

On the 19th December the appointed members of the Board met representative master bakers of Christchurch and checked with them the results already obtained in their previous inquiry.

On the following day representative flourmillers were met in conference, sixteen attending. The conference passed a resolution agreeing to the principle of Governmental action being taken to regulate the prices of wheat, flour, and bread, and welcoming such action, and, after the members of the Board had withdrawn, carried the following resolutions:—

- (1.) That in determining the price of flour 48 bushels of wheat to the ton should be allowed as the basis of calculation.
- (2.) That the price of pollard should be fixed at £6 f.o.b. and bran at £4 f.o.b. (less usual discounts). If packed in smaller bags than for shipping the price to be increased by the extra cost of sacks.
- (3.) That the cost of manufacture of flour is £2 2s. 6d. per ton.
- (4.) That the price of wheat should be fixed f.o.b.
- (5.) That with wheat at 5s. per bushel f.o.b., pollard and bran as above, flour should be £13 10s. f.o.b. less usual discounts. In 100's 10s. extra, 50's 15s. extra, and 25's £1 extra.
- (6.) That Messrs. Virtue, Hudson, Corson, Milligan, Ireland, Evans, and Gardner be appointed a sub-committee to confer with the Board.
- (7.) That in consideration of the flour duty and dumping legislation being restored forthwith the price of flour shall not exceed £14 f.o.b. less 2½ per cent. at wheat centres until Government scheme comes into force.

The Board sought assistance and advice outside the channels above referred to, and discussed with experts the details of various schemes for handling the wheat crop assuming the Government decided to purchase or to guarantee a definite price—always keeping in mind the necessity of disturbing present business relationships as little as possible. At the request of the Acting-President the Board also conferred with the Board of Agriculture, the meeting taking place in Wellington on the 10th January, 1917. The Board of Agriculture submitted a separate report.

From the foregoing it will be seen that there existed among representative farmers and millers a unanimous opinion that Governmental control of the wheat trade for the period of the war and a season after was desirable in the interests of the industry itself. The appointed members of the Board stress the view that such control was necessary not only in the interests of the wheat industry, but in the interests of the consuming public as well. In January the Government Statistician's figures showed that for the 1916–17 season there was 222,000 acres under wheat. The annual average yield for the last ten years had been approximately 28½ bushels per acre. The total yield, therefore, for the season, if it came up to the average, was estimated approximately at 6,250,000 bushels. Assuming this to be all good milling-wheat it would have been sufficient, but not more than sufficient, for our requirements. The opinion among those best competent to judge was against the probability of the average being reached, and the figures now available show that the average actually obtained was 23·09 bushels, totalling 4,672,728 bushels. The possibilities of an individual or group of individuals obtaining control of sufficient of the supply and thereby manipulating prices to the disadvantage of the legitimate trade and the consuming public were therefore apparent, and the need for Governmental control was more urgent than if there had been a surplus.

In considering the practicability of Governmental control two aspects of the situation were kept in view: (a) the control and distribution of the present season's crop, and (b) the encouragement of the production of sufficient wheat during the currency of the war and one season after for our own requirements.

The two questions were really interdependent, for whatever was done in regard to the former would encourage or discourage the grower of wheat. If only the former had to be considered the fixation of maximum prices for wheat, flour, and bread, under proper safeguards, and the importation of sufficient wheat or flour to make up the shortage, would probably have achieved the desired result; but, unless the grower could depend on getting next harvest the fixed price for his wheat irrespective of the quantity put on the market, it was hard to see how the fixation of maximum prices was going to encourage him to undertake the risks of cropping. It might, indeed, deter him from growing wheat at all, as he must run the risk of a surplus being produced and prices in consequence falling. As, however, the fixation of maximum prices is an integral part of any scheme of market control, the Board worked out what, in its opinion, would be fair correlative prices for wheat, flour, offal, and bread. The table is as follows, and may be regarded as an extension of the table given in our first report, with the proviso that the price of pollard is £6 and of bran £4 f.o.b. less the usual trade discounts:—

CORRELATIVE PRICES OF WHEAT, FLOUR, AND BREAD.

(The prices of pollard and bran remaining constant—£6 and £4 respectively.)

Wheat (f.o.b.).			Average Mixture (f.o.b.).	Flour (f.o.b.).		Bread (Cash).	Bread (Delivered).
Pearl.	Hunter.	Tuscan.					
s. d.	s. d.	s. d.	s. d.	£ s. d.	d.	d.	
5 1	5 0	4 10	5 0	13 0 0	7	8½	
5 6	5 5	5 3	5 5	14 0 0	7½	9	
5 11	5 10	5 8	5 10	15 0 0	8	9½	
6 4	6 3	6 1	6 3	16 0 0	8½	10	