

WHEAT, FLOUR, AND BREAD.

During the year the wheat, flour, and bread rationalization scheme has functioned without major alteration. The scheme has worked smoothly and has given satisfaction to growers, millers, and bakers.

Wheat.—Because of unfavourable weather conditions, which interfered with sowing operations, the crop was again a short one, and it has been found necessary to import some wheat from Australia and from Canada. World wheat-prices are at a higher level than they have been for several years, and the cost of wheat for import has in consequence been higher than usual.

Weather conditions during the 1936 harvest were very unfavourable, and in consequence a certain amount of wheat sprouted in the stook. Flour made from a grist which contained a proportion of this sprouted wheat caused some initial difficulty in baking, but, with the co-operation of the Wheat Research Institute, bakers were able to master the slight variation in baking technique necessary to enable them to bake their usual high-grade product.

That it is, in general, a very high-grade product is not open to doubt. New Zealand can and does produce wheat which makes better bread than does wheat produced by many other countries in the world.

Though the weather during the 1937 harvest was not favourable, no difficulties from sprouted wheat have been experienced, although some problems associated with high moisture have been encountered.

The question of whether or not to extend the control scheme to cover feed wheat as well as milling wheat was given full consideration prior to the 1937 harvest, but, in view of the unusual difficulties connected with the short crop and high overseas wheat-prices, it was decided to leave the market for feed wheat uncontrolled. Steps have been taken by the Wheat Committee, however, to prevent feed-wheat prices from rising unduly. Milling wheat has been released for feed purposes when that course was necessary to prevent a shortage, and advantage has been taken of any favourable movement in the Australian market to import wheat which has been sold at a figure as close as possible to the duty-free landed cost.

Prior to the 1937 harvest a special Committee was appointed to inquire into the costs of growing wheat. The basic price of wheat was increased for the 1936-37 crop to allow the farmer a price on a March Tuscan basis as near as possible to 5s. 3d. per bushel.

The buying prices for wheat for the 1937 season are based on a price of 5s. per bushel for March sales of Tuscan grade, f.o.b. South Island ports. For wheat delivered in succeeding months there is an increment of 1d. per bushel for each month up to July, and an increment of $\frac{1}{2}$ d. per bushel for each of the months of August and September. The price for wheats of Hunters grade exceeds the Tuscan prices by 2d. per bushel, and the price for Pearl and Velvet wheats is 4d. per bushel above Tuscan. It is anticipated that the final payment to growers after the close of the season will approximate 3d. per bushel.

Flour.—During the year two mills which were unfavourably situated for the economical milling of flour closed and subsequently their output allocations were transferred to other mills.

To compensate millers for the extra costs involved by the adoption of the shorter working-week and other increased costs a small increase of 3s. 6d. per ton was made in the price of 1936 "sack" flour.

Bread.—On 26th August, 1936, the Board of Trade (Bread-price) Regulations made on 12th February, 1936, were revoked and new regulations were made. An increase of 1d. per 4 lb. loaf was provided for in the main centres and in certain other towns where the standard price of flour prevailed. This increase was given to offset increases in costs of production.

The members of the Wheat Committee for the 1937 season are: Hon. D. G. Sullivan (Chairman); L. J. Schmitt, Esq. (Deputy-Chairman). Members: Alan Grant, Esq., W. W. Mulholland, Esq., H. F. Nicol, Esq. (representing wheatgrowers), J. P. O'Connor, Esq., H. Worrall, Esq. (representing flourmillers), C. H. Cowan, Esq. (representing master bakers).

TOBACCO-GROWING INDUSTRY.

Up to the time of the passing of the Tobacco-growing Industry Act in 1935 the industry had been in a more or less chaotic condition by reason of the fact the production of leaf had borne no relation under the then existing conditions to demand or consumption.

The fact that there had been overproduction in the industry had been well established. Production had proceeded somewhat haphazardly without any regard to market requirements and, in spite of the increased use of New-Zealand-grown leaf by New Zealand tobacco-manufacturers, production had outrun demand.

Growers had not known from time to time just what quantity of leaf it was necessary to produce, or how much, within reasonable limits, they were likely to get for it when it was produced. Surplus leaf over and above contracts and the resulting stocks of leaf on hand had represented a danger to the industry and had prejudiced the position from the growers' point of view. The Tobacco-growing Industry Act was accordingly passed in 1935 for the purpose of providing legislative authority under which the industry could be controlled, and production, manufacture, sales, and exports conducted on proper businesslike lines instead of under the haphazard methods which had existed in many instances in the past.

Under this Act a Tobacco Board is established, consisting of four representatives of growers, four representatives of manufacturers, and one Government representative, who is Chairman of the Board. The Board was appointed by the present Government as from the 20th April, 1936. The Secretary of the Department of Industries and Commerce is Chairman of the Board, and an officer