

REPORT.

To His Excellency the Right Honourable ARTHUR WILLIAM DE BRITO
SAVILLE, Earl of Liverpool, Governor and Commander-in-Chief in and
over His Majesty's Dominion of New Zealand and its Dependencies.

MAY IT PLEASE YOUR EXCELLENCY :—

We, the Commissioners appointed by Your Excellency's Letters Patent, dated the 31st day of August, 1914, under the Regulation of Trade and Commerce Act, 1914, have now the honour to submit the following further report for Your Excellency's consideration :—

1. Your Commissioners have held sittings in all the chief centres of the Dominion on various dates as occasions arose, which appeared to require investigation, such sittings occupying on the whole a period of thirty-seven days.

2. On the 29th day of September, 1914, your Commissioners made their first report to Your Excellency, and since then various interim reports to the Right Honourable the Premier have been made bearing date respectively the 8th day of October, 1914 (relating to sugar), the 21st day of December (relating to flour), and the 22nd day of February, 1915 (relating to bread, meat, and imported foodstuffs).

3. In dealing generally with the subject of our investigations your Commissioners desire to point out that in the early weeks of the war a feeling of great uncertainty about the future was prevalent, and one result of this was an unprecedented demand for provisions, principally for groceries, such as flour, sugar, oatmeal, &c. The immediate result of this increased demand was the embarrassment of merchants and manufacturers who supply the retailers with these articles. The millers and the Colonial Sugar Refining Company refused to supply abnormal orders as their stocks were being rapidly depleted, and the merchants and retailers in turn raised prices in order to check the run on the stocks they were unable to replace. Several months passed before business settled down to normal dimensions and conditions, the situation in the meantime becoming further complicated by the severe drought in Australia. In normal seasons wheat or flour required in New Zealand can be readily imported from Australia, but no relief could be looked for in that quarter this season. On the contrary, a strong demand for fodder of all kinds for Australia was experienced, and this had the effect of raising prices here. Later on the same conditions caused a strong demand in Australia for New Zealand butter, and prices rose to a high level. So there have been two distinct causes tending to raise prices—one world-wide, the other local.

Supplies of wheat in the Dominion and a threatened shortage of sugar received our first attention. Owing to defective and incomplete statistics we met with considerable difficulty in ascertaining what stocks of wheat existed in the country, but ultimately the evidence indicated that the supply was short of requirements. Investigation showed that the bulk of the wheat was held by millers, some holding very large stocks, while others had very little. Considerable quantities were held by merchants, and an uncertain but not very large quantity by farmers. The prices paid by millers for their stocks varied considerably. Some who had bought early in the season secured large quantities at from 3s. 8d. to 4s. per bushel. Others had bought in August and September at from 4s. 6d. to 5s. 9d. per bushel. Some of the stock held was covered by forward contracts for the sale of flour at very moderate prices. Those millers who held large stocks of wheat at low prices undoubtedly made large profits. The margin at any given time between the price of wheat and the price of flour and between the price of flour and the price of bread has not,