

One problem demanding particular attention from the outset was the supply of tea. Everything possible had to be done, in consultation with the Customs Department and the Treasury, to facilitate tea imports, and the early tendency for overbuying on the part of the public was met by expediting importations. When the demand fell to normal proportions the tea-stock position rapidly improved and at the end of March was highly satisfactory.

Another serious problem arose in regard to bakers' supplies, such as cream of tartar, cornflour, and to a lesser extent sodium bicarbonate.

Owing to difficulty in securing supplies from overseas, both cream of tartar and cornflour have been very scarce, and merchants have consequently been rationing supplies to their clients as a means of conserving stocks. Every effort is being made to arrange additional importations from overseas.

The Division is co-operating closely with the Department of Industries and Commerce in regard to the stimulation of local production of alternative foodstuffs to supplement or replace imported lines, and some of the present difficulties attached to overseas trade under war conditions will be overcome by the extension of New Zealand manufacturing.

One of the earliest problems arising with the outbreak of war concerned the supplies and prices of meat for the local market. Before the announcement of the export prices while negotiations were proceeding with the United Kingdom Government local prices for beef and mutton increased. September and October are even in normal years difficult months in the supply of fresh beef and mutton, and it has always been recognized that the farmers are entitled to receive a premium on fat stock sold during the late winter and spring months—a premium to compensate the producer for the extra costs of fattening and caring for this stock through the winter months.

The retail prices of meat were pegged by the Emergency Regulations, while the prices of live-stock at auction continued to fluctuate and actually increased. Under the food-control system it was necessary to take this matter up with the auctioneers' associations and impose a temporary restriction even on auction prices. Regular weekly returns of average live-stock prices were asked for, and a close supervision was thus exercised over the whole trade. Meanwhile, in conjunction with the Price Tribunal, the retailers position was examined. Special costing and cutting tests were carried out at some of the main centres and as a result of these tests retail-price increases were approved by the Price Tribunal as from the 1st October in Auckland and as from the 1st November in Christchurch, Timaru, and Dunedin. The cutting tests proved conclusively that the butchers' position had been adversely affected in certain districts and that price increases were justified.

The collection of returns from the auctioneers' associations was discontinued after three months, and meat-supplies during December, January, February, and March have been more or less stabilized. At the same time, it was recognized that urgent problems would arise during the coming winter, and producers in particular required an assurance that there would continue to be some recognition of the extra costs involved in winter fattening. Early in March a departmental conference was held, and as a result the Hon. Minister of Supply made a public announcement to the effect that it had been decided to deal with the meat problem through the regulation of retail prices and that there would be no interference with the method of selling live-stock at auction or privately. Under the Minister's direction a full conference was held a few weeks later with representatives of the New Zealand Farmers' Union, the New Zealand Sheepowners' Federation, the New Zealand Master Butchers' Association, the Price Tribunal, the Department of Agriculture, and the Export Division of the Marketing Department.

The whole problem was fully discussed, and the Division's proposals for dealing with the regulation of retail prices and the provision of special supplies to prevent acute shortage were unanimously approved.

Summarizing the procedure agreed upon and approved by the Hon. Minister of Supply, it may be added that the Price Tribunal will consider the problem of retail prices after taking into account the extra cost of production of fat stock for late winter and spring sale. A schedule of prices has been drawn up, and increases will be arranged on the 1st July and the 15th August. These increases will remain in operation until November, when reductions will be put into effect to bring prices back to the ordinary summer level. To prevent any acute shortage of supplies, it is being arranged with the Export Division of the Marketing Department to hold certain quantities of export-quality meat available for supplementing the local market if necessary. It has also been arranged for extra supplies of fresh beef to be sent from the North to the South Island to deal with occasional serious shortages that may occur in the latter part of the Dominion.

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The year under review has not been free from difficulties affecting the whole of the Trading Section, and particularly as an outcome of war conditions problems have been presented to this Section which normally would not have been encountered. Petrol restrictions have limited the ability of the Division to render the delivery service which previously had been given to the retailers. Retailers have, however, accepted the situation in a manner which is most gratifying to the Division, and as a result considerable economies in petrol consumption have been effected. Notwithstanding the decrease in the number of deliveries, the turnover has been maintained and the trading results for the year have been satisfactory.

The accounts have been subject to regular and careful scrutiny, and, notwithstanding the very much increased turnover, accounts outstanding have shown no increase.

Generally speaking, the Division has reason to be proud of its trading activities, and the increasing turnover is most gratifying. At the same time, this increase is tending to prove somewhat of an embarrassment as there is a tendency to outgrow the facilities which have been available up till now.

The provision of further room and facilities for the grading and packing of eggs is becoming more necessary each month, and the same position obtains in respect to butter and other lines.