

1102. It should be possible for the dairy companies, with the assistance of the Dairy Control Board, to arrange a system of co-operative buying that would relieve the Government of all financial responsibility.

1103. It surely cannot be suggested that our basic industries are unable by co-operative effort to help themselves in directions such as this, and the sooner the system of indiscriminate subsidies from the State is abandoned the better it will be for all concerned. **The Consolidated Fund cannot continue to provide huge sums annually on this account.**

1104. This measure of assistance having already been given, we realize that, in the present adverse conditions of the farming industry generally, it may not be possible or even advisable to terminate suddenly the subsidies, and **we therefore recommend that, in any event, they be reduced at the rate of at least 33½ per cent. each year until they are extinguished**, with the right to the Government to extinguish them altogether without notice in the event of an adequate improvement in the export price of farm products taking place.

Saving for 1932-33, £70,000, rising ultimately to £300,000.

Item—Subsidy to Cow-testing Organizations, £7,703.

1105. We have referred to this item when dealing with the expenses and salary of the supervisor of the Dominion Group Herd-testing Federation, which is provided under a separate item. The industry should be able to maintain its present organization without a subsidy from the general taxpayer. Recognizing that the immediate withdrawal of the present subsidy might be impossible, **we recommend that the item be reduced to £5,000 for 1933-34, this amount to include the amount hitherto provided for expenses and salary of the supervisor, and that thereafter the item be gradually reduced at the rate of £1,000 per annum until it is extinguished.** The Government is already committed to the subsidy for 1932-33, hence no immediate reduction is possible.

GENERAL.

1106. We consider that a reorganization of the Department with a view to reducing the services now being provided is of paramount importance, and the Department even with the reductions recommended should still be of sufficient strength to render good service in the future. **It seems to be quite obvious from a review of the financial position of the country that the State cannot afford such expensive services as were initiated in good times.**

1107. There is one avenue of reorganization which should be exploited. We refer to the various small offices of the Department scattered throughout the Dominion. **There appears to be no real necessity for many of these offices, which result in the accumulation of considerable overhead expenses. It should be possible to close many of the offices, and this we recommend.**

REVISION OF FEES FOR SERVICES.

1108. The Department undertakes various services for which fees might reasonably be charged, and others where inadequate fees are at present charged. We would recommend that fees be charged for the following work :—

- (1) Registration of fertilizers.
- (2) Inspection of imported fruit.
- (3) Inspection and grading of fruit exported.

1109. The Department is carrying out a useful service to sections of the community in connection with the above, and there is no reason why the whole cost should fall upon the general taxpayer. **We recommend the charging of fees in each case, and estimate that a reasonable scale should produce the following amounts :—**

	£
(1) Fees for registration of fertilizers	1,000
(2) Inspection fees for imported fruit	800
(3) Inspection and grading fee for fruit exported	3,000
Total	<u>£4,800</u>

1110. This amount should be available to reduce the charge on the Consolidated Fund under vote Department of Agriculture.

1111. Although fees are charged at the present time for the registration of dairies supplying cities and boroughs and for the registration of live-stock brands, the amount received is insufficient to cover the cost of the service rendered. The revenue derived from these sources is not credited to the vote of the Department, but forms part of the general revenues of the Dominion. **We recommend that the fee for the registration of dairies be increased to £1 per annum and that for the registration of live-stock brands to 10s.** It is estimated that this would produce additional revenue to the extent of £1,700 in all, which would virtually be a saving.