

B. Good milling-wheat grown in the North Island :—

1. Sold for delivery free on board at the nearest port, being Wellington, Wanganui, New Plymouth, Napier, Gisborne, or Auckland—

The same price as that of good milling-wheat grown in the South Island and sold for delivery free on board at the nearest port, with an addition of 4d. per bushel.

2. Sold for delivery otherwise than free on board at the ports aforesaid—

A price equivalent as regards the seller to the price aforesaid

The wheat was resold to the millers at 1½d. per bushel in excess of the above prices, and each mill was limited to a quantity based on a consideration of its trade during the previous three years. The quantity of New Zealand wheat so handled was 4,925,162 bushels. It became evident during the year that there was not sufficient New-Zealand-grown wheat of suitable quality to supply the Dominion's consumption of flour. Accordingly, on the 13th June, 1918, the Board submitted a report to you recommending the purchase of 2,000,000 bushels of wheat in Australia. This recommendation was agreed to by the Government, and it was determined to entrust the negotiations with the Australian Wheat Board to Mr. A. Shirlcliffe, of the Canterbury Farmers' Co-operative Association, Timaru. While Mr. Shirlcliffe was in Australia a census was taken in New Zealand of the winter sowing of wheat for next season, and this showed that it was not safe to rely on more than 200,000 acres being sown. On the 16th July, 1918, a cable was received from Mr. Shirlcliffe stating that the Australian Wheat Board offered the New Zealand Government 2,000,000 or 4,000,000 bushels at 5s. 7½d. per bushel f.o.b. Williamstown. After consultation with the Acting Prime Minister and the Acting President of the Board it was resolved to cable to Mr. Shirlcliffe to complete the purchase of 2,000,000 bushels, and to secure an option over a further 2,000,000 bushels at the same price, the option to remain open for as long a period as it was possible to arrange. The Australian Wheat Board granted an option expiring on the 12th August, 1918. By this date it was known that the total acreage under wheat in New Zealand for the 1919-20 season would be approximately 200,000 acres. Estimating the yield from this area at the average of the last ten years—namely, 28 bushels per acre—the yield could be expected to amount to 5,600,000 bushels. As New Zealand requires for all purposes approximately 7,000,000 bushels, it seemed probable there would be a shortage during 1919-20, and to provide against this contingency the option already referred to was duly exercised. Formal contracts covering these two purchases were made with the Australian Government, under which the New Zealand Government undertook to pay for the wheat against each shipment in exchange for shipping documents, and to lift at least 1,000,000 bushels every six months from the 1st August, 1918. No charges are to be made by the Australian Government for interest, insurance, or storage. The shipping arrangements in connection with the lifting of the wheat, and its sale to and distribution among New Zealand millers, was placed in the hands of the Wheat Controller (Mr. W. G. McDonald).

Like the previous purchase made personally by the Hon. W. D. S. MacDonald, Minister of Agriculture and Acting President of the Board of Trade, this purchase of 4,000,000 bushels compares more than favourably with those made by other countries. The Australian Wheat Board did not endeavour to extract from New Zealand the highest price they could have obtained on account of the conditions in New Zealand. Our necessities were such that, had the Australian Wheat Board demanded a higher price, New Zealand would have been compelled to pay. As both the purchase by the Hon. Mr. MacDonald (at 5s. 6d. per bushel, sacks in) and the purchase effected by Mr. Shirlcliffe (at 5s. 7½d. per bushel, sacks in) have been adversely criticized, it is only fair to state that Australia was able to obtain from South Africa 6s. 9d. per bushel, from the United States 6s. 4d. (sacks extra), and sales were effected to other countries as high as 7s. 3d. per bushel f.o.b. Williamstown. Recently the Press reported sales of second-quality Australian wheat to Japan at 5s. 7½d. f.o.b. New Zealand millers acknowledge that the quality supplied under the Minister's purchase was the finest that ever came to New Zealand, and that the quality at present being supplied is but little inferior, the inferiority being due to the vagaries of the season.

The control, sale, and distribution of both Australian and New Zealand wheat have entailed no expense whatever to the Government.

PRICES OF WHEAT, 1918-19 CROP.

From November, 1917, to April, 1918, the Board was in constant communication with the Government and the wheatgrowers as to the price of wheat to be fixed for the 1918-19 crop, and eventually an arrangement was come to between the growers and the Government at a conference held in Christchurch on the 9th April, presided over by the Hon. W. D. S. MacDonald, that the Government should guarantee 6s. 4d. minimum with an open market. Had this offer resulted in a sufficient area being grown that could reasonably be relied on to satisfy New Zealand's requirements on the experience of prior years there would have been no necessity to exercise the option over the second 2,000,000 million bushels of Australian wheat. In December, in view of the fact that the Government were purchasers of Australian wheat, and intended to control the price of flour and bread, it was impossible to give effect to the exact terms of the arrangement made with the farmers, and consequently the Government determined to take over the crop from the farmers at a fixed price of 6s. 6d. per bushel f.o.b., allowing the usual increments of ½d. per bushel per month from May to October, and to continue the scheme of control through the Wheat Control Office, which had worked satisfactorily during the previous year. The scheme as gazetted on the 25th February, 1919, is in all respects, with the exception of price, identical with the scheme published as an appendix to last year's report, and therefore is not repeated here. The Government has been criticized for this departure from the arrangement made in April, as it is alleged that, had the original offer been adhered to, producers would have got considerably more than 6s. 6d. per bushel for their wheat. While it is true that the April arrangement was not strictly adhered to, growers of wheat did not suffer thereby. The season turned out to be a phenomenal one, and the yield per acre one of the highest on record. As