materially injure or diminish such an important industry. It should be mentioned, in passing, that wheat-growing involves the use of a considerable amount of plant in the shape of machinery and implements, which in the aggregate must represent the capital outlay of several million pounds, much of which would be wholly or partially useless if wheat-growing were abandoned or even considerably reduced.

Distribution : The distribution of wheat and its products in New Zealand has frequently caused comment, more especially in regard to the " spread " between the price received by the producer and that paid by the consumer, more particularly in the North Island. While not expressing an opinion as to the reasonableness of this " spread," I would like to draw attention to some facts which have an important bearing upon the subject. Wheat is a bulky article in comparison to its value. The cost of transport and of handling very soon increases the cost to the consumer very considerably. For instance, the difference in price between wheat delivered on trucks at the farmer's railway-station and an f.o.b. quotation for the same wheat free of commission to the purchaser, if it goes directly alongside the ship from the producer's railway-station (without any intervening storage) is, on an average, about 4d. per bushel. If the wheat is to go through store an additional 2d. per bushel, incurred entirely through this additional handling, has to be added. The cost to the producer of putting his wheat on rail is, at the lowest, 2d. per bushel, so that 8d. per bushel has been added to the cost of the wheat from the time that it leaves the producer's field until it is placed on board ship.

The cost of landing wheat from f.o.b. Lyttelton to store in Wellington and Auckland is as follows : Wellington—Freight, 18s. 6d. per ton weight, 6d. ; wharfage, 4s. per ton of ten sacks, 1·44d. ; cartage, 3s. 6d. per ton of ten sacks, 1·26d. ; exchange, ⅛ per cent., 0·09d. ; insurance, 0·18d. : total, 8·97d., or with sacks costed in (3d.), 11·97d. Auckland—Freight, £1 0s. 6d. per ton weight, 6·68d. ; wharfage, 1s. 10½d. for ten sacks, 0·67d. ; cartage, 3s. 6d. for ten sacks, 1·26d. ; exchange, ⅛ per cent., 0·09d. ; insurance, 0·18d. : total, 8·88d., or with sacks costed in (3d.), 11·88d. In these items you will notice a sum of 8·88d. per bushel is added to the cost between leaving the Canterbury port and arriving at the Auckland store. This 8·88d. is an added cost, and makes no provision for any profit to the dealer. To put prices in Auckland or Wellington on a comparative basis with South Island ports, it must always be remembered that South Island quotations are sacks extra—that is, the buyer pays for the sacks—while usually North Island quotations are with the sacks given in, which represents a difference of an additional 3d. a bushel. Every time that the wheat is handled charges on a similar scale must inevitably be incurred. Consequently it will be readily seen that if, after landing at a North Island port, the wheat is handled a number of times between the wharf and through merchants and dealers to the final user the price which he must pay will have been considerably increased, and one way of reducing prices to the consumer is to have the wheat sent to him as directly as possible.

I also present a table showing a comparison between cost of transporting wheat from f.o.b. Sydney to Auckland (duty-free), and from f.o.b. Lyttelton to Auckland :—

Cost of transporting wheat from f.o.b. Sydney to c.i.f.e. Auckland at 5s. 6d. f.o.b.—

	Per Bushel. d.
Freight, £1 10s. per ton	9·64
Exchange, ⅜ per cent.	0·24
Marine insurance, 7s. 6d. per cent.	0·25
	10·13d.

Cost of transporting wheat from f.o.b. Lyttelton to c.i.f.e. Auckland at 6s. f.o.b.—

Freight at £1 0s. 6d. per ton	6·58
Exchange, ⅛ per cent.	0·09
Marine insurance, 4s. 6d. per cent.	0·16
	6·83d.

Difference in purely transportation charges in favour of South Island ports ... 3·30d.

It is frequently assumed that the wheat-grower has the protection of the freight from Sydney to Auckland, but you will see from these figures the difference between cost from Australian ports to Auckland and South Island ports to Auckland is only 3·30d. It should be remembered that the price of wheat to the grower is determined by the landed cost in Auckland of foreign wheat worked back to the basis of South Island ports, or of the price of flour similarly worked back to South Island ports, less the cost of manufacture and reduced to the terms of wheat, whichever price may be the lower. This is so because the South Island always has an exportable surplus of wheat. In addition to transportation charges, as the time from harvest increases, the cost of holding the wheat mounts up to an important addition to the price. Experience has shown that the great bulk of the wheat is moved off the farms during the first three months following harvest, and it is usually considered that in a normal season about 80 per cent. will have passed out of the farmer's hands by the end of May. This leaves nine months of the crop year still to go, and some of the wheat will have to be carried in store until nearly the end of the year in a season of sufficient supplies, or in other circumstances (in consequence of a short crop, for instance, which may not be sufficient to meet our requirements) until the whole of the wheat can be used. I append a table, marked A, showing the cost incurred in holding wheat in store in Christchurch from one to six months. I have shown the figures in detail for the first, second, third, fourth, fifth, and sixth month, showing the charges for holding. Everything is detailed there. The charges for the first month amount to 3·32d., the receiving and delivery being 1·62d., which makes that first month's total perhaps somewhat high. The second month is 4·17d. ; the third month, 5·26d. ;