

that the Australian value f.o.b. finally reached the high point of 7s. 3d. per bushel did not affect the prices at which the importations were sold. In accordance with the arrangement made at the commencement of the season, railage was allowed to inland mills, to the extent of the actual cost of transport from port station to mill station.

The payments for wheat purchased involved considerable difficulty, and care had to be exercised to see that the necessary credits were available from time to time to pay for each cargo as and when shipped at the prices specified in the contracts previously made with sellers. In this matter the Treasury Department rendered excellent service. Exchange on Australia was bought—mainly through London—and on the funds so made available credits were drawn as required. The increasingly serious difficulty of securing exchange on Australia, and the gradual rise in the rates which had to be paid, caused some anxiety and materially affected the cost of importation.

During the year the Government decided to suspend the duty on bran and pollard, and the Department issued recommendations for permits for the importation of supplies of these commodities during the winter months when local production fell short of Dominion requirements. Under this arrangement a quantity of approximately 2,560 tons of bran and 2,055 tons of pollard was imported under permit into the Dominion duty-free. This system worked well, and all parties—farmers, merchants, and millers—were satisfied that the Government took the best course in allowing importations on this basis.

As previously indicated, the Department undertook the importation of supplementary supplies of wheat required for poultry-food up to the end of 1924. After that date there was a change of policy by which the responsibility was thrown upon merchants to import fowl-wheat, permits being granted for duty-free importation. This change involved the Department in a great deal of work, since a careful check had to be kept to prevent the bringing-in of such quantities as would detrimentally affect the New Zealand growers' market when the season opened in late January of this year. The permit system worked satisfactorily, although, owing to strike troubles on the Australian coast, several shipments by merchants were unduly delayed, and some supplies which were expected to arrive in early January were delayed until late in February. These quantities, however, were comparatively small, and had no material effect upon the prices received by farmers for locally produced supplies.

The difficulties met with in the Dominion during 1924 so far as wheat-supplies were concerned are, unfortunately, to be repeated this current year. The estimated acreage in wheat for the present year's harvest was 170,000, and the Government Statistician considers that the total yield for the Dominion will approximate 5,000,000 bushels, as against an actual yield of 4,174,000 bushels for the season 1923-24.

A good deal of concern was felt by the growers as to the effect of competition of imported flour upon wheat-prices in the Dominion, and a representative conference waited upon the Hon. Minister of Agriculture in December last and asked that the duty on flour should be increased and that no dumping of flour took place without a dumping duty being imposed. The Minister announced that the duty would be raised on flour to £3 per ton, making it correlative with the existing duty on wheat (1s. 3d. per bushel) as against £2 10s. per ton formerly ruling, and that the Minister of Customs would give notice to the effect that dumping duty would be imposed if and when circumstances arose to warrant it. The notices were accordingly gazetted, and at the same time a notice was given revoking the embargo on the importation of flour as from the end of February, 1925.

World prices for wheat at the opening of the New Zealand season ruled high, and prices ranged from 7s. to 7s. 6d. (Tuscan) per bushel; at the same time the price of flour was advanced from £15 10s. per ton f.o.b. South to £19 per ton f.o.b. South as from the 1st March, and bread-prices were also generally increased throughout the Dominion.

When the substantial and sudden fall in world prices of wheat took place in March, 1925, a deadlock arose in the Dominion, farmers on the one hand declining to sell wheat and the millers refusing to buy except on terms that would enable them to compete with imported flour. A shortage of bran and pollard arose, especially in the dairy and poultry industries, and great pressure was brought to bear on the Government to relieve the deadlock by reimposing the embargo on flour and reducing the duties on bran and pollard so as to enable the importation of the latter commodities from Australia. Matters remained in a disturbed and unsatisfactory state for several weeks, wheat having declined in value to 6s. 3d. per bushel South with no sellers. On the 23rd April a representative conference took place in Wellington, which was attended by wheat-growers, the Executive of the New Zealand Farmers' Union, millers, poultrymen, and grain-merchants. At this meeting the following resolution, passed at Ashburton on the 15th April, was endorsed:—

“That, in order to overcome the present deadlock in the wheat situation and secure for the New Zealand wheat-growers a fair price for his produce, and to ensure a continuance of wheat-growing on a scale sufficient for the Dominion's growing requirements, this conference requests that the Government should either reimpose the embargo on flour or levy a dumping duty on any further importations.”

An endeavour was made to secure an arrangement between wheat-growers and millers for fixed prices for wheat for a term of years, but no agreement was arrived at at the conference, and a deputation was formed of the interests represented at the conference to discuss the matter fully with the Minister of Agriculture. As a result of this discussion arrangements as under were suggested and agreed to by Cabinet:—

- (1.) Millers agreed to a readjustment of prices, and to offer to farmers 6s. 8d. for Tuscan, 6s. 10d. for Hunters, and 7s. for Pearl, an increase of 5d. on the then-existing prices. All milling-wheat to be taken over within the next two months.
- (2.) Wheat-growers' representatives to recommend strongly to their branches the acceptance of this offer.