

months. In December new season's Australian wheat was offering at 5s. 6d. to 5s. 9d., with export flour down to £12 per ton. As the season progressed the premium on early wheat disappeared, and values fell until in February Victorian wheat was freely selling at 5s. 3d., and export flour at £11 per ton, and even lower. More recently the market has hardened, following an increase in world prices, and in May, 1927, values have been around 5s. 9d. for wheat and £12 for export flour.

It will be noted that the export price of flour does not maintain by any means a constant relationship to the price of wheat, nor do prices in the Australian States always move together. An examination of the quotations shows, however, that, on the average, when wheat is 5s. 5d. export flour is quoted around £11 to £11 5s.; when wheat is 5s. 9d. export flour is worth £12 or a little more; and when wheat is, say, 6s. 6d. flour is priced around £13 10s. per ton.

SUGAR.

During the past year public attention has been drawn to the possibility of the manufacture of beet-sugar in New Zealand, and representations have been made to the Government in regard to the establishment of the industry in the South Island. For some years past the Department has at various times given consideration to this matter, and has collected information in regard to beet-sugar production in other countries. The question is again being gone into with the object of advising the Government as to the commercial possibilities of any such industry within the Dominion. In regard to this question it must be remembered that New Zealand at present enjoys a very cheap and satisfactory supply of first-grade sugar refined within the Dominion from raw cane-sugar, and there is no prospect that the beet-sugar industry could produce more than a minor proportion of the total requirements of the Dominion. Moreover, the price at which sugar is available to consumers in New Zealand is such that there does not appear to be any likelihood of the manufacture of beet-sugar locally at such a cost as would enable it to compete with cane-sugar produced in Fiji and Java. To make the beet-sugar industry possible in New Zealand it would on present indications appear to be necessary for material assistance to be given either by subsidy or by tariff protection. The British Government has, however, under investigation a new process of beet-sugar extraction which may have the effect of appreciably reducing the cost of manufacturing sugar from beetroots, and inquiries are being made as to the success being achieved with the new process.

The Department has kept in touch with the world's sugar markets, and in order to give an indication of the movement of world prices as compared with the prices of locally refined sugar the graph (opposite page) has been drawn. The graph lines show a comparison between Cuban raw sugar c.i.f. Europe and refined sugar sold f.o.b. Auckland for southern shipment. It will be recognized, of course, that the refined product cannot be expected to show the frequent fluctuations recorded in the raw-sugar market, and necessarily prices of refined sugar are appreciably above the prices of raws. The graph, however, shows quite clearly the general agreement between the prices of refined sugar in New Zealand during the past two and a half years and the prices of raw sugar on the world's market.

TIMBER.

During the past year the Department has undertaken a wide investigation of the timber industry and the trade both in local and imported timbers. This inquiry has been carried out especially in relation to the depressed conditions existing in the local industry and with a view to enabling the Tariff Commission and the Government to have available information on all aspects of the matter. The Department's officers have visited or communicated with a very large number of timber-milling companies, and have secured reliable information on such subjects as production, sales, prices, stocks, profits, and costs of production and transportation. Inquiries have also been made from other sources relative to the demand for timber both for home consumption and export, supplies, costs, and prices of imported timber, and in respect of various further matters which require consideration in any readjustment of the tariff on imported timbers.

A somewhat remarkable dissimilarity has been found to exist in regard to conditions in different parts of the Dominion, and it has been abundantly evident that the present depression of the New Zealand timber industry is due to a number of causes, and not merely to the competition of imports.

While the investigation has taken up a great deal of the time of several officers for some months past, it is not proposed that this report should deal in any detail with a subsidy, which will receive the consideration of the Tariff Commission. A few general particulars may, however, be given in regard to the quantity of timber produced in New Zealand, and the quantities imported and exported. The following table shows for several years past the production in New Zealand:—

Year ended 31st March,	Total.	Kauri.	Rimu.	White-pine.	Matai.	Totara.	Others.
	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.	Sup. ft.
1921 ..	307,667,834	20,393,788	153,529,022	73,168,750	21,329,043	17,984,189	21,263,042
1922 ..	314,972,310	21,435,728	157,345,928	68,486,633	24,830,368	19,570,561	23,303,092
1923 ..	304,351,877	22,460,759	155,627,936	66,088,219	23,747,049	20,843,718	15,584,196
1924 ..	317,069,216	19,743,196	181,093,581	56,699,443	24,326,148	18,904,361	16,302,487
1925 ..	344,094,874	22,891,535	195,572,705	65,572,439	23,947,707	18,509,551	17,600,937
1926 ..	353,224,196	22,765,877	195,451,758	75,634,869	26,141,027	14,109,576	19,121,089