

Importations of flour during each month of the season 1926-27 were as follows :—

1926.	Tons.	Value. £
March	1,417	18,215
April	1,066	13,216
May	909	13,807
June	1,304	18,066
July	1,575	23,738
August	3,486	56,833
September	7,233	117,196
October	3,767	62,457
November	3,337	54,276
December	967	13,809
1927.		
January	1,889	26,936
February	4,418	59,166
Totals, season 1926-27	31,368	£477,715

As has already been mentioned, provision was made for the admission of wheat for fowl-food duty-free. Permits for this purpose were issued by the Department to recognized merchant distributors, the quantities being limited according to the reasonable requirements of the trade. These permits were, of course, issued under conditions which ensured that the wheat was sold only for consumption as poultry-food. The quantity imported under these permits during 1926-27 was 636,550 bushels. A portion of the North Island's requirements of poultry-wheat and virtually the whole of the South Island demand was filled from the local supply.

While mills generally, and more particularly those in the South, have not been able to import wheat for gristing in competition with Australian flour, an appreciable quantity was imported for that purpose into the Port of Auckland. The imports of wheat other than for poultry-food totalled 1,100,164 bushels.

Our total national requirements in 1926-27, therefore, represented the equivalent of approximately 8,000,000 bushels—a little less than the average of the past few years.

While growers were apparently well pleased with the results of keen competition in the local market in 1926, and more particularly since world prices in that year remained on a relatively high level, the approach of the harvest of 1927 gave rise to a strong request for increased protection. By December, 1926, values abroad had fallen appreciably, and as the harvest of this year gave promise of being a substantial one the attention of the Government was directed to the alleged dumping of Australian flour. It was pointed out by wheat-growers that Australian flour was being sold in the Commonwealth at prices apparently appreciably above the export quotations. A request was also made that the Government should again impose a complete prohibition against the importation of flour. These requests received the consideration of Government, and, while the embargo was refused, it was agreed that dumping duty on a specified basis should be charged on flour from the 1st March, 1927.

More recently, however, the request for increased tariff protection has been renewed. The Government has announced its intention of asking Parliament to amend the duties on wheat and flour in such a way as to ensure a more or less stabilized price to growers. Under the proposed system the duty on flour will rise when world prices fall, and, conversely, the duty will fall when world prices increase. The duty on wheat will be adjusted in similar manner, and it is hoped that by this means the double objective can be achieved of ensuring to growers a reasonable price irrespective of outside market conditions, and also of protecting the consumers against very high costs when world prices show an upward tendency. The difficulty involved with specific or flat-rate duties has been that unless the duties are fixed at a high rate they are not adequate to protect local growers in times when world prices are particularly low. The proposed new system of duties will tend to eliminate from wheat-growing the extremely speculative aspect in the matter of prices, and growers will always have the assurance of what will probably be regarded as a reasonable price.

It is to be hoped that the measure of protection given to the wheat-growing industry (a protection which must necessarily cover also and be effective through the flour-milling industry) will result in the production of an adequate supply of locally grown wheat. It must not be forgotten, however, that weather conditions and the fluctuating values of other alternative farm products may, from year to year, bring about appreciable changes in wheat acreage and production, and the success or failure of any action taken to secure an adequate local production can properly be judged only on its results over a period of years.

In view of the extent to which New Zealand has been a buyer of Australian wheat and flour, the following figures are given showing in general terms the course of prices in the Commonwealth market during the past twelve months: In May, 1926, Australian wheat for export was quoted around 6s. 6d., and flour for export at £13 10s. per ton. These prices gradually increased until in August last (when the Australian exportable surplus had substantially all been shipped or sold) wheat in Victoria and New South Wales was quoted at over 7s. per bushel. A better supply position in South Australia kept the price there a little lower, and wheat from that State in August was quoted around 6s. 10d., with flour at £13 15s. to £14 per ton. In New South Wales the price went to 7s. 4d. for wheat and £15 for export flour. With the progress of the harvest in the Northern Hemisphere and the approach of a satisfactory and early Australian harvest, prices receded appreciably in September and subsequent