

considered that conditions had not so far returned to normal that the Government would be justified in removing the embargo on importation.

The Hon. the Minister of Agriculture explained in a full statement published on the 16th March last that while the benefit to wheat-growers by the maintenance of the embargo had not by any means been lost sight of, the two main reasons for the decision were (a) the fact that Government was carrying forward a stock of wheat purchased at last year's guaranteed prices, and (b) the national necessity for encouraging and making possible a reasonable measure of wheat-growing for local requirements.

On the understanding that the embargo on importation would be maintained for a further twelve months, millers and growers conferred in regard to the prices to be paid for wheat and to be charged by millers for flour, bran, and pollard. The parties arrived at an agreement by which growers received approximately 5s. 1d., 5s. 3d., and 5s. 5d. for Tuscan, Hunters, and Velvet wheat respectively. By this arrangement flour continued to be sold at £15 10s. f.o.b. Lyttelton, Timaru, and Oamaru, and bran at £5 f.o.b. The price of pollard was reduced from £8 per ton to £7 f.o.b. southern ports.

As there was no reduction in the price of flour, no general decrease in bread-prices took place. Competition among bakers, however, is, in general, keen, and quite sufficient to safeguard the interests of the consuming public. The cost of production of flour has been closely investigated by this Department, and reports have been submitted to the Government from time to time.

In regard to the prices of products as laid down in the agreement between millers and farmers, it is the opinion of the Department that the collective prices of flour, bran, and pollard named in the agreement are to a relatively small extent higher than is warranted by the agreed prices of wheat and the probable average cost of production and distribution during the current year. If this margin of profit were so adjusted as to leave the prices no longer open to criticism, the decrease brought about would be much less than sufficient to enable any reduction to be made in the price of bread to the public. In view of all the circumstances, and in consideration of the fact that later developments made it clear that any attempt to force a reduction in such prices would automatically void the agreement made between farmers and millers, and would inevitably result in a "breaking" of the wheat-market, with consequent disastrous results to the wheat-growing industry, the Government decided against any interference with the prices of flour, bran, and pollard, which form an essential part of the agreement above referred to.

Beyond the decision to continue the prohibition of importation for a further twelve months from February last, the Government has now no connection whatever with the trade in wheat and wheat products.

There has recently arisen a decided shortage of bran, and to a lesser extent of pollard. The New Zealand price of these products is relatively low, and importations from abroad could not, after paying the duty, compete in the local market even if the prohibition on importation did not exist. The shortage appears to have arisen from the following causes:—

- (a.) Some mills were not gristing for a short period prior to 28th February. This is not an abnormal state of affairs. The effect, however, is that the demand for offals has to be met out of accumulated stocks, which consequently tend to become depleted.
- (b.) Floods in the South Island have tended to bring about a shortage of other feeding-stuffs, and severe weather conditions in both Islands have resulted in an increase in the demand for bran and pollard.
- (c.) The relatively low price of bran and pollard has made these commodities very popular with various users, and the demand is, for that reason, exceptionally strong. This is probably one of the most important reasons which make the supply inadequate to meet demand.

Several firms have applied to the Hon. the Minister of Customs for permission to import quantities of bran and pollard. On the recommendation of this Department permits have been granted, and in order to enable importers to enter the market the duty has been suspended. In anticipation of the possibility of a shortage in the Dominion during the winter months, a prohibition of export, save with the consent of the Minister of Customs, was gazetted on the 26th April last, and the only shipments made since that time have been allowed under permission for the domestic requirements of several of the Pacific islands, whose supplies are normally drawn from the Dominion.

TIMBER.*

The first regulations imposing restrictions on the export of timber were issued by Order in Council on the 6th August, 1918, the policy at that time being one of conserving New Zealand timber for New Zealand use at prices based on cost of production without regard to parity prices for export. In August, 1919, this policy was further defined as to building-timbers, and an Order in Council was issued providing that the export for the three years 1919–20, 1920–21, and 1921–22 with respect to kauri, rimu, and beech should not exceed certain maximum quantities. The quantities for the first year were fixed on the basis of the export trade done during the year 1918–19, and in the succeeding years the maximum quantities fixed showed a percentage reduction each year from the base quantities. This policy was continued by the issue of an Order in Council on the 13th April, 1922, prescribing maximum quantities for a further period of years commencing from the 1st April, 1922.

* In regard to timber the Department of Industries and Commerce acts on the advice and on the instructions of the Commissioner of State Forests, who is responsible for the policy and regulations as to the control of timber.