

WHEAT, WHEAT-PRODUCTS, AND BREAD.*

The Government has during the past year again been closely associated with the wheat industry and allied trades. Although it is highly desirable that there should be a sufficient local production of wheat to supply our requirements, the shortage of wheat last year proved to be over 4,000,000 bushels, and this quantity had to be imported from overseas. The Department purchased wheat in Australia and arranged for its freighting, sale, and distribution in the Dominion. Prior to purchase and importation being undertaken an arrangement with Government approval was made between the farmers and millers whereby the prices paid for wheat of the various varieties were fixed at 5s. 5d. for Tuscan, 5s. 7d. for Hunters, and 5s. 9d. for Pearl. After investigation of the cost of flour, bran, and pollard, the Government agreed to flour, bran, and pollard being fixed at the following maximum prices f.o.b. main ports South: Flour, £15 10s. per ton; bran, £5 10s. per ton; pollard, £6 10s. per ton. The prices of bread were also stabilized, and were fixed on the basis of 11d. for the 4 lb. loaf cash over counter, South Island, and 1s. in the North Island. The Department agreed, however, to minor adjustments in price in cases where additional or higher costs of production and distribution made this necessary.

It was difficult to determine early in 1924 the quantity of wheat which would require to be imported. Just what quantity the local harvest would yield could not be known with any degree of exactitude until the middle of the year. It was clear, however, that the shortage would be over 3,000,000 bushels. For reasons set out in last year's report of this Department, Cabinet in February, 1924, gave authority for the purchase on Government account of this quantity as a first and main step towards meeting requirements. It was, however, recognized by the Department that 3,000,000 bushels would certainly not cover the whole shortage for the year. Purchase and shipping commenced in February, 1924, Mr. Alexander Davidson, of Sydney, being appointed to act as our representative in Australia. The total quantity of wheat purchased in 1924 and early 1925 was 3,887,679 bushels (equalling 104,134½ tons), for which the sum of £977,782 was paid. Early in the year arrangements were made with the Union Steamship Company for freighting the wheat to New Zealand ports. Close attention had at all times to be given to purchase contracts and to movements of vessels, and it was only by careful co-operation with the company that the Department was able to make satisfactory dispositions. Weather conditions during the winter months caused much anxiety in keeping shipping arrangements in line with the extensive loading and discharge requirements. Labour disputes in Australia seriously threatened the shipping arrangements, and although delays were experienced through this cause, supplies were maintained well in advance of manufacturing requirements. It is clear that the danger of industrial difficulty in the transport of this essential foodstuff is one of the strongest reasons for urging that the Dominion should be self-contained in the matter of wheat-supplies. In all, no less than thirty shipments of wheat had to be arranged within a comparatively brief period, and it was only because the Union Company had a big fleet of vessels available that satisfactory service could be given. The sampling and loading of the wheat was carefully supervised by Mr. Davidson, who was in constant touch with the Department by cable and letter. Excellent service was given by Mr. Davidson, who worked at times under great pressure when thousands of tons of wheat had to be sampled and loaded each month in various Australian ports. The Government appointed Mr. H. Shrimpton to act as grain-grader, and he gave excellent service in the Dominion in attending to the unloading of vessels and in watching questions of quality and weight. The wheat, which was bought on f.a.q. standard, was, in the main, quite satisfactory, and millers generally were well pleased with the wheat tendered.

Of the weight landed (3,876,540 bushels), 3,374,493 bushels were delivered to millers, and 502,047 bushels were sold for poultry-food. The sales of wheat in New Zealand by the Department aggregated £1,161,000. The price to millers was agreed upon at the beginning of the year on the basis of prices being paid for New-Zealand-grown wheat, and, though world prices rose very materially during the year, no advance was made in the price charged to millers or in the prices of flour, bran, pollard, and bread.

By reason of the fact that the Government was able to supply relatively cheap wheat to millers who were working on a fixed-price basis, New Zealand was for months unaffected by the increase in world prices, and consumers received a very substantial benefit from the Government's forward purchases at low prices. The amount of this benefit increased gradually as the overseas prices advanced, and it is somewhat difficult to estimate the financial advantage which the Dominion has enjoyed. In the later months of the year ending February, 1925, however, the saving to New Zealand must have been at least £35,000 per month, and at a low estimate the saving to the public over the whole year which resulted from the forward purchase of supplies must have been at least £200,000. It must be remembered in this connection that not only did bread-consumers benefit, but poultry-farmers for a number of months received supplies at prices considerably below world's parity. For these reasons the benefit arising from the Government's transactions must not be judged by any small profit or loss shown by the accounts, which could by only a slight increasing of the selling-prices have been made to show appreciable profits. The wheat was sold to millers at a price of 5s. 7½d. per bushel, sacks in, ex ship's slings, at main South Island ports, with additions for sales at North Island ports approximately equivalent to the cost of bringing wheat from Lyttelton to such northern ports. The usual increments in price of ½d. per bushel per month were made from May to October, the southern price therefore rising gradually to a maximum of 5s. 10½d. per bushel. As previously mentioned, the fact

* In regard to the importation and distribution of wheat, the Secretary of the Department of Industries and Commerce, as Wheat Controller, acts on the advice and on the instructions of the Minister of Agriculture, Hon. W. Nosworthy.