quantity of yellow leaf, practically the whole was of a mahogany colour, suitable for pipe purposes only.

"At the end of the season considerable difficulty arose as to the disposing of the tobacco. The National Tobacco Co. eventually purchased at moderate prices the Rotorua leaf, but the Hokianga crop was unsaleable within New Zealand. Consequently the Hokianga association faced a very awkward problem, for neither the association nor its members individually had sufficient capital to handle the tobacco from an export point of view.

"In view of this, arrangements were made for the Government to advance 8d. per pound against the Hokianga leaf, out of which transportation, conditioning, packing, and shipping charges were to be deducted, and the surplus paid to the individual grower. Under this arrangement the Hokianga tobacco was transferred to Petone, graded, and treated from a moisture point of view, packed, and made ready for export. A total quantity of 13,426 lb., packed in forty-two bales, was shipped to London and offered for sale under the supervision of the High Commissioner's Office. This quantity included 9,876 lb. which was the property of the Hokianga association. The remainder (6,639 lb.) was baled and held in storage in the storeroom of the Department of Agriculture, Wellington, free of charge, pending disposal in the interests of the owners. This leaf is still in storage, while the London shipment was until recently unsold in London.

"The leaf shipped to London was of good pipe-tobacco type, but on account of it being a comparatively small parcel the High Commissioner, although he has tried all interested merchants, has been unable to secure a purchaser. Recent advice from the High Commissioner's Office is to the effect that he proposes endeavouring to dispose of the consignment on the Continent, but no advice as to his success or otherwise in this direction is yet to hand.

"The Natives of both Hokianga and Rotorua took up the work of tobacco-growing with enthusiasm, and displayed commendable intelligence in connection with its production, but with their limited knowledge it was unavoidable that there would be some shortcomings in their first season's attempt. Although still interested in the question of tobacco-culture, they were prevailed upon in both districts, in view of their first unsuccessful experience, to discontinue their attempts to raise tobacco commercially until the tobacco position within the Dominion was more stabilized. In view of this, no tobacco was raised during the past season at Hokianga, and only a small quantity at Rotorua.

Regarding (b), the Committee has had evidence from the growers at Te Atatu, in which it is stated that at a meeting held at Henderson in 1928, during the course of a lecture, the Government Instructor stated that "the Government price was 2s. 3d. per pound for flue-dried and 1s. 4d. for brown leaf," and that they grew under Government supervision; that the visits of the Instructor were infrequent;