

It should be noted that the whole of the 1918-19 Cuban crop of *raw* sugar, involving from three and three-quarter to four million tons, has been purchased on behalf of the Allies on the following terms :

For delivery to America, £27 8s. 9d. per ton, cost and freight.

For shipment to the United Kingdom, France, and Italy, £25 13s. 4d. per ton f.o.b. Cuba.

Reviewing all the circumstances, the Board considers that the agreement effected is decidedly in the interests of consumers in New Zealand, ensuring, as has been pointed out, sugar being supplied at a price cheaper than in any other country in the world. The price agreed upon by the company has meant a sacrifice by it on New Zealand's consumption of £400,000 for the year as compared with New South Wales. As was the case last year, no complaints were made to the Board regarding sugar-prices.

TIMBER.

As a result of representations that had been made regarding the difficulty experienced by users of timber in New Zealand in obtaining their necessary supplies, the Government decided upon the policy of restriction of the export of timber in order to ensure that the export should be limited to the quantity produced in excess of that required for use within the Dominion. For the purpose of carrying out this policy, regulations were issued and published in the *Gazette* of the 6th August, 1918 (see Appendix A). The administration of these regulations was entrusted to the Board of Trade, the Commissioner of State Forests being the Minister charged with carrying the regulations into effect, and provision was made for the appointment of an advisory committee to assist the Board. An advisory committee consisting of four representatives of the sawmillers, two representatives of the timber-merchants, two representatives of the building trade, and one representative of white-pine users, was therefore duly appointed. It is due largely to the public-spirited manner in which this committee has dealt with all matters submitted to it, and to its sound advice, that the Board has been able to administer these regulations to the satisfaction generally of all parties concerned.

These regulations were based on the principle that the quota for Dominion use out of a sawmill's production should be allotted to each mill, and that export should be allowed of the quantity produced in excess of that quota. Provision was also made by which any sawmill or group of sawmills might supply to the New Zealand market quantities of timber in excess of its Dominion quota, and that by agreement, subject to the approval of the Minister, other sawmillers nominated by them might, to the extent of such excessive supply, be relieved of their obligation to supply timber to the New Zealand market. This provision was made in order to afford sawmillers an opportunity of arranging between themselves as to the particular mills from which the Dominion supplies should be obtained, subject, of course, to the right of the Minister to decline to agree to any arrangement that would result in causing a shortage of timber in any particular locality. This anticipation was not realized, however, as a number of non-exporting mills endeavoured to use their exporting rights, which they had no intention of exercising, to obtain from exporting sawmillers some monetary payment. Instances were brought under the notice of the Board in which the rights of sawmillers to obtain exporting permits were offered to the highest bidder among the exporting millers. With a view to overcoming this difficulty the regulations were in February last amended (see Appendix B) by excluding the provision relating to transfer of permits by agreement among sawmillers, and substituting therefor power to the Minister to cancel any permits not exercised within a given time and reallocate the quantities for export to sawmills whose exporting-rights were insufficient to permit of their conducting their business. In reallocating these cancelled permits special consideration is given to those sawmills so situated geographically as to be unable to place timber on the New Zealand market at payable prices, and also to those operating on Crown leaseholds that are being cleared for farming purposes. In the latter case it is recognized that the milling of the bush provides a certain amount of income by way of royalty towards the clearing and grassing of the land, and at the same time removes from the land the big trees, with the result that a cleaner burn is subsequently obtained.

Statistics collected by the Board show that there are at present operating in New Zealand 277 sawmills. Complete returns of output for the year ended 31st March, 1918, have been obtained, and these produce the following figures :—

Kind.	Total produced.	Sold in New Zealand.	Exported.
	Sup. ft.	Sup. ft.	Sup. ft.
Rimu	111,318,579	88,875,298	27,583,235
White-pine	63,136,665	36,260,400	31,455,704
Kauri	21,835,023	19,552,692	10,454,494
Totara	13,387,038	13,518,126	57,337
Matai	11,930,040	12,374,501	493,964
Beech	4,466,116	3,663,578	916,094
Taraire	228,377	146,743	..
<i>Pinus insignis</i>	1,501,274	1,476,929	..
Totals	227,803,112	171,868,267	70,960,828

(NOTE.—Apparent discrepancies in this table, especially in regard to kauri, are due to stocks in hand.)