

1941.

NEW ZEALAND.

**INTERNAL MARKETING DIVISION.**

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31st MARCH, 1941.

*Presented to both Houses of the General Assembly pursuant to the Provisions of the Primary Products Marketing Act, 1936.*

**INTRODUCTORY.**

THE year ended 31st March, 1941, was marked by a continued increase in the activities of the Division and by the handling of a greater volume of business generally.

While the Sections dealing with dairy-produce, imported fruits, and general produce expanded their operations, the new sections—Purchasing, Canteen, and Apples and Pears—had also a strenuous and successful year. A report upon the activities of each Section follows.

During the year under review Mr. F. R. Picot, Director of Internal Marketing and Food Controller under the Ministry of Supply, conducted several negotiations in Australia with regard to the disposal of out potato surplus and other matters. Later he visited Australia and the East to attend the Eastern Group Conference at New Delhi. The information and experience thus gained in conferences and investigations abroad is expected to prove of benefit to the Division in its activities, and to the Government generally.

This report includes a complete review of the operations of the apple and pear marketing scheme for the 1940 crop and the results from that scheme.

Another subject of special interest covered in this report outlines the steps taken to relieve the producers' difficulties in connection with the heavy potato surplus in 1940.

Staffing throughout the Division has been a difficult problem, and further difficulties will have to be faced through officers joining the armed Services. Similar problems affecting business firms are intensifying the demand for juniors and experienced men above military age.

**BUTTER.**

The activities of the Division have been devoted more to changing war circumstances than to the anticipated ordered progress towards better and more economic distribution. The alteration in the method of allotting grades to butter sold on the local market has not proceeded to any degree. Conversations with the Director of the Dairy Division of the Department of Agriculture evolved a system of grading which would eliminate the necessity for forwarding one box from each churning of local butter to the grade port by the submission of a small container, either posted or delivered to the produce grader, and, while this assistance by the Dairy Division would have removed one of our principal difficulties, the impossibility of securing the kind and type of container on account of war conditions has again held up our proposals in regard to this improvement. The adjustment in the savings on empty returned boxes has worked smoothly during the year and there have not been any difficulties experienced in this direction. The distribution allowance of  $\frac{1}{2}$ d. per pound has generally proved to be a correct amount for this service. Where factories do their own distribution in their local area and do not provide special facilities, there is an advantage, even at this figure. Where, however, distributors have to provide storage accommodation, special delivery and office staff, the  $\frac{1}{2}$ d. per pound has not been unduly attractive. It is more a matter of the geographical location of a factory in relation to a large consumer demand which makes the distribution allowance a factor in the return for locally sold butter. The climatic allowance of  $\frac{3}{8}$ d. per pound which was paid to distributors in Auckland City area has now been removed, so that all licensed distributors throughout New Zealand are working on the same margin of allowance. The removal of this allowance, which was given as a temporary measure, will do away with an anomaly that has been exercising the industry for some time.

The general equalization has not brought forward any comment during the year, and it can be taken for granted that this has proved to be reasonable and as a national standard of equalization has proved satisfactory. Again, war conditions are having an effect on the equalization which will be dealt with as we proceed.

During the period under review, the supply of butter for winter sales to those areas which do not produce sufficient for their own requirements has again been operated by the Division. Owing to the change over to cheese-manufacture for the Imperial Authorities, operations in this direction have been more difficult than previously, and some factories have, owing to this change to cheese-manufacture, required much larger supplies for a longer period. It can therefore be seen that the costs in this direction will be increased accordingly. The quantities of butter for Southland and Otago during the coming winter season will be greater than for the previous year on the above account, and the Division is endeavouring to make special arrangements for the transfer of butter to the South Island factories which should prove even more satisfactory than in past years. If this can be accomplished, there should be an improvement in the service to factories in these areas of shortage. Notwithstanding these slightly increased costs, the financial position of the Butter Marketing Section is, owing to savings in other directions, in a very healthy situation. As a consequence of our equalizing operations, the Division has accumulated funds which are being used in its activities for the purchase and storage of butter for winter consumption, and it will be noted that the item of "interest" which last year accounted for a large part of the costs of the Section is not this year included because the accumulations in the Equalization Account were sufficient for the purposes of the Division. The credit balance for the Equalization Account as at the end of the financial year was £376,612 15s. 10d., and the operations accounting for this very satisfactory position are set out in the Division's annual accounts.

In conclusion, the Section appreciates the assistance and co-operation of the industry. The delay in forwarding necessary returns previously experienced from some of the factories has appreciably improved, and in every way the factories have been giving their fullest co-operation and assistance, without which the officers of the Division would have found their task very much more difficult.

TABLE SHOWING LOCAL MARKET TURNOVER OF BUTTER FOR THE YEAR ENDED 31ST MARCH, 1941.

—					Creamery.	Whey.	Total.
1940.					lb.	lb.	lb.
April	..	..	..	..	5,530,416	131,366	5,661,782
May	..	..	..	..	5,687,576	123,200	5,810,776
June	..	..	..	..	5,008,312	89,761	5,098,073
July	..	..	..	..	5,400,829	63,038	5,463,867
August	..	..	..	..	5,492,293	83,933	5,576,226
September	..	..	..	..	4,846,390	77,830	4,924,220
October	..	..	..	..	5,343,991	124,622	5,468,613
November	..	..	..	..	4,946,855	128,202	5,075,057
December	..	..	..	..	5,303,035	136,958	5,439,993
1941.							
January	..	..	..	..	5,154,602	122,118	5,276,720
February	..	..	..	..	4,906,135	113,765	5,019,900
March	..	..	..	..	5,352,872	132,573	5,485,445
Totals	..	..	..	..	62,973,306	1,327,366	64,300,672

#### CHEESE.

The proposals under consideration as set out in the last annual report have not been proceeded with owing to the request of the Imperial Authorities for larger export quantities in order to assist the Mother-country in its requirements of high-grade food products.

It is admitted that the consumption of cheese in New Zealand is lower than is justified, taking into consideration the food value of the product, but it is considered that in the meantime, with so many other edible commodities in oversupply, the encouragement of a larger consumption of cheese would be in some measure detrimental to the consumption of these surpluses. The Division has, however, assisted in maintaining supplies of best-quality cheese to the armed Forces in New Zealand, and is now forwarding what might be termed experimental quantities for consumption by the armed Forces in the Middle East.

#### BOBBY-CALF POOLS.

Prior to the commencement of the bobby-calf season, several new pools were formed and gazetted under the Bobby Calf Marketing Regulations. It is evident from the increasing number of pools operating under the regulations that the producers are well satisfied with the organization which has been put into effect in regard to the marketing of their calves.

It is pleasing to report that practically the whole of the dairying districts throughout New Zealand now have pools in operation.

The balance-sheets already received this season disclose in some cases an increase of 1s. per head as compared with prices received for the previous year.

It has been necessary in some instances to redefine certain pool boundaries. This procedure was adopted mainly with the object of conserving petrol. In this connection the Division received full support and assistance from the Pool Committees concerned.

Owing to bobby-calf pools extending over the major portion of the North and South Islands, certain difficulties have arisen from time to time, but have been minimized by the co-operative attitude of the various Pool Committees. This assistance has been appreciated by the officers of the Division.

The extra demand for vells, due to the change over by dairy companies from butter to cheese making, will considerably help the position occasioned by the difficulty in exporting bobby-calf meat. This increased demand for vells is an indication of the ever-growing importance of the bobby-calf industry. It is anticipated that the returns for the vell, together with the returns for the skin and offal, should realize to the producer somewhere in the vicinity of 5s. per calf.

From a review of the whole year's operations it can be said that the Division has been watching the development of the industry very closely, and although the Division is now faced with many problems for the coming season, it is felt that with the organization already in effect that these difficulties will be considerably minimized.

### EGG MARKETING SECTION.

On the 1st August, 1940, the Egg Marketing Regulations 1940 were gazetted, and it has since been the responsibility of the Division to administer these regulations in the interests of the poultry industry and the consuming public. These regulations were introduced primarily as a result of a request from the poultry industry to the Government for some form of orderly marketing.

Early in August, officers of the Division, together with local members of the Poultry Board, attended meetings of poultry-producers throughout the Dominion to explain the regulations. At all these meetings producers expressed their appreciation for the introduction of the regulations, and at the same time it was gratifying to notice the confidence which was placed in the Department by producers. As the Egg Marketing Regulations refer only to the four main metropolitan areas, the Department immediately investigated applications for licenses from wholesale distributors in these areas. A number of licenses in each marketing area were granted after a complete investigation had been made as to the previous business carried on by the distributor and also as to what facilities were available in regard to grading-floors, pulping premises, economic retail distribution, &c. Committees composed of representatives of licensed distributors and representatives of the Department were then set up in each marketing area to consider prices and other matters relative to egg marketing in the area affected by their licenses. In order to enable the Department to survey the whole Dominion position in regard to price, transfer of surpluses, and other marketing problems, each licensed distributor was required to furnish returns showing supplies, sales, stocks, financial figures, and other general information. These figures during the flush and short periods of egg-supplies have enabled the Department to quickly iron out many difficulties which otherwise would have caused no little unrest in the minds of the producer and wholesale distributor. At this point the Department, following requests from the Ministry of Food, London, made arrangements with the egg-merchants in Christchurch to export to Great Britain 2,000 crates of eggs. This quantity was later reduced, owing to the difficulty of obtaining shipping space, to 1,100 crates, or 33,000 dozen eggs. It is interesting to note that out of this quantity 1,909 dozen were contributed free of charge by members of the Women's Institute and the New Zealand Women's Farmers' Union in the North Island to be distributed among hospitals in England. Every effort was made by the Department to export pulp in place of eggs in the shell, but this suggestion at the time was not acceptable by the Home Authorities.

Under the Egg Marketing Regulations, producers may be permitted to forward eggs to an area other than to their nearest marketing area, providing authority is obtained from the Division. Producers outside a marketing area may also market their own eggs in their nearest marketing area, subject to the granting of a producer's license. Applications for permits and producers' licenses have been received by the Division, and after complete investigation as to their *bona fides* it has now been decided to issue a number of these permits and licenses. The National Egg Marketing Advisory Committee, which is set up within the framework of the Egg Marketing Regulations, comprises the present members of the New Zealand Poultry Board. The functions of the Committee are to work in conjunction with the Division in an advisory capacity in all phases of egg marketing and of other matters relative thereto.

Pulping operations for the 1940 season were carried out successfully. After prices for egg-pulp had been arranged, the manufacturers were enabled to contract for supplies, and, as in 1939, the carry over for this season will be comparatively small. Pulping, together with export, had the effect of stabilizing the price of eggs in the flush when local consumption was unable to absorb all the supplies arriving on the market.

In December, 1939, the New Zealand Poultry Board, together with officers of the Division, met the Price Tribunal and discussed the matter of price variation. The outcome of this discussion resulted in the Tribunal approving of the price of eggs following the normal seasonal trend, having regard to supply and demand, and as far as possible following the trend of the 1939 season's prices, the Tribunal being given to understand that generally the 1939 season's average price was satisfactory to the poultry-producer. The aim was a maximum price for the season approximately equal to the 1939 season and also a price for any particular period approximately equal to that which operated for the corresponding period of the previous season. In carrying out this arrangement the Tribunal

agreed to make this procedure as flexible as possible. The method in practice has proved thoroughly satisfactory. It has enabled the Division to obtain for the producers a reasonable return in accordance with seasonal production and production costs, and it has also enabled the Tribunal to carry out its policy in regard to obviating unduly high prices to the consumer.

In January the Department contracted with the National Commercial Broadcasting Service for a national hook-up in the "Aunt Daisy" and "Shopping Reporter's" session on advertising in connection with graded eggs, the object of the broadcast being to educate retailers and consumers to become "grade conscious" and purchase their eggs by grade. It was pointed out that each of the four grades—i.e., heavy, standard, medium, pullet—represented a given weight of egg, and that this method of buying ensured maximum value for the purchaser's money. The results of this radio propaganda were considered by the Division to be quite satisfactory, although the retail position still requires considerable investigation. For this purpose the Division already has arrangements in hand for a complete retail inspection to be made in the four egg marketing areas.

Owing to the war situation, the difficulty in regard to freezing-accommodation has limited the operation of chilled eggs. As these difficulties are overcome, the Division may be required to consider the aspect of chilling eggs as a method of stabilizing the market during the flush season and for any other cause to the benefit of economic marketing. Chilled eggs are not in great demand by the New Zealand consuming public, but when it is realized that every egg imported into Great Britain is chilled and, moreover, is eagerly sought after by the buying public, there can be no reason why the demand cannot be created in New Zealand.

In controlling such a universal and variable product as eggs and their allied products, it was realized that it would be well-nigh impossible to provide adequate cover in the original regulations over all the marketing problems. After a complete survey of the year's activities and bearing in mind certain recommendations and resolutions which have been brought forward from time to time by the local Egg Marketing Committees, it is evident that the Division may have to consider bringing forward certain amendments to these regulations.

Meanwhile the Division continues to give assistance to the industry in every possible way, and looks forward to a future which will be to the betterment of the poultry industry generally. So far the Division has not had a complete year's experience under the new regulations, but it expects in future reports to be able to give some statistics with reference to quantities of eggs going into the respective marketing areas, apart from production within the area itself.

#### IMPORTED-FRUITS SECTION.

The purchasing and distributing of imported fruits was carried out this year as previously. Orange purchases were made from the best available markets in Australia, the Cook Islands Group, Jamaica, and Fiji. Jamaica was able to supply during April only. Small grapefruit importations were made from Australia and, in April, from Jamaica. Bananas were imported from the usual sources of supply—namely, the Cook Islands (including Niue), Samoa, Fiji, and Tonga.

During 1940 the Government assumed control of imported pineapples and kumaras. The first shipments under Government control landed in New Zealand on 21st June and 20th October respectively. Pineapples were imported mainly from Australia and Fiji, the quantity of fruit available from the Cook Islands and Samoa being very small. This fruit was distributed through fruit-merchants who had previously imported it and was sold by auction, with a maximum to prevent excessive retail prices.

Kumara imports were from Niue, Rarotonga, and Aitutaki, these islands being in the Cook Group. The importation of kumaras from Rarotonga and Aitutaki were regulated for the protection of the New-Zealand-grown crops, the marketing season for which is approximately from mid-February to mid-August.

#### ORANGES.

During the year under review approximately 400,000 cases of oranges were imported from the various sources within the Empire in the following proportion:—

—				Year ended 31st March, 1941.	Year ended 31st March, 1940.
				Per Cent.	Per Cent.
Australia	..	..	..	63·39	61·8
Cook Islands	..	..	..	31·79	15·5
Jamaica	..	..	..	2·82	22·7
Fiji	..	..	..	2·00	..

Owing to war conditions, importations from Jamaica this year, with the exception of a shipment in April, were avoided.

Fiji was able to supply approximately 8,000 cases, and Australian oranges were in plentiful supply, although, resultant upon increased Australian costs generally, the f.o.b. prices over the normal export season, June to December, were slightly in advance of those for 1940.

The first Australian shipment came on to the South Island markets in July, and at the end of September, after the Cook Islands oranges had finished, the distribution of Australian fruit extended throughout New Zealand. Owing to the successful crops, Australian growers were in a position to

maintain supplies to New Zealand past December up to the end of March, which period would normally be covered by supplies from Jamaica. Although Australia was able to do this, oranges during the latter period came from a short market and the f.o.b. prices for this end-of-the season fruit were increased by as much as 25 per cent., which was necessarily reflected to some extent in the New Zealand wholesale prices.

In view of the shipping difficulties, New Zealand has really been fortunate in the supply of oranges available, and only organized marketing and distribution could have spread the quantities over the difficult period with so little inconvenience to consumers.

The Cook Islands Group, comprising the islands of Rarotonga, Aitutaki, Atiu, Mangaia, and Mauke, supplied 127,000 cases, which was the largest importation from this source for the past ten years. The quality of the Rarotongan oranges was rather disappointing, but it is hoped that the general condition will be greatly improved in the coming season as a result of gassing-rooms being installed at all islands; Rarotongan fruit will in future arrive in this country debudded and unwrapped. Regardless of the recent hurricanes, the Cook Islands crop for the coming season is expected to be on a par with last year's, but early indications from Australia are to the effect that a smaller crop may be expected there, but that New Zealand supplies of Australian oranges will be maintained.

#### BANANAS.

During the year under review a total of approximately 34,500,000 lb. of bananas was imported from the various island groups, in the following proportions compared with the year ended 31st March, 1940:—

	Year ended 31st March, 1941.	Year ended 31st March, 1940.
	Per Cent.	Per Cent.
Samoa .. .. .	59·74	58·79
Fiji .. .. .	24·38	17·67
Tonga .. .. .	7·67	9·04
Rarotonga .. .. .	5·26	10·44
Niue .. .. .	2·95	4·06

The effect of the 1939 Fiji hurricane has now passed, and although for a part of the 1940-41 season the production and quality of the bananas were below standard, the position has in the main recovered and Fiji is shipping up to its full quota, quality also being considerably improved. Unfortunately, the hurricanes this year have again affected Fiji very badly as well as Niue and Rarotonga, and the last Fiji shipment of this year was reduced from approximately 9,000 cases to approximately 3,000 cases. Tonga was not in any way affected, and Samoa only slightly so, and the acceptance of the full quantities available from these two production areas will assist in maintaining normal supplies for the coming twelve months.

Shipping schedules for 1940 have been maintained, and this, combined with a normal Fijian production for a portion of the year at least, has resulted in banana imports being increased by 17 per cent. on last year, which was 20 per cent. under the 1939 importations. Bananas were therefore in nearly full supply for most of the year, and during the summer months the demand was fully covered.

#### GRAPEFRUIT.

As last year, the marketing of New Zealand grapefruit was assisted by regulation of imports. Importations were made from Australia, with one shipment only from Jamaica.

The demand in New Zealand for this fruit is definitely increasing, and it is hoped that local production will improve in marketable quality in order to preserve the market for local producers.

#### LEMONS.

As with last year, the marketing of New Zealand lemons for the past twelve months was carried out by the Division in conjunction with the importation and marketing of lemons from overseas. Estimates of local production at all times determine our overseas buying, which is done only when home supplies are insufficient. This fact is made apparent when comparing the following quantities and percentages of lemons imported during the 1939-40 and 1940-41 seasons. The periods taken are for eleven months only, as the April figures for 1939 were not available owing to the Division's taking control in May of that year. The quantities are shown in  $\frac{3}{4}$ -bushel cases, which is the size of the New Zealand lemon case:—

	Eleven Months ended 31st March, 1941.	Eleven Months ended 31st March, 1940.
Californian .. .. .	10,500	17,900
Australian .. .. .	7,300	15,800
New Zealand .. .. .	66,700	47,500

These figures give the following percentages:—

	Eleven Months ended 31st March, 1941.		Eleven Months ended 31st March, 1940.	
	Per Cent.		Per Cent.	
Californian .. ..	12·43		22·04	
Australian .. ..	8·64		19·46	
New Zealand .. ..	78·93		58·50	

Present estimates indicate that the coming season's New Zealand crop will be higher than for the twelve months passed, further reducing the necessity for imports. Small quantities of lemons will also be arriving from the Cook Islands this year, and these will be regulated and sold in conjunction with the New Zealand crop.

#### APPLES AND PEARS.

Following on the Government's agreement with the fruit industry for Government purchase of the Dominion apple and pear crop (fuller details of which were published in last year's annual report), the Division had only a few weeks in which to organize what has proved to be the biggest change over that has occurred within the fruit industry of this country. It was fortunate that the past statistics and experience of the Fruit-export Control Board and its staff were available, as this enabled the introduction of the new scheme at an early date with the minimum amount of inconvenience to growers and traders. However, the new scheme embraced marketing and assembly operations much beyond the scope of the export trade of past years. It was therefore disappointing to find that fruit-traders were unable to supply statistics indicating the consuming capacity or market preferences of the Dominion markets.

Previous investigations revealed that fruit marketing conditions within the Dominion left much to be desired, but before introducing major changes in any direction it was deemed desirable for the Division to afford existing organizations the opportunity of expanding their facilities to cope with the emergency conditions. With this co-operation it should be possible to adjust some of the present marketing defects and at the same time accumulate statistics and other information which would be most useful if and when further changes are being considered.

#### CROP ESTIMATES AND QUALITY.

Crop forecasts giving variety quantities and maturity periods are vital factors in arranging a forward programme for fruit storage and marketing. The Department of Agriculture gave this service by supplying a monthly revision of estimates for each district, and in addition reported on the quality of fruit to be harvested.

In the main, the fruit was of fair keeping-quality, the main exceptions being Stummers from the Nelson and Marlborough districts, which during cool storage developed flesh collapse and caused a certain amount of loss, and Auckland Delicious, which were affected with mouldy core.

Grade percentages for the season were above average, as will be seen from the following table, which gives the grade percentages used in the compilation of the purchase-price schedule in comparison with the grade percentages experienced during 1940.

The groups mentioned in this comparison refer to the groups of varieties of the purchase schedule.

	Percentages of Purchase Schedule.			Percentages of 1940 Crop.		
	XF.	F.	C.	XF.	F.	C.
Apples—						
Group 1 .. ..	30	40	30	49·8	31·0	19·2
Group 2 .. ..	35	45	20	50·5	33·5	16·0
Group 3 .. ..	35	45	20	48·3	29·0	22·7
Pears—						
Group 1 .. ..	..	70	30	..	71·5	28·5
Group 2 .. ..	..	70	30	..	71·4	28·6

As the keynote of the scheme was maintenance of standard quality, the Division, in conjunction with officers of the Horticultural Division, aimed to maintain quality from time of purchase until final sale to the consumer. It was recognized that only through the supply of sound fruit would it be possible to retain the consumer's demand and so dispose of the heavy stocks available. One of the dangers that had to be rigidly guarded against was the receipt of overmature fruit from growers. This danger is always a very real one, especially as there is a tendency for some shopkeepers to buy in advance of their immediate requirements. It is difficult to suggest how this forward buying can best be controlled, but unless there is strict supervision of the quality of fruit retailed to the public it is highly probable that the sale to the public of faulty fruit may unfairly react against the general scheme of Government marketing.

Tables attached to this report show the grade quantities for apples and pears received from each district, and the quantity of each variety marketed locally and overseas.

In addition to the fruit received by the Division, it is estimated that about 400,000 cases were disposed of by growers' sales to factories or consumers, and to retailers through grower-agents appointed by the Division.

#### ASSEMBLY.

To maintain standardization of pack and quality, central-point inspection was adopted. Under this system care is required by the grower if he is to avoid the heavy expense which would be incurred through having his fruit rejected at a point distant from his orchard.

In most instances the central assembly depots were located in proximity to orchard areas. In the few instances where this was not the case the Division agreed to pay all transport beyond the point which could be recognized as the normal central point of the orchard district. Assembly depots were established at Whangarei, Auckland, Te Kauwhata, Hamilton, Gisborne, Hastings, Greytown, Nelson, Mapua, Motueka, Blenheim, Christchurch, Timaru, Oamaru, Dunedin, and Alexandra.

One important change introduced by the Government purchase scheme was that it was no longer necessary for the grower to spread his supplies and so avoid as far as he could the glutted markets of March, April, and May. Under this new purchase scheme the grower delivered his fruit to the assembly depot as soon as he conveniently could, because as soon as his fruit was received by the Division he received payment. The resultant heavy rush of fruit during the main harvesting period—mid-March to early May—was difficult to deal with, because the facilities and accommodation available in the main were restricted to those previously in use for export trade only.

This handicap of insufficient accommodation was further emphasized by the Division's desire to effect orderly marketing, which necessitated special marking and sorting of fruit for immediate marketing, delayed marketing, or for cool storage. Success in orderly marketing in the first instance is dependent upon correct classification and grouping of varieties, grades, and sizes at assembly depots, and the proper and prompt dispatch therefrom. Only by attention to these matters at assembly depots can fruit be marketed in proper sequence, distributed according to the requirements of each market, and stored successfully for delivery later in the year. Until such time as adequate facilities and accommodation are available at each assembly depot it will be difficult to give effect to a complete system of orderly marketing.

#### STORAGE.

The main bulk of the apple and pear crop was harvested within a period of not more than eight weeks, and as it would not be possible for the New Zealand public to consume immediately the 2,000,000 bushels harvested within this period it became necessary to find suitable storage space in which to hold the surplus and thereby assure the public of fruit-supplies throughout the year. Here was a problem difficult to solve, because even under normal conditions there was an insufficiency of cool-store space for fruit, but under the present abnormal conditions portion of that space would be required for primary products of greater national importance than fruit. This problem was partly solved by the unexpected advent of export shipping space. This unexpected outlet gave a most welcome relief. Other primary products were equally favoured with export shipping space, and because of this the amount of cool-storage space made available for fruit was just over 700,000 case space. Naturally, export fruit received first preference, but unfortunately much of the export fruit was still in store when late varieties for the local markets were being harvested. Although this caused a delay of about five or six weeks in getting some of the local fruit into cool store, and although this delay naturally shortened the storage life of this fruit, nevertheless the procuring of export and cool-storage space saved the general position and enabled the Division to keep the local market supplied with fruit until the 1941 crop was available.

The present shortage of suitable cool-store space for fruit is not due entirely to the present abnormal conditions; it was existent in pre-war days, and has been referred to in previous investigations of the fruit industry. Prior to the war, arrangements had been made for Dr. A. J. M. Smith, of the Low Temperature Research Station of Cambridge, to make a survey of New Zealand's fruit-stores. This survey was made in 1939, and the following extracts from his report are of particular interest:—

“The present cool-storage accommodation for fruit is insufficient to secure a reasonably uniform distribution of supplies over the whole year. For such a purpose additional refrigerated space equivalent to at least 200,000 cases of apples and pears would be required.

“In a brief survey it has not been possible to assess accurately the condition of every store and plant, but broadly it can be said that not more than 20 per cent. of the existing storage space is fully satisfactory, and not more than 50 per cent. is even moderately satisfactory, by modern standards of design and performance.

“A considerable proportion of the existing space is more than twenty years old. Wood has been largely used in construction, and dry rot is sometimes present. Insulation is usually of pumice, which, at the best, has a low insulating value, and which deteriorates in use through settling and crumbling.

“In view of these conditions, it would seem to be unwise to provide the new storage space which is required by adding to the existing stores. It is not implied that the use of existing stores will immediately be discontinued, although some of them will certainly need overhaul and modernization at an early date if they are to remain in effective operation. In providing additional refrigerated space, the most satisfactory, and ultimately the most economical, policy would seem to be the erection of a few and fairly large stores, strategically placed to serve the needs of both home and export markets, equipped to modern standards of performance, and so designed that enlargement will be possible subsequently, at such time as the existing stores become definitely unusable, or uneconomic to operate, or unsafe for the fruit.”

From these few extracts it will be seen that Dr. Smith recommends additional storage space and a drastic overhaul or replacement of a large portion of the existing stores. As this report was compiled on the assumption of the continued export of about half of the normal apple and pear crop, the storage difficulties arising from the cessation of all or most of the export trade will be appreciated. It was because of Dr. Smith's report and of the storage difficulties which were being experienced through present abnormal conditions that arrangements were made for the erection of a cool store and assembly shed at Hastings, the provision of a small fruit cool store at Port Nelson, and alteration of the Division's depot at Auckland to provide fruit cool-storage space. These stores were not available for the 1940 season, but the aim was to have them in operation during the 1941 season.

#### MARKETING.

The Minister's agreement with the industry was concluded just prior to Christmas, 1939, and the Hon. David Wilson, M.L.C., acting as the deputy for the Minister of Marketing, in company with the officers of the Division, immediately commenced the organizing work. A visit was made to both Islands to arrange assembly depots, to meet growers in each district to explain the general scheme, and to meet brokers in each centre and confer on marketing operations. The new scheme commenced on 5th February.

During January growers were free to market their early-maturing fruit, and, as quantities of these varieties were relatively small, good prices were obtainable until the end of January, when there was a sudden rush of Gravensteins which depressed market values just prior to the inauguration of the Division's activity.

As already mentioned, it was decided at the outset to take full advantage of the services offered by fruit-distributing organizations, and it is pleasing to be able to acknowledge the wholehearted co-operation of the fruit trade. The result of this was that over 90 per cent. of the fruit sold by the Division during 1940 passed through the ordinary panel of brokers. Other avenues utilized by the Division were stationmasters and dairy factories for the sale of fruit in case lots to consumers in country districts, and the utilization of grower agents to sell direct to retailers where such growers were located outside of the main fruit centres and their production was too small to warrant the establishment of a departmental assembly depot.

For some time after the inauguration of the scheme there was a certain amount of illicit selling by growers to retailers, which was somewhat upsetting to the distribution plans of the Division. This illicit selling tended to disappear as quantities increased and prices decreased, but if the trouble recurs appropriate action will be taken to enforce the regulations.

In past investigations of the fruit industry, comment has been made on the multiplicity of selling-agents. A multiplicity of agents in selling areas, especially during period of heavy supply, tends towards competition to sell, thereby giving rise to unreasonable price cutting. The Division fully realized this, and, after giving these matters full consideration, decided not to curtail the number of brokers, but to utilize each and every one, and at the same time introduce a supervision to eliminate unfair practices and unreasonable price-cutting.

#### *Number of Brokers employed.*

North Island—				South Island—			
Whangarei	..	..	1	Nelson	..	..	2
Auckland	..	..	4	Westport	..	..	1
Hamilton	..	..	3	Greymouth	..	..	2
New Plymouth	..	..	2	Blenheim	..	..	2
Stratford	..	..	1	Christchurch	..	..	7
Hawera	..	..	2	Timaru	..	..	2
Wanganui	..	..	2	Oamaru	..	..	2
Palmerston North	..	..	4	Dunedin	..	..	7
Gisborne	..	..	1	Gore	..	..	1
Napier	..	..	1	Balclutha	..	..	1
Hastings	..	..	3	Invercargill	..	..	3
Dannevirke	..	..	1				—
Pahiatua	..	..	1	Total for South Island	..	..	31
Masterton	..	..	1				—
Levin	..	..	1	Total for Dominion	..	..	67
Wellington	..	..	8				
Total for North Island	..	..	36				

#### *Number of Grower Agents appointed.*

Auckland	..	..	..	..	..	29
Gisborne and Hawke's Bay	..	..	..	..	..	10
Taranaki and Wellington	..	..	..	..	..	45
Canterbury	..	..	..	..	..	10
Otago and Southland	..	..	..	..	..	1
						—
Total	..	..	..	..	..	95

Until the introduction of central control of supplies, the main method of fruit selling was open consignments from growers to brokers for sale by auction. Since the introduction of the new system, selling by private treaty has increased and auction selling has decreased. Both systems have warm advocates, but it is highly probable that orderly marketing through centralized control will tend to encourage private-treaty selling. One of the dangers experienced in fruit-control organizations throughout many other countries has been the strong temptation to adopt a system of rigid price-fixation, and where this policy has been adopted it has always led to disaster. In the Division's operations no firm attitude in favour of any particular mode of selling was adopted, but rather the Division utilized each of these three levels and carefully guided the general operations to avoid the pitfalls experienced by other countries, at the same time aiming to deliver the fruit to the public with a minimum of delay. It was early recognized that it would only be possible to dispose of the heavy quantities of fruit by maintaining the public demand and that this would only be possible through the supply of fruit in a fresh, crisp condition.

Judging from the general results of this season it appears that the normal consuming capacity at reasonable prices ranges around 50,000 to 55,000 bushel cases per week for the Dominion. It also appeared that even at low prices it was difficult for the Dominion to consume more than 85,000 cases per week. At the height of the season it was on occasions necessary to put on the market more than 85,000 cases, and it seemed fairly evident that this excess clogged both retail and wholesale channels.

During the season no less than one hundred and fifty different varieties of apples and fifty-five varieties of pears were received. The greater number of both fruits were small in quantity and were so much out of favour with buyers that they could only be disposed of at very low prices. If growers concentrated on the production of twenty or twenty-five of the best varieties of apples and not more than twenty of the best varieties of pears, it would cheapen costs in several directions as well as give to the public a better-quality article.

The following table gives the quantities of apples and pears marketed each month throughout the season:—

<i>Monthly Sales, 1940.</i>							
			Bushels.				Bushels.
February	..	..	66,700	September	..	..	134,200
March	..	..	424,800	October	..	..	140,900
April	..	..	229,900	November	..	..	141,700
May	..	..	132,400	December	..	..	46,900
June	..	..	154,300				-----
July	..	..	220,100				1,870,300
August	..	..	178,400				

#### ADVERTISING.

In order to stimulate sales, advertising was employed through the medium of newspapers, radio, hoardings, and retail shops. Each avenue carried its own special appeal. The visual impression of newspapers carried its story of creating a special need and how that need could be supplied at a bargain price. Through the radio medium much valuable information was given to the public on the nutritional and medicinal values of fruit, but it was found that unless pure advertising was linked up with some form of entertainment it was not as effective as when this was included—then it was one of the most valuable selling aids. The advertising by street hoardings and streamers and price-tickets in shops had a very beneficial effect in selling case lots to the public. The total cost of the complete advertising scheme did not exceed 1d. per case.

#### FINANCE.

##### *Basis of Purchase.*

The central aim was to give the growers an average of 5s. per case for all packed fruit received at the assembly depot. It was assumed that within this average the growers would receive an overall average of approximately 2s. 6d. for the fruit—2s. 4d. for the local-market pack, and 2s. 8d. for the export pack. To give effect to this overall average a schedule of prices was compiled to give recognition of comparative value to the many varieties and the several grades of apples and pears. The complete schedule was published in *Gazette* form under date of the 22nd February, 1940. In addition to the prices therein mentioned, special premiums were granted for the storage of fruit held in orchards and for special packs or wraps authorized by the Division.

The method of payment to growers was to make an advance payment of 4s. per case on fruit received each week, and further adjustments were completed to enable final payments during June and July.

When assessing the overall average of 5s. per case it was then assumed that 50 per cent. of the crop under normal circumstances would be exported, but as the Division was only able to export approximately 24 per cent. this automatically tended to reduce the overall payment. On the other hand, as mentioned previously, the grading percentages during 1940 were definitely higher than those of a normal crop, and this more than offset the reduction in overall average that arose through smaller exports. The average payment for fruit was 2s. 7·37d. per case, and for packing 2s. 5·21d., giving an overall average for the packed case at the assembly depot of 5s. 0·58d. In addition to this, the premiums to cover orchard storage and special wraps averaged approximately 3d. per case.

Fruit, especially apples and pears, is one of those commodities which has a high packing and transportation cost in relation to the actual cost of the article itself. It will be seen from the above figures that packing-costs almost equal the cost of the fruit, but, in addition to this, the bulkiness of the article and the high transport, storage, and handling charges add appreciably to the cost before reaching the market. Transport and storage costs amounted to 1s. 8d. per case. The complete costs incurred by the Division covered all assembly, distribution, repacking, accountancy, and administration, and amounted to 3½d. per case. Costs associated with selling through brokers approximated 10d. per case.

The overall returns from the local market showed a loss of 2s. 0-1d. per case, but the substantial profits from export consignments was sufficient to cover all local costs and losses and provide a net profit of £2,370.

## DISTRICT PRODUCTION, SEASON 1940.

District.	Apples.				Pears.		
	X.F.	F.	C.	Total.	F.	C.	Total.
	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
Auckland .. ..	111,452	103,400	63,760	278,612	13,465	7,933	21,398
Poverty Bay .. ..	8,376	7,276	3,803	19,455	514	49	563
Hawke's Bay .. ..	437,875	170,503	93,542	701,920	52,398	16,823	69,221
Wairarapa .. ..	18,633	8,833	3,768	31,234	714	218	932
Blenheim .. ..	45,827	21,894	4,214	71,935	1,107	341	1,448
Nelson .. ..	76,171	91,641	43,921	211,733	8,510	3,638	12,148
Mapua .. ..	157,523	166,141	96,640	420,304	8,055	4,435	12,490
Motueka .. ..	137,945	103,714	50,244	291,903	13,126	6,405	19,531
Christchurch .. ..	72,224	19,961	10,486	102,671	7,856	3,376	11,232
Timaru .. ..	3,276	2,605	1,158	7,039	655	504	1,159
Otago .. ..	64,122	32,401	19,070	115,593	13,354	4,143	17,497
Totals .. ..	1,138,424	728,369	390,606	2,252,399	119,754	47,865	167,619

## SUMMARY OF FRUIT EXPORTED.

To United Kingdom .. ..	..	..	..	..	Bushels.
To Canada .. ..	..	..	..	..	564,334
To Singapore .. ..	..	..	..	..	18,552
To Java .. ..	..	..	..	..	2,278
					2,340
					587,504

## PURCHASING SECTION.

The purchase of foodstuffs required for Government Departments has been carried on during the year ended 31st March, 1941, with a view to the strictest economy, also the conservation of overseas funds, both sterling and dollar.

The great expansion of the training schemes of the armed Services which has taken place during the year has resulted in an ever-increasing demand for foodstuffs being made upon sources which were already experiencing difficulty in meeting trade demands. Merchants and other suppliers have, however, met this demand to the best of their ability, with the result that trainees have continued to enjoy the variation in the daily menu which modern dietary demands.

As it was obvious that the drawing from local stocks of large quantities of certain kinds of foodstuffs would result in the supplies available for civil use being severely curtailed, arrangements were made to indent direct the undermentioned commodities in order to relieve the position: Rice, sago, tapioca, dates, dried peaches, dried apricots, dried pears, dried nectarines, dried prunes, sultanas, butter-beans, dried raisins, currants, canned pineapple, sardines (for Navy Department), and haricot beans.

Some 300,000 lb. of tea has been imported from Ceylon during the same period.

The Internal Marketing Division has, when required, co-operated in the handling and distribution of these bulk supplies, providing a convenient and effective service.

A high standard of quality has been maintained during the past year in respect of items regularly supplied under contract—viz., meat, milk, and bread; also hams and bacon. Frequent inspections by the Inspectors of the Departments of Health and Agriculture ensured that only foodstuffs which fully complied with contractual requirements were supplied. Even so, it has been found necessary to cancel several contracts and to take disciplinary measures of a less severe nature in respect of others.

The use of locally-produced goods in preference to imported is constantly encouraged. For instance, locally-canned fish is now in general use in Government institutions, and packers are experiencing difficulty in meeting the heavy demand which has developed.

The Imperial demand for Dominion-made goods such as biscuits, canned meats, condensed milk, &c., has considerably reduced the elasticity of supply previously enjoyed by the armed Services, and substantial reserves will now require to be established against emergency.

#### CANTEEN SECTION.

The trading activities of the Canteen Board, which was established under the Defence Canteen Emergency Regulations 1939, are controlled by the Canteen Section of the Internal Marketing Division, under the direction of the Secretary of the Canteen Board. Control is decentralized to the extent that the district officers of the Internal Marketing Division located at Auckland and Christchurch attend to certain staffing and routine matters in their respective districts.

In carrying out its function of providing services to meet the requirements of the members of the Defence Forces, the Board's activities have been considerably extended during the year, until it now controls sixty-one facilities, including wet and dry canteens, picture-theatres, hairdressing saloons, and cafeterias.

A Supervisor of Canteens conducts frequent and irregular inspections of all these services. At the end of the year the outside staff, which is comprised of returned soldiers or men medically unfit for active service, totalled 131.

New buildings which have been occupied at the Air stations and the main Army camps have enabled a much more efficient service to be rendered.

Outside New Zealand the Board operates a canteen on H.M.S. "Monowai," while arrangements are now in hand to take over the control of one on H.M.S. "Leander" and three land canteens at Fiji. Other prospects are two at R.N.Z.A.F. stations in New Zealand.

Goods are purchased direct from manufacturers or New Zealand distributors at the lowest possible prices, and full advantage is taken of cash discounts. Chain-store prices apply generally, while prices fixed for tobacco, cigarettes, and certain proprietary lines are observed. Special low prices are arranged for quite a number of essential and popular lines, such as stationery, metal-polish, ice-cream, aerated waters, &c. The fee for admission to picture-theatres is 6d. in all camps, and the objective is to give a service rather than make large profits.

A system of recording all goods disposed of at selling-prices for reconciliation with cash collected has been in operation for the full financial year and has proved to be a most efficient method of stock control. The profit which the Board decides is available for distribution is handed over to each of the fighting Services, which attend to the actual allocation among camps and stations. The sum of £21,130 has been distributed through the Army, Navy, and Air Force Headquarters, which is a direct return to the men who spend money in the canteens. The provision of this profit to the troops for the purchase of sporting material and other social amenities has proved very acceptable. A fixed allocation is made to all men leaving for overseas to provide comforts on board ship.

The Division has been able to give full effect to the Canteen Board's policy and has demonstrated its ability to meet the ever-increasing demands for service which follow the extension of the defence programme.

#### FOOD CONTROL.

During the year ended 31st March, 1941, the Internal Marketing Division continued to provide the administrative headquarters of the Food Controller under the Ministry of Supply. The appointment of Mr. F. R. Picot to the Eastern Group Supply Council at New Delhi necessitated the rearrangement of the food-control work, and towards the end of the financial year under review the appointment of Mr. J. E. Thomas to replace Mr. Picot as Food Controller was announced, the appointment being separate from the Internal Marketing Division. For practically the whole of the past year, however, food control has been a function of the Internal Marketing Division and is therefore included in this report.

A regular check has been kept upon the wholesale stocks of essential commodities. In this connection the co-operation of individual merchants and the help of the executive of the New Zealand Wholesale Merchants' Federation has been of considerable assistance in the work of food control. For the first half of the year, from April to September inclusive, conditions in regard to imported food-supplies were satisfactory and the prospects good. During this period, therefore, a change was made from weekly to fortnightly returns of wholesale stocks. Towards the end of 1940, with a deterioration in the international situation as affecting the Pacific, it was decided to resume weekly returns, and at the present time weekly returns are being collected and compiled for the following commodities: Canned apricots, canned peaches, canned pears, canned pineapples, salmon, herrings, sardines, sago, tapioca, cornflour, rice, currants, raisins, sultanas, tea, prunes, dates, dried peas, dried beans, dried peaches, dried apricots, coffee, cream-of-tartar (genuine and substitute), soda bi-carbonate, and salt (plain and iodized). In addition, special returns of other products are secured from time to time as required.

As reported in the previous year, tea is one of our most essential imports, and special attention has been given to this item. It will be recalled that during the first three months of the war wholesale stocks of tea fell to a fairly low level, but early in 1940 there was considerable improvement, and throughout the whole of the year, from April, 1940, to March, 1941, inclusive, a strong wholesale stock position has been satisfactorily maintained.

An item which called for constant attention throughout the year was the supply of cream-of-tartar and substitutes therefor. The available supplies of genuine cream-of-tartar have now been practically exhausted owing to the inability to obtain the basic argols from France and the Mediterranean, but in the meantime purchases of suitable substitute material have been made from both the United Kingdom and Canada, and the substitutes are already in use by manufacturers and their use will gradually spread to the average household. It is expected that the substitute material will prove adequate for all purposes and that it will be more economical in use.

The regulation of meat supplies and prices on the local market during 1940 on the basis of the arrangements made with the concurrence of the New Zealand Farmers' Union and the New Zealand Sheepowners' Federation during March, 1940, worked very well. Frozen meat was made available to a certain extent between July and November, 1940, and there was also a regular transfer of fresh beef-supplies from the North to the South Island during the most difficult winter and spring months.

Towards the end of the financial year changes in the export position affecting mutton and pork created a certain amount of complication so far as the local market was concerned, and at present the whole matter of regulating supplies and prices of meat on the local market is being reviewed in consultation with the Export Division of the Marketing Department, the Department of Agriculture, and the Price Tribunal.

The situation in regard to the supply of cornflour which was difficult during 1939-40—improved greatly in 1940-41, and wholesale stocks have since been built up to a substantial figure well above pre-war supplies. This wholesale stock is, however, of a miscellaneous character, some being wheaten cornflour and the rest maize cornflour.

The supply of dried fruits, such as currants, raisins, and sultanas, has been maintained at a satisfactory level. Difficulties which occurred, particularly after the outbreak of war, were largely overcome, and the outlook for the future is good. New Zealand has been purchasing her supplies of dried fruits on a very favourable basis, mainly from Australia.

This year has seen the development of a wider field of our supplies for the Imperial Government. These additional supplies take the form of concentrated and processed foodstuffs packed mainly in tins. They include such items as biscuits, tinned oatmeal, tinned sausages, &c. It is expected that the figures of these exports will reach considerable magnitude. The Export Division of the Marketing Department will continue to attend to the purchase of such tinned foodstuffs as meat and milk as were formerly exported, while the purchase of new exports, such as biscuits, oatmeal, sausages, &c., is under the direction of the Food Controller.

During the year special attention has been given to the establishment of reserve stocks of foodstuffs. Plans in this connection have been formulated and will be put into operation at an early date. At the same time, the Food Control Office has been in contact with E.P.S. organizations in the different parts of New Zealand concerning emergency plans for the distribution of foodstuffs.

Generally speaking, New Zealand is fortunate in its food-supplies. Many of the vital necessities of life are locally produced and the production is well distributed, with ample supplies of fresh milk, meat, butter, cheese, eggs, fruit, and vegetables. With regard to some of our essential imports, there are bound to be a few difficulties with the continuation of the war.

Close co-operation by the Food Control Office with other Controllers under the Ministry of Supply has been maintained, particularly with the Factory Controller.

#### THE LEMON INDUSTRY.

After two years' operations, conditions in the lemon industry reveal a rapid consolidation. It will be remembered that considerable difficulties were first encountered in the reorganization of this industry. The Department was faced with disheartened producers who had suffered a period of low prices. During the first year of the Division's operations this position was further aggravated by hail and frost damage. The Division was also faced with the task of reorganizing processing-sheds which were, in some instances, uneconomic to operate, and in other sheds there was a considerable amount of plant and material which was obsolete and of little practical use.

At the time the Department took over, there was a heavy accumulation within New Zealand of by-products—juice and peel. At the date of this report all the above conditions are improving. The peel and juice stocks have been disposed of and at the end of the financial year only nominal stocks were held, this section of the industry being in a very sound position, whilst for the retail market, a complete selling organization giving sales coverage throughout New Zealand has been established.

In the curing of lemons, conditions in the sheds have been vastly improved at Gisborne, Tauranga, and Kerikeri, whilst at Auckland the new building and plant are practically completed, and the building will be ready for occupation by the end of August.

During the year ended 31st March, 1941, the total average payment to growers amounts to 7s. 6d. for sufficient fruit to pack and cure a bushel case of lemons, or 5s. 5½d. per loose bushel case. These prices are net to the grower and do not include any charges such as curing, depreciation, interest, cases, railway freight, selling commission, or the like.

For the year commencing 1st April, 1941, producers have been promised 7s. for sufficient fruit to pack a cured bushel case, whilst the Hon. the Minister of Marketing has agreed to the same procedure as for last year, and at the end of the season consideration will be given to the payment of a bonus on the 1941-42 crop if the financial position permits. In the meantime, in order to encourage picking and production in the off-season, December to July, and to facilitate lower selling-prices during the months of flush production, August to November, the basic price of 7s. per cured bushel case has been graduated so as to produce a sliding scale of prices from January to December.

The quality of the fruit still leaves much to be desired in some areas, but with steady prices and a consequent improvement in orchard practice it is hoped that orchards will continue to receive better attention, and with the sliding scale of prices growers will pick fruit more to size and more regularly throughout the year.

Production for the year ending 31st March, 1941, shows an increase of 25,667 cases, or 36.1 per cent., on the previous year's figures. Tauranga is the main source of supply, producing 54.8 per cent. of the total crop.

For the current year ending 31st March, 1941, the Division received 69,544 cases of marketable-grade lemons and 33,645 cases of by-product fruit, against the previous year's totals of 49,437 cases of marketable fruit and 18,654 cases of by-product fruit.

The Citrus Advisory Committee have at all times during the year been ready and willing to assist and advise, and their co-operation has been of considerable help in achieving such harmonious progress over the past two years. The personnel of the Advisory Committee has changed—Major Lambden (Auckland) resigned owing to military duties, and Mr. A. Knowles (Kerikeri representative) has resigned owing to ill health, their places on the committee being filled by the appointment of Mr. H. H. Booth and Mr. A. R. Emanuel, respectively.

#### HONEY.

The 1941 production season has closed with a total production similar to that of the previous year. While some of the bigger production areas have had better crops, such as portions of the Waikato district, the Taranaki district, and Westland and Hawke's Bay districts, in others—the Manawatu, mid and northern Canterbury, and North Otago—the crop yield is much below that of the previous year. The quality of the crop is, over all, above the average of the last few years.

The following is a summary of the Honey Section operations since the Internal Marketing Division took over in February, 1938 :—

##### 1938 season's honey—

Honey received	..	..	1,194 tons.
Honey exported	..	..	777 tons.
Average grade	..	..	88.26 points.
Paid to producers—			
Advance (on receipt of honey)			4½d. per pound <i>pro rata</i> according to grade.
Second payment	..	..	¾d. per pound <i>pro rata</i> according to grade.
Final payment	..	..	¾d. per pound <i>pro rata</i> according to grade.
Total payment	..	..	6d. per pound <i>pro rata</i> according to grade.

##### 1939 season's honey—

Honey received	..	..	559 tons.
Honey exported	..	..	179 tons.
Average grade	..	..	87.38 points.
Paid to producers—			
Advance (on receipt of honey)			4½d. per pound <i>pro rata</i> .
Second payment	..	..	¾d. per pound <i>pro rata</i> .
Final payment	..	..	1¼d. per pound <i>pro rata</i> .
Total payment	..	..	6½d. per pound <i>pro rata</i> .

##### 1940 season's honey—

Honey received	..	..	970 tons.
Honey exported	..	..	339 tons.
Average grade	..	..	91.31 points.
Paid to producers—			
Advance (on receipt of honey)			5d. per pound <i>pro rata</i> .
Second payment	..	..	¾d. per pound <i>pro rata</i> .
Third payment	..	..	½d. per pound <i>pro rata</i> .
Final payment	..	..	½d. per pound <i>pro rata</i> .
Total payment	..	..	6¾d. per pound <i>pro rata</i> .

##### 1941 season's honey—

(NOTE.—The following figures are as at 31st March, which is the middle of the period for receiving honey.)

Honey received to 31st March	..	..	..	585 tons.	
Honey exported	..	..	..	197 tons.	
Average grade	..	..	..	91.41 points.	
Paid to producers: Advance (on receipt of honey)				..	5d. per pound <i>pro rata</i> .

The export position has altered considerably since the last annual report. An import quota has been instituted by the Ministry of Food in London. Owing to the shipping position, exports were short by approximately 60 tons of the quota of 460 tons allowed. While this left our overseas market short of its requirements, it did not seriously affect sales of the honey as a whole, there being a ready sale for the remaining honey in New Zealand.

The present packing plant in Auckland has been in use throughout the year to its utmost capacity. To obtain the maximum output, six days a week have been worked over most of the period. Enlarged packing-facilities are now urgently necessary, and the provision of this in the premises nearing completion will give room for expansion and increased efficiency. The equipment to be installed in the new premises will provide for the packing of 1,200 tons a year and can be extended by the provision of one additional packing unit to pack up to 1,800 tons of honey a year.

The demand for honey in New Zealand has increased. One reason for this increase is the large number of tins of honey of the smaller sizes being sent to soldiers overseas by friends and relatives.

The co-operation of suppliers throughout the year has kept the Honey Section running smoothly, with results that have been mutually satisfactory.

## RASPBERRIES.

Under regulations introduced last year the marketing of the whole of the raspberry crop intended for manufacture and produced in the Nelson Province will be handled by a Committee consisting of four producers and one Government representative. The function of the Government representative will be to communicate to the Committee the Minister's decisions on matters of policy, and in general to direct the Committee's activities into channels which will ensure their co-ordination with general Government policy and other activities of the Division.

For the purposes of the election of producer-members the Nelson district has been divided into two parts—viz., Tapawera-Padmor and Motueka-Riwaka. The first election was held in November, 1940, and the following members elected to the respective wards—Northern Ward: Mr. D. I. Llewellyn and Mr. S. I. Llewellyn; Southern Ward: Mr. A. Eden and Mr. C. W. Warnes; with Mr. K. J. Gunn, Internal Marketing Division, as the Government representative.

The next election will be held in June of this year, and nominations for producer-representatives close on the second Wednesday of the month.

The raspberry crop is harvested in January and February, and as this year's crop was the first over which the Committee had control, activities were mainly confined to preliminary work and the formation of a policy for stabilization of the industry in the future.

In the past the price which the producer received for his raspberries has varied according to the demands of manufacturers and the quantities imported, and as a result raspberry-production has fallen considerably over the last twenty years, until the Dominion is now at the position where only half the requirements for jam are locally produced. The control effected through the Committee should result in increased plantings, stability of price, and an assured supply of raw material to the manufacturer by reason of orderly marketing giving confidence to producers. To this end the Committee is co-operating with the manufacturers, and a plan to cover the next few years is being negotiated.

It is proposed that, should there be any possibility of a surplus, plantings will be controlled by the issue of quotas to producers for supply to manufacturers, but no restriction will be placed on the local market or "bucket" trade.

The manufacture of fruit essences in the Dominion has opened up another field for the utilization of raspberries, and with the increasing demand for these and other products it is not expected that production in New Zealand will be able to cope with the demand for some years to come.

## POTATOES.

## DISPOSAL OF 1940 SURPLUS.

The season last year proved an exceptionally favourable one for the growth of potatoes, which benefited very greatly through the late summer rains that unfortunately were too late to help the cereal crops. The result was that the crop when harvested proved to be of record proportions, the yield per acre being the highest ever recorded—viz., 7.04 tons per acre, whereas the Dominion's average for the past five years has been 5.83 tons per acre. The area planted 20,033 acres—was below the average for the past five years, area and yields over this period being as follows:

				Aeres.	Yield.	Total Crop.
					Tons.	Tons.
1936	..	..	..	22,958	5.27	121,000
1937	..	..	..	22,462	5.62	126,000
1938	..	..	..	23,090	6.36	147,000
1939	..	..	..	18,032	4.86	88,000
1940	..	..	..	20,033	7.04	141,000
Average for five years				21,315	5.83	124,600

In addition to the commercially-grown crop for which statistics as above are obtainable, there was also a substantial increase in the quantity of potatoes grown by householders in their kitchen gardens and through local-body schemes, which, with very favourable growing-conditions, were in the early part of the season a substantial factor in reducing the demand for those produced by commercial growers.

Prices to growers during the early part of the season were on the whole fairly satisfactory, and it was not until the digging of the main crop in the South Island commenced in May that the exceptional yield became apparent, and prices then began to sag to an unremunerative level. Every effort was made by this Department to find an outside market. Potatoes were in short supply in Australia and prices thus were at a level at which export from New Zealand would have proved profitable if permission for importations had been obtained, and in May the Director of Internal Marketing during a visit to Australia endeavoured to obtain the removal or modification of the long-standing embargo on New Zealand potatoes.

As a result of his negotiations he was, after considerable difficulty, able to obtain permission for the importation of 5,000 tons—1,000 tons each in July, August, and September, and 2,000 tons in October—under certain conditions laid down by the Commonwealth Authorities, which included the nomination by them of one agent in Sydney to whom the potatoes were to be shipped "on consignment" by the New Zealand Government.

Arrangements were made by this Division for the supply of potatoes for these shipments to Sydney through those firms in the South Island producing centres who have been regularly engaged in the handling of potatoes for many years past. Very rigid conditions as to quality were laid down, and every possible care was taken to see that the quality of shipments were maintained at the highest possible standard, as it was felt by all parties that it was essential that quality should be the first consideration in the hope that the shipments being made would pave the way for permission for further importation to Australia in future years.

In this connection the Division would like to record its appreciation of the co-operation received in achieving this end from all parties—farmers, merchants, Inspectors of the Department of Agriculture, waterside workers, and shipping companies alike.

With the arrival of the first shipment in Sydney at the end of July, general approval was expressed of the quality, though attention was drawn by the Commonwealth Authorities to the presence of "silver scurf" on some lines, and one parcel was rejected on this account. Silver scurf is a fungoid growth slightly affecting the skin of the potato, but is taken off in peeling and is of no consequence as far as the commercial value of the tuber is concerned. As silver scurf is prevalent throughout Canterbury it was thought advisable to arrange for the Director of the Fields Division, Department of Agriculture, to be in Sydney when the next shipments arrived, and as a result of his negotiation with the Commonwealth Authorities they agreed to disregard silver scurf provided that the quality of the potatoes was satisfactory in other respects. This was eminently satisfactory, as had the restriction on potatoes affected with silver scurf been maintained it would have been almost impossible to forward any further shipments.

The price paid by this Division for potatoes for export was based on the prices expected to be realized in Australia, so that as far as possible growers should get the full benefit of the Australian market, although the necessary heavy expenses incurred in regrading and repicking, packing in new sacks, &c., to bring the potatoes up to export standard reduced the equivalent "on trucks" price to a relatively low one.

The first shipments in July, August, and September showed a small margin of profit to this Division, but the October shipments, which were increased by permission from the Commonwealth for a further 1,000 tons in that month, arrived to a bad market. October is always a very risky month in which to ship potatoes to the Sydney market. This was recognized by the officers of the Division, and the risks attached to consignments in that month were also brought under our notice by the Sydney agents who were acting for the Division under the arrangement made with the Australian Government, but after very careful consideration it was felt to be strongly advisable to ship the 3,000 tons in October despite the prospects of a loss, it being considered imperative to keep faith with the Australian Government and ship the full quantity for which permission for import had been granted. Furthermore, these 3,000 tons were a portion of the surplus on the New Zealand market which were of no value and would have been left to rot had they not been shipped to Australia. It was therefore decided that to preserve the good will of the Australian authorities for the prospects of shipments in future years, and in the interests of the New Zealand potato-growers, these 3,000 tons should be shipped despite the risks involved in October shipments. A considerable portion of these shipments were of the Dakota variety, which is regarded as one of the best keeping varieties for late deliveries and of which there was a very substantial surplus held by North Canterbury growers, but this variety proved to be very unpopular with the Australian public, and it became evident that in the event of shipments in future years no Dakotas should be shipped.

The drought in New South Wales during September and October had the effect of causing growers there to dig their new season's crop considerably earlier than usual to avoid their complete loss, and these potatoes were rushed on to the Sydney market in larger quantities from the New South Wales coastal districts during the latter half of October and early November, with the result that our potatoes, particularly Dakotas, arrived to a very poor market, and the final outturns for the season's shipments to Australia resulted in a loss of £4,488.

The total quantity shipped to Sydney was 5,892 tons and afforded a very large measure of relief to growers, as the whole of this quantity would otherwise have been added to the unmarketable surplus, which, despite these shipments to Australia, still amounted at the end of the season to a quantity estimated at 5,000 to 8,000 tons.

The general "get-up" and quality of our shipments to Australia were very favourably commented on, and we are hopeful that the efforts made over many years for the removal of the embargo, which have now reached a successful culmination, will result in further shipments to our mutual advantage when opportunity offers.

Efforts were made during the past year to find other outlets for export, and all likely prospects were carefully investigated. During August it seemed possible that some export to South America might eventuate, but it was found impossible to secure freight. Some small shipments were made to Singapore, but the demand there was not sufficient to be of any material consequence to the New Zealand grower.

In order to stimulate and increase consumption locally, the Division conducted an advertising campaign through newspapers and over radio through the commercial stations stressing the food value and cheapness of potatoes as an article of diet, and giving numerous recipes for the use of potatoes in various manners of cooking. Inquiries indicated that the measures thus taken were successful in increasing the consumption throughout the Dominion. Another direction in which assistance was given to producers was by railway concessions to facilitate the sale of undergrade potatoes for stock-feeding purposes. These arrangements, completed after consultation with the Railways and Agriculture Departments, provided free railage of up to one hundred miles in the South Island.

## BARLEY.

Early in the season it was apparent that there would be during the year a fairly acute shortage of cereals for stock-feeding for the manufacture of pig-meal and other feeding products, and advantage was taken of the low prices ruling in Australia to purchase large quantities of barley for shipment throughout the year. The demand was so strong that further supplementary purchases were required for shipment during the later months of the year and also for shipment of 24,000 sacks to meet requirements in the South Island, where an unusual shortage of feed had been caused by the dry season. Altogether 285,000 sacks of barley were imported from Australia, consisting of 260,000 sacks of Chevalier and 25,000 sacks of Cape variety. A considerable proportion of the latter was used for seed purposes, both in the South and North Islands.

Owing to the exceptionally favourable prices at which the Division was able to purchase the bulk of our requirements in Australia, these shipments were marketed at a very low figure and proved a great benefit to poultry-farmers and pig-raisers.

This year Australian prices, due to a short crop, are considerably higher, which will necessarily be reflected in New Zealand prices. Smaller quantities will be imported this year on account of better supplies of locally-grown cereals, and copra for pig-feeding, which is now available from the Pacific islands.

## MAIZE.

The local maize crop was again insufficient to meet requirements, and a total of 2,340 tons was imported from South Africa, Java, and Australia during the first half of 1940 to meet requirements until the new crop became available during July and August last. This 1940 crop also turned out to be short of our needs for the present season and required to be supplemented by 1,000 tons of South African, which landed in Auckland and Wellington during May.

For the coming year, owing largely to the efforts of the Waiariki District Maori Land Board, who have planted a substantial new area of approximately 3,000 acres with maize in the Bay of Plenty District, and to an exceptionally good yield in all growing areas, there will be ample maize available and no importations will be necessary.

In order that the increased crop, which may result in a surplus in excess of consumption, should be marketed by growers as evenly as possible over the whole year, an increase has been arranged for this season on the sliding scale of prices for the later months of the consumptive year. This scale, which last year ranged from 5s. 6d. in July to 6s. in December (by which month the bulk of the crop has usually been disposed of by growers), has been increased to 6s. 1d. for January and February and 6s. 2d. for March and April deliveries as a recompense to growers for holding a portion of their crop for sale during these months. This arrangement, it is expected, will assist in the marketing of supplies over the twelve-monthly period in accordance with consumers' requirements.

## ONIONS.

The crop in New Zealand last year proved an ample one and was harvested in exceptionally good condition, and for the first time on record was sufficient to meet all requirements throughout the year, no importations being necessary. With the experience of growers in the past few years of growing better-keeping varieties, it is hoped that this year's crop, which is a good one, will also keep till the new season's onions are available at the end of the year and that importations will again be unnecessary.

## COPRA.

With the demand last year for increased pig-production and prospects of a general shortage of cheap pig-foods during 1941, the Government, for distribution through the Division, arranged to purchase 4,000 tons of copra. Experiments have already been conducted which indicate that copra is proving a valuable pig-food, especially so at the low prices now ruling. A large portion of this 4,000 tons (some 2,500 tons) has already been landed and widely distributed throughout the North Island and has given general satisfaction to the farming community.

Repeat orders are now being received, and there is every indication that copra will become established as a popular feed with pig-farmers, provided that future supplies can be obtained at prices competitive with those ruling for other feeds. Importations in the meantime are influenced by the uncertainty of the export pork position.

## HOPS.

The Hop Marketing Committee continues to function satisfactorily and has proved an undoubted benefit to the industry. The crop this year has turned out to be an exceptionally good one and has been harvested in good condition, ample labour being available for harvesting as a result of the activities of the Labour Department. The final outturn is not yet available, but there will probably be five hundred to six hundred bales available for export, all of which is readily saleable at satisfactory prices to Australia and South Africa, though considerable difficulty is being experienced in securing freight for the latter country. A small shipment of ten bales has already been shipped to India, and it is hoped may prove the forerunner of further shipments there. There is also a keen demand for shipment to Great Britain and Ireland, with no space available for hops.

The first term of office of the producer representatives on the Hop Marketing Committee expired in August, 1940, and a poll taken in accordance with the regulations resulted in the return of all the members originally elected, indicating the satisfaction of the hopgrowers with the work of the Committee.

## AUCKLAND BRANCH.

After three and a half year's operations in Auckland the Division is proving its value to producers and consumers in that area. Neither war nor difficult economic conditions have held back consolidation. The war, indeed, has given impetus, for, as European markets shrink, the activities of the Division in organizing the disposal of surplus agricultural products off the farms and into the homes of the New Zealand consumers tend to expand. The establishment of a new marketing building in Auckland will greatly assist the more efficient handling of foodstuffs and the efforts of the Government towards orderly food distribution.

Continuous contact has been kept with the dairy factories throughout the Auckland Province and their efforts co-ordinated in the matter of marketing; whilst in Auckland City the Division continues to operate a local patting depot and makes distribution to the city population by means of licensed distributors. The total number of boxes marketed in Auckland City was 199,573 boxes, of which the Division processed 94,935 boxes.

Further consolidation of the marketing of butter in Auckland City and Auckland Province is now under consideration by the Government. On the completion of the new marketing building the Division will be possessed of one of the finest floors for handling butter in the Southern Hemisphere. The floor is not only economic in layout, but embodies the most hygienic methods of handling butter.

## KAURI-GUM.

General supervision of the production and marketing of kauri-gum has been maintained throughout the year, and accumulations of stocks, either on the fields or in the merchants' stores, have been avoided. At the moment there appears to be a falling away in production, owing to some diggers on the field obtaining more remunerative work and others joining the war Services.

## CHRISTCHURCH BRANCH.

Through the Christchurch Branch of the Division the South Island distribution of imported fruits, as well as apples and pears, has been facilitated, while the branch has been of great assistance in maintaining the Division's service in other directions. The heavy additional work involved in the apple and pear-marketing scheme necessitated the stationing of a special officer at Dunedin to co-operate with the Christchurch Manager on all matters affecting assembly and distribution of the fruit.

The Division's South Island operations in regard to dairy-produce, egg marketing, and internal marketing generally have proceeded satisfactorily, and as many local contracts as possible have been made to ensure adequate attention to the needs of various southern districts.

## THORNDON TRADING BRANCH.

The financial year 1940-41 has again shown a marked increase in the volume of business handled through the Thorndon Trading Branch and a resultant increase in net profit. The turnover for the year amounted to £884,256, an increase of £80,369 on last year's figures, and the following is a comparison of net-profit figures for the period this business has been under Government control: 1937-38, £5,832; 1938-39, £7,234; 1939-40, £9,420; 1940-41, £14,159. The first financial period covered fourteen months, and the net-profit figure has been adjusted proportionately for the purpose of comparison.

The past year has been a difficult one through shortage of staff, together with the increased turnover figures and the resultant inadequacy of storage space.

The Butter-patting Department has worked to full capacity, and letters of appreciation for the Department's handling of their produce on the local market have been received from a number of factories.

The Division has been very successful through its trading branch in tendering for the supply of primary products to the Army, Navy, and Air Force in New Zealand, also for supplies overseas, the Division's one aim being to give the most economical service.

The Division has continued to give a high standard of supply service, both to wholesale and retail, and the measure of success can be gauged by the increased turnover figures.

J. G. BARCLAY, Minister of Marketing.

MARKETING DEPARTMENT.  
INTERNAL MARKETING DIVISION.  
APPLE AND PEAR SECTION.

TRADING ACCOUNT, EXPORT, FOR THE YEAR ENDED 31ST DECEMBER, 1940.

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases .. .. .	163,426	Sales .. .. .	438,609
Assembly .. .. .	2,360		
Freights, &c. .. .. .	23,824		
Wharfages .. .. .	7,842		
Cool storage .. .. .	7,397		
Marine insurance .. .. .	14,668		
Gross profit .. .. .	219,092		
	£438,609		£438,609

TRADING ACCOUNT, LOCAL.

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases .. .. .	480,459	Sales .. .. .	479,368
Assembly and distribution .. .. .	19,346	Gross loss .. .. .	190,544
Freights and cartages .. .. .	95,893		
Wharfages .. .. .	8,633		
Cool storage .. .. .	65,581		
	£669,912		£669,912

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1940.

<i>Dr.</i>	£	<i>Cr.</i>	£
Gross loss, local .. .. .	190,544	Gross profit, export .. .. .	219,092
Alterations and repairs .. .. .	427		
Advertising .. .. .	9,534		
Audit .. .. .	128		
Bank interest and exchange .. .. .	1,922		
Printing and stationery .. .. .	843		
Postages .. .. .	676		
Telegrams and telephone .. .. .	1,902		
Travelling-expenses .. .. .	1,289		
Salaries and wages .. .. .	7,741		
General expenses .. .. .	377		
Rent and hire equipment, &c. .. .. .	1,339		
Net profit carried down .. .. .	2,370		
	£219,092		£219,092
Reserve for income-tax .. .. .	1,420	Net profit brought down .. .. .	2,370
Appropriation Account .. .. .	950		
	£2,370		£2,370

BALANCE-SHEET AS AT 31ST DECEMBER, 1940.

<i>Liabilities</i>	£	<i>Assets.</i>	£
Reserve Bank .. .. .	206,554	Cash in hand .. .. .	20
Sundry creditors—	£	Sundry debtors—	£
Government .. .. .	2,341	Government .. .. .	219,380
Others .. .. .	12,029	Others .. .. .	3,894
	14,370		223,274
Reserve for income-tax .. .. .	1,420		
Appropriation Account .. .. .	950		
	£223,294		£223,294

R. P. FRASER, Acting-Director.

W. LAWSON, Accountant, Apple and Pear Section.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—  
CYRIL G. COLLINS, Controller and Auditor-General.

## INTERNAL MARKETING DIVISION.

	Head Office.	Thorndon.	Auckland.	Total.	Head Office.	Thorndon.	Auckland.	Total.
<b>TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.</b>								
Balances transferred to Profit and Loss Account ..	£ 57,211	£ 35,026	£ 8,274	£ 100,511	£ 57,211	£ 35,026	£ 8,274	£ 100,511
Gross profits and commissions on trading ..								
<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.</b>								
Salaries, wages, and overtime ..	£ 13,961	£ 10,387	£ 3,591	£ 28,139	£ 57,211	£ 35,026	£ 8,274	£ 100,511
Audit fees ..	250	340	144	734	214	151	..	365
Advertising ..	1,146	..	..	1,146	..	..	1,867	1,867
Assets written off ..	..	..	1	1	4,414	..	..	4,414
Bad debts ..	..	1,082	..	1,082	2,284	..	..	2,284
Defalcation ..	..	463	..	463	..	..	..	..
Depreciation ..	..	3,173	107	3,585	..	..	..	..
Expenses of Marketing Advisory Committees ..	305	..	..	305	..	..	..	..
Expenses of officers travelling overseas ..	49	..	..	49	..	..	..	..
Furniture, fittings, &c. ..	225	..	..	225	..	..	..	..
General expenses and repairs ..	342	..	9	351	..	..	..	..
Insurances ..	165	471	107	743	..	..	..	..
Interest and exchange ..	..	481	..	481	..	..	..	..
Light, heat, and power ..	748	733	777	2,258	..	..	..	..
Maintenance of buildings ..	46	181	24	251	..	..	..	..
Postages, telegrams, and telephones ..	..	32	..	32	..	..	..	..
Printing and stationery ..	2,670	562	679	3,811	..	..	..	..
Rents and rates ..	344	585	247	1,176	..	..	..	..
Superannuation Fund subsidy ..	1,922	106	258	2,286	..	..	..	..
Transfer expenses ..	120	75	26	221	..	..	..	..
Travelling and motor expenses ..	51	..	..	51	..	..	..	..
Balance before making provision for taxation ..	2,125	2,147	317	4,589	..	..	..	..
	39,754	14,159	3,854	57,767	..	..	..	..
	64,123	35,177	10,141	109,441	64,123	35,177	10,141	109,441
Reserve for insurance on fruit ..	£ 1,000	£ ..	£ ..	£ 1,000	£ 39,754	£ 14,159	£ 3,854	£ 57,767
Reserve for taxation ..	25,000	11,319	2,409	38,728	..	..	..	..
Net profit to Appropriation Account ..	13,754	2,840	1,445	18,039	..	..	..	..
	39,754	14,159	3,854	57,767	39,754	14,159	3,854	57,767
<b>PROFIT AND LOSS APPROPRIATION ACCOUNT.</b>								
Balance ..	£ 29,110*	£ 20,678	£ 10,144	£ 1,712	£ 42,864*	£ 17,838	£ 8,699	£ 16,327*
	..	..	..	..	13,754	2,840	1,445	18,039
	29,110*	20,678	10,144	1,712	29,110*	20,678	10,144	1,712

\* Denotes debit balance.

## HONEY SECTION.

## POOL ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock brought forward .. .. .	15,285	Balance brought forward .. .. .	10,303
Honey on consignment .. .. .	74,845	Sales .. .. .	£
Honey purchased .. .. .	1,151	London .. .. .	54,306
Administration expenses (salaries, rents, telephones, stationery, interest, &c.) .. .. .	1,867	New Zealand .. .. .	49,890
Advertising .. .. .	3,200	Exchange .. .. .	8,929
Commission .. .. .	6,022	Sundry credits .. .. .	946
Local Pool Account expenses—	£	Stock on hand .. .. .	7,986
Blending and packing charges .. .. .	9,476		
Freights .. .. .	2,287		
	11,763		
Export Pool Account expenses—	£		
Blending and packing charges .. .. .	13,026		
Freights .. .. .	3,161		
	16,187		
Balance .. .. .	2,040		
	£132,360		£132,360

## INTERNAL MARKETING DIVISION.

## BUTTER EQUALIZATION ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1941.

<i>Dr.</i>	£	<i>Cr.</i>	£
Equalizing payments under section 12, Marketing Amendment Act, 1937—		Balance from accounts for the period ending 31st March, 1940 .. .. .	152,613
(a) Charges payable to dairy factories mainly in connection with the storing of butter for local consumption during the winter months in the South Island and not allowed for in the butter differential—	£	Differentials—	
Freight and cartage .. .. .	358	(a) Net amount received or receivable under the Butter Marketing Regulations 1937, clause 31 .. .. .	245,524
Reworking and defrosting .. .. .	277	(b) Indirectly accrued under the Butter Marketing Regulations 1937, clause 16, representing the difference between the proceeds of butter withdrawn from export, &c., for sale at the regulated local price (less allowances for patting, &c.) and the amount paid for purchase at the f.o.b. guaranteed price, as follows—	
Storing and freezing .. .. .	2,196	Sales at the regulated local price .. .. .	569,998
Bulking and parchment .. .. .	196	Add Stocks at 31st March, 1941 (valued at guaranteed f.o.b. price) .. .. .	130,489
Interest and insurance .. .. .	988		700,487
	4,015	Deduct purchases at £ guaranteed f.o.b. price 565,849	
(b) Payments to authorized distributors in connection with the sale of butter as ships' stores to foreign-going vessels, sales to island dependencies, climatic and servicing allowances, &c.	19,882	Plus stocks at 1st April, 1940 (valued at guaranteed f.o.b. price) .. .. .	115,498
Payments under section 11, Marketing Amendment Act, 1937—	£		681,347
Freight and cartage .. .. .	3,333		19,140
Reworking and defrosting .. .. .	543		
Agency, wharfage, marine insurance .. .. .	205		
Storage and freezing .. .. .	7,259		
Insurance .. .. .	1,101		
Grading fees .. .. .	1,326		
	13,767		
Overhead and administrative expenses .. .. .	4,414		
Less credit for interest on credit balance .. .. .	1,414		
	3,000		
Balance forward to next year's accounts .. .. .	376,613		
	£417,277		£417,277

## BALANCE-SHEET AS AT 31ST MARCH, 1941.

	£		£
Creditors .. .. .	175,434	Land .. .. .	12,740
Reserve for renovations and repairs to premises at Thorndon .. .. .	473	Buildings .. .. .	22,812
Reserve for Public Service Superannuation Fund .. .. .	245	Motor-vehicles .. .. .	1,989
Reserve for insurance on fruit in transit and cool stores in New Zealand .. .. .	1,500	Loose tools and equipment, plant, furniture, and office appliances .. .. .	19,780
Fruit Advertising Suspense Account .. .. .	110	Goodwill .. .. .	19,000
Butter-processing machine royalty reserve .. .. .	53	Stock in trade .. .. .	218,031
Reserve for taxation .. .. .	38,337	Stocks of stationery, petrol, packing-materials, &c. .. .. .	12,126
Reserve for honey advertising (London) .. .. .	10,285	Debtors .. .. .	250,225
Honey Seals Account .. .. .	11,363	Payments in advance .. .. .	159
Honey Pool Account .. .. .	2,040	Cash in hand and at bank .. .. .	61,303
Butter Equalization Account .. .. .	376,613	Losses in Suspense .. .. .	940
Writings off Reserve .. .. .	940		
Profit and Loss Appropriation Account .. .. .	1,712		
	£619,105		£619,105

R. P. FRASER, Acting-Director.  
G. C. JUPP, Accountant.

I certify that the Trading Account, Profit and Loss Account, and Appropriation Account, the Butter Equalization Account, the Honey Section Local and Export Pool Account, and the Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—CYRIL G. COLLINS, Controller and Auditor-General.

*Approximate Cost of Paper.*—Preparation, not given; printing (535 copies), £32 10s.

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