

REPORT OF CONTROLLER.

"I beg to report to you on the operations of the sheep-skin control for the fifteen months ended 30th June, 1941. The balance date was altered to bring it into line with that of the Marketing Department (Export Division).

"As you are aware, the Control Pool is worked in three-monthly periods which coincide with the three-monthly selling-price periods under the arrangement with the United Kingdom. It is impossible to balance the pool exactly, the principal uncertain factor being the price of pickled pelts, and adjustment has to be made of any surpluses or deficiencies from three months to three-months.

"The normal exportable surplus is still defined by the skins left available for export after fellmongering normal quantities in New Zealand. Overseas sales on behalf of and under instructions from Wool Control, Bradford, especially latterly, have been chiefly to U.S.A. and Canada. Deliveries to the United Kingdom have been of special types only. Since the downfall of France skins, mostly of lower types, which previously went there, have had to be disposed of elsewhere. This has been done partly by fellmongering more in New Zealand, and partly by requiring U.S.A. and Canadian buyers to take a portion of these types along with those they had been accustomed to take.

"*Buying Schedule.*—This is altered approximately every three months to reflect changes in pickled-pelt prices. New schedules were issued as follows:—

" Third schedule	..	..	..	..	..	29th April, 1940.
" Fourth schedule	..	..	..	..	..	27th July, 1940.
" Fifth schedule	..	..	..	..	..	4th November, 1940.
" Sixth schedule	..	..	..	..	..	17th May, 1941.
" Seventh schedule	..	..	..	..	..	25th May, 1941.

"The fourth and fifth schedules reflected a drop in price of pickled pelts. The fifth schedule held for six months, reflecting no movement in these prices. The sixth schedule reflected the increased activity in the pelt market, and a continuation of the upward price was also reflected in the seventh schedule.

"One important point producers should not overlook is that sales of skins and of pelts are only made when the goods can be shipped.

"Copies of each new schedule immediately when issued were sent to all branches of the Farmers' Union and to the Master Butchers' Association and to all brokers. The prices of the principal types were also published in all the leading newspapers. No objections to these buying schedules have been received.

"Other matters which might have been included in this report are dealt with in the report of the Sheep-skin Investigation Committee.

"I wish to acknowledge the loyalty, enthusiasm, and team-work with which the members of the Control staff have carried out their work.

"R. C. BURGESS, Controller."

ACCOUNTS.

The accounts of the Sheep-skin Control covering a fifteen months' period ending 30th June, 1941, are shown in the accounts section at the end of this report, page 39.

The extension of the period to 30th June brings the accounts into line with the wool year under the purchase agreement with the United Kingdom Wool Control.

It will be observed that the purchase and sale transactions show a surplus of £10,137, and, after deducting the deficit of £2,941 on operations during the previous period, a net surplus is shown of £7,196. Against this surplus must be set the contingent liability on sheep-skins unshipped.

TALLOW.

PURCHASES BY UNITED KINGDOM GOVERNMENT OF 1940-41 SEASON'S TALLOW.

The report for the 1939-40 season gave details of the purchase by the United Kingdom Ministry of Food of all surplus tallow available for export from New Zealand from the production up to 30th September, 1940. Shipment of the quantities covered by this contract was completed in January, 1941.

Early in October, 1941, discussions took place with the United Kingdom Ministry of Food in regard to the renewal of the contract for a further year to 30th September, 1941. Pending decision regarding a renewal of the contract, the Ministry of Food intimated that they would continue to accept shipments at last contract prices. Subsequently, on 14th November, 1940, the Ministry cabled indicating that until the question of the continuation of the contract was settled they could not accept any shipment after 21st November, 1940, of grades below fair to good colour mixed, for the reason that they were accumulating a large stock of undesirable low-grade tallows. After a number of cables had been exchanged the Ministry finally cabled an order for 2,000 tons of assorted grades for January-February shipment, and continued to cable similar orders as shipping space was available, and these orders were allocated as fairly as possible between all suppliers. Early in April, 1941, inquiries were received from Australia, and later there was a demand from the United States of America and Canada.

The position in regard to the 1940-41 season, therefore, was that the Ministry of Food purchased its requirements from time to time, and producers were free to sell quantities and grades which were surplus to United Kingdom requirements. The policy of the New Zealand Government was to give first preference to the requirements of the United Kingdom Government, and all sales were made at the schedule prices which applied for the 1939-40 season.

GRADING, QUALITY, AND PACKING.

During the year ending 31st July, 1941, very few claims were received from London, and in all cases these were recovered from shippers. The quality of the tallow has been maintained, and some shippers have improved their grades considerably. There have been some difficulties in obtaining standard white-pine casks, and consequently other timbers have been used which have resulted in tares heavier than usual, thus increasing the freight charges.