

1942.

NEW ZEALAND.

**INTERNAL MARKETING DIVISION.**

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1942.

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

**INTRODUCTION.**

IN common with other Government Departments and administrative bodies throughout New Zealand, the Division has felt the burden of the second and third years of war. Increased responsibilities in relation to the essential food-supplies handled by or regulated under the Division's powers have coincided with the general experience of decreasing competent staff. While this has had the effect of increasing the load carried by senior members of the Division, it has given opportunity to younger executive officers to take some of the strain.

In March, 1941, Mr. F. R. Picot, Director of the Division, was appointed New Zealand member of the Eastern Group Supply Council, situated at New Delhi, India, and on his departure the responsibilities were divided into two sections—Food Control under Mr. J. E. Thomas, appointed Food Controller, and Marketing Activities under Mr. R. P. Fraser, appointed Acting-Director.

The existence of an established Government marketing organization has proved invaluable during the past two years in meeting some of the very difficult food situations which arise as a result of war conditions. Increasing supplies for armed forces, combined with limitations of shipping and other transport supplies, automatically create shortages of certain types of foods, and the Division, where possible, has sought to buffer these shortages by way of rationing and organizing supplies at points where they are most needed. The Trading Section of the Division has progressed well, and further in this report are details of its amalgamation with egg and butter distributive units in the City of Wellington for the purpose of conserving man-power, petrol, and tires.

Vast improvements in the handling of food-supplies have been made possible by the erection of a splendid food-processing building in Auckland and a large fruit-assembly and cool-storage building in Hastings. A temporary cool store has also been established in Nelson, using one of the Harbour Board's sheds.

Another development of interest and importance is the drying of butterfat, to which a further section of this report relates, and which is more fully elaborated in the report of the Department of Scientific and Industrial Research.

The Division, standing as it does between the producer and the consumer, is subject to criticism from both sides of the economic set up. Much criticism is ill-founded even if some is justified, and producers and consumers would do well seriously to consider the value of the Internal Marketing Division in maintaining some degree of stability in New Zealand and as far as practicable effecting equitable distribution of the available foodstuffs controlled by it.

The accounts and balance-sheet of the Division are to be found at the back of this report and reveal a satisfactory financial position. The Fruit Industry Account, from which the Apple and Pear Section has been operated, must, of course, be looked upon as a form of assistance to the apple and pear industry and not a normal trading result.

**BUTTER.**

The Butter Marketing Regulations are now well established and are proving a competent means of stabilization of the local market and a boon to an industry which for many years had been prey to speculative ups and downs.

The main work of collecting differentials on local butter-sales has continued, and with the recent rise in the export guaranteed price of  $\frac{1}{2}$ d. per pound the local Equalization Account has been able to absorb the increase, reducing the differential by this amount and avoiding an increase in consumer prices.

Full details of the Equalization Account are provided in the annual accounts attached to this report.

The Division has continued to take the responsibility for transfer and storage of winter supplies of butter throughout New Zealand and to reimburse manufacturers for costs incurred in this work. The work of supplying Army, Naval, and Allied Forces in New Zealand has vastly increased and is taxing the capacity of the Division's patting plants to the utmost. All supplies, however, have been made available as required.

A table herein supplied shows an interesting increase in local butter-consumption, a result, no doubt, of increased spending-power, stabilized prices, and generally increased demand for camps and armed forces.

When, at the request of the British Ministry of Food, New Zealand producers changed over to cheese-production, the consequent increased whey butter created a real problem. Britain was not willing to accept whey butter and New Zealand was faced with a loss of around £500,000.

The Division promptly instituted a publicity campaign per radio, newspaper, and grocer displays, and this, combined with a 2d. reduction in consumer price, resulted in an increased sale of over 1,000,000 lb. without detriment to consumption of creamery butter.

Following experiments by the Dairy Research Institute, a commercial plant for drying butter for shipment in non-refrigerated space has been erected by the Division at its late Auckland butter-patting plant, and this is coping with the problem of future surplus whey quantities. See further details in this report.

The Division is now arranging the manufacture of a plant for tinning butter, which is in much demand for overseas forces, patriotic parcels, and other military and essential civil needs.

TABLE SHOWING LOCAL MARKET TURNOVER OF BUTTER FOR THE YEAR ENDED 31ST MARCH, 1942.

				Creamery.	Whey.	Total.
				lb.	lb.	lb.
1941.						
April	..	..	..	5,576,310	123,309	5,699,619
May	..	..	..	5,375,774	130,080	5,505,854
June	..	..	..	5,293,389	104,349	5,397,738
July	..	..	..	5,616,913	72,053	5,688,966
August	..	..	..	5,206,595	75,229	5,281,824
September	..	..	..	5,400,867	120,180	5,521,047
October	..	..	..	5,418,137	212,415	5,630,552
November	..	..	..	4,854,119	263,790	5,117,909
December	..	..	..	5,634,242	323,885	5,958,127
1942.						
January	..	..	..	4,883,404	221,681	5,105,085
February	..	..	..	4,938,621	223,668	5,162,289
March	..	..	..	5,720,046	287,207	6,007,253
				63,918,417	2,157,846	66,076,263

TABLE SHOWING LOCAL MARKETING TURNOVER OF CHEESE FOR THE YEAR ENDED 31ST MARCH, 1942.

				lb.					lb.
				1941.					1942.
April	..	..	..	719,391	January	..	..	..	641,376
May	..	..	..	928,171	February	..	..	..	672,569
June	..	..	..	775,533	March	..	..	..	693,320
July	..	..	..	654,167					
August	..	..	..	548,836					8,265,921
September	..	..	..	583,983					
October	..	..	..	720,871					
November	..	..	..	659,732					
December	..	..	..	667,972					

#### DRIED BUTTERFAT.

For many years New Zealand, as well as other countries, has spasmodically experimented with the drying of butterfat with a view to conserving refrigerated space and of reconstituting the fat at the points of delivery. The war, of course, has given an impetus to such work, and the Dairy Research Institute has been working very hard to bring experimental knowledge to a point of commercial practicability.

A plant was erected at Massey College, Palmerston North, which successfully processed many tons of butter which was well received in Britain. The British Ministry of Food asked for further quantities, and thus a solution to New Zealand's surplus whey problem was presented to us. The initial order to Massey College was for 600 tons of fat, which was manufactured from first- and second-grade creamery and whey butters.

A departmental committee was set up to consider the best means of providing a permanent plant. The following Departments were represented: Marketing Department, Export and Internal Divisions; Agriculture; Scientific and Industrial Research; Treasury; Dairy Research Institute and the New Zealand Dairy Board for the industry.

It was decided to recommend the erection of a plant at Auckland under the control of the Division, with the Dairy Research Institute giving full technical assistance. Plans were drawn for a single-unit plant capable of expansion to a double unit at short notice. This double unit is now being installed to provide further drying of fat.

The plant was erected at the premises of the Auckland Farmers' Freezing Co., Ltd., at King's Wharf in the rooms recently occupied by the Division patting department. Space is not excessive, but by a judicious use of all temporarily available facilities sufficient room is available to carry on the work successfully.

The plant commenced commercial production in August and is now working three shifts per day, five days a week. The workers were drawn from the dairy industry and trained at the Dairy Research Institute's plant at Palmerston North. The capacity of the plant working as above is 12,000 tons to 15,000 tons of butterfat annually.

A further plant of similar capacity would provide a very adequate insurance against reduced refrigerated shipping-space, and the Division is now, at the suggestion of the British Ministry of Food, providing a further shadow factory and plant to commence drying more butter in the event of a sudden need.

The plant is also making a limited quantity of 13 oz. and 26 oz. tins equalling 1 lb. and 2 lb. butter for overseas parcels, prisoners of war, &c.

The appreciation of the Division and of the Government is expressed to dairy factories, who have loaned separators to the plant pending the arrival of new units from America. It may be necessary to

ask the industry to provide further separators if the imported ones do not arrive in time for the new plants.

The drying of butterfat is in its infancy in New Zealand and future possibilities are great. Nevertheless, much caution must be exercised in making marketing advances, and the problem of reconstituting the fat at destination is a long way from solved, even if it is considered a worthwhile investigation.

The Division expresses its thanks for splendid co-operation and assistance from the Dairy Research Institute (Professor Riddet and Dr. McDowall), the New Zealand Dairy Board (Mr. C. H. Courtney), and other Government Departments.

#### BOBBY CALVES.

The pool operations connected with bobby-calf marketing continued successfully through last season, over one hundred pools operating all over the North Island and one or two in the South.

In order to avoid use of benzine and time, previous Committees retained office without further election, except where the consent of the Minister of Marketing was obtained to hold a further election on account of exceptional circumstances.

A Government subsidy of 2s. per calf was given to all suppliers, in order to ensure that sufficient vells were available for the cheese industry, and this amount, together with the excellent hide-prices, made the final return for calves very favourable under the circumstances of restricted meat export.

Standardized balance-sheets are providing a means of comparison which will prove very useful to the industry in investigating general bobby-calf marketing conditions.

#### EGG MARKETING SECTION.

Standardization was the keynote in regard to procedures operated by individual distributors throughout the Dominion.

The demand for eggs increased considerably, due to increased spending-power and armed forces' requirements. In order to meet the position and provide for the establishment of priorities and equitable distribution generally, further regulations were brought down under the title of the Egg Marketing Emergency Regulations 1942. These regulations gave the Minister of Marketing power to regulate, control, or prohibit the sale or purchase of eggs in any particular locality, thus enabling a ration to be fixed in relation to the quantity of eggs available at any time.

The Emergency Regulations have already been applied to Wellington and Auckland, and proposals at the time of this report are under way to include New Plymouth, Stratford, Hawera, Masterton, Hawke's Bay, Rotorua, Dunedin, Wanganui, Christchurch, and other areas where it is demonstrated that local conditions cannot provide the service required by these regulations.

In all cases it has been found that producers have been anxious to assist, as it has been realized by all that these regulations are only an emergency measure for the duration of the war period. In the past, country districts have enjoyed more than adequate supplies, while main marketing areas have been forced to contribute large quantities of eggs to armed forces out of their normal supplies. The object of the regulations is to bring the greater proportion of the eggs produced in New Zealand through some controlling channel so that, if necessary, rationing can be applied to all areas in order that the whole of New Zealand and not only part can share the burden of meeting the armed forces' requirements. In Wellington, during the period of egg shortage, a scheme was set up so that all children under the age of five years and all nursing mothers could obtain a supply of eggs on the basis of three eggs each per week.

The industry has gone through a very difficult period, the labour question being most pronounced, as labour was drawn from the farms to other positions offering more attractive remuneration in other walks of life. This had the effect of producers being forced to offer more in the way of wages, thus adding to production costs, and the industry agitated for a removal of eggs from the list of stabilized commodities. Throughout the year the Division worked in close co-operation with the Price Tribunal and, in general, prices were maintained in conformity with stabilization. It was demonstrated, however, that with greater elasticity, consuming areas could have been in a position to have attracted eggs from the country districts, thereby ensuring a more continuous supply of eggs to the main marketing areas. The Government quickly realized during the year's operations that the remuneration to the poultry farmer under stabilization was insufficient to encourage increased production, and was fairly indicative that the present production would be lessened, unless some inducement was offered. An announcement was made that this year's basic price would be increased by 2d. per dozen for the four months of flush production. The announcement was made in sufficient time to enable the industry to go ahead with the chick-raising season, and it is pleasing to note that, in every instance, reports are coming to hand advising of increases in custom hatching. It is anticipated, therefore, that the production of eggs next year will be greater than the present year's figures.

The Division, after two years of operations under the Egg Marketing Regulations, has compiled a good deal of statistical information, and some interesting figures in regard to the receipts through the main marketing areas for twelve months are as follows:—

Auckland	..	..	..	..	2,448,808 dozen.
Wellington	..	..	..	..	2,197,505 dozen.
Christchurch	..	..	..	..	1,787,011 dozen.
Dunedin	..	..	..	..	1,056,493 dozen.

The carry over of pulp, 1940-41 season, was very small, and the manufacture of pulp for 1941-42 season was short of total requirements by approximately 4,000 tins. Again, owing to the increased demands, it was obvious that sufficient locally manufactured pulp for this year could not be made, and arrangements were made with Australia for importations of Australian pulp to supplement the local manufacture. It is hoped that sufficient quantities of pulp will be made available from these sources for New Zealand requirements. In order to relieve the demand on eggs in shell by armed forces, small quantities of dried egg-powder were also purchased from Australia. The results were very encouraging, and it was decided to import greater quantities to relieve the whole supply position. This decision was very wisely made, as the present demands for egg-powder by Army and Navy requirements have risen to quantities which were not at any time visualized. It is possible under post-war conditions that some investigation into the possibilities of manufacturing egg-powder in New Zealand can be made, and the Division is accumulating data to this end.

## APPLE AND PEAR SECTION.

At the request of fruitgrowers, the Government agreed to continue the purchase plan of apples and pears for another year. The general conditions surrounding the purchase remained approximately the same, but the overall average price was increased from 4s. 10d. for local fruit and 5s. 2d. for export fruit to 5s. 3d. and 5s. 7d. respectively for the standard package.

## CROP.

The following table gives the production of apples and pears according to province for both the 1940 and 1941 seasons :—

*District Production.*

Year.	Auckland.	Poverty Bay.	Hawke's Bay.	Waikararapa.	Marlborough.	Port Nelson.	Mapua.	Motueka.	Canterbury.	Timaru.	Otago.	Total.
<i>Apples.</i>												
1940 ..	278,612	19,455	701,920	31,234	71,935	211,733	420,304	291,903	102,671	7,039	115,593	2,252,399
1941 ..	251,623	22,992	525,691	33,240	78,917	294,877	473,102	353,420	96,961	11,179	158,783	2,300,785
Total ..	530,235	42,447	1,227,611	64,474	150,852	506,610	893,406	645,323	199,632	18,218	274,376	4,553,184
<i>Pears.</i>												
1940 ..	21,398	563	69,221	932	1,448	12,148	12,490	19,531	11,232	1,159	17,497	167,619
1941 ..	49,324	4,403	153,395	3,483	2,202	26,119	29,769	43,747	9,808	1,702	23,732	347,684
Total ..	70,722	4,966	222,616	4,415	3,650	38,267	42,259	63,278	21,040	2,861	41,229	515,303

The quantity of fruit exported in 1941 was only 4,181 cases, compared with 587,504 cases exported the previous year. The demands made upon available shipping-space in order to dispose of produce other than fruit had the effect of forcing fruit on to an already over-supplied market in New Zealand. This is shown as follows :—

		Crop.	Export.	Sales in New Zealand.
		Cases.	Cases.	Cases.
1940 ..	..	2,420,018	587,504	1,832,514
1941 ..	..	2,648,469	4,181	2,644,288

Increase in New Zealand sales for 1941 : 811,774 bushel cases.

This heavy increase in quantity, combined with the increase of 5d. in the purchase-price, made it evident that an appreciable increase in the local market loss was unavoidable.

## QUALITY.

Spring is always a time of great anxiety for fruitgrowers because of the hazards of late frosts, hailstorms, or floods. These destructive elements are generally felt in one district or another in varying degrees of intensity. This year the major loss arose from hailstorms in Hawke's Bay, which caused heavy damage.

Mouldy core in Auckland, especially in the Delicious variety, was more severe than usual, and was accompanied by a heavy infection of internal codling-moth. Codling-moth was also troublesome in the crops of Hastings and Nelson. Ripe spot was prevalent in the Nelson and Canterbury districts, and losses from this cause were somewhat severe.

During the storage period, fruit losses were attributable mainly to glomerella in the Auckland District and to the development of ripe-spot fungi, although, in addition, the physiological defect of internal browning was experienced in Granny Smith and Sturmer in several stores. There was no major breakdown due to defective storage.

The grading quality of apples was slightly lower than the 1940 experience, while with pears the reverse was the case.

Throughout the whole of the marketing period the Division was able to maintain its standard of quality, and much credit is due to the horticulture officers for their untiring efforts and valuable assistance. The policy of the Division is to market fruit in the best of condition, and to ensure this the Division maintains constant vigilance in inspection and supervision over all fruit in store. By this means the Division was able to minimize the loss arising from the storage diseases already mentioned, and is able to report that the total loss from all causes throughout the whole year did not exceed 2½ per cent. of the crop.

Although the Division's loss through storage is low, the centralization of the marketing through the one organization tends to draw undue public attention, which at times gives rise to unfavourable and unmerited criticism.

## STORAGE.

The present emergency position necessitates that primary industries such as dairy-produce and meat have a prior claim on cool-storage space. The Division's new stores at Auckland and Hastings were not completed in time for operations during the 1941 selling season, but the small store at Nelson became available towards the end of the harvesting period.

After having utilized cool-storage space to its limit, arrangements were made with growers for the temporary storage of 475,000 bushels in orchards for delayed delivery to the Division. This had a beneficial effect in easing and spreading the peak period. Unfortunately, the granting of premiums for orchard storage led some growers to delay delivery of fruit and thus enhance their premiums. This delay caused embarrassment and loss to the Division at a time when the market should have responded to better prices. The Division has safeguarded against a repetition of this unexpected and unfortunate development.

## DISTRIBUTION.

The major portion of the crop of apples and pears is generally harvested within a period of approximately ten weeks. During this period about one-third of the crop is set aside for storage and the remainder has to be marketed as quickly as possible. This results in the market receiving quantities far in excess of normal supply, but consumption results have been astounding. In fact, it appears that in consuming eleven apples *per capita* per week for seven consecutive weeks during the peak of the harvesting period, New Zealand has established a world record. The experience gained during the 1940 and 1941 seasons indicates that the economic demand for the Dominion is about 35,000 cases per week, and that 50,000 is normal saturation point. Quantities beyond this figure can only be disposed of by an appreciable reduction in price. In order to attain a turnover of up to 110,000 cases per week, the Division was naturally forced to accept prices considerably below cost, and the public received the benefit.

The operation of this policy can be observed from the following table, which shows the quantities of fruit received and marketed each month:—

—		Received.	Marketed.	—		Received.	Marketed.
January	.. ..	60,800	49,200	August	.. ..	30,300	202,000
February	.. ..	220,000	144,000	September	.. ..	15,200	207,800
March	.. ..	674,000	338,800	October	.. ..	15,500	172,500
April	.. ..	990,900	438,400	November	.. ..	7,300	159,000
May	.. ..	356,500	438,100	December	.. ..	4,400	60,600
June	.. ..	177,300	246,500				
July	.. ..	96,200	191,500			2,648,400	2,648,400

One aspect of distribution which the Division finds it most difficult to control is the speculative purchasing by retailers. It is found that many retailers purchase heavy quantities of fruit on a cheap market in expectation of a price rise. The result is the frequent display of fruit in retail shops in a stale or wasty condition weeks or even months after the sale by the Division. No solution to this problem has yet been found, but the Division is still giving the matter consideration, because its continuation is unfair to the public and brings the Division into disrepute.

The Division did not sell fruit direct to the public. Ninety-two per cent. of the crop was sold through the normal channels of wholesalers and retailers, the remaining 8 per cent. being sold direct from the Division to armed forces and schools. The New Zealand Fruitbrokers' Federation has been most helpful to the Division, and did not hesitate to criticize where it deemed such criticism to be beneficial and in the interests of the scheme.

## APPLES IN SCHOOLS.

Distribution of apples to school-children was inaugurated in March and continued for a period of approximately ten weeks. The scheme included all scholars of primary and post-primary age, including secondary and high schools. Private and public schools were treated alike, as also were kindergarten schools and institutions having permanent inmates of school age. The Division desires to acknowledge the willing co-operation of teachers, School Committees, officers of the Departments of Health and Education, all contributing to make the scheme an outstanding success.

Altogether fifteen million apples were distributed between more than two thousand five hundred schools.

## ADVERTISING.

While the lowering of price was the main factor enabling the Division to maintain turnover during the peak period, the advertising programme was most helpful. The amount expended on advertising was £9,692, representing 0.88d. per case, and the general avenues utilized were as follows:—

	Per Cent.
Newspaper advertising .. .. .	45
Radio .. .. .	38
Hoardings, posters, and price tickets .. .. .	17

## TRANSPORT.

One of the major problems facing the Division is the matter of transport.

The following table sets out the provincial production and the provincial consumption:—

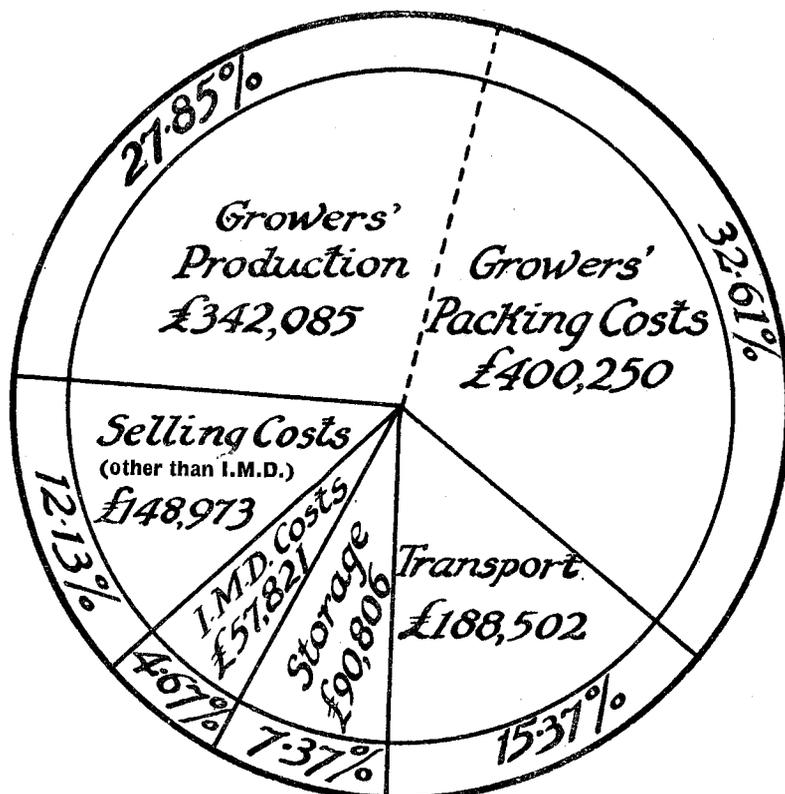
—		Production.	Consumption.	—		Production.	Consumption.
Auckland	.. ..	301,000	847,000	Blenheim	.. ..	81,000	13,000
Gisborne	.. ..	27,000	43,000	Canterbury	.. ..	120,000	367,000
Hawke's Bay	.. ..	679,000	210,000	Otago	.. ..	183,000	365,000
Wellington	.. ..	37,000	694,000				
Nelson	.. ..	1,221,000	109,000			2,648,000	2,648,000

From this will be seen the wide variation between production and consumption in each district and how the surplus of the main producing districts of Nelson and Hawke's Bay has to be spread to meet the requirements of the other districts. The Division is concerned not only at the cost of making such large transfers, but at the growing lack of facilities, especially by coastal steamer and motor transport, and also of railway trucks, which, because of the present unusually heavy demands on rail services, are not always available at the time and in the quantity required.

## FINANCE.

The attached Trading Account, Profit and Loss Account, and Balance-sheet give full details regarding the year's transactions, from which the salient costs and graph have been compiled:—

## COSTS TO WHOLESALE MARKETS.



	£	£	Per-case Basis.
			s. d.
Growers' production .. .. .	342,085		
Growers' packing, &c. .. .. .	400,250		
		742,335	5 7·27
Freights .. .. .	175,659		
Wharfages .. .. .	12,843		
		188,502	1 5·08
* Selling-costs .. .. .		148,973	1 1·50
Storage .. .. .	83,704		
Insurance .. .. .	77		
Repacking, &c. .. .. .	7,025		
		90,806	0 8·23
I.M.D. costs—			
Assembly .. .. .	21,830		
Overhead .. .. .	35,991		
		57,821	0 5·24
<b>Total costs .. .. .</b>	<b>£1,228,437</b>		<b>9 3·32</b>

\* The 1s. 1½d. assessed for selling-costs covers commission, receiving, delivery, and cartage on a wholesale price to cover all costs. Actual local market returns averaged 4s. 6½d. net, which represents a wholesale price of 5s. 3d. and selling-costs of 8½d. per case.

During the operation of the past two years the Division has been able to compile statistics regarding production and marketing, information which is invaluable when surveying market and crop possibilities and conditions preparatory to formulating the general market campaign. At the commencement of the scheme in 1940, information of this nature was non-existent, and the Division was heavily handicapped, having to plot a course without a chart. Thanks are due to the staff for its keen co-operation and voluntary effort, often working overtime without compensation in order that this war measure for the fruit industry would prove successful. Now that the information is tabulated it not only forms a chart to guide marketing operations, but also a splendid basis to direct the economic rehabilitation of the industry should the Government and the industry decide upon doing so.

In closing, the Division desires to pay special tribute to the National Fruit Marketing Advisory Committee, consisting of Messrs. H. E. Stephens (Chairman), T. C. Brash, A. B. Congdon, F. G. Duncan, D. S. McLeod, F. E. Nottage, R. Paynter, and B. T. Turner. Their advice and close contact with the Division and all its operations has been highly beneficial, and in addition the members have been a liaison between the Division and the industry.

## IMPORTED FRUITS.

The purchasing and distribution of imported fruits was carried out by the Division as previously. Supplies have been purchased wherever possible and at the lowest prices, but owing to war conditions a shortage of most fruit has been experienced.

## ORANGES.

During the year under review approximately 334,000 cases, being a decrease of 56,000 cases compared with the previous year, were imported from the various sources within the Empire in the following proportions.

				Year ended 31st March, 1942.	Year ended 31st March, 1941.
				Per Cent.	Per Cent.
Australia	..	..	..	64·2	63·39
Cook Islands	..	..	..	35·7	31·79
Fiji	..	..	..	0·1	2·00
Jamaica	..	..	..	..	2·82

It was not found possible to import any fruit from Jamaica owing to the uncertainty of vessels calling there on their way from England, and consequently a very heavy call was made on Australia, the only source available for supplies during the early part of 1942.

Unfortunately, Australian crops of late varieties were very light and the quantity available for New Zealand, although of excellent quality, was insufficient to meet the demand, and consequently the public were rationed so as to enable supplies to be obtainable for as long a period as possible.

The importations from the Cook Islands Group amounted to 119,000 cases, compared with 127,000 for the previous season's, the decrease being due to the usual steamer making only four trips instead of five trips as in the previous season.

The quality of the Cook Island fruit this season was the best since this Division took over control, and there is no reason why the standard should not be maintained.

Unfortunately, the next season's prospects do not appear very sanguine, as the usual steamer will not be available for the orange trade, and although arrangements have been made for a relief steamer, the quantity which will be imported from the islands will be much smaller than last season.

Every endeavour has been and will be made to secure additional quantities from Australia to compensate for the shortage of island oranges, but owing to the exceptionally high Australian demand for armed forces and essential civil needs, combined with a shortage of shipping-space and decreased crop, it is doubtful if full supplies will be available in New Zealand next year.

## BANANAS.

During the year under review a total of 23,847,660 lb. of bananas was imported, this being a decrease of approximately 10,500,000 lb. compared with the previous year.

The importations were made from the islands in the following proportions:—

				Year ended 31st March, 1942.	Year ended 31st March, 1941.
				Per Cent.	Per Cent.
Samoa	..	..	..	51·25	59·74
Fiji	..	..	..	18·92	24·38
Tonga	..	..	..	27·03	7·67
Rarotonga	..	..	..	2·8	5·26
Niue	..	..	..	..	2·95

The decreased importation was caused firstly by a hurricane in Fiji and Niue early in 1941, and secondly by the "Maui Pomare" being laid up for nearly a year having new engines fitted. Niue was particularly hard hit by the hurricane and was not able to export a single case of bananas, even when the steamer called with stores, but has now almost recovered from the effect of the blow.

Supplies are at present coming to hand more regularly and the Division is accepting all bananas on offer from the various islands, but unfortunately the outlook at present points to it being some time before full supplies will be available to the New Zealand public.

## GRAPEFRUIT.

In order to conserve sterling funds and also to help the sales of the New-Zealand-grown article, the importation of this fruit was kept down to a minimum, and whilst reasonable quantities of the local-grown fruit were available only limited importations were made.

The imports for the year amounted to 2,750 cases, of which Australia supplied 68·7 per cent. and the Cook Islands 31·3 per cent.

It was not found possible to import any Jamaican grapefruit at all, owing to war conditions.

## LEMONS.

The marketing of New Zealand lemons was again carried out by the Division.

The crop of New Zealand lemons was the heaviest experienced for some years and the total of 80,043  $\frac{3}{4}$ -bushel cases was sold. Owing to the increased quantity of New Zealand lemons available, it was not necessary to import as many as usual. Unfortunately, however, supplies could not be obtained from California during the early part of 1942 when needed, and consequently supplies have been on the short side, as the Dominion is not able to produce sufficient lemons to meet the demand during the off-season—viz., January to May.

The quantities (based on  $\frac{3}{4}$ -bushel cases) handled during the year were :—

—	Year ended 31st March, 1942.	Year ended 31st March, 1941.
New Zealand .. ..	80,043	69,151
Australia .. ..	6,724	7,342
California .. ..	..	10,500
Cook Islands .. ..	318	801
	87,085	87,794

These figures give the following percentages :—

—	Year ended 31st March, 1942.	Year ended 31st March, 1941.
	Per Cent.	Per Cent.
New Zealand .. ..	91·9	78·7
Australia .. ..	7·7	8·4
California .. ..	..	12·0
Cook Islands .. ..	0·4	0·9

The forecast for the local lemons is that crops generally will be much lighter than the previous year, and it will be necessary to make heavier importations from Australia if supplies are obtainable and shipping-space can be arranged.

## HONEY SECTION.

The production of honey in the season just closing was little more than one-third of a normal crop, taking the Dominion as a whole. This was mainly due to adverse weather conditions over the gathering period, although to a certain extent production in the larger outfits was affected by shortage of labour.

As is usual in poor seasons, the quality generally was of a lower grade than is normally produced. Along with the abnormally small crop, there has been a big increase in the demand for honey. The Army's requirements are considerable, and the civilian demand has increased both for home use and for including in soldiers' parcels.

The combined result of these factors is an acute shortage of honey, and the Honey Section has been forced to confine its supplies almost entirely for Army and hospital requirements.

For the total quantity of honey received by the Division, amounting to 439 tons, a total figure of 7 $\frac{1}{4}$ d. per pound *pro rata* was paid out to producers. An amount of  $\frac{1}{4}$ d. per pound on supplies received over the previous two years was also paid to suppliers by the Division, which has in some way compensated for the lower crop this year and has assisted producers to carry on in spite of their difficulties.

Unavoidable delays in the completion of the fitting-out of the Honey Depot in the Marketing Division's new premises kept the Honey Section operating in the Stanley Street premises. Now, however, arrangements for removal to the new depot are completed and the receipt, packing, and delivery of honey will now operate in permanent premises. The packing capacity of the new depot will be sufficient to serve all possible requirements, while the facilities provide for quicker and cheaper handling.

Prospects for the coming season are not yet very definite, but it seems that a bigger crop can be expected, and consideration has been given as to means of ensuring that of the total crop available in New Zealand an equitable amount will be made available to the civilian population as a whole after essential priorities have been catered for.

## RASPBERRIES.

The Nelson Raspberry Marketing Committee, elected under the Government's regulations, continues to function satisfactorily, and at the election of members of the Committee held in August, 1941, all the members originally appointed were re-elected.

A conference with representatives of manufacturers was held in April to discuss mutual interests with growers' representatives, and the arrangements made between the Committee and the jam-manufacturers worked smoothly throughout the season.

Unfortunately, the season was unfavourable and the crop was a comparatively small one, amounting to 198 tons only. Area has been maintained with a slight increase, but the labour supply is such that it is difficult for growers to increase their areas under present conditions.

It was estimated that about 10 per cent. of this season's crop was lost owing to pickers not being available when required.

The Committee estimates that in order to meet the normal requirements of manufacturers and so avoid the necessity for importation it will be necessary to double the area at present under cultivation in raspberries, which is about 170 acres. To provide for the peace-time needs of manufacturers at least 350 acres will be required, and with increasing demand for the manufacture of jams and essences an increase on this minimum area may reasonably be anticipated.

#### POTATOES.

Following an increased area and a heavy yield with low prices in 1940, last year's crop showed a substantial decrease in area from 20,033 acres to 16,998 acres, with a decreased yield from 141,000 tons to 94,123 tons.

Combined with the decrease in area of 3,035 acres, the unfavourable season caused a drop in the yield per acre, which last year was only 5.54 tons per acre, compared with the record established in 1940 of 7.04 tons per acre.

Consequent upon these reductions, together with an increase in consumption due to military requirements, it became necessary early in September for the Division to arrange for importations of potatoes from Australia to ensure sufficient supplies being available to meet the needs of the armed forces and to supplement those of the civilian population. Importations were arranged as necessary from September to February, a total of 34,698 sacks, weighing 2,360 tons, being imported during this period. The greater proportion of these importations were supplied direct to the fighting forces, but a portion of them were made available for civilian requirements and had a welcome and steadying effect upon the market. The shortage in the South Island deliveries was countered to some extent by a good crop and yield in the Pukekohe district, where prices were maintained throughout the season at a high level despite an unusually heavy yield. The quality of the importations from Australia proved on the whole to be satisfactory, and it was fortunate that ample supplies were at the time available there to tide us over the period of acute shortage in our local market, which developed during October to February, when relief came from the digging of the North Island main crops.

#### BARLEY.

Importations from South Australia during the year totalled 115,000 sacks, showing a considerable drop on those of the previous year, which amounted to 285,000 sacks. The decrease was due mainly to the very much higher price ruling in Australia owing to a short crop there, necessitating the distribution by the Division at a substantially increased price to consumers here, and also to the importations of a competitive pig feed in the form of copra, elsewhere referred to. Cereal crops in the South Island were also better this year and no importations of feed barley were necessary to South Island ports. Distribution of barley for direct feeding to pigs and poultry and also for the manufacture of barley-meal has continued through the usual channels at controlled prices as low as possible and has proved a substantial benefit to consumers.

#### MAIZE.

As was indicated in last year's report, the substantial increase in area planted in maize last season provided, in conjunction with an exceptionally bountiful yield, a crop which proved to be in excess of our consumptive requirements for a twelve-months period. In order to ensure that the surplus should have no detrimental effect upon the market, meetings were arranged by representatives of the Division with growers and with merchants, and it was made clear to growers that the undertaking of the Division to clear their stocks in time to make room for the 1942 harvest would be fully carried out. This was done through arrangements with merchants in Poverty Bay district, to whom an allowance was made to cover storage charges conditional upon their taking the whole of the surplus from growers in their district, and in the Bay of Plenty district where merchants had no storage available the surplus was purchased outright by the Internal Marketing Division and stored in the new building at Auckland.

The arrangements made proved satisfactory to both growers and merchants and resulted in all old season's maize being out of growers' hands in time to provide space in the cribs for the 1942 crop harvested in May and June. The cost to the Division involved in storage costs and allowances to merchants to cover the cost of additional storage and handling charges will involve the Government in a charge of about £4,000 to £5,000, according to the length of time for which storage is required. Arrangements were made by agreement with growers and merchants whereby the marketing of the new season's maize harvested in 1942 will be postponed till a date to be fixed, dependent upon the clearing of stocks of the 1941 harvest.

These arrangements necessitated a number of conferences between the officers of the Division and growers and merchants concerned, and the helpful attitude of both these parties contributed materially to the achievement of an agreement which has proved a satisfactory solution of the handling of the surplus.

This year's crop has been adversely affected, particularly in the Bay of Plenty district, by dry weather, and the yield probably will only be sufficient, in conjunction with the carry over from 1941, to meet requirements until the crop to be harvested in 1943 is available.

Prices arranged by the Division with growers continue at the same level as those ruling last year, and range from 5s. 6d. per bushel in July to 6s. 2d. in March.

#### ONIONS.

It is pleasing to record that again the New Zealand crop has proved sufficient for all requirements and no importations were necessary during the year.

## COPRA.

Reference was made last year to the purchase of 4,000 tons of copra from Samoa, and during the year the remainder of this purchase was received and widely distributed to pig-farmers, proving to be a very popular and satisfactory feeding-material at a low price. Feeding tests were made by the Division and no deleterious effect was noticeable in bacon made from copra-fed pigs.

With the entry of Japan into the war and consequent cutting off of a large supply of copra and other vegetable oils from the East Indies and Malaya, a greatly improved overseas demand for copra has developed, and the islands are now able to dispose readily of their production at a price far beyond its value as a pig-feed, and there is no prospect at present of the importation of further supplies for this purpose.

## HOPS.

The operation of this Committee has continued satisfactorily during the year, which was a satisfactory one to growers, the yield being a heavy one of about 3,500 bales. Some 800 bales in all were exported at remunerative prices to Australia, South Africa, India, and Ceylon, and the local market for brewers' use and the sale of packet hops absorbed the balance of about 2,700 bales. The confidence displayed by hop-growers in the work of the Committee is indicated by the re-election to the Committee of all the old members who were again nominated.

## POTASH MANURES.

These essential fertilizers, which in pre-war times were mostly obtained from Europe, and particularly from France and Germany, are now in exceedingly short supply, and at the request of the Supervisor of Fertilizers, Department of Agriculture, this Division undertook the importation and distribution of supplies of both muriate of potash and sulphate of potash, the latter being an essential fertilizer for various market-garden crops, and particularly for tomatoes, hops, and tobacco. After very considerable difficulty, supplies of 500 tons of sulphate of potash was secured from the United States of America and 2,000 tons of muriate of potash from Palestine, and these shipments met all requirements during the year. The shortage of supplies and of shipping were such that private importations of either of these fertilizers were practically impossible, and it was only through prompt and persistent action by the Internal Marketing Division that these substantial shipments were eventually obtained. It is hoped that further quantities may be obtained to meet future needs.

## AUCKLAND BRANCH.

The new marketing building for the Auckland Branch has been completed and occupied during the current year and has made an appreciable difference to the efficiency and quantity of work possible in Auckland. Previously the Division's operations were scattered over six different locations in Auckland City, which made efficient control difficult, and if for this reason alone the building has been a success it is already justified from the Division's viewpoint.

More than this, however, the building is one of the most modern, if not the most modern, food-processing building in the Southern Hemisphere and accommodates plant for the following industries: Butter patting for the Auckland City and greatly increased armed Services supplies; lemon curing and packing depot, and by-products; honey blending and packing for local and overseas trade; apple assembly and storage. As well as these departments, the Division has cool-storage chambers for fruit, honey, and other refrigerated products which have and will continue to prove a great boon during this time of increased demand for refrigerated storage.

As well as providing processing plants, the building has available special space for the storage of general non-perishable commodities, and has held for longer or shorter periods surplus supplies of maize, rice, lima beans, coffee, &c., for immediate access to the Services at any time. Beside these, large quantities of perishable vegetables have been held in temporary cool storage pending arrival and departure of transports and other essential shipping.

The branch activities have continued in a markedly successful manner and have unquestionably proved of great value to the large proportion of the population living in the Auckland Province.

The zoning of egg and butter deliveries to Auckland City has been undertaken by the Auckland Branch and has been the source of considerable saving in essential man-power and materials.

## CHRISTCHURCH BRANCH.

The Christchurch Branch continued during the year to carry out the policy and activities of the Division over Canterbury and other parts of the South Island. Particularly in apple assembly and marketing, egg-supplies for armed forces and North Island needs, and the distribution of imported fruits and New Zealand lemons, the Christchurch Branch has had a difficult time.

The Dunedin office is functioning similarly in Otago and Southland, where problems are similar to Christchurch and district.

The Division's branches have all co-operated with Transport officers, Price Investigation Tribunal officials, and other departmental activities to generally increase efficiency and save all possible war materials and man-power.

### THORNDON TRADING BRANCH.

The trading section of the Wellington Head Office again had a very successful year. In December, 1941, together with all other licensed distributors of butter and eggs in Wellington, the branch combined its receiving and delivery operations for the city area in order to make the utmost saving in petrol, tires, and man-power. This request was made by the Minister of Marketing to all distributors and met with a willing response from all parties.

The sole distributing unit (known as Combined Distributors, Ltd.) now operates from the Division's Thorndon premises, which were considered the most convenient, and the manager of the Division's branch has now assumed the managership of the new distributing company. Many other members of the Division's staff are employed by Combined Distributors, Ltd., having been granted leave without pay from the Civil Service for the emergency period, which is the term for which the new organization is formed.

Already more than considerable savings of overlapped deliveries have been made, and the problem of egg rationing is comparatively easy with only one delivery organization.

The butter-patting function of the Division remains still a part of Internal Marketing Division's control.

The result of trading up to December, 1941, is shown in the balance-sheet as the very satisfactory figure of £22,194. Opportunity has been taken to write off the item of £19,000 goodwill from the Appropriation Account, which leaves all the Thorndon assets in splendid order. The profit made by the Trading Branch since February, 1937, amounts to £58,839.

Trading activities outside the areas covered by butter and eggs licenses are now carried on from Head Office under the ægis of the Dairy Produce Section and full supply service is given to military establishments and retailers in the outside area.

The Palmerston North City depot of the Division has, in like manner to Thorndon, been absorbed by the Manawatu Co-operative Farm Products, Ltd., an organization similar to Combined Distributors, Ltd., and operating in the Palmerston North City.

The work of organizing supplies to the armed Services in the Wellington and Palmerston North districts had been considerable and is functioning smoothly.

The Division looks forward to the day when conditions will again allow extension and increased assistance to organized marketing in all primary production and distribution.

### CANTEEN SECTION.

The Division continues to control the trading operations of the Canteen Board, which is a self-contained unit of the Department.

The Board is established under the Defence Canteen Emergency Regulations 1939, and issues a separate report on its work, and any further information desired will be found therein.



Minister of Marketing.

## MARKETING DEPARTMENT.

## INTERNAL MARKETING DIVISION.

## APPLE AND PEAR SECTION.

## TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1941.

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases .. .. .	742,335	Sales .. .. .	610,226
Assembly .. .. .	21,830	Stock on hand .. .. .	619
Freights .. .. .	175,659	Gross loss .. .. .	432,629
Wharfages .. .. .	12,843		
Cool storage .. .. .	83,704		
Marine insurance .. .. .	77		
Repacking and sorting .. .. .	7,026		
	<u>£1,043,474</u>		<u>£1,043,474</u>

## PROFIT AND LOSS ACCOUNT.

<i>Dr.</i>	£	<i>Cr.</i>	£
Gross loss .. .. .	432,629	Net loss .. .. .	468,620
Advertising .. .. .	9,724		
Alterations and repairs .. .. .	284		
Audit .. .. .	151		
Bank interest and exchange .. .. .	5,467		
Printing and stationery .. .. .	421		
Postages and telegrams .. .. .	2,367		
Travelling-expenses .. .. .	2,032		
Salaries and wages .. .. .	13,668		
General expenses .. .. .	466		
Office rent and hire of equipment .. .. .	1,411		
	<u>£468,620</u>		<u>£468,620</u>

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

<i>Liabilities.</i>		£	<i>Assets.</i>		£
Reserve Bank .. .. .		452,086	Cash in hand .. .. .		20
Sundry creditors—			Cash at banks .. .. .		765
Government .. .. .	21,978		Stock on hand .. .. .		619
Others .. .. .	8,195		Sundry debtors—		
	<u>30,173</u>		Government .. .. .	7,230	
			Others .. .. .	5,955	13,185
			Appropriation Account: Transfer from Profit	£	
			and Loss Account .. .. .	468,620	
			Less Credit balance, 1940 .. .. .	950	
				<u>467,670</u>	
		<u>£482,259</u>			<u>£482,259</u>

R. P. FRASER, Acting-Director.  
W. LAWSON, Accountant.

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.

(EXCLUSIVE OF APPLE AND PEAR ACCOUNTS.)

	Head Office.	Wellington.	Auckland.	Total.		Head Office.	Wellington.	Auckland.	Total.
<b>TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1942.</b>									
Balances transferred to Profit and Loss Account ..	£ 46,750	£ 37,547	£ 10,006	£ 94,303	Gross profits and commissions on trading ..	£ ..	£ 37,547	£ 10,006	£ 94,303
<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1942.</b>									
Salaries, wages, and overtime ..	£ 11,664	£ 10,230	£ 6,402	£ 28,296	Gross profits brought forward from Trading Account	£ 46,750	£ 37,547	£ 10,006	£ 94,303
Advertising ..	376	..	..	376	Net rents and sundry recoveries ..	..	767	..	767
Audit fees ..	374	..	149	888	Cost of administration of honey pools ..	..	..	1,833	1,833
Bad debts ..	..	114	..	114	Cost of administration of Butter Equalization Account	4,176	..	..	4,176
Depreciation ..	359	1,184	116	1,659	Cost of services performed for other sections ..	..	..	2,571	2,571
Donations to National Patriotic Fund ..	152	..	..	152					
Expenses of Marketing Advisory Committees ..	61	..	..	61					
General expenses ..	96	285	82	463					
Insurances ..	..	242	..	242					
Interest and exchange ..	1,049	338	441	1,828					
Light, heat, and power ..	63	240	24	327					
Maintenance—									
Buildings ..	..	159	..	159					
Office fittings ..	47	..	69	116					
Plant and machinery ..	11	..	18	29					
Postages, telegrams, and telephones ..	1,491	504	1,096	3,091					
Printing and stationery ..	370	375	179	924					
Rents and rates ..	1,467	255	302	2,024					
Superannuation Fund subsidy ..	25	..	30	55					
Transfer and removal expenses ..	52	..	..	52					
Travelling and motor expenses ..	1,585	1,829	524	3,938					
Balances, being net profit carried forward to Appropriation Account	31,684	22,194	4,978	58,856					
	50,926	38,314	14,410	103,650					
<b>PROFIT AND LOSS APPROPRIATION ACCOUNT.</b>									
Goodwill written off ..	£ ..	£ 19,000	£ ..	£ 19,000	Balance from last year ..	£ ..	£ 20,678	£ 10,144	£ 1,712
Bonus to New Zealand lemon-growers ..	2,540	..	..	2,540	Net profit from Profit and Loss Account ..	29,110*	22,194	4,978	58,856
Income-tax short-provided for year ended 31st March, 1941 ..	..	..	133	133	Doubtful debts reserve not required ..	31,684	1,200	..	1,200
Balances forward to next year ..	34	25,072	15,230	40,336	Depreciation reserve not required ..	..	..	241	241
	2,574	44,072	15,363	62,009					

\* Denotes debit balance.

## HONEY SECTION.

## POOL ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1942.

<i>Dr.</i>	£	£	<i>Cr.</i>	£
Stocks on hand as at 1st April, 1941—			Balance from last year .. .. .	2,040
Local .. .. .	5,002		Sales—	
Export .. .. .	2,984		London .. .. .	5,934
		7,986	New Zealand .. .. .	53,030
Honey on consignment .. .. .		55,790		58,964
Honey purchased .. .. .		562	Exchange .. .. .	3,093
Administration expenses (salaries, rent, telephones, stationery, &c.) .. .. .	1,833		Sundry credits .. .. .	919
Advertising .. .. .	209		Transfer from seals reserve .. .. .	4,000
Commission, excluding export .. .. .	840		Stocks on hand as at 31st March, 1942—	
Local Pool Account expenses—			Local .. .. .	7,353
New Zealand Depot blending and packing expenses .. .. .	12,218		Export .. .. .	15,188
Freight and cartage .. .. .	2,191			22,541
		14,409		
Export Pool Account expenses—				
London Depot and New Zealand expenses .. .. .	5,322			
Handling, freight, and shipping .. .. .	4,361			
		9,683		
Balance forward to next year .. .. .		245		
		<u>£91,557</u>		<u>£91,557</u>

## BUTTER EQUALIZATION ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1942.

<i>Dr.</i>	£	£	<i>Cr.</i>	£
Equalizing payments under section 12, Marketing Amendment Act, 1937—			Balance from last year .. .. .	376,613
(a) Charges payable to dairy factories mainly in connection with 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 .. .. .	352		(a) Net amount received or receivable under the Butter Marketing Regulations 1937, clause 31	251,446
Reworking and defrosting .. .. .	153		(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 .. .. .	2,785		Sales at the regulated local price .. .. .	688,533
Bulking and parchment .. .. .	36		Plus stocks on hand 31st March, 1942 (valued at guaranteed f.o.b. price) .. .. .	210,246
Interest and insurance .. .. .	1,109			898,779
		4,435	Less purchase at guaranteed f.o.b. price .. .. .	751,172
(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.	16,049		Plus stock on hand 1st April, 1941 (valued at guaranteed f.o.b. price) 130,489	881,661
Payments under section 11, Marketing Amendment Act, 1937—				17,118
Freight and cartage .. .. .	6,063			
Reworking and defrosting .. .. .	82			
Agency, wharfage, marine insurance .. .. .	251			
Storage and freezing .. .. .	8,562			
Insurances .. .. .	1,017			
Grading fees .. .. .	1,467			
		17,442		
Overhead and administrative expenses .. .. .	4,176			
Less credit for interest on balance of account .. .. .	3,176			
		1,000		
Balance forward to next year .. .. .		606,251		
		<u>£645,177</u>		<u>£645,177</u>

## BALANCE-SHEET AS AT 31ST MARCH, 1942.

	£	£		£
Creditors .. .. .	188,067		Land .. .. .	12,740
Reserve for renovations and repairs to Thorndon premises .. .. .	473		Buildings .. .. .	21,523
Reserve for Public Service Superannuation Fund .. .. .	160		Motor vehicles and bicycles .. .. .	1,663
Reserve for insurance on fruit in transit and cool stores in New Zealand .. .. .	1,500		Loose tools and equipment, plant, furniture, and office appliances .. .. .	22,508
Reserve for taxation .. .. .	1,991		Stock in trade .. .. .	307,846
Reserve for honey advertising (London) .. .. .	10,374		Stocks of consumable stores .. .. .	14,179
Honey Seals Account .. .. .	11,156		Debtors .. .. .	331,820
Honey Pool Account .. .. .	245		Payments in advance .. .. .	2,913
Butter Equalization Account .. .. .	606,251		Rent on Auckland building capitalized .. .. .	4,532
Egg Pool Account .. .. .	2,893		Cash in hand and at bank .. .. .	143,722
Writing off Reserve .. .. .	4,497		Losses in Suspense .. .. .	4,497
Profit and Loss Appropriation Account .. .. .	40,336			
		<u>£867,943</u>		<u>£867,943</u>

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 (533 copies), £28.

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