

At the first meeting of the Board it was decided to investigate the principal causes which had led to the increases of prices of commodities of general consumption since the beginning of the war, and to recommend such steps (if any) with a view to ameliorating the situation as appeared practical and expedient, having regard to the necessity of maintaining adequate supplies.

In regard to statistical information relative to the cost of living, the Board decided after inquiry that it was justified in relying upon the data collected and published by the Government Statistician, supplemented by information supplied to the Board from time to time by those engaged in dealing in the commodities under consideration. Statistical data relating to retail prices in New Zealand was already in existence for the period of 1891–1914 in the report on the cost of living issued by the Government Statistician on the 17th November, 1915, and this has been kept up to date by monthly reports published by his office.

WHEAT, FLOUR AND BREAD.

Having made a preliminary survey of prices and the measures used to control them, the Board deemed it expedient to concentrate successively on the main commodities in common use, and began with the wheat-supply of the Dominion and its consumption in the form of flour, bread, bran, and pollard. Accordingly an inquiry into this subject was opened in Christchurch, and an interim report was submitted to you on the 29th April, 1916. In this report it will be remembered that the Board, after reviewing the whole matter, recommended as follows:—

(a.) The impression left upon our minds by the evidence and information before us is that the distribution of the food-supply of the Dominion cannot safely be left in a time of crisis to the working of an unregulated system of supply and demand; and we consider that the situation as regards prices of flour and by-products of wheat should be closely and continuously watched with the aid of returns that should be periodically furnished through the Government Statistician to the Board of Trade. We therefore recommend that it be enacted that millers and recognized dealers in grain should be registered with the Board of Trade, and should furnish from week to week quantities of wheat purchased and the prices paid. Appropriate penalties should be provided for omitting to furnish or furnishing false returns. It would be the duty of the Board, in conjunction with the Government Statistician, to collate the information thus supplied, and weekly to publish an official quotation of the actual market prices. At present the leading newspapers publish weekly market quotations, and we are in possession of evidence that the publication of unreliable information by speculators has on occasions artificially raised the price of wheat to genuine dealers, and detrimentally affected the industry generally. We further recommend that the threshing-mill proprietors be required to register with the Board of Trade and send weekly returns of quantities of grain threshed to the Government Statistician. Appropriate penalties should be provided for failure to comply.

(b.) We have considered the question whether the fixation of maximum prices by legal enactment for wheat, flour, and bread, or by the method of "recommended prices" which was adopted in England shortly after the outbreak of the war, would be best suited to the conditions prevalent in New Zealand. There are difficulties to be encountered under either system, but on the whole we prefer the latter method, and suggest that the following table should be the recommended prices, subject to alteration by the Board of Trade as may be required by changing conditions from time to time:—

Wheat (delivered at Mill).								Flour (f.o.b.).			Bread (Cash over Counter).
s.	d.	s.	d.					£	s.	d.	d.
At 3	9	..	..	..	..	..	..	9	10	0	6
.. 3	9 to 4	0	..	..	..	..	..	10	0	0	6
.. 4	0 .. 4	3	..	..	..	..	..	10	10	0	6
.. 4	3 .. 4	6	..	..	..	..	..	11	5	0	6½
.. 4	6 .. 4	9	..	..	..	..	..	11	15	0	6½
.. 4	9 .. 5	0	..	..	..	..	..	12	5	0	6½
.. 5	0 .. 5	3	..	..	..	..	..	13	0	0	7

On the 19th June, following further investigations made in the North Island, an appendix to the report was published dealing with the same subject. The report and the appendix were presented to both Houses of the General Assembly by leave last session.

Owing to the fact that it was known at the time of this report that Australia had an enormous harvest which had been safely garnered, and the bulk of which it was impossible to transport to England on account of the lack of shipping facilities, the Board did not anticipate any serious disturbance of prices in New Zealand detrimental to the interests of the consuming public; indeed, it was generally feared that if any change in prices took place the danger to be avoided was not high prices, but prices so low as to prejudicially affect the farming and milling industries of the Dominion on account of the quantities of Australian wheat and flour that might be dumped into New Zealand to relieve to some extent the congestion in Australia; and Parliament, then in session, passed the necessary legislation empowering the Board of Trade, should this contingency arise, to take steps to meet the situation by conferring adequate protection to the threatened industries.