

1945

NEW ZEALAND

INTERNAL MARKETING DIVISION

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1945

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

INTRODUCTORY

THIS report is made up to the period when the United Nations were obviously awaiting only the final word for the advance into the heart of Nazi Germany to conclude the European phase of the war.

The Internal Marketing Division has continued to organize the production, processing, and marketing of a number of perishable foodstuffs for shipment to all branches of the Armed Forces, but particularly to the United States military Forces in the Pacific area. The major new activity of the Division has been the erection and operation of four fruit and vegetable dehydration plants combining in their activities packing of fresh supplies for export in refrigerated ships, cool storing whilst awaiting shipment, canning, and "quick freezing."

New Zealand is not normally a country which grows large supplies of vegetables, and the work has therefore principally been one of starting from a very small beginning in the production field. Details of the sites of factories and the amounts supplied to the Forces will be found later in this report. In spite of the very huge quantities shipped out of this country, retail shops have been kept filled and consumers have not been kept short of vegetables over the period.

The Division has necessarily had to maintain its control over the distribution of essential foods such as butter, eggs, apples and pears, imported fruits, honey, and other less important items, as problems connected with them have arisen from time to time.

The Division has now been in existence for eight years, and with the establishment of branches in different parts of the country is able to keep fairly good check on distribution matters. The Division had only two and a half years' experience of peacetime conditions before the war, and many of its major activities had to be adapted to war conditions in order to meet emergencies. With the return of peace, consideration must necessarily be given to the continuation of the normal peacetime work of the Division of bringing about orderly marketing and distribution within the realms of primary production in New Zealand.

In common with all other Government Departments and private concerns, the Division has felt the man-power shortage very keenly and much of the inspectorial and

audit work connected with the Division's trading has had to be curtailed or eliminated during the war years. It is hoped, with the return of staff, to commence this once more in the coming year.

During the year the Division decentralized its accounting procedure and now has self-contained accounting offices in Auckland, Hastings, Wellington, Nelson, and Christchurch.

Following the policy of the Public Service Commissioner, comprehensive staff-training within the Department has been inaugurated, as well as a full scheme to assist members of the Division who are returning after service with the Armed Forces.

Internal Marketing staff operates the Armed Forces' canteens. However, since their policy is determined by a Canteen Board, of which the Hon. the Minister of Defence is Chairman, their operations are made the subject of a separate report.

BUTTER SECTION

This year's problems, while in certain respects simplified by war conditions, have, on the other hand, presented new difficulties of their own. Butter rationing has enabled the Division to forecast the nation's requirements with much greater accuracy and has created important savings; but staff has become progressively more difficult to obtain or retain, laying considerably increased duties on those remaining. In consequence, several operations which were of great value to the Division and to the industry have had to be temporarily discontinued, particularly the comparisons of return between the factories with large local sales and those whose major output is exported. Rationing has made available the full anticipated quantity of butter for our kinsfolk overseas. (The figures of butter graded for export do not reveal the full saving, since they do not include sales to the Pacific Forces, which are made through the Division.) Moreover, without rationing, our local sales would probably have been increased by the general shortage of substitute fats for cooking and manufacturing. It appears at present that the need for edible animal fats overseas will be greater in the period immediately after hostilities. Should this cause a further decrease in the New Zealand butter ration, the Division's system of recording and accounting could handle this situation quickly in conjunction with the Food Controller.

Now that manufacturing dairy companies know from week to week the quantities they require for local sale, export cool stores can expeditiously allocate their space in accordance with anticipated arrivals. The Division can also more accurately assess the quantities required for storage for the winter period, when production is insufficient to supply local demand. Owing to the long winter, particularly in the South Island, it has been difficult in previous years to find sufficient storage near the large centres of consumption and from time to time it has been necessary to forward considerable quantities of butter from North Island sources to South Island consumption areas. Under rationing, less butter has been stored for winter and transfers have been negligible, with a saving in costs accordingly. The South Island during the year under review has actually had more production than sufficient for its own consumption needs and has been able to make quantities available for export.

EQUALIZATION

The Butter Equalization Account naturally has been affected by rationing, but it has not been lowered to the extent that might have been expected. The very favourable production weather in autumn and the lesser costs of holding butter for winter requirements and of transfers account for considerable saving. Civilian consumption was reduced by approximately 11,000,000 lb. of butter during the year, but as against this there was an increase in the sales for Armed Forces in the Pacific of approximately 4,000,000 lb. These Pacific sales are almost entirely in patted form and are handled by the Internal Marketing Division. Here the differential—*i.e.*, the difference between the export price for butter and that paid for butter consumed locally—accrues to the

Equalization Account, helping to compensate for the loss which it sustains through lower local consumption. During the year, Great Britain has required all butter available, first-grade and second-grade creamery and whey, and local whey butter sales accordingly show a decrease of approximately 400,000 lb. through pastrycooks and manufacturers, who are the large users of whey butter, having their purchases limited. In summary, the loss in differentials due to rationing has been more than compensated by the saving in freight and storage and by the collection of differentials on butter for the Pacific area, leaving a balance at the end of the financial year slightly greater than the accumulation for the previous year.

Butter Sales, 1944-45 (Lb.)

Month.	Creamery.		Whey: To Manufacturers and to Factory Suppliers.
	To New Zealand Public.	To U.S.J.P.B.	
1944			
April	4,082,527	2,246,952	48,245
May	4,631,002	3,091,348	59,979
June	4,132,384	958,666	31,343
July	4,214,818	436,460	38,990
August	4,598,899	936,090	43,706
September	4,261,018	1,076,998	41,897
October	4,562,950	2,373,052	56,455
November	4,242,198	3,083,442	51,307
December	4,351,492	1,400,866	45,378
1945			
January	4,137,276	2,475,946	40,248
February	4,064,089	2,582,666	46,581
March	4,355,127	2,532,810	45,969
	51,633,780	23,195,296	550,098

DRY BUTTERFAT

During the year the dry-butterfat plant was not required to process any butter for Great Britain, since the United Kingdom could take all the available butters of all classes and grades. The plant, however, has been used to some extent, particularly in recovering butterfat from parchment stripped from bulk butter at the tinning plant and at Auckland and Wellington patting plants. In addition, it processed dairy butter, some quantities of under-grade butter unsuitable for export, and some butter returned from Pacific islands which had deteriorated. The whole of the resulting dry butterfat has been sold, turning to profit what would otherwise have been complete loss.

PATTING PLANTS

The patting plants at Wellington and Auckland have operated to full capacity, the Auckland plant running up to two and three shifts at times. Staffing proved difficult, but the Division has managed to supply all civilian and military requirements. The patting machinery, running as it has for long periods at high pressure, has needed considerable attention and overhaul, and will probably have to be replaced as soon as new machinery is available. Naturally, machines running up to twenty-four hours a day wear out much faster than when they run only one or two days a week.

TINNING PLANT

The tinning plant at Auckland has been running at full capacity with a considerable amount of overtime, and, by drawing supplies from other canning plants, has been able fully to supply the Armed Forces. This plant, which is patterned on a principle previously used in Australia, has, though limited by cramped space and by having only one sealing-machine, enabled a large output to be maintained. Since these difficulties cannot be overcome without greater expense than a temporary installation warrants, double shifts will have to be worked during the coming year if the Pacific position remains as at present.

DAIRY BUTTER

Though farm butter does not come under the Butter Marketing Regulations 1937, which control the distribution only of factory-made butters, the Division, when rationing was introduced, was asked to help in disposing of it. Former purchasers of farm butter, both consumers and manufacturers, seemed to decide that if they were restricted to a small quantity of butter it would be almost entirely factory production. The people producing farm butters thus found their market very much restricted and there was some complaint that this butter would be entirely wasted. The Division therefore, working with the Food Controller, arranged for agencies to handle dairy butter in each area of production. It also encouraged dairy factories to accept cream even in very small quantities in order to cut down the quantity of farm butter coming on to the market. Some butter did, however, accumulate, particularly in the Nelson area. The Division lifted and disposed of it, without waste, in replacement of factory butter. Later the Division was able to take for dry-fattening all quantities of dairy butter, at prices commensurate with quality, which could be brought to central points. At the same time the Rationing Controller allowed manufacturers who continued using farm butter a tolerance of 20 per cent., enabling the Division to place quantities with pastrycooks and manufacturers.

The Division wishes to acknowledge considerable help from the dairy industry in the difficulties caused by rationing and military requirements. Manufacturers also have gone out of their way to assist the Division in supplying to military camps and making available on short notice butter transferred from their normal export procedure to the requirements of the local market or to military supplies. All factory executives have co-operated and given the fullest assistance and information, and, generally speaking, the returns necessary to the Division have been attended to, notwithstanding their staff shortages. The Division very much appreciates this assistance, which has enabled its officers to carry out their part in difficult conditions.

EGGS

With egg prices stabilized according to season and with labour and feed in short supply, egg-production during this year has not greatly increased. In spite of the subsidy introduced in June, 1944, of 3d. per dozen on all eggs passing through approved marketing channels, there are still not sufficient eggs available to provide a continuous ration for civilians in centres of population during the autumn and winter months. Owing, however, to the system of central floors and the zoning of retail deliveries, all civilian, war, and shipping priorities have been met in full. Civilian priorities comprise children under five years of age, invalids, hospitals, and expectant and nursing mothers. Altogether, these priorities made available through the authorized marketing channels during the year ended 31st March, 1945, totalled 2,028,300 dozen.

SUBSIDY AND EFFECTS

The subsidy and its corresponding Emergency Regulations certainly have, apart from any increase in production, attracted a large quantity of eggs to marketing areas, and, from this viewpoint alone, have been justified as a benefit to the consuming public. There is, of course, still a big lag between supply and demand. But it is very difficult

to assess the true position, as the demand, owing to high spending-power and the absence of alternative food commodities, is considerably above pre-war. Whereas a pre-war price of 3s. per dozen wholesale drastically decreased demand, the same price has now a very moderate effect. Even with supply materially increased over pre-war levels, the market would still be seriously under-supplied during autumn and winter.

The payment of 3d. a dozen is largely a neutralization of marketing costs. Previously producers selling eggs locally have incurred negligible marketing expenses but gained the full wholesale or retail price, whereas to send eggs to egg-marketing areas has involved transport costs and service commissions. In practice, therefore, the 3d. a dozen subsidy has not greatly increased the producer's financial return. What it has greatly improved is the national distribution of eggs. Fewer reports that eggs are plentiful in country areas while city consumers have been forced to go without indicate that the subsidy has achieved its purpose.

QUANTITIES

The following figures indicate the increase in the quantity of eggs passing through marketing areas :—

	Dozen.
Year to 31st March, 1944	7,448,491
Year to 31st March, 1945	10,850,528

Eggs used in Wellington contribute substantially to these totals, for, since Wellington is a relatively non-producing area, eggs have been transferred to it in large quantities from other pools or marketing areas throughout the Dominion. These transfers to Wellington are as follows :—

	Dozen.
Hamilton	13,320
Auckland	42,150
Tauranga	48,180
Gisborne	41,370
Hastings	111,780
New Plymouth	137,970
Wanganui	97,950
Palmerston North	86,340
Carterton	210,660
Blenheim	32,017
Christchurch	442,830
Timaru	71,940
	1,339,507

Any actual increase in production over recent years is reflected most noticeably in the North Island. Whereas the South Island was once the granary of New Zealand and grains suitable for poultry-feeding were more readily and cheaply available there than in the North, to-day the importation of poultry-foods has placed the North Island producer on a more equal basis. However, reliance on imported grains, while responsible for the increased production of eggs in the areas where they were most needed, this year proved a source of deep concern to poultry-keepers. Cessation of shipments on account of drought in Australia threw the industry back on local grains at the beginning of the New Zealand harvest. New Zealand's own grain harvest, an expected record, was fully a month late, so that poultry-producers were living from hand to mouth and using any alternative foods available. This threw a large number of birds into early moult and retarded the young stock, reducing the normal seasonal flow of eggs and further aggravating shortage. Though consumers in consequence had to be rationed more heavily than was expected, the public in general appeared to appreciate the difficulties of the situation.

PROVISION FOR WINTER

The Division is exploring means to increase the winter supply of eggs. The United States and South Africa have largely succeeded by taking off the market vast quantities of eggs during the summer peak production and placing them in chiller for consumption during the winter months. The Division has been carrying out tests along the same lines. Unfortunately, cool storage of the necessary type is limited both in locality and condition. Last year 86,000 dozen eggs were chilled at Auckland and made available to shipping and Armed Forces from April to July. Small quantities were also placed on Wellington and Auckland markets. Thirty thousand dozen eggs chilled at Christchurch were used mainly for hospitals and restaurants in Wellington. A small quantity was also sent to the West Coast. In every instance a satisfactory report was received. This coming year the Division is again endeavouring to chill 120,000 dozen at Auckland for use on the civilian market during the winter months, and Christchurch is also filling all available suitable chill space. If these eggs prove as satisfactory as is expected, it is in the interest of both industry and public to have further chilling facilities provided. The alternatives are either chilled eggs or few eggs during the period of low production.

The manufacture of egg-pulp has always been the main means for taking surplus eggs off the market during the peak production period. The Division was able this year to arrange with egg floors to manufacture a considerably increased quantity of egg-pulp, thereby reducing the importation of Australian egg-pulp for the coming year. Importations of processed eggs from Australia during the past four years are as follows : --

				Dozen Equivalent.
1942-43	..	..	..	2,722,020
1943-44	..	..	..	2,286,732
1944-45	..	..	..	2,662,107
1945-46	..	..	..	2,000,000 (estimated maximum).

These importations were made because manufacturers and pastrycooks cannot continue their businesses without eggs or egg equivalent. Though the Division's policy of importing has been criticized in some quarters, it cannot be said to have held back production, since all eggs produced can be sold.

ORGANIZATION

When the Division's primary task in egg marketing was transferred by war conditions from that of protecting producers to that of providing an equitable distribution of the eggs available over the Dominion, the procedure arranged in the original 1940 Egg Marketing Regulations of creating licensed egg floors in order to relieve the market of surpluses was employed in order to "ration out" the smaller quantities. In addition to the licensed egg floors in the marketing areas, additional floors of an emergency nature were set up in the larger provincial towns where production or consumption warranted this procedure. The floors so established have given producers an organized outlet for their produce and could, if the industry so decided, be continued for this purpose after the war. Since the last annual report, Gisborne and Hamilton have been declared emergency areas, bringing the number of floors established under the Egg Marketing Regulations 1940 and the Egg Marketing Emergency Regulations 1942 to sixteen.

The distributors operating in each marketing area are still required under regulation to pool the proceeds of the sale of eggs at current ruling prices according to Price Order and to pay out to the producer at prices agreed to by the Division. Surpluses, as required, are transferred from individual pool accounts to the National Egg Pool Account, from which funds are made available to the industry for approved purposes. Local pool balances, in addition, act as a cushion against losses on a falling market. All accounts are subject to audit, and under these conditions, therefore, the supplier of

eggs to any particular pool is protected to the extent that not only does he receive a price return relevant to the ruling wholesale price, but, in addition, indirectly receives the benefit of any surpluses created in the pool accounts. The 3d. per dozen subsidy was withheld for one week, and the £4,400 thus procured was set aside to extend the poultry veterinary and instructional service.

These arrangements, including payments from pool funds, are made with the approval and co-operation of the New Zealand Poultry Board, and the industry in general is taking a very live interest in its own administration and affairs. The Poultry Board's annual conference of registered poultry-keepers, held at Christchurch in February, unanimously favoured retaining and improving the Division's organization of marketing facilities, and, in co-operation with the Division, investigating post-war problems. The Division has been most grateful for assistance given by the New Zealand Poultry Board, by various Government agencies, and by those producers whose active individual co-operation has made possible the year's improvements in rationing.

IMPORTED FRUITS

Although during the war years opportunities for the importation of overseas fruits have been limited, the importance of this section of the Division has not in any way diminished. In many aspects its responsibilities in distribution and marketing, due to the small shipments arriving in New Zealand, have increased. The Division has endeavoured to allocate the available supplies of imported fruits proportionately to all consumers in the Dominion, and at the same time to ensure that supplies of oranges are at all times available to hospitals, necessitous cases, and to the Plumket Society. In the main, an even distribution to consumers has been achieved by instructing wholesale distributors, selling on behalf of the Division, to ration their deliveries on the basis of the quantities purchased by retailers when normal importations were coming to hand. To assist present retailers who were finding it difficult to procure sufficient stocks to maintain trade, it was decided that wholesalers would not accept new accounts unless the applicant was a returned serviceman or was opening a business in an area where consumers had been deprived of a retail service.

During the year a visit was paid by the Right Hon. the Prime Minister to Fiji, Tonga, Samoa, Niue, and the Cook Islands. The Acting-Director of the Division accompanied him and took the opportunity to make as close a study as was possible in so brief a visit of the future prospects for fruit for New Zealand. For the past few years Natives in the islands have found other sources of income much more attractive than growing fruit. This has been brought about by high wages for war work, easy money for such odd jobs as laundry-work for Allied servicemen, and the ready sale at high prices of Native handicrafts. While this money was so easily obtainable, growers allowed their plantations to deteriorate. Now that the war is rapidly receding from these producing areas, interest in fruitgrowing is being revived to the extent that in the not too distant future banana-production at least will in general return to pre-war figures. Cook Island orange-growers, however, have, in addition, had to contend with a succession of hurricanes which, combined with the dying-out of old trees, have materially reduced the quantity of oranges available for shipment to New Zealand. Replanting schemes have been designed to offset these losses, and therefore importations of oranges from the Cook Islands in the future should resume normal proportions.

However, a limiting factor in the volume of fruit that can arrive in New Zealand is shipping space. Unless ample provision is made in this respect, island growers will be loath to grow fruit which there is little prospect of marketing.

The difficulty that has confronted the Division in its endeavours to evenly distribute the small quantities of fruit available over the war period appears in the figures shown below. Under the headings of the various fruits imported, these cover importations from 1939 onwards and indicate the fall in the quantities coming to hand.

ORANGES

This year the equivalent of 183,270 export cases was received from all sources of supply, as compared with 189,317 cases imported last year and 460,000 cases distributed in 1939. After making provision for civilian and Armed Services, hospital patients, and other essential needs such as those of invalids and Plunket Societies, the remainder of the fruit was proportionately distributed to consumers throughout the Dominion. Importations into New Zealand from 1939 up to the present year are as follows:—

	Year ended 31st March.							
	1939.		1940.		1941.		1942.	
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.
Australia	295,780	64.3	216,300	61.8	243,215	62.4	214,713	64.2
Cook Islands	96,600	21.0	54,250	15.5	127,028	32.6	119,213	35.7
Jamaica ..	57,500	12.5	79,450	22.7	11,257	2.9	..	..
U.S.A. ..	10,120	2.2	..	..	..	..	..	..
Fiji ..	..	..	..	..	8,035	2.1	160	} 0.1
Pitcairn ..	..	..	..	..	..	..	111	
	460,000	..	350,000	..	389,535	..	334,197	..

	Year ended 31st March,							
	1943.		1944.		1945.			
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.		
Australia	121,342	70.95	145,516	76.86	129,786	70.82
Cook Islands	49,680	29.05	43,801	23.14	42,776	23.34
Jamaica	10,708	5.84
U.S.A.
Fiji
Pitcairn
			171,022	..	189,317	..	183,270	..

Orange crops in the Commonwealth of Australia were below normal. At the same time, the Australian Government was committed to meeting the requirements of the Armed Forces for citrus juices, using 25 per cent. of the orange crop for this purpose. Recognizing New Zealand's need of oranges, the Australian authorities approved the export of 200,000 bushel cases for the year. Similar conditions and quantities are expected next year.

Although the quantities of oranges exported by the Cook Islands have been reduced by hurricane conditions, &c., the general improvement in quality has been maintained and losses on arrival disclosed a marked decrease on the results of inspections of a few years ago. According to present forecasts, shipments from the Cook Islands next season will exceed this year's figures.

Normally this country looks to Jamaica to augment orange supplies during the gap between the Australian and Cook Island seasons, approximately December to March. However, for the past few years, Jamaican fruit, due to lack of shipping space and the requirements of the British Ministry of Food, has not been procurable except for one shipment in December, 1944. The forward position in regard to Jamaica is uncertain, but every effort is being made to resume normal trading relations at the earliest opportunity.

Oranges were purchased in past years from the United States of America when necessary, but here again the lack of suitable shipping opportunities cut off supplies from this source. Fiji and Piteairn can supply New Zealand only spasmodically, but supplies are gladly accepted when available.

BANANAS

As disclosed in the figures quoted below, 118,591 cases (10,673,190 lb.) of bananas were imported this year, against 193,692 cases (17,432,280 lb.) last year and 410,160 cases (36,914,400 lb.) in 1939.

	Year ended 31st March,							
	1939.		1940.		1941.		1942.	
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.
Fiji ..	134,092	32·69	59,580	17·67	93,116	24·38	50,125	18·92
Tonga ..	14,476	3·53	30,501	9·04	29,300	7·67	71,626	27·03
Samoa ..	211,071	51·46	198,295	58·79	228,269	59·74	135,796	51·25
Niue ..	13,030	3·18	13,703	4·06	11,278	2·95	..	..
Rarotonga	37,491	9·14	35,206	10·44	20,114	5·26	7,427	2·8
	410,160	..	337,285	..	382,077	..	264,974	..

	Year ended 31st March,							
	1943.		1944.		1945.			
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.		
Fiji	85,304	34·85	76,380	39·43	32,965	27·80
Tonga	48,989	20·00	55,689	28·75	31,332	26·42
Samoa	88,052	35·96	53,436	27·59	48,242	40·68
Niue	11,699	4·78	7,953	4·11	3,086	2·60
Rarotonga	10,806	4·41	234	0·12	2,966	2·50
			244,850	..	193,692	..	118,591	..

Banana importations during recent years have shown a marked decline, but in late months a considerable improvement has been effected. This improvement is expected to continue, and during the coming year the vessels now catering for the island fruit trade will be more than fully taxed in coping with the increased production. This will mean the reimposition of quotas upon the quantities to be accepted from the various islands. In the period of short supplies when each island was shipping every available banana there was also a decline in quality, but now that production has improved, inspection at the points of shipment has been made more rigorous, resulting in present shipments arriving in much better condition.

GRAPEFRUIT

In the main the consumers of grapefruit have for several years been dependent on locally grown fruit. The whole of the Australian grapefruit crop was reserved for juicing for the Armed Forces, leaving nothing for the Australian consumer or for export to New Zealand. Supplies from this source this coming year are still unlikely.

Small shipments of first-class fruit continue to arrive from Rarotonga. It was possible, also, to arrange with Jamaica for one consignment of grapefruit to come forward with the oranges which landed in December last. If shipping arrangements can be made, further Jamaican supplies will be purchased during the coming year. Importations from 1939 to 1945 inclusive were as follows:—

	Year ended 31st March,							
	1939.		1940.		1941.		1942.	
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.
Australian	50	0·56	3,007	22·31	3,991	69·40	1,889	68·69
Jamaica ..	4,053	45·53	8,869	65·81	1,760	30·60	..	..
Cook Islands	..	..	..	..	..	..	861	31·31
Samoa ..	..	..	..	..	..	..	..	..
U.S.A. ..	4,800	53·91	1,600	11·88	..	..	..	..
	8,903	..	13,476	..	5,751	..	2,750	..

	Year ended 31st March,							
	1943.		1944.		1945.			
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.
Australian	1,767	64·72	..	..	..	..
Jamaica	5,412	81·59
Cook Islands	963	35·28	385	75·2	545	8·22
Samoa	127	24·8	676	10·19
U.S.A.
			2,730	..	512	..	6,633	..

PINEAPPLES

Responsibility for arranging to import and distribute pineapples was placed with the Division in 1940, and, although the quantities imported have not been large, it has accepted all available pineapples from the Pacific islands and Australia. Australian shipments are not expected to be any larger next year, since the continued presence of servicemen reduces the local surplus formerly available for export.

	Year ended 31st March,									
	1941.		1942.		1943.		1944.		1945.	
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.
Pacific islands ..	2,426	25·9	4,211	43·40	336	11·7	853	21·9	2,061	42·8
Australia ..	6,942	74·1	5,509	56·60	2,528	88·3	3,033	78·1	2,750	57·2
	9,368	..	9,720	..	2,864	..	3,886	..	4,811	..

LEMONS

The packing and marketing of New-Zealand-grown lemons (not including the Meyer variety) and the importing and marketing of overseas lemons were again carried out by the Division. Contrary to the general criticism that the lemon industry is dying out in New Zealand, the crop was the largest yet experienced—probably a record—and during the peak period of production there was difficulty in finding an outlet for the quantities coming forward. Efforts are continually being made to find ways and means of holding lemons produced in the middle of the season for marketing in the off season when this fruit is scarce. If these experiments are successful and production is maintained, this country should soon be self-supporting in lemons throughout the year. Unfortunately, locally grown lemons in general are not good keepers and, consequently, when large quantities are on the market considerable losses occur. This weakness in the fruit may be due to climatic conditions. Nevertheless, the attention of growers is being directed to eliminating weak fruit and making every effort to improve its keeping condition.

As the Australian and Cook Island seasons are practically identical with our own, very few lemons were imported to relieve the shortage during the period of low production in New Zealand. In addition, 50 per cent. of the Australian crop is reserved for Armed Service demands, leaving practically no surplus for other than Australian consumer needs. Normally, Californian lemons are imported to meet our requirements in the local off season, but, as with other fruits, suitable shipping space is not yet obtainable to allow a return to this procedure.

The quantities (based on $\frac{3}{4}$ -bushel cases) handled as fresh fruit from 1939 to the present year were :—

—	Year ended 31st March,							
	1939.		1940.		1941.		1942.	
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.
New Zealand	..	..	47,521	58.44	69,151	78.7	80,043	91.9
Australia ..	..	..	15,852	19.50	7,342	8.4	6,724	7.7
Cook Islands	..	..	32	0.04	801	0.9	318	0.4
U.S.A. ..	8,998	100.0	17,908	22.02	10,500	12.0	..	..
	8,998	..	81,313	..	87,794	..	87,085	..

—	Year ended 31st March,							
	1943.		1944.		1945.			
	Cases.	Per Cent.	Cases.	Per Cent.	Cases.	Per Cent.		
New Zealand	61,500	79.7	82,949	86.20	99,662	95.29
Australia	14,316	18.5	11,826	12.29	3,936	3.77
Cook Islands	1,370	1.8	1,450	1.51	976	0.94
U.S.A.
			77,186	..	96,225	..	104,574	..

The work of the grading, curing, and packing sheds has to be expressed in terms of the loose-bushel cases in which the fruit is received from the growers. A record total of 139,000 cases was handled, 17,000 cases more than the 122,000 of 1941 and 27,000 over the 112,000 of 1944.

Marketable Grades received

Auckland.		Tauranga.		Kerikeri.		Gisborne.	
Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.
20,477	12,805 $\frac{5}{8}$	37,083	22,597 $\frac{3}{8}$	6,173 $\frac{1}{2}$	1,981 $\frac{1}{2}$	2,733 $\frac{1}{2}$	1,155
£11,605 15s. 8d.		£21,316		£2,950 5s. 6d.		£1,391 3s. 7d.	
s. d.		s. d.		s. d.		s. d.	
Av. price..	6 11·689	Av. price..	7 1·720	Av. price..	7 2·826	Av. price ..	7 1·864
Bonus ..	1 0·75	Bonus ..	1 0·75	Bonus ..	1 0·75	Bonus ..	1 0·75
8 0·439*		8 2·470*		8 3·576*		8 2·614*	

* Plus 5d. subsidy from War Expenses Account.

Total, all sheds—	Value.		Per Loose Bushel	
	£	s. d.	s.	d.
105,007 cases	..	..	..	..
Bonus value	..	..	..	..
Total value ..	..	..	..	..
	£42,842	3 0 = 8	1·918	

By-products

First Peel lemons—				£	s.	d.
26,588 $\frac{3}{8}$ cases (1,010,358 lb.) @ 4s. 9d. c/s	..	..	..	6,314	14	9
Second Peel lemons—						
104 $\frac{3}{8}$ cases (3,966 lb.) @ 3s. 2d. c/s	..	..	..	16	10	6
Juice lemons—						
7,202 $\frac{1}{4}$ cases (273,686 lb.) @ 1s. 7d. c/s	..	..	..	570	3	7
				£6,901	8	10

Total by-product tonnage—					Tons.
Fresh peel lemons	..	..	..	..	453
Fresh juice lemons	..	..	..	..	122
					575
Peel processed ..	..	..	..	..	258
Lemon-juice processed	..	..	..	..	17,238
					Gallons.

Export to the Pacific Armed Forces of 13,000 cases obviated any serious oversupply in the flush months.

Next year's local lemon crop is unlikely to be as heavy as this year's. Nevertheless, except during the low production period, there should be ample fruit for all local demands.

APPLE AND PEAR MARKETING, SEASON 1944

Major changes were introduced in the relationship between the Government and fruitgrowers for the 1944 season as compared with the previous four years. In these previous years the Government purchased the apple and pear crops on a schedule of prices which varied according to variety and grade of fruit.

Under the new agreement a Fruit Marketing Council was established to market the fruit on behalf of the growers. In addition to market returns, the Government granted a subsidy, and guaranteed that the overall average payment to growers would not fall below 6s. per bushel case.

During the war years the abundant supply of apples on the New Zealand markets resulted in market returns at a level lower than was necessary to keep orchards in full production. Consequently, to conserve the national asset of apple orchards, market returns had to be supplemented by Government subsidy. The introduction of economic stabilization fixed the level of market prices and necessitated the continuance of such a subsidy.

Under the new agreement it was arranged that the annual subsidy would be fixed at £169,000, of which £144,000 would be available to supplement market returns and £25,000 available to assist uneconomic orchards on to an economic basis, or be used for such other general benefit to the industry as may be agreed upon by the Minister in consultation with the Council.

Until such time as the industry had an opportunity to select by postal ballot its representatives to the Council, an interim Council was appointed by the Minister after consultation with the industry.

The election for grower representatives took place in October and the new Council assembled in November, the personnel being as follows:—

Government representatives:—

Internal Marketing Division: Messrs. R. P. Fraser (Chairman) and W. Benzie.
Department of Agriculture: Mr. W. K. Dallas.

Grower representatives—

Messrs. A. B. Congdon (Auckland), A. C. Ward (Hawke's Bay), L. B. Robinson (Nelson), H. R. Sampson (Canterbury), and J. Hainsworth (Otago).

Consumer representatives—

Hon. R. Eddy (Member of the Legislative Council) and Mr. F. B. Stephens, M.A.

The Internal Marketing Division administers and operates the policy of the Council.

In addition to the Council, district committees were established to ensure the smooth working of the system. Such committees were established at Auckland, Hastings, Gisborne, Nelson, Christchurch, and Central Otago and consisted of the local grower member of the Council, one representative from the Internal Marketing Division, one representative from the Department of Agriculture, and three or four representatives from growers within the district. The operations and functions of local committees were controlled by the general policy of the Council.

The functions of the Fruit Marketing Council were to fix prices to be paid to growers for fruit supplied or services rendered, and to control and direct efficient marketing of apples and pears within the structure of economic stabilization and within the general policy of the Government.

CROP

The crop of apples in 1944 was greater than in any year since the outbreak of war. Both Hawke's Bay and Poverty Bay had record crops. Hawke's Bay also had a record crop of pears. Quality was high, but the wet season in some of the main districts resulted in a softening in texture which slightly impaired storage quality.

Notwithstanding the abundant crop, the Council decided that the greatest possible quantity should be made available to the public. Towards this end, the Council extended the range of official size packs to include apples and pears smaller than those usually put on the market, and, in addition, a third, or Minimum, grade was introduced.

DISTRICT PRODUCTION OF APPLES AND PEARS, 1940-44

Year.	Auckland.	Poverty Bay.	Hawke's Bay.	Wellington.	Marlborough.	Port Nelson.	Mapua.	Mouteka.	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	96,861	11,179	158,733	2,300,785
1942	167,110	40,076	770,923	34,473	70,557	183,083	243,601	207,072	91,614	5,688	109,498	1,923,695
1943	190,300	23,026	422,517	31,917	67,415	307,911	389,539	336,793	121,935	5,840	128,515	2,025,708
1944	236,072	41,577	865,870	23,666	74,567	238,942	336,226	273,862	100,466	2,602	120,434	2,314,284
	1,123,717	147,126	3,286,921	154,530	363,391	1,236,546	1,862,772	1,463,050	513,647	32,348	632,823	10,816,871
<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
1942	17,052	2,708	90,215	816	865	9,446	9,266	16,830	14,016	1,525	20,679	183,418
1943	27,766	3,505	106,245	2,766	761	15,471	15,130	33,533	9,969	1,797	18,433	235,376
1944	16,309	3,053	155,660	2,572	1,027	13,435	11,842	30,255	9,737	1,819	23,985	269,694
	131,849	14,232	574,736	10,569	6,303	76,619	78,497	143,896	54,762	8,002	104,326	1,203,791

Table showing Grade Percentages

	1940.	1941.	1942.	1943.	1944.
Apples—					
Extra Fancy	49.9	45.5	74.5	83.5	81.8
Fancy	32.6	31.2	25.5	16.2	16.6
Commercial	17.5	23.3	..	0.3	1.6
Minimum	..	..	..	..	..
Pears—					
Fancy	71.4	74.6	81.8	87.6	89.3
Commercial	28.6	25.4	18.2	12.4	10.0
Minimum	..	..	..	..	0.7

STORAGE

Cool-storage space was secured for 950,000 cases of fruit, but at a later date over 200,000 case space had to be transferred to the use of the United States Joint Purchasing Board. During the war period, several stores highly suitable for fruit storage have been erected, but there still remain many old stores which are costly in operation and poor in efficiency. These old stores are utilized only for temporary storage.

All fruit in cool store is under constant supervision, and the Council endorsed the policy of marketing the fruit before waste develops. Adherence to this policy keeps wastage loss at a minimum—this year the loss in fruit actually cool-stored was less than a quarter of 1 per cent. of the total sold through the Division. It also avoids repacking costs. On the other hand, this policy means that the supply to the public during the last three months of the years is very small.

In Canterbury and Otago, climatic conditions are suitable to storing fruit in the orchards, and this practice is followed to supplement cool-store stocks. This season 50,000 cases were stored in orchards.

DISTRIBUTION

The following table shows the distribution of this year in comparison with previous years :—

	1940.		1941.		1942.	
	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	1,559,000	159,000	2,037,000	329,000	1,537,000	159,000
U.S.J.P.B. ..	..	..	..	..	31,000	1,000
New Zealand Forces ..	30,000	5,000	55,000	15,000	158,000	23,000
Schools ..	..	..	113,000	..	156,000	..
Export ..	587,000	..	4,000	..	..	..
Miscellaneous sales ..	77,000	3,000	92,000	3,000	42,000	..
	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000
Dehydration ..	..	..	..	..	..	..
Total crop ..	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000

	1943.		1944.	
	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	1,522,000	198,000	1,512,000	230,000
U.S.J.P.B. ..	267,000	23,000	479,000	26,000
New Zealand Forces ..	94,000	11,000	66,000	9,000
Schools ..	91,000	..	102,000	..
Export ..	..	..	..	..
Miscellaneous sales ..	47,000	3,000	43,000	4,000
	2,021,000	235,000	2,202,000	269,000
Dehydration ..	5,000	..	113,000	..
Total crop ..	2,026,000	235,000	2,315,000	269,000

Because of the abundant crop, it was possible to increase the supply to Armed Services without significant reduction in the supply to the public. The increase to the military Forces was approximately 300,000 cases.

As in previous years, supplies were made available to school-children during the harvest period, but owing to the schools being closed for two weeks on account of sickness these supplies were not as great as anticipated. The coverage was complete: pupils in remote country districts participated to the same extent as did pupils in town schools; pupils in private schools, and children of school age in public institutions (except public hospitals), all received their due share; even the individual pupils in town and country who receive tuition by correspondence were not overlooked, nor were the school-children in far-away Chatham Islands.

Over 110,000 cases were supplied to dehydration factories. Unfortunately, the Division's factory at Motueka was not completed until towards the end of the harvest season, otherwise greater quantities would have been processed. The new system of dehydration is a vast improvement on older methods of drying, and the stage has now been reached where it can be claimed that the dehydrated article, when cooked, cannot be distinguished from cooked fresh apples. All dehydrated apples are supplied to the United States Joint Purchasing Board.

It is estimated that in pre-war years local market demands were fully met by 1,250,000 cases of apples and pears, but under present-day conditions the additional 500,000 cases, making a total of 1,750,000 cases, is scarcely adequate to the public's need. While this increased demand is partly due to the shortage in imported fruits, nevertheless, the general public is definitely more apple-conscious than in pre-war years.

The distribution policy is to effect regular supply to all markets—avoiding gluts and shortages—and to give to each township throughout the Dominion its proportionate share of the quantity liberated each week. Weekly market releases are determined with the object of spreading sales as much as possible over the whole year. All supplies to the United States Joint Purchasing Board, local military units, to schools, and factories are dispatched direct from the Division, but all supplies to the public are available only through the usual wholesale and retail channels. The Fruit Marketing Council desires to see more direct selling methods evolved.

Private trade direct between individual growers and consumers has demonstrated clearly how popular this type of trade really is. It has become so popular with growers and with consumers that the growing quantities are upsetting to the public supplies through ordinary retail channels and give rise to discontent from other consumers. The Council recognizes that the solution lies not in the prohibition of direct sales to consumers, but in the co-ordination of this trade with other avenues of supply.

SALES

For many years the common method for determining the private value of apples and pears was the auction system. It was contended that through auction, supply and demand met its true price-level. However, a study of the price fluctuations that existed between merchants, between markets, and from day to day revealed that these auction prices were not influenced as much by the general position of supply and demand as they were by the temporary supply to the particular merchant or market, and the regularity of that supply, or by the fruit trafficking that took place between the point of production and the point of consumption.

Through grade standardization and central control of stocks it has been possible to establish a system whereby auction selling has been abolished, to regulate market turnover through price (a real relationship between supply and demand), and to establish prices which, while varying according to variety and grade of fruit, are common to all markets of the Dominion—country as well as town. Such price-lists are stable for at least one week, but, according to circumstances, may remain unchanged for two or more weeks.

It has also been possible to fix retail prices in relation to current wholesale prices.

Through these changes in price determination the Council and the Division can operate effectively the price policy set by the Economic Stabilization Commission.

The result of the year's operations resulted in an average payment to the grower of 7s. 3d. per case. This was the grower's compensation for production, grading, packing, and cartage to central assembly depot. Included within the 7s. 3d. is the Government subsidy, which this year equalled 1s. 1½d. per case. This means that the grower's net return from all avenues of distribution was 6s. 1½d. per case, which is equivalent to a wholesale price of 9s. 8d. on the public market and a retail price of 4½d. per pound in the shop.

£25,000 FUND

The Council invited applications for grants from all growers who deemed their orchards to be uneconomic and whose own private resources were not sufficient for the grower to put the property on to an economic basis. Each application received individual consideration by a district special committee acting under the Council. The Minister of Marketing approved each successful application before payment was effected. Up to the 30th June, 1945, the Council received ninety applications, which were disposed of as follows :—

	Total District Applications.	Number of Applications approved.	Total Amount approved for Expenditure.
			£
Auckland	12	6	1,105
Hawke's Bay	3	2	75
Wairarapa	2	1	200
Gisborne	1	..	..
Nelson	38	16	1,718
Blenheim	3	1	100
Canterbury	13	7	1,020
Timaru	4	2	188
Oamaru	1	..	..
Otago	13	6	724
	90	41	5,130

HONEY

Up to 1942 the Division's sole work with honey had been the running of the Auckland honey-blending plant. This was undertaken originally at the request of the producers in 1938, and was operated on behalf of the industry. The plant served the industry by absorbing the surplus of plentiful seasons at a payable price and by maintaining at least a token quantity of high-standard honey for export to Britain even in seasons of low supply. Supply was entirely voluntary. In 1942, however, after two seasons of very poor production which occurred at the very time when local demand was greatly increased by shortage of other sweet foods, regulations were gazetted requiring all owners of twenty or more hives to supply 70 per cent. of their production to the Division to meet military and civilian priority needs. Similar regulations were gazetted in the next season. The "national pool" system thus created appeared to be the only practicable means for supplying military needs and for rectifying the mal-distribution which scarcity created under price control by keeping honey very largely in those areas where it was produced, and as such it was supported by the Honey Control Board and the National Beekeeper's Association Conference, despite the fact that in local sales the apiarist, acting as his own retailer, gained the wholesaler's and retailer's margin, whereas sales to the Division were naturally on a bulk-price basis.

Accordingly this year, when it seemed possible to make do with a somewhat smaller “national pool” of honey, the National Beekeepers’ Association Conference recommended alterations to the regulations which would allow them to sell direct some 50 per cent. rather than the former 30 per cent. of their production. The current regulations embody by and large the industry’s suggestions for implementing this change. Apiarists are required to supply 30 lb. per hive from all but the first nineteen hives. If hives produce under 40 lb., the owner may apply for a reduction in his quota.

1943-44 SEASON

On winding up the 1943-44 season in October, it was calculated that the Division had distributed 1,208 tons, as follows:—

	Tons.
Air	47
Army	163
Hospitals	24
Prisoners of war	10
Navy	33
Schools, camp, manufacturers, &c.	80
To Greece	30
To Britain	100
Main centres	499
Country towns	111
Balance for civilian distribution later in year	112

By this means the main centres received, through the Division, approximately five-eighths of their peacetime consumption of 3 lb. per head. A small part of the honey sold direct by beekeepers would also reach the cities, but by far the greater part was undoubtedly consumed in the country districts, as had been envisaged when the regulations were drawn up. The Division supplies merchants by quota and has asked retailers, in supplying families, to take into account both the comparative needs of customers and the desirability of a wide distribution.

1944-45 SEASON

Adverse weather from November to January has affected the 1944-45 crop, and it is expected that not more than 500 tons will be received. The main areas of failure were the North Island, particularly in the Waikato and Taranaki districts, and as two-thirds of the production in the North Island comes from these areas, the Division’s overall receipts were seriously affected. With the rationing of sweet goods owing to wartime conditions, there is a heavy demand for honey. For the year 1st April, 1944, to 31st March, 1945, the Division’s honey plant received 703 tons in bulk and 91 tons in pack.

The season ending June, 1944—		Tons.
Bulk		504
Packed		83
Season, 1st July, 1944, to 31st March, 1945 (part)—		
Bulk		199
Packed		8

The average grade was 91.99, against 93.41 last year.

The total value of the above honey—bulk being valued at 7d. per pound, *pro rata*, plus ¼d. bonus, and the packed honey at the price paid to the beekeepers—is as follows:—

	£	s.	d.
Bulk honey	44,235	2	3
Packed honey	7,852	18	11
	£52,088	1	2

As these figures include honey from two seasons, the following is a brief summary from each season—

1st April, 1944, to the 30th November, 1944 (balance of 1943-44 season)—						Tons.	Cases.
Bulk honey	..	..	..	..	..	503½	9,495
Packed honey	..	..	..	..	..	83	..
From 1st December, 1944, to 31st March, 1945 (portion of the present season)—							
Bulk honey	..	..	..	..	..	199½	3,786½
Packed honey	..	..	..	..	..	8	..

The average grade for the season as at 31st March, 1945, is 91.99. This, compared with the previous season of 93.41, shows a considerable decrease. This can be accounted for by climatic conditions and by the fact that all honey received was produced late in January and early in February when clover had practically died out and buttercup and bush were the main source of supply.

The Division appreciates the action of the Honey Control Board, the National Beekeepers' Association, and the great majority of apiarists generally in maintaining the "pool," despite the attraction of temporary higher prices outside it. It has enabled essential calls to be met, a roughly proportionate distribution throughout the Dominion and throughout the year to be maintained, and the plant which the Division operates on the industry's behalf to be continued for the normal days ahead when its stabilizing function will again be needed.

POTATOES

A fairly substantial increase in the area planted in potatoes was reached for the 1944 harvest, the total acreage of 27,178 acres being an increase of 3,318 acres on the previous year. Unfortunately, crop conditions were not entirely favourable and the average yield of table potatoes per acre showed a slight decrease, the total yield of all potatoes, including seed, being 161,512 tons. This quantity was, however, sufficient to provide for all civilian requirements and a surplus of approximately 30,000 tons which were supplied to Allied Forces in the Pacific and for military needs within New Zealand.

The contract system under which merchants contracted with farmers on behalf of the Internal Marketing Division for their main-crop potatoes was continued during the year under review, with fixed prices month by month for all contract-grown potatoes.

For the 1945 potato harvest a further considerable increase in area, estimated to reach 28,000 acres, has been achieved, but conditions in the early part of the year have not been satisfactory and the yield and surplus available are not likely to reach those of the 1944 crop.

ONIONS

Of the 1944 harvest from an area of 1,023 acres the estimated yield was 8,466 tons and the condition of the onions was, on the whole, good. As in the case of potatoes, these onions were almost all grown under contracts made by merchants on behalf of the Division. The surplus available for military requirements after providing for all civilian needs amounted to 1,850 tons, which were packed and shipped for use by the Forces in the Pacific. For the year 1945 a greatly increased area has been grown, approximately 1,850 acres, and it is expected that the surplus for export will be much larger than heretofore.

BARLEY

Importations from Australia during the year were a total of 150,000 sacks of feed barley and 45,000 sacks of barley-meal. All of this was sold at stabilized prices and was of great assistance to both pig and poultry farmers in maintaining and increasing their production. These importations were sufficient to meet the winter and spring

needs of pig-farmers, but in the latter end of the season no further supplies were available. This was due to the very severe drought in Australia, the 1944-45 barley harvest there being sufficient for their own requirements. The Division is therefore unable to secure any further supplies at present, and must depend upon our internal cereal production for stock-feeding purposes during 1945.

MAIZE

The crop harvested in 1944 proved to be one of the smallest maize crops for many years, yielding a total of about 40,000 sacks only, whereas under normal conditions the Dominion consumes some 120,000 sacks. Indeed, with present shortages of other stock-foods, this figure would be greatly exceeded if the maize was available. In order that this small crop should be equitably distributed to all classes of consumers, a Maize Marketing Committee was set up to operate under regulations giving it authority to control the sale and distribution of the whole of the maize available. This Committee consists of two representatives of growers, two merchants (from growing areas and distributing centres), a Poultry Board delegate, a manufacturer, a Department of Agriculture officer, and the Director of Internal Marketing as Chairman.

At its first meeting, at Gisborne in September, 1944, it made preliminary allocations of the estimated crop, and at a later meeting in February it was found possible to make further small allocations, the total quantity dealt with by the Committee being 38,155 sacks.

Although the Committee was faced with a difficult task in endeavouring to make the small crop available meet the demand for four or five times the quantity, it appears to be generally considered that the work of the Committee has been satisfactory and that the object for which it was set up has been achieved with the minimum amount of friction. For the 1944-45 season the maize crop carried a Government subsidy to growers of 1s. per bushel. For the coming season the subsidy has been increased to 1s. 6d. per bushel, and an increased area will probably be obtained.

HOPS

Unfavourable weather conditions during the two months prior to harvesting in 1944 caused a big reduction in yield. The crop amounted to only 2,359 bales, one of the smallest for many years. As a result not only was there no surplus available for export, but insufficient to meet New Zealand brewers' requirements. Rationing of available supplies was therefore undertaken by the Committee, brewers receiving about seven-tenths of their requirements, which have shown a very substantial increase during recent years. For the 1945 season much better growing conditions have prevailed and it is estimated that there will be sufficient for the New Zealand brewers, but none for export. The Committee is now conducting an intensive canvas of all growers in an endeavour to get a substantially increased acreage grown, there being excellent export prospects for a number of years ahead. The present acreage is 621, and it is desired to increase this by at least 200 acres.

RASPBERRIES

As a result of a slightly better season and a small increase in acreage, the crop harvested this season amounted to 190 tons, an increase of 44 tons on the poor yield of the previous year. With a good season the present acreage should be capable of producing 250 tons, but even this quantity falls far short of manufacturers' requirements, and efforts are being made by the Committee to obtain increased plantings to assist in meeting the demand. Difficulty is still being experienced by growers in obtaining the necessary seasonal labour for picking.

FERTILIZERS

Importation and distribution of sulphate of ammonia, nitrate of ammonia, muriate of potash, and sulphate of potash has continued to be the responsibility of the Division.

A regular supply sufficient to meet all market-garden and fruitgrowers' requirements has been maintained, with the exception of sulphate of potash, supplies of which have been released by the overseas authorities for tobacco fertilizer only. Importations during the year amounted to 2,500 tons of sulphate of ammonia, 350 tons of sulphate of potash, 3,000 tons of muriate of potash, and 400 tons of nitrate of ammonia. Stocks are carried to meet all requirements, and further shipments will be arriving during the coming year.

MOLASSES

In the past, supplies of molasses for stock-feed have customarily been imported in large quantities from the Netherlands East Indies. Following the Japanese occupation, there was a prospect of an acute shortage of supplies. As a result of prompt action by the New Zealand Government Trade Representative in Australia, substantial supplies were secured there in 1943, and this Division was asked to undertake the handling and distribution of such purchases. At the same time licenses were granted to private importers to augment supplies in case of any additional quantities being obtainable.

This action has resulted in ample supplies, and the Division has still sufficient stocks available to meet requirements during the 1945 winter season.

DRY BUTTERFAT

The plant which was installed at King's Wharf, Auckland, to transform ordinary butter into pure fat, by eliminating all water, salt, and other impurities, has continued to function. However, instead of two-shift operation which was necessary when shortage of refrigerated shipping made it essential to have large quantities of butter reduced to a form that would travel to Britain merely in sealed tins, the plant has needed to run only periodically. It has done so when the National Patriotic Board has required dry fat for the Pacific and Middle East, where it is mainly used in making ice-cream for the Forces; when low-grade or damaged butters have been salvaged by this process from what otherwise would be waste; and when the quantities absorbed by parchment that is discarded in the course of patting operations are regularly treated. Thirty-seven tons have been processed for the overseas Forces and quantities valued at £670 recovered from waste. The Indians in Fiji, who actually prefer clarified butter, or "ghee," have been supplied, releasing equivalent quantities for military use or for Britain. Post-war prospects, with the exception of this market, are doubtful.

After advice from the British authorities that the insurance against increased sinkings, which was provided by the additional "shadow plant" erected at Frankton at their urgent request, will be no longer needed, this factory has been dismantled.

BOBBY CALF MARKETING POOLS

The general administration of bobby calf pools is carried out by the Division in so far as the forming of pool areas, gazetting Committees, receiving and summarizing annual accounts, and any other matter connected therewith are concerned. It has, however, no responsibility for the payment of any subsidies or for the sale of the calf meats and by-products.

In an effort to conserve petrol and rubber during the war period the Minister of Marketing requested pool authorities to postpone annual meetings till the cessation of hostilities, and in this pool Committees co-operated very satisfactorily. It is intended, however, to have all pools hold annual meetings again before the commencement of the next season so that various matters relating to the industry may be brought before the producers.

At the request of the Bobby Calf Executive, a revision and consolidation of the regulations is now being carried out, and this will be completed before the next calf season. The Committee set up by the Bobby Calf Executive in conjunction with the Dairy Board to investigate the possibility of introducing a form of standardized accounts and statistics reported little progress in this direction, but it is hoped that following further negotiations the industry will adopt some uniform standard of accounts suitable to all.

The industry is also conscious of the necessity for the more humane treatment of bobby calves, and a big improvement has been noted in this direction during the past season. The Division has had the splendid co-operation of the Society for the Prevention of Cruelty to Animals, pool Committees, carriers, and the Railways Department in endeavouring to alleviate any undue hardship where bobby calf traffic is concerned.

The pool movement has continued to make steady progress. There are now 128 gazetted pools in operation, and for the period under review a total of 824,000 calves were handled. The total realization on bobby calves for the period under review has remained steady, while future realizations appear quite sound.

VEGETABLES, 1944-45 SEASON

The demand for green vegetables to meet the needs of Armed Services within New Zealand and in the South Pacific area continued throughout the year to increase rapidly, the increase being mainly in the South Pacific area. It is pleasing to report that New Zealand met those needs without depriving the local public markets of adequate supply. Both commercial gardeners and the Services vegetable-production areas under direction of the Department of Agriculture deserve credit for the magnificent achievement. The favourable weather during December, 1944, and January and February, 1945, provided phenomenal yields of cabbage, carrots, and lettuce. Although this unexpected increase demanded a yet greater effort on the already overworked labour in gardens and factories, this extra effort was made, and the Armed Services received the benefit. The total value of this year's supply was over £2,500,000.

Fresh-vegetable packing is interlocked with dehydration and local marketing, the reason being that when fresh tonnage is received from the garden it is subjected to intensive grading, only the very best being selected for export. First- and second-grade vegetables not suitable for export are sold on the local markets, but if these markets are oversupplied, then these grades, together with the vegetables slightly damaged, are dehydrated and the product exported.

Packing and processing factories were established at Pukekohe, Hastings, Motueka, and Riccarton. Some were in operation during 1943-44, but all were in full operation during the 1944-45 season.

Table 1.—This table gives details of capital cost, number of employees, and general activities. Most of the equipment was obtained under lend-lease arrangements from the United States, but is shown in the table at full cost.

Table 2.—This gives details of the overall tonnage turnover and the poundage throughout of each type of activity.

Table 3.—This is a schedule of the quantity of each type of vegetable processed at the different factories.

TABLE 1

Factory.	Capital Costs.		Number of Employees.	Activities.
	Buildings and Plants.	Equipment.		
Pukekohe	420,000	72,000	600-700	Fresh-vegetable packing, dehydration, canning, and quick freeze, and cool storage.
Hastings (Wattie's) ..	20,000	36,000	?	Dehydration for Internal Marketing Division and canning for Food Controller.
Hastings shed .. ..	..	2,000	300-500	Fresh-vegetable packing and cool storage.
Motueka	60,000	15,000	30-60	Dehydration of apples.
Riccarton	162,000	30,000	200-300	Dehydration.

TABLE 2

Factory.	Number of Contracts.	Total Fresh Tonnage.	Export.		Dehydration.		Canning and Quick-freeze.		Markets : Fresh.
			Fresh.	Trimmed.	Fresh.	Dehydrated	Fresh.	Process.	
Pukekohe ..	425	29,728	45,293,000	31,865,000	9,027,000	395,000	540,000	424,000	11,730,000
Hastings ..	435	21,793	29,412,000	19,475,000	11,241,000	669,000	..	..	8,164,000
Motueka ..	..	952	..	..	2,132,000	247,000	..	..	..
Riccarton ..	75	5,237	..	..	10,423,000	486,000	..	..	1,307,000
Totals ..	935	57,710	74,705,000	51,340,000	32,823,000	1,797,000	540,000	424,000	21,201,000

TABLE 3

Commodity.			Pukekohe.	Hastings.	Motueka.	Riccarton.	Total.
			lb.	lb.	lb.	lb.	lb.
Apples ..	..	..	..	208,226	246,832	..	455,058
Beetroot ..	..	..	..	77,120	..	..	77,120
Cabbages ..	..	..	83,678	53,615	..	111,690	248,983
Carrots ..	..	..	278,032	197,557	..	180,144	655,733
Kumaras ..	..	..	33,600	..	..	..	33,600
Potatoes ..	..	..	..	132,931	..	194,166	327,097
Totals ..	..	..	395,310	669,449	246,832	486,000	1,797,591

During the war period major improvements were made in dehydration methods, especially in Britain and the United States, and officers of the Division, acting in close association with officers of the Department of Scientific and Industrial Research, derived benefit from the experience of these countries and from local experiments and have succeeded in producing dehydrated products of high quality. Samples have been made available to sections of the public, and the comment has been most favourable.

By agreement with Birdseye Food (N.Z.), Ltd., the Division undertook quick-freezing of peas and beans by the Birdseye system, the whole of this product being supplied to the United States Joint Purchasing Board for hospitals in the Pacific.

This process, while relatively simple in operation, demands an exceptionally high-quality standard, and the vegetable must be processed within a few hours of harvesting so that the garden freshness can be conserved in the stored article. The plant was completed in November, and by the end of March had processed—

Peas ..	..	..	..	..	..	..	72,922
Beans ..	..	..	..	..	..	..	115,429
Spinach ..	..	..	..	..	..	..	1,155
Total ..	..	..	..	..	..	..	189,506

In addition, small experiments were carried out in strawberries, peaches, and eels.

Canning has proved a most economic ancillary line to quick-freeze, and during the season 192,139 30 oz. tins of peas and 6,386 30 oz. tins of beans were produced. In addition, small experiments were made in the canning of peaches and pears.

BRANCH REPORTS

AUCKLAND

The Auckland Branch has handled from the growers for the 1944 season 232,000 cases of apples and pears (the largest quantity for several years) and distributed 800,000 cases—to public, 272,000; to United States Joint Purchasing Board, 466,000; and to New Zealand Services, 62,000. The *butter* plant, working two shifts for part of the year and turning out as high as 210 tons per week, has patted 78,000 boxes for the public and 209,000 boxes for the United States Joint Purchasing Board. Total butter sales reached £1,250,000. The butter-tinning plant, commencing in February, canned 1,892 tons. *Eggs* have reached Auckland in greater quantities, the peak week totalling 121,000 dozen, against 85,000 dozen for the best week of the previous year. A total of 21,700 40 lb. tins of pulp were manufactured, against approximately 5,000. To be marketed during April and May, 75,000 dozen were chilled. New emergency floors were begun in Tauranga and Hamilton.

The Auckland Branch has managed the entire *lemon-curing* operation, marketed lemons in its own area and worked under Head Office in receiving and distributing *imported fruit*.

Management of the *Pukekohe* factory and of *vegetable* supply to the United States Joint Purchasing Board has also largely devolved on the Auckland staff. By the Branch's fleet of eleven *lorries*, vegetables and other transport costs have been turned into a credit of approximately £20,000. The *storage floor* has been running to capacity over the year. At the end of the 1944 fruit season the assembly floor handled 133,000 crates of cabbage and 31,000 crates of carrots. The Branch has also stored penicillin for the Health Department.

CHRISTCHURCH

Through the assembly store now being situated at Mandeville Road, Riccarton, and the Division having its own private siding, the receiving and distribution of apples have been greatly facilitated and more economically handled. Local orchards have lost much fruit in storms, and that remaining is seriously marked, though without essential damage.

The *dehydration* factory on this site began operations on 21st June, six months after the building was begun. In addition to contracts with growers for *vegetables* for dehydrating, parsnips and cabbages were contracted for and distributed throughout the South Island when and where needed or shipped to meet deficiencies in the North Island. *Eggs* reached the Central Egg Floor, Ltd., in greater quantities, and, over and above local needs, were sent on to Wellington. Pulp to supply the winter months was made in the flush. A depot was established at Ashburton and has supplied the West Coast. A Timaru floor has also been established, the surpluses from which, after local retailers have been supplied, have been pulped or directed to areas of need. The usual services in *butter*-distribution, *honey* receipt and distribution, *stock-feed* distribution (Australian barley) and the allocation of *lemons* and *imported fruit* has taken place. Quotas of lemons, oranges, and bananas to shops and districts have been adjusted during the year after conferences with retailers.

DUNEDIN

The marketing of *apples and pears*, the Division's biggest task in the Dunedin district, was rendered difficult at times by the nature of the Branch's premises. As military camps closed down, the Division undertook to dispose of locally the *vegetables* grown for their needs by Services' vegetable-production farms at Outram and Totara.

With *imported fruit* the rationing-out system (to brokers and to shops) has been continuously amended and now works almost automatically. The *Egg* Marketing

Emergency Regulations, gazetted for Dunedin on 3rd July, 1944, and the zoning of the city for supplies, concluded long efforts to rationalize local distribution. Helped by the subsidy, agreement was made with producers who had hitherto sold direct. In Invercargill, producers allied with a dairy factory to establish their own co-operative floor.

HASTINGS

The Hastings Branch has experienced a tremendously busy year. The total weight of goods unloaded into store amounted to 35,000 tons—equal to 7,000 5-ton railway wagons or a train twenty-six miles long. This has severely taxed the Division's premises and siding which was erected four years' ago, despite the *apple and pear* cool store having space for 90,000 cases and the assembly shed space for 120,000 cases, and despite twelve other local privately owned stores holding 147,000 cases. The total Hawke's Bay cool-store space for 267,000 cases, holds, indeed, only 33.75 per cent. of the annual average crop of 792,000 cases. The balance has to be sent from the district at harvest-time either to Auckland or Wellington for cool storage or for marketing according to the numerous factors which influence the disposal of the Dominion crop. Distribution is also made from Hastings to country towns in the North Island, and from there also are serviced some six hundred schools in the lower half of the North Island during the "apples-in-schools" season. Although, in order to conduct orderly distribution, avoid unnecessary handling charges, and safeguard quality, cool storage at the point of production is of prime importance, only 3,950 cases—0.003 per cent. of the record 1944 crop of 1,090,000 cases—required repacking before dispatch. These buildings have also eased the wartime strain on transport and are still in first-class condition.

During the year, 29,591,757 lb. of fresh *vegetables* have left this building for Pacific service after being trimmed, crated, wired, and cool stored. Introduction of machinery has gradually eased staff shortage, but long hours have been necessary. In addition, there passed through the store for overseas 4,000 crates (equalling 150 tons) of *cheese*, 26,000 boxes (or 650 tons) of *butter*, and 1,100 cases of *lemons*, also 40,000 bags of potatoes (2,000 tons) and 14,000 bags of onions (700 tons). Apples and four vegetables were dehydrated in the Division's factory. *Eggs* were directed upon occasions to more needy districts from the local egg floor, which received 432,819 dozen, a 47.8 per cent. increase.

The Branch represents the Economic Information Service in Hawke's Bay and has answered numerous inquiries on its behalf.

NELSON

The decentralization of the Division's accounting system from Head Office in Wellington has resulted in a considerable expansion of the Nelson Branch. The Branch now handles all its own receipts and payments, and those of the dehydration factory at Motueka.

Initial operations at the *apple-dehydration* factory were hindered by necessary experimenting and by additions to the plant, but gradually swung into full stride as technical difficulties were overcome. A girls' hostel was erected for the Division nearby, and the Y.W.C.A. accepted responsibility for its administration, obtaining the help and assistance of a group of local ladies who act as the controlling committee and sponsor activities and functions which provide additional comforts and interests for the boarders.

BALANCE-SHEET AS AT 31ST MARCH, 1945
(EXCLUSIVE OF APPLE AND PEAR ACCOUNTS)

	£	Assets	£
<i>Liabilities</i>			
Creditors		Land	12,740
Reserve, Public Service Superannuation subsidy	3,336,937	Buildings	20,584
Reserve for marine insurance on imported goods and general insurance on goods in transit and in cool stores	80	Motor-vehicles	5,916
Reserve for honey advertising (London)	9,500	Loose tools, equipment, plant, furniture, and office appliances	64,191
Reserve against obsolete equipment	15,748	Stock in trade	700,723
Reserve for writings off	11,875	Stocks of consumable stores	107,647
Honey Pool Account	440	Debtors	2,410,943
Honey Seals Account	169	Advances to Apple and Pear Section	690,238
Butter Equalization Account	29,117	Payments in advance	1,473
Egg Pool Accounts	697,616	Cash in hand and at bank	698,179
Profit and Loss Appropriation Account	9,457	Shares in Combined Distributors, Ltd.	135
	611,270	Losses in Suspense	440
	£4,713,269		£4,713,269

R. P. FRASER, 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.—J. P. RUTHERFORD, Controller and Auditor-General.

MARKETING DEPARTMENT—*continued*
APPLE AND PEAR SECTION

GROWERS' POOL ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1944

(In accordance with an agreement between the Economic Stabilization Commission and the New Zealand Fruitgrowers' Federation, Ltd., dated 26th January, 1944)

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases	957,437	Sales	1,133,024
Assembly	43,199	Subsidy	144,000
Freight and cartage	155,231		
Wharfage	6,811		
Cool storage and storage	86,872		
Repacking and sorting	139		
Supervision	1,686		
Balance carried down	25,649		
	<u>£1,277,024</u>		<u>£1,277,024</u>
<i>Dr.</i>	£	<i>Cr.</i>	£
Advertising	29	Balance carried down	25,649
Alterations and repairs	230		
Audit	286		
Bank interest and exchange	4,225		
Cables, telegrams, postages	1,482		
Printing and stationery	225		
Rent, light, and heat	564		
Salaries	15,742		
Travelling-expenses	2,060		
Transfer and removal expenses	49		
General expenses	439		
Balance	318		
	<u>£25,649</u>		<u>£25,649</u>

<i>Dr.</i>	£	<i>Cr.</i>	£
Expenditure to date	1,254	Subsidy	25,000
Balance	23,746		
	<u>£25,000</u>		<u>£25,000</u>

PAPER BAGS TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1944

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand, 1st January, 1944	25,045	Sales	3,490
Purchases	227	Stock on hand, 31st December, 1944	15,133
Freight and cartage	78	Net loss	7,087
Wharfage	6		
Storage	333		
Duty	19		
Printing and stationery	2		
	<u>£25,710</u>		<u>£25,710</u>

BALANCE-SHEET AS AT 31ST DECEMBER, 1944

<i>Liabilities</i>	£	<i>Assets</i>	£
<i>Dr.</i>		<i>Cr.</i>	
Sundry creditors	169,449	Cash in hand	35
Uneconomic Orchards Subsidy Account	23,746	Cash at banks	125
Reserve Bank of New Zealand	601,111	Stock: Paper bags	15,133
Growers' Pool Account	318	Sundry debtors	106,435
			£
		Appropriation balance, 1943	665,809
		Add net loss paper bags, 1944	7,087
			<u>672,896</u>
	<u>£794,624</u>		<u>£794,624</u>

R. P. FRASER, 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, subject to the value of stocks of paper bags being as stated by the Internal Marketing Division.—J. P. RUTHERFORD, Controller and Auditor-General.

Approximate Cost of Paper—Preparation, not given; printing (1.08 copies), £72 10s.

By Authority: E. V. PAUL, Government Printer, Wellington.—1946.

1946
NEW ZEALAND

INTERNAL MARKETING DIVISION

ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH, 1946, AND STATEMENT OF
ACCOUNTS FOR SIX MONTHS ENDED 30TH SEPTEMBER, 1945

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

INTRODUCTORY

THE outstanding event since the last report is, of course, the cessation of the European and Japanese Wars. This, like their declaration, had an immediate and major effect on the Division. However, the transition period between war and peace is fraught with problems which cannot be treated as temporary like many war ones, since the form and manner of their solution will determine marketing and production procedures for many years.

The effects of these new conditions on the various activities of the Division will be described in the sectional reports which follow. Here it is pertinent to review briefly the original intentions and methods of the Division prior to its diversion for war purposes and the general nature of the present situation.

The Division was established in 1937 with the broad charter of so organizing marketing as to limit to a minimum the price gap between producers and consumers and to avoid the drastic fluctuations in supplies and prices which were typical of New Zealand primary production.

The general method adopted between 1937-39 was to organize industries which approached the Government for assistance in marketing—*e.g.*, honey, lemons, eggs, butter, and maize. Thus gradually and in differing degrees the Division made contacts and connections with Dominion producers' organizations. This process was, in many instances, accelerated by war to a close co-operation between these bodies and the Division, notably with pip-fruit, eggs, lemons, and vegetables.

Thus the first phase of organizing is nearing completion, in that industries once nearing bankruptcy are now relatively prosperous and seeking a continuation of control though it be with a strong desire towards exercising it themselves.

Through these years consumers have hardly existed as an organized articulate group, and the Division has had to take their part when dealing with strongly organized bodies of producers.

Recently, however, widespread interest has been aroused in consumer groups by such organizations as Food Value Leagues, Progressive Associations, and Housewives' Unions, and has come to be centred most particularly in the consumer co-operatives which are being established in various parts of New Zealand.

The Government has expressed its interest in and support for such groups wherever a majority of residents desire to serve themselves co-operatively. Should it prove that the trend of organized marketing is passing from producer organizations only to consumer organizations, the future task of the Division is made fairly clear—to assist in every way all co-operative efforts both by producers and by consumers, and to reconcile and combine their interest to such a point that co-operation will not cease when the greatest benefit to any one group is achieved, but will spread to the entire community.

Should this become the Division's task it is a worthy, though difficult, one, as history and modern experience combine to tell. New Zealand has pioneered many social and

economic moves, and perhaps, too, the union of producer and consumer co-operation may be first reached by this small nation.

It will be noted that while this report covers the year 1st April, 1945, to 31st March, 1946, the annual balance is taken as at 30th September, 1945. This date has been found more satisfactory in view of the seasonal nature of the produce which the Division handles. It also enables the Division's report to be presented considerably earlier.

DAIRY-PRODUCE SECTION

The year under review has been characterized by quick changes affecting the Division's operations. Firstly, we had to supply early in the season increased Armed Service requirements and then later discontinue at short notice Pacific Force supplies almost entirely. Secondly came the reduction of the butter ration to 6 oz. per person per week in order to make available larger supplies to Britain.

Reorganization of supplies caused by these changes and by the disastrous drought conditions experienced in summer and early autumn in Auckland and Hawke's Bay, and to a lesser extent elsewhere, has necessitated continuous survey of production and recasting of forward proposals. With returning staff, however, the Division has been better able to deal promptly with all matters requiring attention.

DISPOSING STOCKS AND PLANT

Towards the war's end considerable supplies of butter and cheese had to be kept in readiness for shipment, and further stocks had been built up to supply military requirements during the period of low production. All these products, both patted and tinned butter and tinned and medium cheese, were at the earliest moment after the war ended shipped to Britain. No serious losses were incurred in cancelling contracts for the supply of tins, cases, crates, and tinsplate and in disposing of the large stocks in hand. The officers of the United States Joint Purchasing Board, the Export Division, and the War Assets Realization Board by their help relieved the Division of a good deal of worry and probably some loss. The butter-tinning plant was dismantled immediately, and the patting-plants reduced to their peacetime function of serving local distributors. Staff was absorbed elsewhere. Disposal of the tinning-plant will shortly be considered. Altogether, considering the sudden termination of military supply orders and the quantities of produce in hand and on order, the Division came through this period very well.

INTERNAL DISTRIBUTION

Until rain in March, 1946, ended the drought in Auckland and Hawke's Bay, a serious shortage of butter for winter consumption appeared likely in both areas. The Division therefore arranged for supplies to be held in cold storage to cover the maximum deficiency likely to occur, and thus maintain the ration of 6 oz. per week through the period of low production. South Island production also showed a marked decline, and again provision against the winter consumption requirements has been made. With some recovery now probable, part of our reserve in both areas may be available for shipment to Britain.

The rationing of butter within New Zealand, which has made available greater quantities for Great Britain during the war years, has been a very real contribution to our general war effort. Its reduction, in view of the world's approach to starvation, to 6 oz. per person per week (which is approximately half our average *per capita* pre-war consumption) has made very little difference to the work of the Division, as it has been a change only in degree and not in procedure.

LOCAL SALES

The Butter Equalization Account, which provides a means for equalizing costs between local and export prices, continued to be built up while the Division was supplying Pacific Forces. Discontinuance of this supply and reduction in local sales caused by rationing are now making accretion much slower.

Local sales of butter, including those to Pacific Forces, were as follows:—

Local Market Sales of Butter for Year ended 31st March, 1946

—		Creamery.	U.S. Forces Creamery.	Whey.	Total.
		lb.	lb.	lb.	lb.
1945					
April .. .. .	..	4,362,231	881,224	50,706	5,294,161
May .. .. .	..	4,958,218	661,114	56,069	5,675,401
June .. .. .	..	3,698,369	615,540	45,299	4,359,208
July .. .. .	..	3,604,784	820,050	29,005	4,453,839
August .. .. .	..	3,792,629	1,935,794	35,501	5,763,924
September .. .. .	..	3,686,103	2,860,362	29,319	6,575,784
October .. .. .	..	4,008,509	2,619,776	40,939	6,669,224
November .. .. .	..	3,560,235	Nil	36,400	3,596,635
December .. .. .	..	4,308,396	Nil	34,811	4,343,207
1946					
January .. .. .	..	3,753,958	Nil	36,547	3,790,505
February .. .. .	..	3,535,711	Nil	35,189	3,570,900
March .. .. .	..	3,699,733	Nil	37,659	3,737,392
		46,968,876	10,393,860	467,444	57,830,180

DAIRY BUTTERFAT

The dry-butterfat plant has continued to function in the same way as last year, processing only such quantities of farm or deteriorated butters as have been available, and also recovering fat from paper stripped from bulk butter. The cessation of military orders and the smaller local butter consumption has reduced this still further. However, the Dry Fat Committee (representing the Dairy Board, Dairy Research Institute, Export Division, and Internal Marketing Division) has recommended that the plant should be retained if accommodation can be found at a reasonable cost. A suitable building is therefore to be erected on the roof of the Division's Auckland premises, to which the plant will be moved and where it will be operated as required. The Frankton plant, which was installed at the request of the United Kingdom Government, but, fortunately, never needed, has been dismantled and, in the main, already sold. Half of the comparatively small loss upon the plant will be borne by Britain.

ADMINISTRATION

War conditions have caused some fairly drastic changes in many of our distributing procedures, originating as temporary expedients to meet shortages of labour, plant, and requisites.

In pre-war days the Division generally licensed as distributors such manufacturing dairies and merchants as had previously operated. This meant that in most of the larger towns and in all the cities there was considerable overlapping of delivery. In Palmerston North, for example, three or four licensed merchants, as well as dairy companies, delivered butter to retailers over the same area. When the Division was later instructed to arrange butter delivery to effect the greatest possible economy in man-power, petrol, tires, and vehicles it helped to eliminate redundant services by—

- (1) Amalgamation of distributors, as in the City of Wellington ;
- (2) Amalgamation of dairy company deliveries, as in Palmerston North ; and
- (3) Zoning of delivery areas, as in Auckland.

These amalgamations of deliveries, though instituted purely as a war measure, caused dairy factories near the larger towns to form themselves into co-operative units, thus eliminating their licensed agents. These co-operative farm products companies, although composed of dairy companies in the first instance, proceeded to deliver other primary products such as eggs, cheese, honey, and bacon. Poultry-farmers also, in some areas, formed themselves into co-operative companies composed of producers in order to share in the local farm products company and its activities.

The economic savings thus created have so benefited producers that many such companies are now functioning and giving excellent service to the public. The Division has found them, generally speaking, most anxious to place the goods they produce into consumers' hands in the best possible condition.

They therefore appear permanent in most areas where they now operate and indicate a trend among primary producers to become wholesale distributors of their own products.

Wellington's distributive system was further simplified at the end of this year. Since the end of 1941 the district has been served with dairy-produce, eggs, and allied products by Combined Distributors, Ltd., a company in which the shareholdings were held by the Internal Marketing Division, together with all the merchant companies which had previously held butter and egg distributing licenses. The merchant shareholdings were sold partly to the Dominion Producers' Co-operative Agency, Ltd., and partly to the Government. A new company, known as Farm Products Co-operative (Wellington), Ltd., was then incorporated to acquire the old business and reconstitute it as a co-operative concern from which all margins made would be returned to suppliers as rebates. The Dominion Producers Co-operative Agency, Ltd., and the Government became equal shareholders with equal representation on the board of directors of the new company.

CHEESE

In the early part of the year the Division was required to make available to the American Forces large quantities of processed cheese, tinned loaf cheese, and medium cheese packed in small crates for ease in handling. Factories normally packing for export very efficiently switched to these special packs at short notice, despite staffing and supply problems. All contracts for overseas Forces were later cancelled, but special contracts with the British Navy may be resumed, particularly for tinned cheese.

Both the Division and the industry generally are hoping to expand the local market once the present rationing scheme, under which manufacturers may not make for sale in New Zealand more cheese than was sold in the 1942-43 season is ended. Cheese consumption since rationing was introduced has been kept down to the required level, and dairy companies generally have recognized that it is our duty to make every possible contribution to Britain.

The prohibition upon the tinning of medium cheese and loaf cheese for sale in New Zealand was lifted towards the end of the last cheese season, and tinned loaf cheeses are now appearing on the New Zealand market. Tinfoil-wrapped processed cheese and small tins of processed cheese and cheese spreads have also reappeared now that more tinfoil and tinplate are available to manufacturers. These packs are appreciated by the public for overseas parcels.

The local sales of cheese for the 1945-46 year are as follows :—

Local Market Sales of Cheese for Year ended 31st March, 1946

		Local Sales.	United States Forces.	Total.
	1945	lb.	lb.	lb.
April ..	..	1,024,283	879,073	1,903,356
May ..	..	942,760	778,427	1,721,187
June ..	..	835,405	311,033	1,146,438
July ..	..	641,308	15,470	656,778
August ..	..	674,948	Nil	674,948
September ..	..	744,579	218,570	963,149
October ..	..	1,018,857	549,988	1,568,845
November ..	..	898,905	British Forces. 135,246	1,034,151
December ..	..	680,325	70,077	750,402
	1946			
January ..	..	1,018,408	3,326	1,021,734
February ..	..	693,486	88,500	781,986
March ..	..	783,656	87,624	871,280
		9,956,920	3,137,334	13,094,254

BOBBY CALF POOL OPERATIONS

The Division has continued to carry out the general administration of Bobby Calf Marketing Pools, and during the year five new pools were formed and gazetted. Practically every dairying district in the Dominion is now disposing of its calves through the pooling system, and the total number of gazetted areas is 134.

Following discussions with executives of the industry, the regulations governing the operations of the pools were revised and consolidated. These new regulations—now known as the Bobby Calf Marketing Regulations 1946—came into force on the 1st February, 1946. The main new feature of these regulations is rotational retirement of pool committee members.

Annual meetings of producers are now being held again after an enforced lapse through the war years, and a great deal of interest is being taken by farmers in the management of their pools.

Pools were encouraged during the year to collect all calves offering out of season, and, by their co-operation, a considerable quantity of exportable veal was thus saved. The number of calves graded as “underweight” is also smaller, not only increasing the amount of veal available for export, but also making for general improvement in the treatment of calves between farm and slaughterhouse.

Present indications are that the net return to the producer per calf during the year should reach the high level of 12s. over all calves collected, and the industry's prospects for the coming year appear sound.

EGG SECTION

Production during this year has shown no increase comparable to that of last year, but the quantity of eggs passing through approved marketing channels has greatly increased. This has been brought about mainly by the inducement of the 3d. per dozen egg subsidy which is paid on all eggs received by approved marketing floors. It has enabled a greater and more continuous supply of eggs to reach civilians in all egg marketing areas.

DISTRIBUTION

By means of the central egg floors organized in seventeen districts (which since last year include Nelson) eggs have been equitably distributed week by week within each, either by individual ration or by quotas to retailers; those “vulnerable groups” who need eggs most (children under five years of age, expectant and nursing mothers, invalids, and hospitals) have received a full ration at all seasons; war and shipping priorities have been fulfilled; and supplies have been moved from the better-supplied into the more-needy areas. With hostilities ended, the demand from Armed Forces has naturally become less, but, on the other hand, the demand from overseas shipping is greater. The 3d. per dozen subsidy has increased considerably the intake of the floors through which it is paid, viz. :—

	Dozen.		
Year ending 31st March, 1944	7,448,491
Year ending 31st March, 1945	10,850,528
Year ending 31st March, 1946	12,705,095

These figures represent eggs which have passed through the central floors in the main consuming areas and thus into organized distribution. The subsidy which is approved up to June, 1947, is for the present to be extended quarterly at the Minister of Marketing's discretion.

Most of the marketing areas can at least supply their own requirements. Wellington, however, is a large consumer area that can produce only a small percentage of its needs close at hand. It therefore has to rely on transfers from other areas, and the Division, as an integral part of its marketing programme, arranges weekly transfers to be made

to Wellington from other floors according to the relative supplies and needs of all areas
Quantities transferred to Wellington were—

		<i>Eggs Transferred to Wellington from other Floors</i>		
		From		
			1945. Dozen.	
			1946. Dozen.	
Hamilton	13,320	5,400
Auckland	42,150	49,550
Tauranga	48,180	21,705
Gisborne	44,370	77,934
Hastings	111,780	128,530
New Plymouth	137,970	218,598
Wanganui	97,950	117,191
Palmerston North	86,340	113,580
Carterton	210,660	208,077
Blenheim	32,017	80,332
Christchurch	442,830	281,040
Timaru	71,940	63,555
Ashburton	8,280
Nelson	19,977
			<hr/>	<hr/>
			1,339,507	1,393,749

IMPORTS

Since production is not yet, despite improvement, adequate to meet the still-increasing demand, arrangements are being negotiated with Australia for further egg-pulp for bakers' and pastrycooks' winter needs. Such imports make it possible to use fewer of our own shell-eggs for the egg-pulp, and thus avoid competition with household consumers for winter's small supply of fresh eggs. The Division therefore, at the close of last pulping season, purchased a further 12,000 forty-pound tins of egg-pulp from Australia (equivalent to 360,000 dozen eggs), thus increasing the original 1945-46 purchase to 1,620,000 dozen equivalent.

Recent importations from Australia are as follows:—

			Dozen Eggs Equivalent.
1942-43	..	..	2,722,020
1943-44	..	..	2,286,732
1944-45	..	..	2,662,107
1945-46	..	..	1,620,000
1946-47	..	..	2,000,000 (estimated maximum)

Less pulp was imported in 1945-46 because the Division arranged with New Zealand pulp-manufacturers to make more egg-pulp than hitherto without seriously reducing household supply. A larger importation for 1946-47 is proposed because world wheat shortage promises to retard the increase in New Zealand egg-production which had been expected. The Division is carefully watching developments in order to plan its pulping programme in such a way as to avoid dislocating other supplies.

CHILLING

During the year the Division chilled more eggs than in any previous year, putting into cool store during the flush season:—

			Dozen.
Auckland	..	..	125,060
Wanganui	..	..	49,230
Wellington	..	..	32,400
Christchurch	..	..	47,250
			<hr/>
Total	..	..	253,940

The Division has gone to considerable research to see that these eggs, which are intended to supplement fresh egg-supplies in autumn and winter, will be in the best possible condition and acceptable by the public with equal satisfaction to fresh eggs. It proposes during the coming flush season to chill even greater quantities, hoping that eventually by this method a steadier and more continuous supply of eggs will be available all the year round. Unfortunately, however, the cool store facilities are available mainly in the non-production areas, entailing transport of eggs prior to chilling, which is not the most satisfactory method.

POOLS

All distributors operating in the seventeen marketing areas continue to pool the proceeds of the sale of eggs at prices fixed by current Price Orders and to pay out to the producers at the prices fixed by the Division. Surpluses in each individual pool are transferred to a National Egg Pool Account, from which funds are made available to the poultry industry for approved purposes. All egg-pool operations are subject to Government audit, thus ensuring that the supplier to any particular pool receives the price relevant to the ruling wholesale price—and also, indirectly, the benefit of any surplus created in the pool accounts.

POST-WAR MARKETING COMMITTEE

The New Zealand Poultry Board's annual conference of registered poultrykeepers held at Palmerston North during February ratified their previous request that the Minister of Marketing set up a post-war marketing committee to advise upon peacetime marketing plans and operations. This committee has now almost completed its report, and will present it to the Minister in due course.

PRODUCE SECTION

POTATOES

The contract system of last year, under which merchants contracted with farmers on behalf of the Internal Marketing Division, was continued in order to ensure that as far as possible ample supplies were available for both civilian and military requirements, and, in all, 29,974 acres were planted, an increase of 2,596 acres on 1944. However, storms and heavy rainfall during February and March of 1945 waterlogged much of the potato-growing land, and further frequent rains prevented its recovery. Some hundreds of acres became a total loss in North and South Canterbury, and, with blight following, the yield was very greatly reduced. The full extent of this became apparent only in May, when main-crop digging revealed that there would not be enough for military and civilian needs. A substantial quantity from the North Island main crop had already been supplied to the Allied Forces, and, in expectation of sufficient for all needs being available, some further commitments had already been made to the Forces and had to be honoured. Total quantity of potatoes supplied to United States Joint Purchasing Board was 11,000 tons.

As digging proceeded during May, June, and July it finally became apparent that there would not be sufficient main-crop potatoes to meet civilian requirements until the new crop was due to be marketed in quantities during November and December. Tentative discussions with Australia had already taken place, and towards the end of July the Director of the Division left for Australia to arrange for supplies and their shipment. It was hoped to land the first potatoes in August. But although actual supplies were secured from the Australian Government (through the Commonwealth Potato Marketing Board), all Allied shipping was preparing for the onslaught on Japan. Accordingly no shipping space could be booked from Tasmania until towards the end of August, and then only after representations on the highest plane to the Canadian Government. Two very large shipments were arranged (7,000 tons to Auckland, 3,000

tons to Wellington). Several smaller shipments would have been much more suitable, but with ships and potatoes both so short it was necessary to take the only opportunities offering.

Both arrived two weeks later than scheduled, the s.s. "Sunnyside Park" at Auckland on the 12th September, 1945, and the Wellington shipment per the s.s. "Rondeau Park" at Wellington on the 17th September, 1945. Delays had been caused by bad weather aboard such large shipments of potatoes as 110,000 sacks and 45,000 sacks respectively, and by the "Rondeau Park" calling at Port Kembla for bunker coal. These delays, combined with faulty stowage and ventilation, caused some deterioration in both shipments, but the bulk landed in very fair condition, and, coming to a bare market, went quickly into consumption. Claims for 374 tons on ships' agents for the deterioration due to bad stowage and ventilation have been negotiated with the shipping company, and a satisfactory settlement has been reached. However, the total loss through wastage, including the shipping company's liability, averaged 6.8 per cent., a minor loss considering the magnitude of difficulties of the shipments and the urgency of consumers' needs.

These Australian potatoes cost, with freight and duty, substantially more than their New Zealand equivalent. However, in accordance with stabilization policy, they were sold at the wholesale and retail prices ruling for South Island potatoes of similar quality. Since potatoes were included in the wartime prices index this price difference would have had to be met out of War Expenses Account, whether the potatoes were imported by the Division or any other importer. Distribution was made through the usual wholesale and retail channels, and provided for the normal margins of profit. The potatoes supplied the whole of the North Island demand during the latter half of September and October, after which supplies of new potatoes in the Pukekohe, Poverty Bay, and other early areas began to come on the market freely.

As in previous war years, large contracts had been made for early potatoes in the North Island growing areas, when the United States Joint Purchasing Board early in September notified that they would need no more after the end of November. To reduce the contract area to one that would, as far as possible, accord with civilian requirements, meetings were immediately held with the growers, the merchants, and representatives of the Department of Agriculture in Pukekohe, Manawatu, and Hawke's Bay. A voluntary reduction of the area to be planted was proposed, the Division to pay such compensation as should be mutually agreed upon where anticipatory expenses had already been incurred. The committees succeeded in limiting areas not already planted, so that we were not faced in January, February, and March with the heavy surplus which would otherwise have been the case. Nevertheless, the early potatoes already in the ground before any limiting action could be taken gave some surplus during January and February, 1946, particularly from those districts where the climate made digging necessary as soon as the crop was ready for marketing.

Fortunately, we were able towards the end of January to ship to the British Navy in the East about 1,000 tons of potatoes from the Pukekohe area. In some other cases January contracts had to be held over to February, and February contracts to March, growers being compensated accordingly for any difference in price as between the month contracted for and the month of delivery. Certain quantities of potatoes so held over deteriorated owing to drought conditions during February. In such cases also the growers were compensated for losses incurred, and, wherever practicable, the potatoes were used for stock food. With the arrival on the market of the main North Island crop from Rangitikei and Manawatu districts, and with cooler weather in March, this temporary over-supply ceased.

ONIONS

The area planted for the 1945 crop was 1,915 acres, the largest ever recorded for New Zealand and 892 acres more than the previous year. The yield was good, but continued wet weather made it extremely difficult to harvest it in sound, dry condition, and consequently keeping quality was poor. After large deliveries to the United States

Joint Purchasing Board during the early months of 1945 arrangements were made in North Canterbury and the Manawatu to lift very substantial quantities (approximately 2,000 tons) which growers had contracted to deliver during April and May and to store them pending the United States Joint Purchasing Board's later requirements. This relieved the growers of the surplus which they were unable to store for later marketing.

The total quantity supplied for military purposes was 3,500 tons. Growers themselves carried over sufficient supplies to meet civilian requirements throughout the year, their price being progressively increased month by month to meet storage costs and losses through deterioration. Ample supplies were thus available until the new crop began to come on the market in January.

Unfortunately, the advice that further onions would not be required for the Pacific was received too late to enable us to limit the planting for 1946. Accordingly, 1,350 acres were planted—enough to yield three to four thousand tons above normal civilian consumption. Small quantities were exported during the early months of 1946 to the Far East and to Canada, and further shipments could have been made had shipping space been available.

Opportunities for further shipments seem unlikely. However, efforts, which have met with fair success, are now being made to increase the consumption of onions in New Zealand so that any surplus which may still exist above normal consumption may be utilized and wastage avoided.

BARLEY

Drought in Australia made it impossible to import whole barley or barley-meal during 1945-46. Since large quantities are customarily obtained, this shortage proved serious for both pig and poultry farmers, who thus had to depend entirely upon our local production and upon alternative and less satisfactory feed. Local feed-barley production however, is always small, since it comprises only that part of the year's crop which does not come up to brewers' standards. Last year's crop was poor and, in the acute shortage of malting barley, brewers took almost everything that was available. It seems improbable that New Zealand will be able to import any feed barley from Australia for the next eighteen months owing to supplies being diverted to Europe.

MAIZE

Suitable weather and the increased government subsidy (1s. per bushel) led to the crop which was harvested in 1945 being larger both in yield and in area than that of 1944, and the Maize Marketing Committee was able substantially to increase its allocations to all distributors, although the amount available was still only enough to meet half the demand. There was, however, general agreement that the Committee's work had resulted in a fair distribution to all interests, special preference being given to poultry-farmers. The quantity harvested and allocated for the year ending 30th June, 1945, was 38,155 sacks, and for that ending 30th June, 1946, will, on present indications, be approximately 60,000 sacks.

For 1945-46 the subsidy was increased to 1s. 6d. per bushel, and an increased acreage obtained. However, owing to drought in the main growing areas, the total yield is unlikely to exceed that of 1945.

HOPS

A considerably better yield of hops in 1945 (3,000 bales weighing 862,417 lb.) came on to a market that was very bare owing to the extremely low yield of the previous year having sufficed only for New Zealand brewers, leaving nothing for export. The Committee has continued its efforts to get an increased area planted in hops, but, owing mainly to labour difficulties and high cost of installing new hop gardens, has gained only moderate success (68 acres increase). With the 621 acres previously planted this area

should, under normal conditions, provide for our own requirements, but leave little or no surplus for the good export market which shows every prospect of continuing for several years ahead. The Committee intends to continue its efforts to increase the area by at least 200 acres.

Unfortunately, owing to adverse weather, the crop just harvested (1946) has turned out the smallest ever recorded, and will probably not exceed 1,800 bales. This will be quite insufficient for brewers' requirements, and arrangements are accordingly being made by the Committee to supplement it from North America.

RASPBERRIES

Here again disastrous weather reduced the total supplied to manufacturers by the Raspberry Marketing Committee to 103 tons, compared with 190 tons in 1944-45. Growers' price for the past season's crop was increased to 8d. per pound. Endeavours to induce established growers to plant an increased acreage and endeavours to enlist more growers are being largely nullified by difficulty in obtaining labour.

During the year the Raspberry Marketing Regulations were extended to give the Committee control of the bucket trade so far as sales by growers to resellers are concerned. This control was asked for unanimously at meetings of growers in all the Nelson producing districts, and, although at present only in the initial stages, gives promise of working satisfactorily.

FERTILIZERS

Sulphate of ammonia, nitrate of ammonia, and muriate of potash have been imported by the Division in quantities sufficient to meet all requirements, and were distributed through the customary wholesale channels. Sulphate of potash, which is made available by the overseas authorities for tobacco-fertilizers only, is still in very short supply, and great difficulty is experienced in obtaining again the comparatively small quantity of 250 tons which is needed by New Zealand tobacco-growers annually.

MOLASSES

The substantial stocks held by the Division proved particularly useful during the North Island summer and autumn drought. It has stocks on hand to meet orders during the next few months, after which the quantities likely to reach private importers under import licenses already issued are expected to meet requirements.

APPLE AND PEAR SECTION

The report of this section covers, as usual, the calendar year. The Fruit Marketing Council, whose establishment to work in association with the Division was described in the last report, continued to act during the 1945 season, its personnel remaining unchanged except that Mr. A. B. Congdon resigned and was replaced by Mr. H. J. Masson. For a period Mr. A. Sunde acted as substitute member during Mr. Congdon's indisposition. The Council is advisory to the Minister of Marketing in determining the policy for marketing apples and pears, and the Division is its executive authority for general marketing.

PAYMENT PROCEDURE

Before 1944 orchardists supplied fruit to the Division on a purchase basis, but when the Council was established the purchase scheme was replaced by a subsidy arrangement combined with a minimum guarantee. The guarantee is not to the individual grower, but to the industry as a whole. The subsidy is fixed and applies yearly so long as the period of stabilization shall last. It is to be added to market returns to meet all marketing, transport, and other expenses, and the residue is to be paid to growers on a basis to be

determined from year to year by the Council. For the 1944 season this procedure returned an average of 7s. 5d. per bushel case to growers, and approximately the same will be paid for 1945.

The usual procedure in paying growers is, first, to make an advance payment fortnightly during the harvesting period; secondly, to follow with a further payment according to the fruit supplied by each grower up till the end of May; and, third, to make a final payment for the season when market returns can be assessed with reasonable accuracy. This payment may result in a small debit or credit balance when the accounts are actually finalized, which is carried forward to the following year. During the war years growers have usually been paid on the basis that fruit has been packed in accordance with a set standard, premiums or deductions being made if the standard of packing actually adopted by the individual grower was higher or lower than the official standard. In 1945 this basis was changed so that the initial payment to the grower was given on fruit packed bare into the case, and premiums only were given according to the type of packing which was adopted. This varies in different districts because it is only where fruit has to be transported long distances that the maximum amount of packing is called for. Since packing material must be conserved, different instructions are issued to the growers in, for example, Canterbury, where the orchards are near their market from those issued to the growers in, for example, Nelson, where most of the fruit needs protective packing to travel as far as perhaps Auckland or Dunedin.

CROP

The 1945 crop was approximately 335,000 cases below that of 1944 (see district details in table). Its schedule of distribution indicates, however, that the domestic market obtained very nearly the same quantity in both years. When it was realized that the crop would be considerably less, other allocations were reduced to protect the New Zealand consumer, and accordingly the quantity supplied to United States Joint Purchasing Board fell from 506,000 to 330,000.

With the very much smaller crop, rationing of wholesale quantities was introduced fairly early in the season. The demand for apples and pears remains strong, and if it were met fully would leave very little fruit available beyond the end of August. Rationing of quantities is therefore introduced in May or June to make stocks last out until November, or even December if the condition of the fruit warrants. This naturally creates a danger of wastage. Nevertheless, it still generally leaves two months when fresh apples are not available. In future it may be possible to meet these two months' demand with dehydrated apples should the plant, which so far has processed specifically for the United States Joint Purchasing Board, be continued. An indication of the demand for apples and pears has been the number of applications for agencies received from various parts of New Zealand. Except for Hokitika, these applications have been declined because it was felt that the other districts from which applications have been received are being adequately served under present methods.

During the year an offer received from the British Ministry of Food for 75,000 cases of apples was declined, despite the desirability of maintaining export connections, in order to ensure sufficient fruit for New Zealand consumers, since one-third of a million cases had already been provided for the Pacific Forces. The Council has since discussed prospects for 1946 with Mr. Harry Turner, formerly London representative of the New Zealand Fruit-export Control Board (which was responsible for the export of all fruit prior to the war), who visited New Zealand in December, 1944. Indications are that a quantity up to 500,000 cases would be acceptable to Britain.

One of the Division's main difficulties during 1945 was again lack of transport. With so many demands on rail and shipping it has been extremely difficult to move the fruit from the production districts to the districts where it is consumed. (The table showing transfers of stock between districts will indicate just how much fruit is moved within the Dominion.) This difficulty has been intensified by the fact that most fruit

for United States Joint Purchasing Board had to be delivered in Auckland. The Auckland crop is not nearly sufficient to meet even its local requirements, but, normally, if the Hawke's Bay crop is large it is not difficult to supplement Auckland. This year's Hawke's Bay crop, however, was relatively light. A continuous flow of fruit had therefore to be maintained from Nelson to Auckland, much of it being shipped to New Plymouth and then railed. This was not only an expensive procedure, but also often resulted in deterioration or damage.

PRICES

A schedule of apple and pear prices was first established towards the end of 1942, when a maximum price was set for the later sales of that year. In 1943 the principle of issuing Price Orders was introduced, and an agreement entered into between the Division and the Economic Stabilization Commission as to the prices which should operate month by month. In maintaining this principle the higher values which were normally received in the early and late months of the season have been broken down and added during the mid-season period. This results in a more gradual swing of prices month by month.

Crop quantities fluctuate from season to season, apple and pear trees being regarded as biennial bearers. The 1945 season was one of comparatively low production, and was still further reduced by hail damage, most seriously in the Canterbury and Nelson districts. No precise estimate of the loss sustained by orchardists in these districts has been possible, although many growers in the Loburn area had their crops completely destroyed, and many in Nelson lost heavily through reduction of grade.

STORAGE

The grading standards for 1945 were confirmed according to the 1944 extension, but a greater tolerance for hail damage and black-spot was granted for minimum grade. Crop condition generally throughout the year was excellent, keeping losses by deterioration, during both harvesting and cool-storage periods, to a minimum. One of the Division's main problems is to make a crop which is harvested almost wholly between February and May spread evenly over the year. The cool-storage space available this year amounts to approximately 850,000 case-space in public stores and 50,000 in private stores. Repacking losses on fruit distributed ex cool store were again kept to a minimum through the policy of disposing of fruit before deterioration set in. Cool-storage losses were less than 1 per cent. A great deal more fruit than the total cool-storage space passes through cool store, since the earlier cool-stored varieties are marketed in time to make room available for the late keeping ones, and at the same time to maintain an even spread over the markets during the harvesting season.

To encourage growers to provide suitable varieties in a condition where they will remain sound for long periods a cool-storage bonus is paid during certain weeks of the year on selected varieties and sizes. This amounted to 9d. per case to compensate for the extra labour involved in making the special selections and special pickings. In addition, a programme of orchard storage is adopted in the Canterbury and Otago districts (25,000 cases each), which are eminently suitable for it. This makes for a better-spread distribution and also leaves more space in the cool stores for other fruits.

Before the purchase scheme was introduced in 1940 growers often received from the market up to 30s. per case for very early fruit. Taking into account the very low production and the very high cost of picking these early varieties this was not an unduly high return. However, the purchase scheme was unable to allow these varieties their normal market—*i.e.*, scarcity—prices. To overcome this an early market bonus was introduced and operates on a sliding scale week by week. Even with this bonus the early varieties are tending to go out of production. Stabilization of fruit prices, though essential, naturally intensified this difficulty because holding the ceiling for apples at 13s. 6d. per case limited the amount of early market bonus which can be paid while still keeping within market returns. However, the bonus has operated in all years since it was first introduced in 1940.

Distribution has followed normal methods, the bulk of the Division's fruit being sold through wholesalers. The system of nominated prices continues, a Price Order being issued fortnightly to indicate the maximum figure at which fruit should be sold by wholesale and retail. The following table indicates the various avenues of disposal and the quantities sold :—

	1940.		1941.		1942.	
	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	1,559,000	159,000	2,037,000	329,000	1,537,000	159,000
U.S.J.P.B. ..	..	..	..	..	31,000	1,000
New Zealand Forces ..	30,000	5,000	55,000	15,000	158,000	23,000
Schools ..	..	..	113,000	..	156,000	..
Export ..	587,000	..	4,000	..	..	..
Miscellaneous sales ..	77,000	3,000	92,000	3,000	42,000	..
	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000
Dehydration ..	..	..	..	..	..	..
Total crop ..	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000
	1943.		1944.		1945.	
	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	1,522,000	198,000	1,512,000	230,000	1,421,000	243,000
U.S.J.P.B. ..	267,000	23,000	479,000	26,000	312,000	18,000
New Zealand Forces ..	94,000	11,000	66,000	9,000	44,000	9,000
Schools ..	91,000	..	102,000	..	43,000	..
Export ..	..	..	..	..	..	..
Miscellaneous sales ..	47,000	3,000	43,000	4,000	40,000	5,000
	2,021,000	235,000	2,202,000	269,000	1,860,000	275,000
Dehydration ..	5,000	..	113,000	..	135,000	..
Total crop ..	2,026,000	235,000	2,315,000	269,000	1,995,000	275,000

DISTRICT PRODUCTION OF APPLES AND PEARS, 1940-45

Year.	Auckland.	Poverty Bay.	Hawke's Bay.	Wellington.	Marlborough.	Port Nelson.	Mapua.	Motueka.	Cartersbury.	Timaru.	Otago.	Total.
<i>Apples</i>												
1940	278,612	19,455	701,920	31,234	71,985	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
1942	167,110	40,076	770,923	34,473	70,557	183,083	243,601	207,072	91,614	5,688	109,498	1,923,695
1943	190,300	23,026	422,517	31,917	67,415	307,911	389,539	336,793	121,935	5,840	128,515	2,025,708
1944	236,072	41,577	865,870	23,666	74,567	238,942	336,226	273,862	100,466	2,602	120,434	2,314,284
1945	178,749	18,981	585,165	20,006	84,567	254,664	206,050	235,426	61,081	3,495	122,411	1,860,595
	1,302,466	166,107	3,872,086	174,536	447,958	1,491,210	2,158,822	1,698,476	574,728	35,843	755,234	12,677,466

Year.	Auckland.	Poverty Bay.	Hawke's Bay.	Wellington.	Marlborough.	Port Nelson.	Mapua.	Motueka.	Cartersbury.	Timaru.	Otago.	Total.
<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
1942	17,052	2,708	90,215	816	865	9,446	9,266	16,830	14,016	1,525	20,679	183,418
1943	27,766	3,505	106,245	2,766	761	15,471	15,130	33,533	9,969	1,797	18,433	235,376
1944	16,309	3,053	155,660	2,572	1,027	13,435	11,842	30,255	9,737	1,819	23,985	269,694
1945	29,826	4,243	151,641	1,579	2,075	15,765	11,929	30,352	10,204	1,927	15,625	275,166
	161,675	18,475	726,377	12,148	8,378	92,384	90,426	174,248	64,966	9,929	119,951	1,478,957

Table showing Grade Percentages

	1940.	1941.	1942.	1943.	1944.	1945.
<i>Apples—</i>						
Extra Fancy	..	49.9	..	..	..	..
Fancy	..	32.6	..	..	..	..
Commercial	..	17.5	..	..	..	..
Minimum
<i>Pears—</i>						
Fancy	..	71.4	..	..	..	..
Commercial	..	28.6	..	..	..	..
Minimum

DEHYDRATION

The apple-dehydration factory operated its second season at Motueka with improved efficiency. Some plant was reconstructed during the off season, and problems such as "blueing" and "internal browning" have been solved by the Plant Research Station and the factory chemist. The change to peace production—*i.e.*, production for New Zealand consumption—has also created new problems in packaging. Unfortunately, machinery to turn present wasted by-products into juice is not yet to hand. Though some suppliers' crops did not all size sufficiently for factory use, and though a few turned to supplying other and slightly more profitable markets for loose fruit, the factory has received almost as much as when supplies were "directed" to it. From 31st March, 1945, to 31st March, 1946, the Motueka factory received 3,454,733 lb. of raw fruit, which produced 390,660 dry pounds. Labour has been sometimes hard to obtain or hold for a seasonal industry in a country district. The girls' hostel, built by the Division, has, however, proved of real service to both factory and community, and is a very worthwhile asset.

Under Internal Marketing Division contract, 1,311,884 lb. of apples were also dehydrated at Wattie Canneries, Hastings, producing 123,225 dry pounds.

HONEY SECTION

During the past three seasons the Honey Section has been working under the Honey Emergency Regulations, which provided for all beekeepers with twenty hives and over to supply a certain proportion of their crop to the Division in order that the essential services should receive their supplies, the balance to be equitably distributed over the civilian population.

These regulations expired on the 30th November, 1945, and as the industry was promised that these would lapse when hostilities ceased, no new regulations were brought into force for the coming season. The season that commenced on the 1st December, 1945, will again, unfortunately, be a very small one as far as receipts of honey by the Honey Section are concerned.

The demand for honey still appears very heavy owing to the sugar rationing, together with the fact that other sweet goods are also in short supply on the market. This demand for honey has made it very easy for the beekeeper to sell practically all his crop at his backdoor at a retail price. The fact that the wartime regulations have now lapsed, together with the exceptional dry spell which was experienced, particularly in the North Island between the middle of December and the end of February and also the spray-poisoning experienced in the Hawke's Bay area, will have a decided effect on the amount of honey that will be received this year.

The honey handled by the Honey Section between 1st April, 1945, and 31st March, 1946, is as follows:—

					Tons.
Bulk honey	..	..	..	..	382½ (7,202½ cases)
Packed honey	..	..	..	..	39½

The total value of the honey—bulk honey being valued at 7d. per pound *pro rata*, plus ¾d. per pound bonus—and packed honey at the price paid to the beekeepers, is as follows:—

					£	s.	d.
Bulk honey	..	..	..	..	26,100	8	8
Packed honey	..	..	..	..	3,507	17	9

As the above figures include honey from two seasons, the following is a brief summary from each season :—

1st April, 1945, to 30th November, 1945 (balance of 1944-45 season)—

					Tons.
Bulk honey	..	..	..	..	322 (6,241½ cases)
Packed honey	..	..	..	..	39½

1st December, 1945, to 31st March, 1946 (portion of the present season)—

					Tons.
Bulk honey	..	..	..	..	50½ (961 cases)

In the above figures it will be noticed that the price paid to the beekeeper is ½d. per pound more than in the report of the previous year. Actually, ⅓d. per pound was paid on the previous season's honey after our last report, and this additional ⅓d. per pound has been carried on for the present season.

The average grade for the year as at 31st March, 1946, is 93.50. This, compared with the previous year of 91.99, shows an increase and a return to the grading of two seasons ago. Last year, owing to the very small quantity the Honey Section received, it was found necessary to import for tobacco-manufacturers 43½ tons of Australian bulk honey. This was sent direct to Messrs, W. D. and H. O. Wills and Messrs. Godfrey Phillips, Ltd.

VEGETABLES

The Division, being responsible from the latter end of 1943 for the procurement of both fresh and dehydrated vegetables for consumption by the Armed Forces at home and in the Pacific Area, found it necessary, in view of the mounting tempo of the Japanese War in 1945, to increase greatly its procurement arrangements for 1946. The termination of hostilities occurred before all the 1945 produce had been harvested, but the potential increase in contract growing for 1946 is shown in the following table :—

Year.				Number of Contracts.	Area, in Acres.	Estimated Tonnage.
1945	..	..	..	951	5,599	63,653
1946	..	..	..	1,114	8,522	95,684
Potential increase				163	2,923	32,031*

* 50-per-cent. increase.

Details for 1946 are as follows :—

Vegetable.				Number of Contracts.	Area, in Acres.	Estimated Tonnage.	Percentage Tonnage Increase.
Cabbage	..	..	..	430	4,386	50,796	87
Carrots	..	..	..	443	2,990	36,862	15
Beetroot	..	..	..	157	699	3,802	..
Cauliflower	..	..	..	84	447	4,224	73
				1,114	8,522	95,684	50

The above figures do not include anticipated production by the Department of Agriculture under its Services Vegetable Production Scheme, produce which, on maturity, would have been handled by the Division.

The following table shows the sources from which produce was received and the points to which it was directed (year ending 31st March, 1946):—

Ref.	Receipts Ex	Tons (Untrimmed).	Ref.	Deliveries to	Tons (Untrimmed Basis).
(a)	Contract growers ..	23,109		United States Joint Purchasing Board— Fresh Dehydration New Zealand Armed Forces and New Zealand markets	12,860 7,492 9,507
(b)	Non-contract growers ..	2,114	(d)		
(c)	Services Vegetable Production Scheme	4,636	(e) (f)		
		29,859				29,859

(a) CONTRACT GROWERS

On receiving advice from the United States Joint Purchasing Board in September, 1945, that further vegetable-supplies would not be required from New Zealand, the Division notified growers immediately of the changed situation. To ensure that the cancellation procedure operated smoothly each contractor in the various production districts was visited, the facts explained, and records taken of the extent to which cultivation in the field had progressed. Explanations were also made to the growers on the method which would be followed in compensating them for the work already performed in preparing for crops which would not now be sown or transplanted. Later, District Compensation Committees were set up, consisting of one representative each of the growers, the Internal Marketing Division and the Department of Agriculture. They visited the properties, and checked the growers' claims, after which recommendations for compensation followed. These claims were again reviewed in Wellington by a Central Committee, similarly representative as the District Committees before being presented to the Minister of Marketing. The exceedingly small number of requests for review indicates the effectiveness of this procedure. Crops already planted were lifted on maturity in compliance with the Division's contractual obligations.

Area cultivated for—	Acres.	Number of Claims.	Amount paid.
Beetroot	90	} 446	£ 21,350
Cabbage	2,078		
Cauliflower	116		
Carrots	966		
	3,250		
Estimated amount to be paid on unsettled claims			2,000
Approximate total			23,350

(b) NON-CONTRACT GROWERS

In order to supplement supplies coincident with shipping movements and to obtain varieties not grown by contract, limited private purchases were negotiated.

(c) SERVICES VEGETABLE PRODUCTION SCHEME

This project (Government farms under the control of the Department of Agriculture) was put in hand in July, 1942, to ensure immediate Army supply. As private production increased, the Services Vegetable Production areas were scaled down and have now gone out of existence.

During 1945 the vegetables they produced were handled by the Division.

(d) UNITED STATES JOINT PURCHASING BOARD

This item represents fresh vegetables duly trimmed, crated, cool-stored, and shipped to the Forces in the Pacific Area. In the closing phases of the Japanese War these were sent as far as the coast of Japan, where they were reported to have arrived in excellent condition. The processing was performed at Pukekohe, Auckland, and Hastings. Practically all of the produce was grown under contract to the Division in the Provinces of Auckland and Hawke's Bay and, to a lesser extent, in the Manawatu, Taranaki, and Wairarapa districts. Contracts were sought by growers, and production of the high grade required developed an appreciation of quality standards. Conducting the supply arrangements also enabled the Government officers concerned to extend their knowledge and gain much experience in procurement, processing, cool storage, and shipping. This knowledge could be used should prospects for recommencing the export of fresh vegetables, which are now being investigated, materialize. A limiting factor at present is the shortage of refrigerated shipping. During the war the United States authorities supplied fairly frequent and regular United States naval supply ships, as well as vessels drawn from the banana trade, ranging from approximately one thousand to four thousand tons, and having a combination of chilled and frozen space.

(e) UNITED STATES JOINT PURCHASING BOARD (DEHYDRATION)

Factories built to supply these needs continued to operate until the end of 1945. They processed (in pounds: raw material weight in brackets):—

—	Hastings.	Christchurch.	Pukekohe.	Total.
Carrots	195,127 (3,104,777)	251,301 (4,001,355)	192,674 (3,096,923)	639,100
Cabbage	2,480 (92,728)	..	87,593 (2,451,459)	90,073
Cauliflower ..	..	..	9,030 (277,994)	9,030
Potato .. ..	..	524,933 (4,886,546)	48,488 (466,981)	573,421
Onion	59,562 (1,532,923)	..	..	59,562
Beetroot	8,680 (130,503)	..	..	8,680

After the Division had supplied 842,485 lb. to the United States Forces up to 1st November, 1945, all orders were cancelled, and 109,581 lb. were sold locally, whilst 425,800 lb. were included in the Dominion's food gift to Britain.

The Pukekohe factory also canned or quick-froze 500 acres of peas and 120 acres of beans. This supplied for local use, the Pacific war being ended, 726,000 cans of peas and 67,000 cans of beans.

(f) NEW ZEALAND ARMED FORCES AND NEW ZEALAND MARKETS

This item refers to quantities that were supplied to Armed Forces and markets within New Zealand.

The Division catered for the vegetable requirements of the Services in New Zealand until January, 1946, when the responsibility reverted to the Services to acquire their own supplies. Deliveries to New Zealand markets represent (1) disposals made necessary by the non-arrival of expected ships, (2) vegetables which did not reach the exceptionally high standard demanded for export, and (3) large quantities of cabbage, carrots, and beet harvested after shipping to the Pacific had ceased. The placing of these surpluses on local markets caused temporary gluts, which were alleviated as much as possible by special publicity, gifts to institutions, and disposals for stock food. However, despite the exceptionally low wholesale prices returned to the Division, retail prices generally continued to follow retail ceiling levels. It should be made clear that the Division is not responsible for supplying vegetables to the New Zealand civilian markets.

The final shipment of New-Zealand-grown vegetables for the United States Joint Purchasing Board was despatched from Auckland on the 13th November, 1945. Since then the Division was entrusted to supply a shipment of fresh vegetables to Singapore and

Hong Kong for the British Pacific Fleet. The Navy Office states that all the produce, except tomatoes, arrived in excellent condition despite the long voyage across the tropics and discharge in a tropical port. It is therefore apparent that, given a market and the required transport, shipping New Zealand vegetables overseas presents no outstanding problem :—

					Tons (Trimmed).
Potatoes	..	..	..	..	868
Carrots	..	..	..	..	118
Beetroot	..	..	..	..	100
Onions	..	..	..	..	101
Cabbage	..	..	..	..	113
Tomatoes	..	..	..	..	3
					1,303

As the war was responsible for the Division becoming associated with vegetables in a practical manner, its vegetable operations have virtually ceased with hostilities. It is, however, still in contact with the industry through its own officers and the Vegetable Marketing Advisory Committee, which commenced to function in January, 1945, and is available for consultation and service as circumstances may require.

IMPORTED FRUIT SECTION

ORANGES

During the year under review the equivalent of 182,637 export cases of oranges have been imported, slightly less than last year. Owing to lack of shipping from Australia, the Division could import only 97,999 cases of the 143,800 cases allocated to New Zealand by the Australian Government. The Island supply was better, as a special steamer was sent to the Cook group and brought back 21,000 cases which the "Maui Pomare" could not have carried. Jamaica was able to make two shipments, but, on account of fruit quality, had to cancel a consignment of 20,000 cases which was to have left at the end of January, 1946. Although the Division has not been able to supply all New Zealand's requirements, a full supply has always been available for hospitals. Importations for the last two years were as follows :—

Source of Supply.	Year ended 31st March, 1945.		Year ended 31st March, 1946.	
	Cases.	Per-centage.	Cases.	Per-centage.
Australia	129,786	70.82	97,999	53.66
Cook Islands	42,776	23.34	69,161	37.87
Jamaica	10,708	5.84	15,467	8.47
	183,270	..	182,627	..

BANANAS

The cessation of Pacific hostilities and the return of the Islanders to production enabled the Division to import in 1945 more than double the 1944 quantity of bananas. However, though the Islanders have made large additions to their plantings, the quantity that can be brought into New Zealand will still be short of the demand until another steamer is available to supplement the "Matua." Pre-war the "Maui Pomare" used to bring approximately 9,000 cases a month in addition to the "Matua" cargo, but the "Maui Pomare" is now engaged in the Cook Island trade and unable to call at Samoa, the main banana-producing group.

Our sources of supply were as follows :—

Source of Supply.	Year ended 31st March, 1945.		Year ended 31st March, 1946.	
	Cases.	Per-centage.	Cases.	Per-centage.
Fiji	32,965	27·80	90,498	33·57
Tonga	31,332	26·42	47,372	17·57
Samoa	48,242	40·68	125,888	46·70
Niue	3,086	2·60	4,730	1·75
Rarotonga ..	2,966	2·50	1,104	0·41
	118,591	..	269,592	..

GRAPEFRUIT

New Zealand at present can grow sufficient for its demands between August and November. The Division therefore endeavours to import during the period when New Zealand grapefruit is not available. This year quantities were slightly increased, viz. :—

Source of Supply.	Year ended 31st March, 1945.		Year ended 31st March, 1946.	
	Cases.	Per-centage.	Cases.	Per-centage.
Cook Islands ..	545	8·22	1,654	21·30
Samoa	676	10·19	570	7·34
Jamaica	5,412	81·59	5,542	71·36
	6,633	..	7,766	..

LEMON DISTRIBUTION

After the record year of production in the year ending 31st March, 1945, the crop was, as expected, considerably lighter, and the whole of the output was consumed by the New Zealand public. The Division again handled the packing and distribution of all New-Zealand-grown lemons (except Meyer lemons) and sold 71,296 three-quarter-bushel cases, against the record total of 99,662 the previous year. It was able to purchase some California lemons, and so (since the Californian season is complementary to our own) help out the New Zealand supply when it was at its lowest :—

Source of Supply.	Year ended 31st March, 1945.		Year ended 31st March, 1946.	
	Three-quarter-bushel Cases.	Per-centage.	Three-quarter-bushel Cases.	Per-centage.
New Zealand ..	99,662	95·29	71,296	83·56
Australia	3,936	3·77	3,724	4·36
Cook Islands ..	976	0·94	608	0·72
California .. ..	..	..	9,700	11·36
	104,574	..	85,328	..

LEMON PROCESSING

The following is a summary of marketable grades and average price paid :—

Auckland.		Tauranga.		Kerikeri.		Gisborne.	
Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.
10,941½ 61·542%	6,836½ 38·458%	33,298½ 68·779%	15,115½ 31·221%	5,794½ 67·797%	2,752½ 32·203%	3,141½ 63·854%	1,778 36·146%
£6,421 5s.		£17,977 9s. 5d.		£3,164 15s. 6d.		£1,644 15s. 3d.	
s. d.		s. d.		s. d.		s. d.	
Av. price .. 7	2·6858	Av. price .. 7	5·1187	Av. price .. 7	4·8669	Av. price .. 6	8·2486
Bonus .. 0	0 10	Bonus .. 0	0 10	Bonus .. 0	0 10	Bonus .. 0	0 10
8 0·6858		8 3·1187		8 2·8669		7 6·2486	

Total, all Sheds

Loose bushel cases—	Value.		Three-quarter-bushel
	£	s. d.	Case.
79,658½	29,208	5 2	7 4·000
Bonus value	3,319	1 8	0 10
Wages subsidy	1,659	11 1	0 5
	<u>£34,186</u>	<u>17 11</u>	<u>8 7</u>

By-product Receipts, all Sheds

	£	s.	d.
First Peel lemons— 15,546½ cases (584,106 lb.) @ 4s. 9d. c/s	3,692	5	11
Second Peel lemons— 35¼ cases (1,341 lb.) @ 3s. 2d. c/s	5	11	8
Juice lemons— 4,486½ cases (170,129 lb.) @ 1s. 7d. c/s	355	3	4
Wages Subsidy (20,067½ lb.) @ 5d. c/s	418	1	7
	<u>£4,471</u>	<u>2</u>	<u>6</u>

Total By-product Tonnage

	Tons.
Peel	261½
Juice fruit	76
	<u>337½</u>

Total Receipts of all Grades for each Shed

	Cases (Loose Bushels).
Tauranga	61,986
Auckland	24,587
Kerikeri	10,707
Gisborne	5,472
	<u>102,752</u>

PINEAPPLES

The departure of troops, together with increased plantings, enabled Fiji and Tonga to export much larger quantities than in recent years. Supplies of Australian pineapples should also be much larger now that allied troops have left. Unfortunately, however, the ships have not been available to bring these supplies to New Zealand, but it is anticipated that during the coming year much larger quantities will be imported.

Importations for the last two years were as follows :—

Source of Supply.	Year ended 31st March, 1945.		Year ended 31st March, 1946.	
	Cases.	Per- centage.	Cases.	Per- centage.
Australia	2,750	57·16	3,072	22·94
Tonga	761	15·82	4,229	31·60
Fiji	1,300	27·02	6,085	45·46
	4,811	..	13,386	..

KUMARAS

Owing to hurricanes and lack of shipping, Niue Island was not able to export any kumaras during the year which ended on 31st March, 1945. Nevertheless, the Natives have again taken up kumara-growing for export, and were able to make small shipments this year. With a regular shipping service it is expected that much larger quantities will be imported during the coming year.

The Division was able to arrange for two shipments of kumaras from Fiji and Tonga, but as the kumaras were found to be infested with the kumara weevil further importations were prohibited by the Department of Agriculture. Total importations were :—

Source of Supply.	Year ended 31st March, 1946.	
	50 lb. Bags.	Percentage.
Niue	449	20·72
Tonga	1,527	70·46
Fiji	191	8·82
	2,167	..

SUPPLIES TO SOUTH ISLAND

It has frequently been found difficult to supply the South Island expeditiously, owing to transport delays, and, in consequence, some deterioration has occurred. Proportionate to population, the South has, however, been well served, as these figures for year ended 31st March, 1946, reveal :—

	Total for New Zealand (Cases).	South Island.	
		Cases.	Percentage.
Bananas	269,592	72,910	27·0
Oranges	182,637	59,400	32·5
Grapefruit	7,766	1,800	23·2
Lemons	85,328	35,560	41·7
Pineapples	13,386	2,306	17·2

BRANCHES

AUCKLAND

Auckland continued particularly busy patting and tinning *butter* for the United States Pacific Forces until October; thereafter returned to city supply only. However, the wartime zoning arrangement has reduced the Branch's proportion from 45 per cent. of pat sales in Auckland to 37 per cent. Seaweed collected for manufacturing *agar agar* amounted to 111 tons (1943, 24 tons; 1944, 79 tons; 1945, 105 tons). The *dry butterfat* plant recovered some £500 of butter from parchments and salvaged odd lines of pastry butter. *Egg* distribution was supervised—138,000 dozen in this season's peak week, as against a peak of 121,000 dozen in 1944. 124,000 dozen eggs were chilled (50,000 dozen increase). The *honey* blending and packing plant processed less honey than previously, owing to a poor season and the expiry of the wartime regulations, which had required a proportion of the New Zealand crop to be packed there in order to maintain a priorities pool. The lemon-curing plants and the Pukekohe Vegetable Processing Plant are also managed from this Branch. The *storage floor*, strengthened by an auxiliary at Federal Street, prepared vegetables and apples for export to the Pacific Forces, handling in all 16,000 crates of cabbages, 62,000 of carrots, and 124,000 of cauliflower. To the end of November, 1945, the Branch had exported over 14,000,000 lb. of vegetables.

CHRISTCHURCH

This Branch's main military activities were the management of the Riccarton *dehydration* factory (including the continuous supply of vegetables to it) and the supplying of the Army and Air Force in Canterbury with fresh *vegetables* (250,000 lb.). Surpluses from dehydration contracts were sent to poorly-supplied North Island districts, and all North Island vegetables that shipping shortage permitted were distributed through South Island towns when the close of the war left large quantities to be used by civilians. *Onions, potatoes, and manures* were stored. All *egg* pools in the South Island were audited and their accounting systems standardized. 1,751 crates were chilled, as against 733 crates in 1944-45. With only three express ferries running weekly through the winter it was often difficult to keep Wellington supplied with eggs. Little *honey* was received for shipment to the Auckland plant, manufacturers and country districts drawing the bulk of supplies from the beekeepers direct.

HASTINGS

Hastings, in the course of the year, changed its main activity from packing fresh *vegetables* for the Pacific, and later for southern centres (5,800 tons from 2,759 contracted areas) to assembling, cool-storing, and distributing *apples and pears* (767,534 cases, compared with 1944's record of 1,021,520 cases). The Branch stored large quantities of various *produce* while awaiting shipment to the Pacific area. It received only 228 cases of *lemons*, as against 306 last year; but supervised the distribution of 531,237 dozen *eggs* through the Hastings floor, as against 432,829 dozen last year. *Dehydration* in J. Wattie Canneries, Ltd., was under its direction.

NELSON

Nelson Branch directed the Division's apple dehydration plant at Motueka, but otherwise was concerned mainly with transferring to other districts, under difficulties in obtaining shipping, the year's *apple and pear* production of 844,000 cases.

DUNEDIN

Dunedin Branch, hampered by inadequate premises, handled increased quantities of apples and pears, supervised increased distributions of eggs, and operated a quota system for distributing imported fruits.

MARKETING DEPARTMENT
INTERNAL MARKETING DIVISION

	Head Office.	Auckland.	Total.	Head Office.	Auckland.	Total.
TRADING ACCOUNT FOR SIX MONTHS ENDED 30TH SEPTEMBER, 1945						
Stocks brought forward ..	£ 327,498	£ 33,810	£ 361,308	£ 1,774,332	£ 617,984	£ 2,392,316
Purchases ..	1,389,214	532,588	1,941,802	..	..	..
Freights and charges ..	157,525	41,839	199,364	..	..	..
Less closing stocks ..	1,874,237	628,237	2,502,474	..	..	..
	173,350	42,595	215,945			
Gross profits on trading ..	1,700,887	585,642	2,286,529			
	73,445	32,342	105,787			
	£1,774,332	£617,984	£2,392,316	£1,774,332	£617,984	£2,392,316

PROFIT AND LOSS ACCOUNT FOR SIX MONTHS ENDED 30TH SEPTEMBER, 1945

Salaries, wages, and overtime	£ 21,467	£ 10,630	£ 32,097		£ 73,445	£ 105,787
Advertising	162	..	162	..	49	49
Audit fees	245	200	445	..	1,075	1,075
Bank interest and exchange	2,638	..	2,638	..	..	..
Compensation paid to worker injured on duty	250	..	250	..	1,013	1,013
Depreciation of assets	989	139	1,128	..	2,187	2,187
Expenses of Marketing Advisory Committees	329	..	329	..	172	172
Expenses of officers travelling overseas	208	..	208	..	2,323	2,323
General expenses	1,547	314	1,861	..	10,591	1,000
Insurance	15	..	15	..	7,440	18,031
Legal expenses	70	..	70	..	..	..
Light, heat, and power	239	29	268	..	..	..
Maintenance—						
Buildings	50	111	161	..	..	..
Furniture and fittings	349	..	249	..	..	..
Office machines	62	21	83	..	..	..
Plant	8	..	8	..	..	..
Motor expenses	662	466	1,128	..	..	..
Postages, tolls, and telegrams	2,982	1,216	4,198	..	..	..
Printing and stationery	687	434	1,121	..	..	..
Public Service Superannuation subsidy .. .. .	..	20	20	..	..	..
Rent and rates (net)	140	434	574	..	..	..
Transfer and removal expenses	289	..	289	..	..	..
Travelling allowances and expenses	2,423	1,101	3,524	..	..	..
Balances carried down	55,144	25,667	80,811	..	..	..
	90,855	40,782	131,637		90,855	131,637
	£	£	£		£	£
Provision for taxation	31,000	14,500	45,500	..	55,144	80,811
Balance to Profit and Loss Appropriation Account	24,144	11,167	35,311	..	..	..
	£55,144	£25,667	£80,811		£55,144	£80,811

Balances brought down

MARKETING DEPARTMENT—*continued*
INTERNAL MARKETING DIVISION—*continued*
PROFIT AND LOSS APPROPRIATION ACCOUNT

	Head Office.	Auckland.	Total.		Head Office.	Auckland.	Total.
	£	£	£		£	£	£
Auckland produce loss transferred	6,550	..	6,550	Balances forward from last year ..	481,226	120,044	611,270
Apple and Pear Appropriation	676,826*	..	676,826	Produce loss transferred to Head Office	..	6,550	6,550
Account transferred	..	3,028	3,028	Barley trading loss recoverable ..	9,758	..	9,758
Savings on transport, storage, &c., charges transferred to apple and pear pool	..	..	..	Net profit for half-year ended 30th September, 1945	24,144	11,167	35,311
Lemon-growers' labour subsidy ..	..	1,120	1,120	Balances forward to next year ..	158,248	..	24,759
Lemon-rose subsidy omitted from previous year	..	124	124				
Balance forward to next year ..	..	133,489	..				
	£683,376	£137,761	£687,648		£683,376	£137,761	£687,648

* In previous years the Apple and Pear Accounts have been shown separately in the annual report. As from 1st January, 1944, the Apple and Pear operations were conducted on behalf of the growers in terms of an agreement with the Government dated 26th January, 1944. The above entry incorporated in the Division's main Appropriation Account the loss on the operations prior to 1st January, 1944, and on carrier bags since that date.

MARKETING DEPARTMENT—continued

BUTTER EQUALIZATION ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 1945

	£	£
<i>Dr.</i>		
Equalizing payments under section 12, Marketing Amendment Act, 1937—		697,616
(a) Reimbursement of charges payable 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—		58,821
Freight and cartage	276	
Interest and insurance	682	
Reworking and defrosting	183	
Storage and freezing	2,068	
	3,180	
(b) Servicing allowances to authorized distributors and patting depots	6,087	
(c) Grading fees	774	
(d) Loss on sale of cartons	2	
Payments under section 11, Marketing Amendment Act, 1937—		
Agency and wharfage	31	
Freight and cartage	1,358	
Storage and freezing	6,675	
	8,064	
Overhead and administration expenses	2,323	
Transfer to the Dairy Industry Account of excess income over expenditure for period 1st August, 1942, to 30th September, 1945	380,180	
Less progress credits	300,000	
	80,180	
Balance forward to next year (representing surplus as at 31st July, 1942)	664,296	
		£764,915
<i>Cr.</i>		
Balance from last year		697,616
Differentials:—		
(a) Net amount received under the Butter Marketing Regulations 1937, clause 31		58,821
(b) 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 the purchase of butter at the f.o.b. guaranteed price as follows—		
Sales at the regulated local price	502,420	
Plus stock on hand 30th September, 1945 (valued at the f.o.b. guaranteed price)	1,432	
	503,852	
Less purchases at the guaranteed f.o.b. price	351,223	
Plus stock on hand, 1st April, 1945 (valued at the f.o.b. guaranteed price)	144,151	
	645,374	
		8,478

BALANCE-SHEET AS AT 30TH SEPTEMBER, 1945

	£	Assets	£
<i>Creditors</i>			
Reserve, Public Service Superannuation subsidy	2,722,194	Land	12,741
Reserve for marine insurance on imported goods and general insurance on goods in transit and in cool stores	80	Buildings	20,424
Reserve against obsolete equipment	9,500	Motor-vehicles	5,331
Reserve for honey advertising (London)	11,381	Loose tools, equipment, plant, furniture, and office appliances	62,782
Honey Pool Account	15,748	Investments	251,755
Honey Seals Account	492	Shares in Combined Distributors, Ltd.	135
Butter Equalization Account	17,015	Stock in trade	273,144
Egg Pool Accounts	664,296	Stocks of consumable stores	88,881
Uneconomic Orchards Account	4,132	Debtors	2,066,548
Apple and Pear Pool Account	37,283	Cash in hand and at bank	724,517
Provision for taxation	6,479	Payments in advance	3,083
Reserve for writings off	45,500	Losses in Suspense	5
	5	Profit and Loss Appropriation Account	24,759
	<u>43,534,105</u>		<u>43,534,105</u>

R. P. FRASER, 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.—J. P. RUTHERFORD, Controller and Auditor-General.

MARKETING DEPARTMENT—*continued*
APPLE AND PEAR SECTION

(GROWERS' POOL ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1945

(In accordance with an agreement between the Economic Stabilization Commission and the New Zealand Fruitgrowers' Federation, Ltd., dated 26th January, 1944.)

	£	(Cr.)	£
<i>Dr.</i>			
Purchases	839,321	Balance brought forward ..	318
Assembly	32,788	Sales	983,716
Freight and cartage	141,776	Subsidy	144,000
Wharfage	8,378		
Cool storage and storage	75,203		
Repacking and sorting	874		
Supervision	1,957		
Insurance	2,537		
Balance carried down	25,200		
	£1,128,034		£1,128,034
<i>Dr.</i>			
Advertising	66	Balance brought down	25,200
Advisory Committee expenses	1,438		
Alterations and repairs	355		
Audit	491		
Bank interest and exchange	705		
Cables, telegrams, and postages	1,222		
Marketing Committee election expenses	185		
Printing and stationery	678		
Rent, light, and heat	1,683		
Salaries	15,844		
Travelling-expenses	1,275		
Transfer and removal expenses	57		
General expenses	494		
Balance (held by Internal Marketing Division)	407		
	£25,200		£25,200

