

1943

NEW ZEALAND

INTERNAL MARKETING DIVISION

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31st MARCH, 1943

Presented to both Houses of the General Assembly pursuant to the Provisions of the Marketing Act, 1936

INTRODUCTORY

THE Internal Marketing Division has now been in existence for just over six years. It was brought into being as part of a reorganized marketing scheme designed to deal with the worst crisis which our primary producers and the Dominion generally have experienced during the present century. It remained in being and expanded as a necessary administrative machine in a time of social and economic change.

The dual role played by food in our national economy is a factor of first importance to be considered in any review of the Internal Marketing Division. For the production year 1941-42, 45 per cent. in value of our total production was accounted for by food products. Good or bad market returns for food products will therefore have a marked effect on the amount of our national income and consequently on the prosperity of all the population. The Division was established at a time when market returns were so low that the foundations of our production system and our economic stability were being destroyed. The marketing system established in 1936 has played its part in placing production once more on a sound and payable basis. As an integral part of that system the Internal Marketing Division has met an evident need in our economic life for an organization which, by eliminating the cost, waste, and uncertainty of unplanned competitive marketing, could help the primary producer to establish himself on a sure and firm basis.

In its other aspect, food marketing is important to every one. Indirectly, all New Zealanders are affected by the influence of farm returns on the national income, but the direct impact of varying food-prices on individual prosperity is realized more concretely. This has been especially so during the war years. Rising prices and shortages of supplies of some foodstuffs have made price control and rationing necessary. As a national organization, the Division has coped with the necessity to spread sparse supplies of some foodstuffs as evenly as possible over the whole population, where private traders could only have distributed to the nearest and most profitable markets. It has also co-operated with the Price Tribunal to prevent undue increases in food-prices, and has, in common with many Government agencies, operated as part of the administrative machinery for carrying out the stabilization programme.

There are many people who laud the virtues of free and unrestricted private enterprise, and they have been bitter critics of the Division as an organization which has encroached on the right of traders to deal in food for private profit. The plain fact, however, is that the marketing organization was built not on theoretical belief in the virtue of *laissez-faire* or any other doctrine, but on the clear need for positive action by the State. An organization owned by the community and able to concentrate on the public interest was necessary to help to increase the national income in the crisis of low prices, and to help to maintain a stable economy when the danger of wartime inflation appeared. The Internal Marketing Division has filled that need during a very difficult period.

In the following pages the Division's main activities during the past year are briefly recorded.

BUTTER

The administration of the Butter Marketing Regulations has proceeded quite smoothly during the year under review, and the problems to be faced have been the normal ones experienced in previous years with regard to civilian consumption with some few extra difficulties created by the requirements of military supplies.

As from the first of the production year—that is, 1st August, 1942—the differentials collectable on butter sold on the local market were altered to conform to the new guaranteed price. This, however, did not necessitate any alteration in the local price of butter, and there is still some advantage to the Differentials Account available. By agreement between the New Zealand Dairy Board and the Government, the differentials as from the first of this season became payable to the Dairy Industry Account in order to assist with the increase in the guaranteed price for export butter.

The full details of the Equalization Account as at 31st March, 1943, reveal the contribution which will be available to the Dairy Industry Account, being the difference between the amount carried forward in last year's account and the total state of the account as at 31st March, 1943.

Some difficulties were experienced in regard to the butter stored for winter requirements, particularly in the South Island, as in arranging these storages recognition had been taken of the requirements of cheese for the Imperial authorities, and a change back to butter which occurred at the beginning of the year left us with considerable stocks in the South Island. These supplies, however, were gradually worked out with the exception of a few thousand boxes which were shipped overseas, relieving the position to that extent.