

The Division has competent Inspectors constantly engaged in the examination of fruit in cool stores, and it is pleasing to be able to record that it was largely this factor which resulted in the loss of cool-stored fruit, despite infections of ripe spot, flesh collapse, or other purely cool-store deficiencies, amounting to only 0.5 per cent. of the entire crop.

During 1940 and 1941 the Division's aim was to hold relatively heavy stocks for the October, November, and December markets, which fruit incurred the danger at that later period of cool-storage wastage. In 1942 the policy was to spread the fruit as long as possible, but at the same time to discharge and market it as soon as there was any indication that wastage was becoming a real danger. Even on this policy the quantity liberated to the markets compared favourably with pre-war distribution during the same months.

DISTRIBUTION

It cannot be gainsaid that since the Division assumed control of the marketing of apples and pears the *per capita* consumption has risen very considerably. The biggest production year in the history of the industry was 1938, and in that year it is estimated that 1,600,000 cases of fruit were sold on the Dominion markets. A comparison of that figure, which was then considered to be very high, with the quantities passing through the Division yearly is indicative of the manner in which consumption has been stimulated. An important factor in this has been the encouragement given by the Division to the grocery trade, and this is now an important avenue of retail trade, particularly in case lots. Advertising and the price factor are other means of stimulating sales, for it is impossible to push large quantities of fruit through the markets during the peak period of the receiving season without selling it at prices considerably below cost. The following table shows the comparison between monthly receipts and sales:

Month.	Received.	Marketed.	Month.	Received.	Marketed.
January	31,400	25,500	August	13,800	168,500
February	94,500	73,300	September ..	15,900	166,100
March	459,100	265,200	October	7,600	83,000
April	922,800	397,700	November ..	10,500	41,800
May	362,300	300,200	December ..	1,500	3,000
June	128,100	334,100			
July	59,600	248,700		2,107,100	2,107,100

When the Division commenced operations it continued with the auction system, which had been the recognized method of sale throughout the Dominion for many years. Under this system it was found impossible to maintain uniformity of value for comparable fruit between merchants in any one town or between one town and another. The Division resolved to fix definite selling-prices for the varieties, grades, and sizes, and to review the price-list weekly. While some opposition was at first found to this major change, both brokers and retailers realized the merits of it, and its benefits. In the first place, retailers had an assurance that they were at all times buying on the cheapest market, that no competitor could buy more cheaply, and, furthermore, that the Division's mode of regulating prices weekly avoided any drastic fluctuations in market values. The change avoided discussion as to the relative importance of brokers, because the more fruit any broker sold at the nominated price the more supplies he was able to obtain.

Under this system the Division has in mind building prices up gradually until, during the later months, a ceiling price would be voluntarily set. During October, however, when Delicious apples were selling at 16s. 6d. per case and Sturmers at 12s. 6d., the public demand was so great that retail prices rose as high as 10d. per pound. This led the Government to introduce a Price Order fixing the maximum wholesale price of apples at 13s. 6d. and the retail price at 6d. per pound. This price remained unaltered for the remainder of the season.

The Division does not deal direct with the public, but sales to Armed Forces, supply to schools, and some miscellaneous deliveries to hospitals, &c., are effected by direct contact. In 1942, 18.5 per cent. of the crop was disposed of by direct sales of these types.

APPLES IN SCHOOLS

The distribution of apples to school-children, inaugurated in 1941, was continued on a similar basis of one apple per day for each child. Under this scheme 156,000 cases of apples were released over a period of approximately twelve weeks, and the Division again wishes to acknowledge the co-operation of all those connected with it.

TRANSPORT

One of the Division's main services is distribution. To arrange a proportionate supply simultaneously to all markets, not only in quantity but also in each of the main varieties, is necessary to the establishment of similarity in value in all markets. This distribution entails heavy transportation mainly because the great bulk of the fruit is produced in the Nelson and Hawke's Bay districts, while the bulk of the population is located in or adjacent to the four main cities. About 70 per cent. of the