

The Department has during the past year completed the work of auditing the final accounts as between the Government and the company. The summarized Trading Account, covering the whole period of Government purchase and sale, shows that a profit of a little more than £80,000 has been made and paid into the Consolidated Fund.

The Department has throughout been instructed to endeavour to avoid any encroachment on Consolidated Fund, but at the same time to avoid making any greater profit than might be considered prudent and necessary to meet contingencies. In view of the disturbed state of markets during the control period, the fluctuation in manufacturing-costs, and the lack of tariff protection, the margin of profit (which represents less than 10s. per ton, or approximately $\frac{1}{20}$ d. per pound) must be regarded as entirely satisfactory.

It would have been possible to have made a much larger profit than that actually taken. This was particularly evident during periods when the Government held stocks acquired at rates materially below world's market prices. The benefit of satisfactory buying has, however, as far as possible, been passed direct to consumers. When the profit is under consideration it should therefore be recognized that the price in the Dominion has been kept generally well below world parity.

During the period between the 1st July, 1920, and the 31st August, 1923, the Government purchased 183,793 tons of raw sugar, and this quantity, with the exception of 1,170 tons lost through marine mishap, was refined on Government account at the Chelsea refinery.

In addition to the above quantity, 3,000 tons of refined sugar were imported from Australia towards the end of 1921 for the purpose of supplementing locally produced supplies for jam purposes. With the exception of approximately 18,500 tons imported from Java during 1923, the whole of the raw sugar refined in New Zealand on Government account has been procured from Fiji. It is worthy of note that primage duty to the extent of £50,703 was paid on Government account in respect of importation of the raw sugar.

Records in relation to the purity of the sugar distributed from the refinery show that the average purity has been maintained at a consistently high standard.

The whole of the accounts relating to the sugar transactions of the Government have been subject to detailed examination by departmental officers, and original documents vouching each item of expenditure have been produced in connection with the audit of the accounts.

It can accordingly be said in respect of the Government's dealing in sugar that the following results were achieved :—

- (1.) The assurance and maintenance of a plentiful supply.
- (2.) The maintenance of comparatively stable and low prices.
- (3.) The production of a consistently high standard of quality.
- (4.) The avoidance of any demand on the Consolidated Fund.
- (5.) A satisfactory credit balance at the conclusion of operations.

During the past year the Department has retained contact with the position, and has been aware of the movements of the world's markets as compared with prices in the Dominion.

In recent months a marked fall in world sugar-prices has followed the substantial rise in prices which took place towards the end of 1923. The present decline in the world's market is doubtless due to the estimated increase in world production, from 18,000,000 tons to nearly 20,000,000 tons. A lower level of prices would appear to be likely, since beet-sugar production is rapidly recovering from war depression, and the total world supply appears to be ample to meet requirements on a reduced-price basis.

The Colonial Sugar-refining Company (Limited) has indicated that unless the protective tariff is continued the company will be unable to continue to refine sugar at Chelsea. This matter has been considered by the Department, and evidence has been tendered to the Parliamentary Industries and Commerce Committee on the subject. The question of continuing the duty is now before the Government.

TIMBER.*

The position in relation to the control of the export of timber was outlined in the annual report of the Department for 1922–23. There has been no important departure from the policy or methods of administration indicated in that report. The Department is carrying out the work of restricting exports within the limits laid down, and a considerable volume of work is entailed in the issue and supervision of the use of export permits for the various grades and classes of timber.

The following table shows the quantity and value of timber of the several varieties exported from New Zealand during the years ended 31st March, 1923 and 1924 :—

Variety.	Year ended 31st March,			
	1923.		1924.	
	Quantity.	Value.	Quantity.	Value.
	Sup. ft.	£	Sup. ft.	£
Kauri	3,865,533	73,168	1,913,767	42,435
White-pine	35,687,358	363,444	31,458,492	306,762
Rimu	4,536,253	38,830	7,458,638	59,147
Beech	726,109	10,031	1,366,517	18,095
Miscellaneous—				
New Zealand produce	384,810	4,275	991,300	10,199
Not New Zealand produce	79,973	1,016	464,622	5,977

* 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 the export of timber.