

1948

NEW ZEALAND

SHEEP - FARMING INDUSTRY IN NEW ZEALANDROYAL COMMISSION TO INQUIRE INTO AND REPORT UPON THE (INTERIM
REPORTS OF)

Presented to both Houses of the General Assembly by Command of His Excellency

*Royal Commission to Inquire into and Report upon the Sheep-farming
Industry in New Zealand*

GEORGE THE SIXTH by the Grace of God, of Great Britain, Ireland,
and the British Dominions beyond the Seas King, Defender of
the Faith :

To Our Trusty and Well-beloved RONALD HUGH WHITE, of OTANE,
Sheep-farmer, the Honourable Mr. RICHARD EDDY, of Wellington,
Member of the Legislative Council, LIONEL CHARINGTON
GARDINER, of Waiiau, Sheep-farmer, WALLACE FLETCHER
METCALFE, of Te Araroa, Sheep-farmer, WILLIS ALAN SCAIFE,
of Wanaka, Sheep-farmer, and HOWARD WILFRED YOUREN,
of Napier, Sheep-farmer : GREETING.

WHEREAS We have deemed it expedient that inquiry should be made
into the economic position of the sheep-farming industry in New Zealand
and the welfare of the persons engaged and employed in such industry :

Now know ye that We, reposing trust and confidence in your integrity, knowledge, and ability, do hereby nominate, constitute, and appoint you, the said

Ronald Hugh White,
Richard Eddy,
Lionel Charington Gardiner,
Wallace Fletcher Metcalfe,
Willis Alan Scaife, and
Howard Wilfred Youren

to be a Commission to inquire into and report upon the conditions in and existing laws relating to or affecting the sheep-farming industry in New Zealand, including, but without limiting the generality of the foregoing authority—

- (1) The availability of land for sheep-farming and the opportunities available for taking up land for such purpose :
- (2) The condition and possible improvement of any land used, formerly used or capable of being used, for sheep-farming, and particularly the deterioration of any such land, especially high and hill country land, whether by erosion of soil, second growth of trees or plants, spread of noxious weeds, rabbits, depletion, or any other causes and the methods of improving or regenerating such land :
- (3) The production of the industry and methods of maintaining and increasing such production, whether by better management, increased top-dressing, improved pastures, or by any other means :
- (4) The availability, efficiency, and utilization of labour, both permanent and casual, in the industry, with special reference to the drift of rural population and the possibility and means of attracting labour to the country, including the improvement of rural housing and the provision of community, social, and recreational amenities comparable with those of the towns :

And to report the steps which you may deem to be practicable and desirable to meet such detrimental conditions as you may find to exist in the industry in respect of the several matters aforesaid, whether by way of adjustment, reorganization, or otherwise, and any other measures which you may deem necessary or expedient to improve the conditions of the sheep-farming industry and to promote the welfare of the persons engaged or employed therein :

And generally to inquire into and report upon such other matters arising out of the premises as may come to your notice in the course

of your inquiries and which you consider should be investigated in connection therewith, and upon any matters affecting the premises which you consider should be brought to the attention of the Government :

And We do hereby appoint you, the said

Ronald Hugh White

to be Chairman of the said Commission :

And for the better enabling you to carry these presents into effect you are hereby authorized and empowered to make and conduct any inquiry under these presents at such time and place as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and so that these presents shall continue in force, and the inquiry may at any time and place be resumed although not regularly adjourned from time to time or from place to place :

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose save to His Excellency the Governor-General, in pursuance of these presents, or by His Excellency's direction, the contents of any report so made or to be made by you, or any evidence or information obtained by you in the exercise of the powers hereby conferred upon you except such evidence or information as is received in the course of a sitting open to the public :

And it is hereby declared that the powers hereby conferred shall be exercisable notwithstanding the absence at any time of any one or more of the members hereby appointed so long as the Chairman, or a member deputed by the Chairman to act in his stead, and two other members be present and concur in the exercise of such powers :

And We do further ordain that you have liberty to report your proceedings and findings under this Our Commission from time to time if you shall judge it expedient so to do :

And, using all due diligence, you are required to report to His Excellency the Governor-General in writing under your hands and seals not later than the first day of March, one thousand nine hundred and forty-eight, your findings and opinions on the matters aforesaid, together with such recommendations as you think fit to make in respect thereof :

And, lastly, it is hereby declared that these presents are issued under the authority of the Letters Patent of His late Majesty dated the eleventh day of May, one thousand nine hundred and seventeen, and under the authority of and subject to the provisions of the Commissions of Inquiry Act, 1908, and with the advice and consent of the Executive Council of the Dominion of New Zealand.

In witness whereof We have caused this Our Commission to be issued and the Seal of Our Dominion of New Zealand to be hereunto

affixed at Wellington, this sixth day of August, in the year of Our Lord, one thousand nine hundred and forty-seven, and in the eleventh year of Our Reign.

Witness Our Trusty and Well-beloved Sir Bernard Cyril Freyberg, on whom has been conferred the Victoria Cross, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Most Honourable Order of the Bath, Knight Commander of Our Most Excellent Order of the British Empire, Companion of Our Distinguished Service Order, Lieutenant-General in Our Army, Governor-General and Commander-in-Chief in and over Our Dominion of New Zealand and its Dependencies, acting by and with the advice and consent of the Executive Council of the said Dominion.

B. C. FREYBERG, Governor-General.

By His Excellency's Command—

EDWARD CULLEN, Minister of Agriculture.

Approved in Council—

W. O. HARVEY, Clerk of the Executive Council.

Extending the Period within which the Sheep-farming Commission shall report

GEORGE THE SIXTH by the Grace of God, of Great Britain, Ireland, and the British Dominions beyond the Seas King, Defender of the Faith :

To Our Trusty and Well-beloved RONALD HUGH WHITE, of Otane, Sheep-farmer ; RICHARD EDDY, of Wellington, Member of the Legislative Council ; LINTON CHARRINGTON GARDINER, of Waiau, Sheep-farmer ; WALLACE FLETCHER METCALFE, of Te Araroa, Sheep-farmer ; WILLIS ALAN SCAIFE, of Wanaka, Sheep-farmer ; and HAROLD WILFRED YOUREN, of Napier, Sheep-farmer : GREETING.

WHEREAS by Our Warrant dated the sixth day of August, one thousand nine hundred and forty-seven, issued under the authority of the Letters Patent of His late Majesty dated the eleventh day of May, one thousand nine hundred and seventeen, and under the authority of the Commissions of Inquiry Act, 1908, and with the advice

and consent of the Executive Council, you were appointed to be a Commission to inquire into and report upon the matters in Our said Warrant set out :

And whereas in Our said Warrant the name of you the said Linton Charrington Gardiner was erroneously set out as Lionel Charrington Gardiner and the name of you the said Harold Wilfred Youren was erroneously set out as Howard Wilfred Youren :

And whereas by Our said Warrant you were required to report not later than the first day of March, one thousand nine hundred and forty-eight, your findings and opinions on the matters referred to you :

And whereas it is expedient that the time for so reporting should be extended as hereinafter provided :

Now, therefore, We do hereby extend until the first day of September, one thousand nine hundred and forty-eight, the time within which you are so required to report :

And we do hereby confirm the said Commission and the Warrant hereinbefore referred to except as altered by these presents.

In witness whereof We have caused these presents to be issued and the Seal of Our Dominion of New Zealand to be hereunto affixed at Wellington, this twenty-fifth day of February, in the year of Our Lord one thousand nine hundred and forty-eight, and in the twelfth year of Our Reign.

Witness Our Trusty and Well-beloved Sir Bernard Cyril Freyberg, on whom has been conferred the Victoria Cross, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Most Honourable Order of the Bath, Knight Commander of Our Most Excellent Order of the British Empire, Companion of Our Distinguished Service Order, Doctor of Laws, Lieutenant-General in Our Army, Governor-General and Commander-in-Chief in and over Our Dominion of New Zealand and its Dependencies, acting by and with the advice and consent of the Executive Council of the said Dominion.

[L.S.]

B. C. FREYBERG, Governor-General.

By His Excellency's Command—

EDWARD CULLEN, Minister of Agriculture.

Approved in Council—

T. J. SHERRARD,

Acting Clerk of the Executive Council.

Extending Period within which the Royal Commission Appointed to Inquire into and Report upon the Sheep-farming Industry in New Zealand shall Report

GEORGE THE SIXTH by the Grace of God, of Great Britain, Ireland, and the British Dominions beyond the Seas King, Defender of the Faith.

To our Trusty and Well-beloved RONALD HUGH WHITE, of Otane, Sheep-farmer, RICHARD EDDY, of Wellington, Member of the Legislative Council, LINTON CHARRINGTON GARDINER, of Waiau, Sheep-farmer, WALLACE FLETCHER METCALFE, of Te Araroa, Sheep-farmer, WILLIS ALAN SCAIFE, of Wanaka, Sheep-farmer, and HAROLD WILFRED YOUREN, of Napier, Sheep-farmer : GREETING.

WHEREAS by Our Warrant dated the sixth day of August, one thousand nine hundred and forty-seven, issued under the authority of the Letters Patent of His late Majesty dated the eleventh day of May, one thousand nine hundred and seventeen, and under the authority of the Commissions of Inquiry Act, 1908, and with the advice and consent of the Executive Council, you were appointed to be a Commission to inquire into and report upon the matters in Our said Warrant set out :

And whereas by Our said Warrant you were required to report not later than the first day of March, one thousand nine hundred and forty-eight, your findings and opinions on the matters referred to you :

And whereas by Our further Warrant dated the twenty-fifth day of February, one thousand nine hundred and forty-eight, the time within which you were so required to report was extended until the first day of September, one thousand nine hundred and forty-eight :

And whereas it is expedient that the time for so reporting should be further extended as hereinafter provided :

Now, therefore, We do hereby extend until the thirty-first day of March, one thousand nine hundred and forty-nine, the time within which you are so required to report :

And We do hereby confirm the said Commission and the Warrants hereinbefore referred to except as altered by these presents.

In witness whereof We have caused these presents to be issued and the Seal of Our Dominion of New Zealand to be hereunto affixed at Wellington, this fourth day of August, in the year of Our Lord one thousand nine hundred and forty-eight, and in the twelfth year of Our Reign.

Witness Our Trusty and Well-beloved Sir Bernard Cyril Freyberg, on whom has been conferred the Victoria Cross, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Most Honourable Order of the Bath, Knight Commander of Our Most Excellent Order of the British Empire, Companion of Our Distinguished Service Order, Doctor of Laws, Lieutenant-General in Our Army, Governor-General and Commander-in-Chief in and over Our Dominion of New Zealand and its Dependencies, acting by and with the advice and consent of the Executive Council of the said Dominion.

[L.S.]

B. C. FREYBERG, Governor-General.

By His Excellency's Command---

EDWARD CULLEN, Minister of Agriculture.

Approved in Council---

T. J. SHERRARD, Clerk of the Executive Council.

To His Excellency the Governor-General of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

Your Excellency's Warrants of 6th August, 1947, and 27th February, 1948, directed us to inquire into all matters concerning the welfare of the sheep industry. We have given very careful consideration to these directions, though some time yet will be required to complete our investigations and frame recommendations accordingly. There are some matters, however, which in our opinion require immediate action in the interests of the industry generally, and in order that this action may be considered we present herewith an interim report covering those points only. All other considerations will be dealt with in our final report when our investigations are completed.

The sheep industry is established on land much of which is not of such natural fertility as to carry the high-producing pastures necessary to maintain and increase our present quantity and quality of production. The low natural fertility of some such land has been offset by the use of lime and fertilizers, so that manuring has become an integral and indispensable feature of agricultural production in New Zealand.

We are of the opinion that it is necessary that lime and fertilizers should always be available to the New Zealand farmer in sufficient quantity and at a relatively cheap price. We realize that the question of quantity is governed at present by restrictive circumstances arising out of the war, but we recommend :—

(1) That a special technical committee be appointed forthwith to examine in detail the possibilities of increasing the supply of manures, and, if found possible, of locating additional works throughout the country to reduce the present high costs of transport from works to farm.

(2) We suggest respectfully that such committee should comprise the Director-General of Agriculture, or his nominee, as Chairman ; two nominees of Federated Farmers, one to represent the dairy industry and one the sheep industry ; a nominee of the manure-manufacturers ; the Secretary of the Department of Industries and Commerce ; and a fully qualified and experienced agricultural economist as Secretary.

(3) We suggest, further, that such committee should be asked to submit to Government as early as possible, but not without full consideration of all the issues involved,—

- (a) A report covering the estimated requirements of fertilizers in New Zealand in the coming years ;
- (b) A statement of the present available supplies ;
- (c) A practical plan calculated to make available to farmers at the earliest opportunity all the fertilizers they will require ; and
- (d) A plan for the urgent development of aerial top-dressing of hill country.

(4) This committee should be fully directed on the importance to New Zealand of making provision for all the fertilizer required as a prime maxim of State policy, and that an increasing ration of fertilizer must be made available to farmers on marginal land who are improving their land.

As to price, the farming community has viewed with considerable alarm recent increases in price, and we share the industry's concern. We realize that these actions were taken with the very best intentions, but, nevertheless, we feel that an error of judgment was made ; that the increased price, while perhaps fully recouped to some farmers, is only partly recouped to the store-sheep breeder ; and that the change has

resulted in a practice of diminished manuring of marginal country, which can only lead to rapid pasture deterioration. Such deterioration should be viewed as a national disaster to-day.

A new scheme has been introduced for subsidy on the cost of lime, and we consider that this scheme should be tried before further consideration is given.

(5) We consider that the price of superphosphate should be brought back to a relatively cheap price, and we consider, further, that under present conditions such price should be £7 per ton ex-works. As this figure is below the present cost of manufacture, we recommend the reintroduction of a subsidy scheme to reduce the current price to £7 per ton, the cost of such subsidy to be a charge on the pool accounts of the farming industries. This will create a desirable cycle of increased production, which will in turn put increasing surpluses into the pools.

We are aware that some farmers are satisfied with the present arrangements, but we are confident that farmers generally will place considerations of national welfare, and the particular necessity of maintaining our hill pastures as a national asset, above other sectional considerations. The faith and aim of the New Zealand farmer has always been in the maintenance of pastures, and we hope and trust that this will continue to guide his decisions.

We consider, also, that some additional assistance will be required by the back-country farmer on marginal land to reduce his high costs of transport of fertilizer, and that such assistance should be paid out of the Consolidated Fund; but we prefer to leave the recommendation of a scheme until we have seen typical examples of all such conditions throughout New Zealand on which to base our consideration.

We have also considered evidence placed before us in regard to losses in high-country areas largely arising from snow risks. We believe that the tussock grasslands of the South Island form an important part of the sheep industry and that the high-country farmer cannot be expected to continue farming his land under conditions which give him little prospect of continued security. That insecurity arises partially from the losses due to the heavy snows which come periodically in hard winters. It is known that in the years of such snows some farmers will face heavy losses of stock. These losses are reflected in either (a) heavy financial outlay to replace lost stock in the comparatively rare instances where replacements are available, or (b) diminished returns or even recurring financial losses over a few years until he can breed his flock up again.

We are of the opinion that a high-country farmer liable to snow risk should be able to offset his losses by setting aside some of his profits in good years in order to minimize insecurity arising from snow losses. To enable this we recommend:—

(6) That the High Country Committee of Federated Farmers and the Director-General of Agriculture should, upon application, draw up a list of the high-country farmers liable to suffer snow losses of sufficient magnitude to warrant assistance, and that such list, when agreed upon, should be submitted to the Commissioner of Taxes and the Director-General of the Post and Telegraph Department.

(7) That the farmers on such list should be enabled to open a special Snow Losses Reserve Account in the Post Office Savings-bank and be authorized to pay into such account at any time such sums as they deem desirable, provided that the total of the account should not at any time exceed 10s. per sheep as returned at 30th April nearest to date of authorization.

(8) That such accounts should receive ordinary Savings-bank interest.

(9) That any sums paid into such accounts should be free of taxation in the year in which paid in.

(10) That in any year, and for the purpose only of covering any loss of stock or revenue due to snow losses, the farmer should be able, upon making a statutory declaration that snow loss has occurred and as to the extent thereof, to withdraw any portion or all of such account, such sum withdrawn becoming thereupon ordinary taxable revenue for the year in which withdrawn.

In the above recommendations we would include under the term "farmer" any partnership or limited-liability company undertaking solely the management of a high-country farm.

In view of the relatively low prices received for fine wools during the war years by high-country farmers, we think that this provision should be put through immediately in order that some of the high revenue received from the good wool prices this year should be applied during this taxation year, if possible, to the offsetting of future snow losses.

We summarize our recommendations as follows:—

- (1) Technical committee on fertilizer supplies.
- (2) Personnel of committee.
- (3) Reference for committee.
- (4) Direction to committee.
- (5) Price of fertilizer.
- (6) List of farmers liable to snow losses.
- (7) Snow Losses Reserve Account.
- (8) Interest.
- (9) Crediting of accounts.
- (10) Withdrawals.

We recommend for Your Excellency's consideration these matters requiring immediate action, and we shall continue our investigations in order to submit as soon as possible our other recommendations and findings.

Whereunto we have set our hand:—

RONALD HUGH WHITE, Chairman.
 RICHARD EDDY, Member.
 LINTON CHARRINGTON GARDINER, Member.
 WALLACE FLETCHER METCALFE, Member.
 WILLIS ALAN SCAIFE, Member.
 HAROLD WILFRED YOUREN, Member.

Dated at Te Anau, this 5th day of April, 1948.

LLOYD WILFRED WOODS,
 Economist, Secretary to the Commission.

To His Excellency the Governor-General of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

In our interim report of the 5th April, 1948, we indicated that the cost of transport of fertilizer should be reduced to the farmer on marginal land, but that we would leave the recommendation of an actual scheme of assistance until we had seen typical examples of all such conditions throughout New Zealand on which to base our considerations.

It has become apparent now, however, that too prolonged a delay in recommending such a scheme may prove injurious to the interests of these hill-country farmers. We

shall be unable to complete hearing the evidence of which notice has been submitted inside another six months, so that, having completed our investigations in the South Island and the East Coast area of the North Island, we have deemed it expedient to report this scheme to Your Excellency without further delay in this our second interim report.

Typical cases of the relative costs of transport of manure are :—

	Per Ton.		
	£	s.	d.
(a) Low-country farm moderately near works	0	17	0
(b) Front hill country 100 miles from works	1	15	0
(c) Hill country 200 miles from works	2	9	6
(d) Distant hill country	5	0	0

The amount of return which can be expected from applications of manure will be relatively the same from similar soils and under similar conditions, no matter whether near to or distant from a fertilizer-works. The result is that, no matter how prices are varied, the hill-country farmer will always be at a disadvantage in endeavouring to increase his production.

Four methods of effecting a reduction in transport costs have been presented :—

- (a) A standardized price of, say, £8 10s. per ton throughout New Zealand so that the nearer farmer pays part of the costs of the distant farmer ; or
- (b) Classification of the land which is marginal, and the application of a graded subsidy accordingly ; or
- (c) The establishment of free railage points, as has been done in the South Island ; or
- (d) The application of a freight maximum.

Alternative (a) is probably the ideal method, but we do not feel that it is practicable in the present conditions of fluctuating and uncertain costs of both manufacture and transport, as both these costs must be known, and also more facts in regard to the application of manure in various districts than are at present known.

Alternative (b) was recommended by the Agricultural and Pastoral Committee of the House of Representatives, but we do not consider it practicable to classify marginal land as recommended by that Committee. If it is not possible to classify such land easily and simply—and we cannot see any such possibility—the scheme becomes impossible of application.

Alternative (c) of free railage points does not solve the problem in the North Island, although it is reasonably satisfactory in the South. Except where there is a good railway network of both trunk and branch lines, free railage points would mean a premium only to lands near railways. As the bulk of the cost is road haulage, this would effect little improvement.

Alternative (d) of a freight maximum is simple of administration, though it means that some rich low-country lands will be included with the hill country. However, we feel that this anomaly is too small to constitute a defect in the scheme, and we consequently recommend it.

We have had a map prepared for us showing the approximate average freight costs—road, rail, and sea—in the various parts of New Zealand, and from it we consider that the application of a 30s. maximum for freight will provide the necessary relief. We attach hereto a map showing the approximate areas of New Zealand which will benefit under such a maximum.

We recommend, therefore, the fixing of a maximum freight charge of 30s. (thirty shillings) per ton to cover the combined road, rail, and sea cost of transport on artificial fertilizers, the farmer to pay the full costs of transport and to be reimbursed to the extent of any payments made exceeding 30s. per ton on production of his receipts, such payments to be a charge on the Consolidated Fund.

The existing South Island free railage points could be left undisturbed if this was found desirable.

Whereunto we have set out hand :—

RONALD HUGH WHITE, Chairman.
RICHARD EDDY, Member.
LINTON CHARRINGTON GARDINER, Member.
WALLACE FLETCHER METCALFE, Member.
WILLIS ALAN SCAIFE, Member.
HAROLD WILFRED YOUREN, Member.

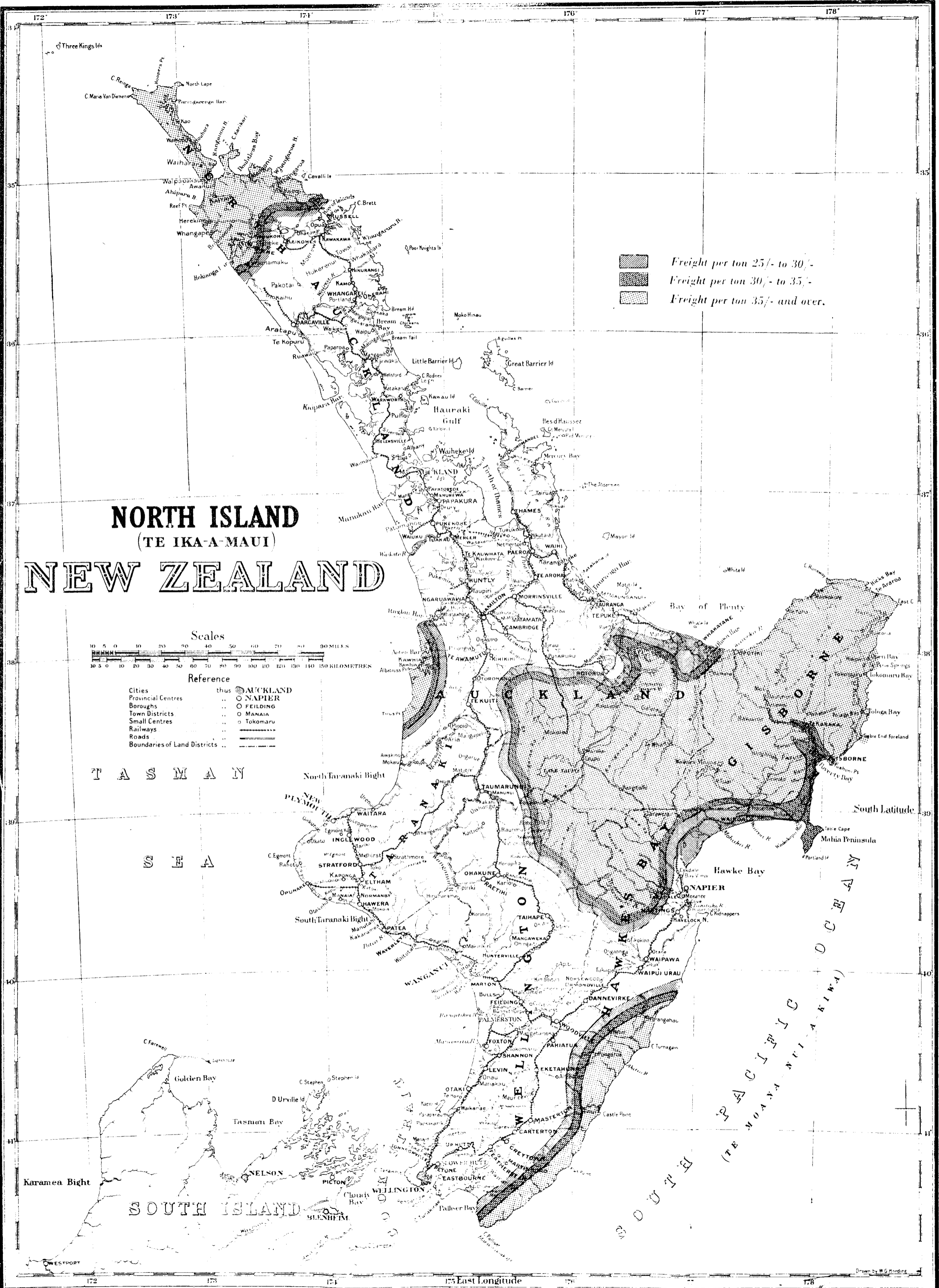
Dated at Christchurch, this 2nd day of June, 1948.

LLOYD WILFRED WOODS,
Economist, Secretary to the Commission.

Approximate Cost of Paper.—Preparation, not given ; printing (1,735 copies including cost of maps), £80.




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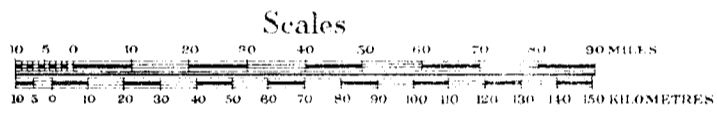
Price 1s.]



NORTH ISLAND
(TE IKA-A-MAUI)

NEW ZEALAND

 Freight per ton 25/- to 30/-
 Freight per ton 30/- to 35/-
 Freight per ton 35/- and over.



Reference

Cities	thus	● AUCKLAND
Provincial Centres	○	○ NAPIER
Boroughs	○	○ FEILDING
Town Districts	○	○ MANAIA
Small Centres	○	○ TOKOMARU
Railways	—+—+—+—	
Roads	—+—+—	
Boundaries of Land Districts	—+—+—+—+—	

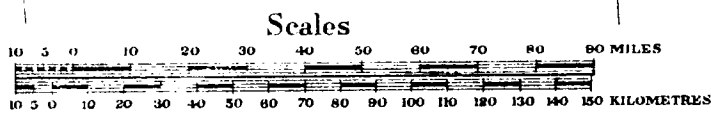
T A S M A N

S E A

SOUTH ISLAND

SOUTH ISLAND (TE WAI-POUNAMU)

NEW ZEALAND



Reference

- | | | |
|------------------------------|---------|------------|
| Cities | thus | ○ NELSON |
| Provincial Centres | ○ | ○ HOKITIKA |
| Boroughs | ○ | ○ TEMUKA |
| Town Districts | ○ | ○ CLINTON |
| Small Centres | ○ | ○ LYELL |
| Railways | —+—+—+— | |
| Roads | —+—+— | |
| Boundaries of Land Districts | —+—+— | |

- OCEAN
- Freight per ton 25/- to 30/-
 - Freight per ton 30/- to 35/-
 - Freight per ton 35/- and over.

