

1947
NEW ZEALAND

MARKETING DEPARTMENT

(EXPORT DIVISION)

ANNUAL REPORT (ELEVENTH) AND ACCOUNTS FOR THE YEAR ENDED 31st JULY, 1947

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

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REPORT

SIR,—

I have the honour to submit the annual report and statement of accounts of the Marketing Department (Export Division) for the year ended 31st July, 1947.

This report relates to the 1946-47 production season (the second post-war year), and the transactions in respect of dairy-produce, meat, tallow, woolly sheep-skins, hides, and linen flax are reviewed under the appropriate headings.

I have, &c.,

G. M. POTTINGER,

Acting-Director.

The Hon. the Minister of Marketing.

CONTRACTS BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR THE SECOND POST-WAR YEAR, 1946-47

Details of the four-year contracts (1944 to 1948) for butter, cheese, and meat were given in the 1945 report, and details of the extension of the contracts to 1950 in last year's report.

In terms of the contracts, notice was given that the New Zealand Government desired reconsideration of the price and terms of the contract for dairy-produce, but of the terms only in the case of meat, and discussions were held with the Milk Products Division and Imported Meat Division of the United Kingdom Ministry of Food.

In these discussions, Mr. G. A. Duncan, Chairman of the New Zealand Wool Disposal Commission, who was in London at the time, represented the New Zealand Government, together with Mr. H. E. Davis, and Mr. N. S. McClumpha, of the New Zealand Marketing Department in London, also Mr. L. C. Webb, Director of Stabilization. At the request of the New Zealand Government, Mr. W. E. Hale and Mr. A. Linton, Chairman and member respectively of the New Zealand Dairy Board, took part in the discussions, together with Mr. A. H. Ward, of the New Zealand Dairy Board, and Mr. S. A. Chisholm, London Manager of the New Zealand Meat-producers' Board.

Details of the amended prices and terms agreed upon for the 1947-48 season are given in the appropriate sections of this report, as are also the contract prices and terms for tallow and other products handled by the Department.

AGREEMENT WITH DAIRY AND MEAT INDUSTRIES FOR YEAR ENDING 31st JULY, 1947

In last year's annual report was set out the general terms of the agreement with the Dairy and Meat Boards in respect of debits to the Industry Stabilization Accounts for the year ending 31st July, 1947. No schedule of actual debits has yet been approved, and meantime the distribution between the Dairy and Meat Accounts is the same as for the 1945-46 period.

DAIRY-PRODUCE

REVIEW OF COMPLETED FINANCIAL OPERATIONS FOR THE 1945-46 SEASON

The accounts presented with the report for the 1945-46 season covered purchases and sales of butter, cheese, and processed milk by the Department up to 31st July, 1946. These purchase and sale transactions showed a surplus of £1,091,761.

The final results of the operations for the complete season were—

	£	£
Surplus on creamery butter	106,739	
Surplus on cheese	763,327	
Surplus on whey butter	14,236	
Surplus on processed milk	2,544	
		886,846
Less excess storage charges		20,444
		<hr/> 866,402
Add—		
Interest on investments	108,085	
Transfer from Internal Marketing Division (Butter Equalization Account)	140,118	
		<hr/> 248,203
Net surplus for 1945-46 season ..		<hr/> <hr/> £1,114,605

LONG-TERM CONTRACTS, 1944-50, BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR PURCHASE OF THE EXPORTABLE SURPLUSES OF BUTTER AND CHEESE FOR THE PRODUCTION PERIOD 1st AUGUST, 1944, TO 31st JULY, 1950

In last year's annual report particulars were given of the agreement in respect of prices and conditions for the season 1946-47 and of the extension of the contract agreements until 31st July, 1950.

As a result of the discussions in London in August and September, 1947, as referred to on page 3, an agreement in respect of prices and conditions for the season 1947-48 was reached in terms of the following letters exchanged between the New Zealand Government and the Ministry of Food:—

Letter dated 15th December, 1947, from United Kingdom Minister of Food to the High Commissioner for New Zealand read as follows:—

I am glad to hear that the negotiations about the prices, terms, and conditions for the purchase of New Zealand butter and cheese of the production season 1947-48 have now been satisfactorily concluded. I understand it has been agreed that the existing Heads of Agreement shall remain in force subject to an exchange of letters between us detailing certain modifications which are to be taken in conjunction with these Heads of Agreement and which I now outline:—

1. *Price.*—It was agreed that in respect of all shipments from the production season commencing 1st August, 1947, and ending on 31st July, 1948, the following prices shall be substituted for those appearing in Schedules I and II of the Heads of Agreement:—

					Sterling per Hundredweight delivered f.o.b. Ocean Steamer.
				s.	d.
(a) <i>Butter</i> —					
	Creamery Finest Grade 93 points and over .. ..	..	..	205	0
	Creamery First Grade 90-92½ points .. ..	..	..	203	9
	Creamery Second Grade .. ..	..	..	200	0
	Whey First Grade .. ..	..	..	197	0
	Whey Second Grade .. ..	..	..	193	0
(b) <i>Cheese</i> —					
	Finest and First Grade 91 points and over .. ..	..	..	118	0
	Second Grade .. ..	..	..	116	0

Consequential amendments to the Schedules arising from these revised figures will be arranged between our respective officers.

2. *Sales to Markets other than the United Kingdom.*—While our need for the maximum quantities of butter and cheese is well known to you, it was agreed that some regard must be given to supplies to other markets particularly those where New Zealand enjoys an established trade. Under these circumstances it was decided that, in addition to sales within the limits of the calendar year programmes to certain specified destinations which are governed by established procedure, New Zealand should also be at liberty to reserve for sale at her own discretion from 1947–48 seasons production up to 1,500 tons of butter and up to 1,000 tons of cheese.

I take this opportunity of confirming that the intentions expressed in my letter of the 2nd August, 1946, as regards (a) the period of the contract, (b) the relative volume of supplies of butter and cheese, (c) the distribution of New Zealand butter and cheese in the United Kingdom, and (d) the discontinuance of margarine rationing, still continue unchanged.

I am informed that in consequence of the Dairy Products Marketing Commission Act, 1947, the New Zealand Government desires to assign its rights and liabilities under the agreements entered into with the United Kingdom Government for the sale and purchase of butter and cheese to the New Zealand Dairy Products Marketing Commission, and I confirm that the United Kingdom Government agrees to such assignment.

In conclusion I should like to express my thanks for the helpful and understanding attitude which New Zealand has taken throughout these discussions.

The terms of the contract were approved by the Dairy Products Marketing Commission, referred to on page 7.

ALLOCATION OF BUTTER AND CHEESE TO MARKETS OUTSIDE THE UNITED KINGDOM

In last year's annual report reference was made to the arrangements under which shipments of butter and cheese could be made to countries outside the United Kingdom, and to the fact that this was now the subject of agreement with the United Kingdom Ministry of Food. Global allocations for the calendar year 1947 were made to the following destinations by the Ministry of Food :—

	Butter.	Cheese.	Ghee.
	Tons.	Tons.	Tons.
British Caribbean area—			
Bahamas	180	60	..
Barbadoes	240	48	..
Bermuda	250	150	..
British Guiana	400	184	..
British Honduras	90	53	..
Jamaica	475	281	..
Leeward Islands	106	62	..
Trinidad	850	330	..
Windward Isles—			
Dominica	6	7	..
Grenada	45	23	..
St. Lucia	45	20	..
St. Vincent	57	6	..
British Borneo	24	1	..
Burma	160	35	300 (a)
Ceylon	564	324	240 (b)
Falkland Islands	32	4	..
Fiji	23	18	89 (c)
Gambia	5	4	..
Gibraltar	90 (d)	162 (d)	..
Gilbert Islands	6	1	..
Gold Coast	84	19	..
Hong Kong	522 (e)	254 (f)	..
India	215 (e)	760 (e)	..
India (civil canteen stores) .. .. .	..	80	..
Kenya-Uganda .. .. .	..	..	..

SHIPMENT OF BUTTER AND CHEESE TO MARKETS OUTSIDE THE UNITED
KINGDOM—*continued*

					Butter.	Cheese.	Ghee.
					Tons.	Tons.	Tons.
Malaya	..	..	..	..	700	200	1,000 (g)
India (ships' stores)	..	..	..	..	50	25	..
Malta	..	..	..	..	360	720	..
Mauritius	..	..	..	..	200	52	50
Middle East—							
Aden	..	..	..	..	36	12	..
Cyprus	..	..	..	..	20	..	..
Cyrenaica	..	..	..	..	1	..	..
Egypt	..	..	..	..	..	50	..
Egypt (ships' stores)	..	..	..	..	210	90	..
Eritrea	..	..	..	..	..	..	..
Ethiopia	..	..	..	..	..	..	..
French Somaliland	..	..	..	..	10	2	..
Iraq	..	..	..	..	2	20	..
Lebanon	..	..	..	..	..	..	..
Palestine	..	..	..	..	1,500	1,000	..
Persia	..	..	..	..	..	..	..
Saudi Arabia	..	..	..	..	5	10	..
Sudan	..	..	..	..	5	10	..
Syria	..	..	..	..	..	..	..
Transjordan	..	..	..	..	..	..	..
Tripolitania	..	..	..	..	..	..	..
New Hebrides	..	..	..	..	34	7	..
Nigeria	..	..	..	..	1	23	..
Northern Rhodesia	..	..	..	..	268	22	..
Nyasaland	..	..	..	..	2	16	..
Oil companies—							
A.I.O.C., Abadan	..	..	..	..	46	46	83 (b)
Iraq Petroleum	..	..	..	..	44	38½	100 (b)
Kuwait Oil Co.	..	..	..	..	3	3	35 (b)
Texas Oil Co., Bahrein	..	..	..	..	5	9	..
Shell Petroleum—							
Curacao	..	..	..	..	7	..	..
Netherlands East Indies	..	..	..	..	15	..	..
St. Helena-Ascension	..	..	..	..	8	13	..
Sarawak	..	..	..	..	12	1	..
Seychelles	..	..	..	..	12	3	..
Sierra Leone	..	..	..	..	77	17	..
Solomons	..	..	..	..	5	1	..
South Africa	..	..	..	..	..	50	..
Southern Rhodesia	..	..	..	..	350	..	..
Tanganyika	..	..	..	..	..	..	..
Tonga	..	..	..	..	16	3	..
Zanzibar	..	..	..	..	29	3	..
Total	..	..	..	..	8,502	5,332½	1,897

NOTES.—(a) Ex India. (b) Ex Australia. (c) 50 per cent. each Australia - New Zealand. (d) Including ships' stores requirements. (e) Including 95 tons for Admiralty. (f) Including 50 tons for Admiralty. (g) 300 tons Australia - New Zealand, balance India.

The qualification for shipment to these countries was that a duly authenticated import licence should be issued by the importing country before an export licence was issued by the supplying country.

It should be noted that the destinations named were all dependent pre-war on the importation of butter and cheese to meet their necessary requirements. The quantities named were the maximum they could obtain from all sources of supply, and New Zealand was free to supply these destinations, provided the orders could be obtained.

In addition, New Zealand was free to supply 500 tons of butter and 500 tons of cheese to any destination that she might decide upon. Australia was put on a similar basis. Quantities exported by New Zealand are set out under the heading of "Quantities of Butter and Cheese exported."

DAIRY PRODUCTS MARKETING COMMISSION

It appears desirable to open this section with the address of the Right Hon. the Prime Minister to the Dominion Dairy Conference on 17th April, 1947, when the proposals for a Commission were considered by the delegates :—

The Prime Minister said he was very glad to have the opportunity of meeting the representatives of the dairy industry from the whole of the Dominion, and to discuss with them matters of fundamental importance not only to the dairy industry, but to the whole Dominion, and, further, not only to New Zealand, but to the Mother-country as well. At the present moment the Mother-country was in difficulties, and he felt sure that they all wanted to rally round and help her. The Government would shortly be announcing a contribution towards a fund for the relief of those who suffered the very extensive flood damage in Britain. The flooded areas in Britain—and they were mostly rural areas—were very hard hit, and he hoped it might be possible for the farming industry in New Zealand to help their fellow-farmers in the United Kingdom.

It would be very difficult to exaggerate the importance of the work of the Conference, or the importance of the Government's proposals which had found favour with the Conference. The Government went to the country with a programme contained in the election manifesto, and was re-elected by a small margin. Part of that programme was that the question of marketing of dairy-produce should be reconsidered, and the present methods realigned and altered. It would, he thought, be worth his while reading the policy with regard to the dairy industry on which the Government went to the country. That section of the Labour Party's election programme read as follows :—

"The basis of the Labour Government's policy towards the dairy industry continues to be the guaranteed price, which in the years since its inception has brought to dairy-farmers a degree of prosperity and economic security without parallel in the industry's history. The Labour Government believes that the dairy industry as a whole desires to retain the guaranteed price as the sheet-anchor of its welfare.

"As a result of experience over the last few years, however, the Labour Government believes that two beneficial changes can be made in the guaranteed price set-up. The first of these changes is in the direction of removing the actual fixing of the price from an atmosphere of bargaining and negotiation. The essence of the guaranteed price is that it should be adequate to cover the farmers' costs and to provide them with a reasonable standard of living—a standard of living which will rise steadily along with the general living standards of the community as a whole. Investigations into the cost structure of the dairy industry have now been carried sufficiently far to make it possible to hand over to an independent tribunal the task of determining the guaranteed price from season to season. It is accordingly the Government's intention to set up for this purpose a tribunal consisting of two industry representatives and two Government representatives, with an independent Chairman.

"The second change proposed concerns the marketing of dairy-produce. It is the Labour Government's desire that the representatives of the dairy industry, who have a wide and valuable knowledge of its problems, should participate directly in marketing. It is therefore proposed to set up a Dairy Produce Marketing Authority, to which will be appointed Government representatives and representatives chosen by the dairy industry. The Chairman of this Authority will be appointed by the Government after consultation with the industry. Since the Government bears the main financial liability in connection with the guaranteed price, it must retain its voice in marketing; but the new arrangement proposed here will be the means of inaugurating a fruitful partnership between the Government and the industry in the marketing of dairy products.

"The details of these proposed changes will, of course, be discussed with industry representatives before being put into effect."

That was the election programme on which the Government was returned, continued Mr. Fraser. It was incumbent on the Government to discharge its obligations undertaken to the electors of the country in regard to the dairy industry at the earliest opportunity. That opportunity arose when he (Mr. Fraser) received a letter from Mr. Hale that the industry wished to discuss matters with him, mainly prices, particularly in view of the extension of the principle of the forty-hour week in many directions. The urgency of the need for discussion was stressed in the letter. He (Mr. Fraser) thought, and Cabinet concurred, that the receipt of that letter would give an opportunity for reviewing, if the representatives of the dairy industry were agreeable, the whole position in respect to the purchasing and marketing of dairy-produce, and the relationships between the Government and the dairy industry.

It was also a favourable opportunity for the Government to put forward to the industry proposals along the lines of the programme on which it was elected. Negotiations were opened up, the Government representatives being Messrs. B. C. Ashwin, G. M. Pottinger, L. C. Webb, and F. P. Walsh. They met the leaders of the industry and had discussions. It became very clear to the representatives of both Government and industry—and they had passed that opinion on to himself, and he in turn had discussed the matter with Cabinet—that the work which they thought would require two Boards expressed in the Labour Party's manifesto could be done effectively by one authority. The Government had had quite an open mind on this aspect of the problem, so long as what was proposed did not mean something contrary to the proposals in the election programme to which it was pledged, and was acceptable to the industry. The Government had been quite prepared to consider anything reasonable, and its answer was that if it was firmly established that one body could do the job of fixing the price and handling the produce, obviously there was no need for two separate bodies. While every one would be enthusiastic about making two blades of grass grow where one grew before, nobody would want two Boards where one would do the job. The Government therefore told the Committee to proceed, so long as it was satisfied that what was proposed would not be a violation of the pledges it had made. The results of the Committee's work, as adopted by the Government, had been placed before the Conference the previous day and before members of the Government a day or two earlier as the Government's plan.

Mr. Hale, in his short summary of the proposals, touched upon the main principles that had been agreed upon. Mr. Hale had also wanted elucidation on one or two points, and he would deal with one forthwith, because the answer was contained in a reply to a letter he had received from Mr. Hale. Mr. Hale's letter read as follows:—

“The Right Hon. the Prime Minister,
“Parliament Buildings,
“Wellington.

“DEAR SIR,—

“In recent weeks a committee of the Dairy Industry Council has been discussing with representatives of the Government proposals for the establishment of a Commission to fix the guaranteed prices and to market dairy-produce. At this stage, there is one point on which we think it desirable to seek clarification from the Government. As you will be aware from my letter of January 31, 1947, the demand has been made that farmers and farm workers be placed on the same basis as other sections of the community as regards the 40-hour week and payment for Saturdays, Sundays and statutory holidays. Furthermore, it has been asked that the price for the current season be reconsidered in the light of this factor.

“The Dairy Industry Council, having discussed the proposals, desire me to ask if the powers of the proposed Dairy Industry Commission will enable it to review the current season's price, regard being had to the developments which have taken place concerning the 40-hour week.

“Yours faithfully,

“(Signed) W. E. HALE,
“Chairman,

“Dairy Industry Council.”

In reply to Mr. Hale's letter, he had written the following:—

“The Chairman,
“Dairy Industry Council,
“Wellington.

“DEAR MR. HALE,—

“In reply to your letter of April 15th, 1947, I desire to point out that the proposed Dairy Industry Commission will be empowered to determine the guaranteed price. The formula by which this price is to be determined will provide that the Commission shall take into consideration, among other things—

“The general standard of living of persons engaged in the dairy industry in comparison with the general standard of living throughout New Zealand.

“In recent months action taken by the Government has extended the benefits of the 40-hour week; and these developments could be taken into account by the Commission in the practical application of the passage quoted above. Moreover, it would also be competent for the Commission to reconsider the price for the 1946–47 season in the light of these considerations. Authority for the Commission to do this will be included in the legislation to be submitted to Parliament.

“Yours faithfully,

“(Signed) P. FRASER,
“Prime Minister.”

Continuing, Mr. Fraser said he thought that letter was quite clear, and without any ambiguity. The matter would be in the hands of the Commission.

As regards the legislation, this, of course, would be submitted to the Dairy Board before being introduced, and the Board would satisfy itself that the legislation contained the provisions that the Government and the industry had agreed to. That, of course, must be done, and there would be no deviation from it. The agreement had been arrived at in good faith, and both parties must be satisfied that the agreement was implemented in the legislation. They would ask the Law Drafting Office to go ahead with the job as early as possible, and it might be practicable to have the legislation brought before the House of Representatives earlier than was usual, by agreement with the Opposition. If both sides of the House agreed, the Address in Reply debate could be interrupted for that purpose. He would undertake to expedite the legislation as far as possible, and in the meantime, before it was introduced to Parliament, the draft could be approved by the Government and the Dairy Board as embodying the agreement. The matter, in his opinion, was so important, and so momentous for the future of the industry and the country, that there was no room for any doubt whatever arising when the legislation was brought down. Any shadow of misunderstanding, even if such could arise, should be removed prior to the introduction of this legislation, but the proposals were so clear that he could not imagine any misunderstandings arising. He thought it would be a comparatively simple matter to have the proposals translated into the proper effective legislative terms. The industry had formulated a marketing scheme and part of the industry's proposals was embodied in the present Government plans. No Government or people who believed in progress could ever come to the conclusion that decisions arrived at at a particular time were necessarily final and immovable. They must be moving forward politically as well as economically. It was the duty of Governments, as of individuals, to learn from experience. He personally considered that the present proposals for partnership between the Government and the industry was a very considerable step forward in industrial democracy.

Neither he nor his party had the conception of building up a bureaucratic State or even one that, with parliamentary representatives elected every three years, would leave an army of public servants to govern the people. That conception was purely imaginary. They could not possibly endure that sort of thing. If they were ever to have an industrial democracy, the people engaged in producing the wealth of the country must have some say in its production and its realization. That was the position as he saw it, and as he believed his party saw it. The proposed plan was a step forward in the right progressive direction.

Whether the scheme would prove successful or not depended on the selections of members of the Commission made by the industry and the Government. He wanted to congratulate those responsible for the drafting of the proposals, for in them they had the widest and most co-operative field for careful selection. The industry would put forward a panel of six men whom it could trust, and the Government would select three men whom it thought most suitable from among those six. The Government would inform the industry whom it wanted to appoint as its three representatives, and the industry would have the opportunity of discussing those appointments. Every effort would be made to have unity on the personnel, including the Chairman. After all, unless the Commission to be set up carried the trust of the industry and the Government, it was doomed to failure from the start, and therefore every possible effort would be made to get a body that was wholly acceptable. The Commission would have the responsibility of fixing the guaranteed price. In that respect there would be no provision for either Governmental or Ministerial direction. The Government's election manifesto had promised an independent tribunal. Therefore, if this one body was to do the whole job, it must have the necessary powers of a tribunal in regard to the guaranteed price. There is a provision in the agreement that if the wheel turned as it seemed to be doing in the case of their primary products, the world markets began to fall, and if the Commission had come to the conclusion that the price it was going to fix was fair, but that the money available would not be sufficient without Government financial assistance, it would notify the Government and discuss the matter with the Government before it fixed the price. The Government would be made aware of the situation, but even then the Government would leave the responsibility for fixing the price to the common-sense and judicial capacity of the Commission.

He was not going to deal with the marketing provisions to any extent, except to say that quite obviously the present Marketing Department would be used for a period, but that if the new Commission wished to reorganize, then it would be competent for it to do so. They did not want a Commission to be set up without having adequate authority, because without that it would fail in its work. The Government wanted the Commission to be set up to feel that it had full authority, subject only to Government policy. That policy included stabilization and overseas marketing arrangements. Until 1950 they had a Government-to-Government contract with the United Kingdom, but so far as marketing generally, subject to and within the scope of Government policy and price fixing, were concerned, those would be the responsibility of the Commission. He did not think he need say anything else, because he thought he had answered Mr. Hale's questions. Physical control of the produce, the fixing of the guaranteed price, transport arrangements, and such questions of detail as whether the price should be paid for the butter in store or f.o.b. were all to be matters for the Commission, in the same way as they had up till now been matters for the Export Marketing Department.

He had already explained that the 1946-47 price could be reviewed by the Commission and that all factors could be taken into consideration. He would like to express the hope that, while he did not know whether the new proposals would remove the industry entirely from politics, it would lend itself less to party politics. Apart from those associated with Government policy, there would be no directive from the Government in regard to details. In price fixing, the Commission would not be under direction, but it would be under an obligation to consult and discuss with the Government if the financial position was such that the proposed guaranteed price could not be met from the financial returns from overseas. That provision was just plain common-sense. He thought the proposals were not only important to the industry, but that it would also be an example to the country generally of co-operation in practice.

He was not going to enter into any discussion regarding the present economic and industrial situation except to say that they all saw tendencies in many directions that might shake the very foundations of the country. He was just going to say this: that there must be a stopping-place to anti-social action, from whatever quarter. The conscience of the people of the country would not long tolerate the various groups who were repeatedly threatening to coerce the community. No country could survive economically—and if it could not survive economically it could not survive socially—unless there was a realization among all sections of their responsibilities in pulling their weight in the industrial life of the country. He was not going to blame any one section, but was going to say that all required to have a sense of deep responsibility in discussing economic matters and determining questions of prices and wages and allied questions. It would be very easy for the Government to remove stabilization and all other restrictions, and let prices and wages and farm returns and profits and dividends soar. They would mount up like a fountain, and then would collapse like a fountain when turned off, and there would be widespread suffering. The alternative, and the only alternative, was co-operation. The Government could use restrictive measures and could establish itself as a dictatorship and use force. Occasionally the use of compulsion and even force was unavoidable, but its constant use was not a sensible or successful policy, and unless the common-sense and conscience of the people of the country as a whole were awakened, then the economic life of our land would collapse. It was their individual and collective responsibility to endeavour to institute a system of co-operation, and in that respect he personally would like to see industrial workers and farmers getting together and discussing matters frankly, friendly, and plainly in regard to each other's responsibilities. For instance, how could their markets be maintained unless the commodities produced were sent away from the country as quickly as possible? The first condition of success was co-operation from all concerned.

The Government would put the agreement into legislation, and a new phase in relationship between the Government and the dairy producers would be commenced and be an example of the proper attitude to be taken by all if the country was to go on as they wanted it to go on from prosperity to prosperity.

The proposals referred to by the Prime Minister and placed before the Conference were as follows:—

It is recommended by a joint Committee comprising representatives of Government and of the dairy industry that—

- (1) There shall be appointed a Commission to be called the New Zealand Dairy Commission.
- (2) The Commission shall consist of seven members to be appointed by the Governor-General on the recommendation of the Minister of Marketing, of whom—
 - (a) Three members shall be appointed on the nomination of the Minister after consultation with the New Zealand Dairy Board;
 - (b) Three members shall be appointed from a panel of six names nominated by the New Zealand Dairy Board; and the Minister shall consult the said Board before recommending to the Governor-General;
 - (c) A Chairman shall be appointed on the nomination of the Minister after consultation with the New Zealand Dairy Board.
- (3) The Commission be a body corporate.
- (4) (i) The Chairman of the Commission shall be appointed for a term of five years, the retiring Chairman to be eligible for reappointment as Chairman or as a member of the Commission. Any appointment to fill an extraordinary vacancy shall be for a term of five years.
- (ii) The first appointment of members of the Commission shall be for a term not exceeding five years: Provided that at the end of the third year two members to be selected by ballot shall retire, and similarly two original members (or persons appointed to complete a term of office of original member) shall retire by ballot at the end of the fourth and fifth years respectively; and also provided that of the two members retiring at the third, fourth, and fifth years respectively, one shall be a member appointed on the nomination of the Minister and one a person appointed on the nomination of the New Zealand Dairy Board.

(iii) Appointment of members shall be for a term of five years : Provided that extraordinary vacancies shall be filled for the unexpired term of appointment of the member being replaced.

(iv) For appointments of members nominated by the New Zealand Dairy Board (other than the original appointment), the New Zealand Dairy Board shall nominate a panel of two names for each vacancy, from which the Minister shall recommend the appointment after consultation with the New Zealand Dairy Board. Similarly, where an appointment of a Government nominee is required to fill a vacancy, the Minister shall consult the New Zealand Dairy Board.

(v) Every member shall hold office until his successor is appointed.

(vi) Retiring members of the Commission shall be eligible for reappointment either as members or as Chairman.

(vii) The Chairman of the Commission shall not—

(a) Be a member of either House of the Legislative Assembly :

(b) Be a member of the New Zealand Dairy Board :

(c) Hold any other paid office under the Crown or from any other statutory corporation :

(d) Be concerned or interested (other than as a member in an incorporated company under the Companies Act or Friendly Societies Act) in any commercial undertaking.

(viii) Members of the Commission shall not—

(a) Be members of either House of the Legislative Assembly ; or

(b) Be members of the New Zealand Dairy Board.

(5) That section 17 (2) of Primary Products Marketing Act be repealed, and that the Commission be given powers to make such arrangements as it thinks fit—

(a) For the handling, pooling, transport, and storage of any dairy-produce to which this Part of this Act applies :

(b) For the shipment of any such dairy-produce that is intended for export, on such terms and in such quantities as the Commission thinks fit :

(c) For the insurance against loss of any such dairy-produce :

(d) Generally for all such matters as are necessary for the exercise of any of the powers herein expressly conferred :

(e) For the sale of dairy-produce to the best advantage.

(6) Repeal section (18) of Primary Products Marketing Act and vest authority in Commission to purchase at f.o.b. all butter and cheese for export.

(7) That provision be made for regulating local market costs and distribution.

(8) That the Commission be given power to determine the guaranteed price by re-enacting section 20 (4) and (5) of Primary Products Marketing Act.

(9) Clause (8) above to be subject to proviso that in determining prices Commission will have regard to the general economic stability of New Zealand.

(10) The price determined by the Commission for any season shall be guaranteed by the Government.

(11) If the Dairy Industry Account is in debt, or if the estimates for the ensuing season indicate the possibility that the account may be in debit, then the Commission shall consult with the Minister of Marketing before fixing the guaranteed price for the ensuing season.

(12) That the Commission should have the responsibility of tendering advice to Government—

(a) On trends and prospects in overseas markets :

(b) On movements in costs, prices, or other factors likely to prejudice economic stability of the dairy industry.

(13) That in the exercise of its functions, with the exception of those in (8) and (11) above, the Commission shall comply with the general trade policy of the Government and with any general or special directions issued by the Minister in terms of Government policy.

(14) Commission may delegate any of its functions, save that of determining the guaranteed price, to an agent or agents, whether in New Zealand or overseas. Authority to be given Export Marketing Department to act as agent.

(15) That the transfer of Dairy Industry Account, including the Dairy Industry Stabilization Account, to the custody of the Commission be authorized.

(16) That Commission shall present an annual report to Parliament.

The Conference then unanimously carried the following motion :—

“ That Conference approves the general principles providing for the setting-up of the Dairy Industry Commission, as placed before it by the Dairy Industry Council, subject to the Dairy Board being (a) satisfied with the draft legislation, and (b) fully consulted regarding all matters affecting the setting-up of the Commission, its authority, and its functions.”

The final draft of the legislation was unanimously approved by the representatives of the dairy industry, and the Dairy Products Marketing Commission Act was passed on 31st July, 1947. Under the Act a Dairy Products Marketing Commission was set up consisting of seven members appointed by the Governor-General on the recommendation of the Minister of Marketing, as under:—

One member to be Chairman.

Three members to be selected from a panel of names submitted by the New Zealand Dairy Board.

Three other members.

The Commission was to take over all the functions of the Export and Internal Divisions of the Marketing Department in respect of butter and cheese sold on the local market or exported from New Zealand, subject only to the Commission complying with the general trade policy of the Government. In addition, to the Commission was delegated the responsibility of fixing the guaranteed price after giving regard to the same considerations as had been set out in section 20 of the Marketing Act, 1936, provided always that if the accounts of the Commission disclose a debit or are likely to disclose a debit within the succeeding twelve months, the Commission, before it fixes prices, must consult the Minister of Marketing.

The following members of the Commission were appointed on 7th August, 1947:—

Chairman: Mr. W. Marshall. *Messrs.* H. E. Blyde, A. M. Candy, W. G. McCartney, B. C. Ashwin, C. Morgan Williams, and F. P. Walsh.

At its first meeting on 26th August, 1947, the Commission appointed as General Manager the Acting Director of Export Marketing, Mr. G. M. Pottinger, and as Secretary, Mr. F. Lingard, Secretary to the Economic Stabilization Commission.

Pending the appointment of a complete staff, the Commission agreed to appoint the Export and Internal Divisions of the Marketing Department to act as its agents.

GUARANTEED PRICES, 1946-47 SEASON

The guaranteed purchase-prices paid to dairy companies by the Marketing Department for butter and cheese manufactured during the 1946-47 season and exported were:—

<i>Creamery Butter—</i>					Pence per Pound.
Finest Grade—					
94 points and over	..	..	..	..	15·515
93 to 93½ points (basic price)	..	..	..	..	15·39
First Grade—					
92 to 92½ points	..	..	..	..	15·3275
90 to 91½ points	..	..	..	..	15·14
Second Grade	..	..	..	..	14·64
<i>Whey Butter—</i>					
First Grade	..	..	..	..	13·89
Second Grade	..	..	..	..	13·39
<i>Cheese—</i>					
Finest Grade—					
94 points and over	..	..	..	..	8·88625
93 to 93½ points	..	..	..	..	8·855
First Grade—					
92 to 92½ points (basic price)	..	..	..	..	8·73
91 to 91½ points	..	..	..	..	8·6675
Second Grade	..	..	..	..	8·48

NOTE.—These purchase-prices for butter and cheese are the same as those applying for the previous (1945-46) season.

DAIRY-FACTORY AND FARM-COSTS ALLOWANCES PAYABLE FOR THE 1946-47 SEASON

The report of the Department for last year (ended 31st July, 1946) shows on pages 10 and 11 the costs allowances agreed to be paid (in terms of the stabilization procedure) for the 1946-47 season, after negotiations between the representatives of the dairy industry and the Economic Stabilization Commission. Full details of the allowances were shown in the previous year's report just referred to, but for ready reference the short details are repeated hereunder :—

<i>To butter-manufacturing companies for period 1st August, 1946, to 31st July, 1947 :—</i>					Pence per Pound of Butterfat.
A farm-costs allowance of	..	..	..	..	2·675
A farm-labour allowance of	..	..	..	..	2·510
A factory-costs allowance of	..	..	..	..	0·411
Total	..	..	..	..	<u>5·596</u>

<i>To cheese-manufacturing companies for period 1st August, 1946, to 31st July, 1947 :—</i>					
A farm-costs allowance of	..	..	..	..	2·675
A farm-labour allowance of	..	..	..	..	2·510
A factory-costs allowance of	..	..	..	..	0·745
Total	..	..	..	..	<u>5·930</u>

In the previous year's report the standard resulting average payments by dairy companies to suppliers for butterfat for the 1946-47 season were estimated to be 21·8d per pound of butterfat for butter-manufacture and 23·8d. per pound of butterfat for cheese-manufacture.

The actual resulting average payments were as follows :—					Pence per Pound of Butterfat.
<i>Butter-manufacture—</i>					
Payment for butterfat supplies	..	..	..	..	16·790
Add farm-costs allowance	..	..	..	..	5·185
Total	..	..	..	..	<u>21·975</u>
<i>Cheese-manufacture—</i>					
Payment for butterfat supplies	..	..	..	..	18·852
Add farm-costs allowance	..	..	..	..	5·185
Total	..	..	..	..	<u>24·037</u>

Subsequently, in order to compensate dairy companies for the increased wages cost incurred by them under the provisions of the New Zealand Dairy-factory Employees' award which came into force during the season, an additional costs allowance was granted by the Government. This allowance was paid on all butter and cheese manufactured during the 1946-47 season, and was at the rate of 0.05d. per pound of butterfat made into butter and 0.20d. per pound of butterfat made into cheese.

GUARANTEED PRICES, 1947-48 SEASON

For convenience of reference the following arrangements for the 1947-48 season, settled before publication of this report, are recorded.

The fixing of the guaranteed prices for the 1947-48 season became the function of the Dairy Products Marketing Commission, and it decided to depart from the practice followed in the 1943-44 season and up to and including the 1946-47 season and combine the farm-costs allowances and production subsidies in the guaranteed price.

The following statement was made by the Chairman of the Commission on 30th September, 1947 :—

PRICES FOR BUTTER AND CHEESE

The New Zealand Dairy Products Marketing Commission has determined, under section 36 of the Dairy Products Marketing Commission Act, 1947, that by way of an increase in the farm-labour allowance an additional payment shall be made of 1.716d. per pound on all butterfat in cream or milk supplied for butter and cheese manufacture from 1st November, 1946, to 31st July, 1947, making the total guaranteed price with allowances 23.391d. per pound butterfat for that period.

This will increase the farm-labour reward for each adult male unit of labour by 16s. 6d. per week, this amount being equal to 15 per cent. of the existing dairy-farm-worker's wage of £5 10s. per week : it is being allowed specifically in respect of the fact that work has to be done regularly on dairy-farms at week-ends and on holidays, thereby applying to the dairy industry the general principle embodied in extension of the benefits of the forty-hour week, as now enjoyed by other sections of the community. Payment of the retrospective increase will be made by the Commission to dairy companies in the course of the next few days on returns already submitted.

The Commission, having had regard to the provisions of section 16 of the Dairy Products Marketing Commission Act, has fixed the prices to be paid in respect of butter and cheese acquired by it and manufactured in New Zealand from the 1st August, 1947, to the 31st July, 1948, as follows :—

<i>Purchase-prices</i>					
					Pence per
					Pound.
Creamery butter—					
Finest Grade—					
94 points and over	..	..	..	..	.. 23.977
93 to 93½ points	..	..	..	..	.. 23.852 (basic price.)
First Grade—					
92 to 92½ points	..	..	..	..	.. 23.7895
90 to 91½ points	..	..	..	..	.. 23.602
Second Grade	..	..	..	..	.. 23.102
Whey butter—					
First Grade	..	..	..	..	.. 22.852
Second Grade	..	..	..	..	.. 22.352
Cheese—					
Finest Grade—					
94 points and over	..	..	..	..	.. 13.21825
93 to 93½ points	..	..	..	..	.. 13.187
First Grade—					
92 to 92½ points	..	..	..	..	.. 13.062 (basic price.)
91 to 91½ points	..	..	..	..	.. 12.9995
Second Grade	..	..	..	..	.. 12.812

It is estimated that these prices, which include an increase in factory-cost allowances, will enable efficient dairy-factory companies to pay to suppliers 25·907d. per pound for butterfat for butter-manufacture and 27·907d. per pound for butterfat for cheese-manufacture.

The structure of the guaranteed price now becomes—							Pence per Pound of Butterfat.
Interest on capital .. .. .	..	..	..	..	..	..	3·240
Farm working and maintenance costs .. .. .	..	..	..	..	..	..	10·011
Labour reward .. .. .	..	..	..	..	..	..	14·196
							<hr/> 27·447
Less standard allowance for pigs .. .. .	..	..	..	..	..	..	1·540
Standard average "pay-out" to suppliers for butter-manufacture							<hr/> <hr/> 25·907

The above price represents an increase in terms of butterfat of 2·516d. on the adjusted figure for the period 1st November, 1946, to 31st July, 1947. It is made up of 0·52d. for labour reward and 1·996d. for farm working and maintenance costs.

The increase in labour reward will provide for an additional 5s. per week per adult male unit of farm labour. The total labour reward equivalent in farm workers' wages, including the allowance for board and lodgings, then become £5 15s. per week, to which must be added the 16s. 6d. allowance for work done at week-ends and holidays.

The Dairy Board made representations to the Commission for an increase in the amount provided for board and lodging to be effective from the date of any retrospective increase in the labour reward. After consideration, the Commission decided to refer this matter, together with the modification of rates of wages necessitated by the increase in the labour reward to the Hon. the Minister of Labour, for submission to the parties concerned.

The increase of 1·996d. in farm working and maintenance costs makes provision for ascertained increases in costs and in accordance with Government policy costs, previously met by way of "subsidy."

The largest factor in these increased costs arises from the passing into price of fertilizer subsidies, for which purpose there is an allowance of 1·54d. per pound of butterfat. This, on 12,000 pounds of butterfat, provides an additional allowance for fertilizer of £77.

This arrangement simplifies the position, and it can be taken that production costs on existing standards in the guaranteed-price structure are allowed for in the price and that there are no subsidies or farm and factory cost allowances.

As early as the change can be arranged, payment will be made to dairy companies on the 20th of each month for butter and cheese graded during the preceding month.

The existing uniform arrangement of debiting dairy companies with two months' storage will be continued, but payment is being made earlier for the purpose of assisting dairy companies in their finances.

PREMIUMS FOR QUALITY, AND QUANTITIES OF BUTTER AND CHEESE PAID FOR AT DIFFERENTIAL PRICES

Under the Dairy-produce Export Prices Order 1939 provision is made for additions to or deductions from the basic purchase-prices for butter and cheese according to quality as disclosed by the grading-points awarded to the dairy-produce. This system of price differentials provides a stimulus to the production of dairy-produce of higher quality.

The following tables show for the 1946–47 season the quantities of butter and cheese purchased for export and paid for at the respective differential prices. For comparison purposes the totals for the previous five seasons are also shown.

CREAMERY BUTTER (IN TONS): QUANTITIES PURCHASED FOR EXPORT AND PAID FOR AT DIFFERENTIAL PRICES

Grading Ports.	Total.	Finest Grade.		First Grade.		Second Grade.
		94 Points and over.	93 to 93½ Points. (Basic Price.)	92 to 92½ Points.	90 to 91½ Points.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Auckland	96,741	38,304	41,272	11,158	5,976	31
Dunedin	103	..	38	39	19	7
Gisborne	1,323	816	419	82	5	1
Lyttelton	1,387	605	660	106	16	..
Napier	851	210	558	59	24	..
New Plymouth	7,982	3,107	4,047	515	312	1
Patea	497	84	157	95	156	5
Timaru	296	10	264	17	5	..
Wanganui	1,949	912	802	191	44	..
Wellington	11,694	5,000	4,734	1,507	437	16
Grand totals—						
1946-47	122,823	49,048	52,951	13,769	6,994	61
1945-46	100,290	33,384	45,658	13,039	7,919	290
1944-45	119,807	47,906	52,319	12,810	6,654	118
1943-44	98,648	38,821	43,659	9,666	6,320	182
1942-43	101,696	35,046	47,417	11,464	7,426	343
1941-42	100,432	40,497	40,106	9,507	9,043	1,279
Percentage of qualities—						
1946-47	100	39·93	43·12	11·21	5·69	0·05
1945-46	100	33·29	45·52	13·00	7·90	0·29
1944-45	100	39·99	43·67	10·69	5·55	0·10
1943-44	100	39·35	44·26	9·80	6·41	0·18
1942-43	100	34·47	46·63	11·27	7·30	0·33
1941-42	100	40·32	39·93	9·47	9·00	1·28

WHEY BUTTER (IN TONS): QUANTITIES PURCHASED FOR EXPORT AND PAID FOR AT DIFFERENTIAL PRICES

Grading Ports.				Total.	First Grade.	Second Grade.
				Tons.	Tons.	Tons.
Auckland .. ..	..	..	..	479	172	307
Bluff .. ..	..	..	..	151	150	1
Dunedin .. ..	..	..	..	30	27	3
Lyttelton .. ..	..	..	..	26	26	..
New Plymouth .. ..	..	..	..	518	505	13
Patea .. ..	..	..	..	765	759	6
Wellington .. ..	..	..	..	374	313	61
Grand totals—						
1946-47 .. ..	..	..	..	2,343	1,952	391
1945-46 .. ..	..	..	..	2,558	2,184	374
1944-45 .. ..	..	..	..	2,783	2,582	201
1943-44 .. ..	..	..	..	2,420	2,256	164
1942-43 .. ..	..	..	..	2,257	2,095	162
1941-42 .. ..	..	..	..	3,123	2,974	149
Percentage of qualities—						
1946-47 .. ..	..	..	..	100	83·31	16·69
1945-46 .. ..	..	..	..	100	85·38	14·62
1944-45 .. ..	..	..	..	100	92·78	7·22
1943-44 .. ..	..	..	..	100	93·22	6·78
1942-43 .. ..	..	..	..	100	92·82	7·18
1941-42 .. ..	..	..	..	100	95·23	4·77

Butter figures calculated at forty boxes to a ton.

CHEESE (IN TONS) : QUANTITIES PURCHASED FOR EXPORT AND PAID FOR AT DIFFERENTIAL PRICES

Grading Ports.	Total.	Finest Grade.		First Grade.		Second Grade.
		94 Points and over.	93 to 93½ Points.	92 to 92½ Points. (Basic Price.)	91 to 91½ Points.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Auckland	14,888	32	1,180	6,577	4,730	2,369
Bluff	8,263	157	2,895	4,770	361	80
Dunedin	1,058	21	80	716	220	21
Gisborne	161	7	24	102	26	2
Lyttelton	954		355	581	18	
Napier	65	3	19	34	4	5
New Plymouth	19,416	306	8,633	7,911	2,263	303
Patea	23,165	132	9,034	12,318	1,451	230
Timaru	660	8	343	283	22	4
Wanganui	2,233	19	275	1,078	819	42
Wellington	12,127	224	4,347	6,268	1,127	161
Grand totals—						
1946-47	82,990	909	27,185	40,638	11,041	3,217
1945-46	86,785	1,140	20,831	47,502	13,292	4,020
1944-45	90,429	1,272	21,840	48,412	14,694	4,211
1943-44	81,544	820	17,768	45,966	13,150	3,840
1942-43	93,638	660	18,997	56,378	15,274	2,329
1941-42	150,127	1,051	28,097	69,703	38,676	12,600
Percentage of qualities—						
1946-47	100	1.10	32.76	48.97	13.30	3.87
1945-46	100	1.31	24.00	54.74	15.32	4.63
1944-45	100	1.40	24.15	53.54	16.25	4.66
1943-44	100	1.00	21.79	56.37	16.13	4.71
1942-43	100	0.70	20.29	60.21	16.31	2.49
1941-42	100	0.70	18.72	46.43	25.76	8.39

Cheese figures calculated at fourteen crates to a ton.

QUANTITIES OF BUTTER AND CHEESE EXPORTED

The quantities of butter and cheese exported from the various grading ports of the Dominion are shown in the following tabulation:—

BUTTER AND CHEESE EXPORTS FROM 1ST AUGUST, 1946, TO 31ST JULY, 1947

Grading Ports.	To United Kingdom.		To other Destinations.		Total Exports.		Percentage.	
	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.
	Boxes.	Crates.	Boxes.	Crates.	Boxes.	Crates.		
Auckland	3,496,558	210,379	305,749	15,719	3,802,307	226,098	77.15	19.46
New Plymouth	341,527	276,963	..	..	341,527	276,963	6.93	23.84
Patea	48,950	311,606	..	..	48,950	311,606	0.99	26.81
Wanganui	73,418	28,753	..	..	73,418	28,753	1.49	2.47
Wellington	473,488	163,756	8,000	..	481,488	163,756	9.77	14.09
Gisborne	53,462	2,255	..	..	53,462	2,255	1.08	0.19
Napier	34,528	906	561	..	35,089	906	0.71	0.08
North Island totals	4,521,931	994,618	314,310	15,719	4,836,241	1,010,337	98.12	86.94
Lyttelton	66,588	14,182	..	..	66,588	14,182	1.35	1.22
Timaru	14,865	9,483	..	..	14,865	9,483	0.30	0.81
Dunedin	5,371	13,827	..	..	5,371	13,827	0.11	1.19
Bluff	6,002	114,405	..	..	6,002	114,405	0.12	9.84
South Island totals	92,826	151,897	..	..	92,826	151,897	1.88	13.06
Dominion totals	4,614,757	1,146,515	314,310	15,719	4,929,067	1,162,234	100.00	100.00

Butter: Forty boxes equals 1 ton. Cheese: Fourteen crates equals 1 ton.

BUTTER AND CHEESE GRADINGS

				Butter (Creamery).		Cheese.	
				Tons.	Increase or Decrease on Previous Year.	Tons.	Increase or Decrease on Previous Year.
				Per Cent.		Per Cent.	
1946-47	..	..	..	124,328	22·64 (increase)	86,031	2·44 (decrease)
1945-46	..	..	..	101,373	17·15 (decrease)	88,185	14·048 (decrease)
1944-45	..	..	..	122,352	19·96 (increase)	95,548	11·787 (increase)
1943-44	..	..	..	101,992	4·60 (decrease)	85,473	11·735 (decrease)
1942-43	..	..	..	106,947	3·504 (increase)	96,837	36·738 (decrease)
1941-42	..	..	..	103,326	25·90 (decrease)	153,074	28·74 (increase)

NOTE.—Owing to the diversion of supplies of butter and cheese in 1942-43 and later seasons to the Allied Forces in Pacific Area, a correct comparison between gradings for the 1942-43 and later seasons and gradings in previous seasons is not possible.

NEW ZEALAND BUTTER AND CHEESE EXPORTS TO ALL COUNTRIES, OTHER THAN UNITED KINGDOM, AUGUST, 1946, TO JULY, 1947

		Butter.	Cheese.			Butter.	Cheese.
		Tons.	Tons.			Tons.	Tons.
Aden	..	5	..	Nyasaland	..	..	10
Burma	..	60	1	Arabia	..	2	1
Ceylon	..	1	2	Bahrein	..	3	..
Cyprus	..	20	..	Egypt	..	..	69
Hong Kong	..	30	1	Palestine	..	..	20
India	..	386	187	China	..	50	8
Malaya	..	60	9	French Indo-China	..	..	5
British West Indies	..	245	51	Philippines	..	129	122
British Guiana	..	..	32	Portugese India	..	6	..
Canada	..	2,280	..	New Caledonia	..	4	3
Falkland Island	..	2	1	Society Islands	..	148	4
Fiji	..	22	15	Makatea	..	4	1
Nauru	..	1	..	Tutuila	..	10	..
Ocean Island	..	2	..	U.S.A.	..	4,309	..
Tonga	..	16	1	Zanzibar	..	..	1
Samoa	..	50	4				
South Africa	..	..	56			7,845	645
Northern Rhodesia	..	..	41				

EFFECT OF THE RATIONING EMERGENCY REGULATIONS AS APPLIED TO BUTTER AND CHEESE

BUTTER

The butter ration has remained unchanged during the year ended 31st July, 1947, consumption being limited to 6 oz. per head per week. The estimated annual saving of 13,000 tons during the year ended 31st March, 1947, has proved of definite assistance to the people of Great Britain, where the consumption of all fats is still severely restricted by rationing.

CHEESE

Sales of cheese on the local market continue to be restricted to the levels of sales in the 1942-43 season.

PRODUCTION OF DAIRY PRODUCTS IN NEW ZEALAND DAIRY FACTORIES

The following figures are taken from the Census and Statistics Department's publications :—

TOTAL QUANTITIES OF BUTTER AND CHEESE PRODUCED IN NEW ZEALAND DAIRY FACTORIES (FACTORY WEIGHTS)

Season.	Creamery Butter.	Cheddar Cheese.	Whey Butter.
1946-47	143,000	93,000	2,700
1945-46	123,972	94,530	2,737
1944-45	151,637	103,675	3,030
1943-44	133,650	92,149	2,747
1942-43	139,083	102,846	2,908
1941-42	129,854	157,639	3,910
1940-41	161,809	122,370	3,355

PROCESSED MILK

In last year's annual report reference was made to long-term contracts concluded with the United Kingdom Ministry of Food for the exportable surpluses of skim-milk powder and evaporated milk for the four years 1944-48. Prices were fixed for the two years 1944-45 and 1945-46, and thereafter subject to annual review.

Concurrently with the discussions in London in July, 1946, in respect of butter and cheese, prices and conditions were reviewed, and prices were fixed for the two remaining years of the contracts—namely, 1946-47 and 1947-48 as under :—

Skim-milk Powder : £66 10s. sterling per ton f.o.b., subject to the supply of a minimum of 8,000 tons during 1946-47 and 7,000 tons during 1947-48.

Evaporated Milk : 24s. sterling per case f.o.b. for 1946-47 season and 25s. 4d. sterling per case f.o.b. for 1947-48 season for American standard (each case to contain 48 x 1 lb. tins), subject to the supply of a minimum of 250,000 cases during each of 1946-47 and 1947-48 seasons.

The equivalent of the above prices in New Zealand currency is paid to manufacturers less $\frac{1}{2}$ per cent. to cover the Department's administrative expenses.

The quantities and values of purchases by the Department for the twelve months ended 31st July, 1947, were :—

	Cases.	Weight. Tons.	Value. £
Skim-milk powder	225,206	10,304	819,821
Evaporated milk	279,298	5,985	408,267

NOTE.—Of the skim-milk powder, 6,839 tons were shipped to the United Kingdom, with lesser quantities to India, Egypt, Ceylon, and Hong Kong. Of the evaporated milk, 3,000 tons were shipped to the United Kingdom, and the remainder to Malaya and Burma.

The Food and Rationing Controller's Office gives the following figures of total production of processed milk in New Zealand factories for the calendar year 1946 :—

	Tons.
Whole-milk powder	3,947
Skim-milk powder	10,221
Evaporated milk (unsweetened) }	10,131
Condensed milk (sweetened) }	
Malted milk	283

CASEIN

As referred to in last year's report, a contract was entered into with the United Kingdom Board of Trade for the exportable surplus of lactic casein available from the seasons 1946-47, 1947-48, and 1948-49 at a sale price of £100 sterling per ton f.o.b. for each of the three seasons.

A further contract was entered into with the United Kingdom Board of Trade for rennet casein, as under :—

250 tons, 1946-47 season, at £200 sterling per ton f.o.b.

950 tons, 1947-48 season, at £150 sterling per ton f.o.b.

950 tons, 1948-49 season, at £100 sterling per ton f.o.b.

The quantities and values of shipments for the twelve months ended 31st July, 1947, were as follows :—

—				Sacks.	Weight.	Value.
					Tons.	£
Lactic casein	..	..	..	27,148	1,697	211,033
Rennet casein	..	..	..	3,750	195	48,496

PAYMENTS MADE BY DAIRY-FACTORY COMPANIES FOR BUTTERFAT-SUPPLIES

The following tabulation shows the average butterfat-prices paid to suppliers of butter- and cheese-manufacturing companies.

It should be borne in mind that when making comparison of butterfat payouts of companies it is necessary to take into consideration the location of the factories and special circumstances pertaining to individual companies, as those factors reflect appreciably on manufacturing and transport costs :—

PAYMENTS BY DAIRY COMPANIES FOR BUTTERFAT-SUPPLIES

				(In pence per pound of butterfat)			
New Zealand average—				Butter.		Cheese.	
1946-47 season	..	..	..	16.790		18.852	
				+5.185*		+5.185*	
					21.975		24.037
1945-46 season	..	..	..	16.664		18.980	
				+3.904*		+3.904*	
					20.568		22.884
1944-45 season	..	..	..	16.903		19.168	
				+2.887*		+2.887*	
					19.790		22.055
1943-44 season	..	..	..	16.830		18.888	
				+0.767*		+0.767*	
					17.597		19.655
1942-43 season	..	..	..		16.569		18.577
1941-42 season	..	..	..		16.017		18.025
1940-41 season	..	..	..		16.106		18.043
1939-40 season	..	..	..		16.179		18.091
1938-39 season	..	..	..		16.087		18.060
1937-38 season	..	..	..		14.812		16.389
1936-37 season	..	..	..		13.558		15.176

* Farm-costs allowances (see page 13).

COSTS OF BUTTER AND CHEESE MANUFACTURING COMPANIES

The following tabulation shows the average costs of butter- and cheese-manufacturing companies for the 1946-47 season. The averages for the ten previous seasons are also shown :—

COST IN MANUFACTURE AND DELIVERY OF BUTTER TO F.O.B. OVERSEAS STEAMERS (In pence per pound of butterfat)

—			Cream- collec- tion.	Manu- facturing Charges.	Deprecia- tion.	Repairs and Main- tenance.	Charges Factory to f.o.b.	Overhead Charges.	Total Charges.
New Zealand average—									
1946-47 season	..	..	0.486	1.098	0.083	0.123	0.423	0.222	2.435 —0.316*
									2.119
1945-46 season	..	..	0.504	1.163	0.095	0.097	0.409	0.235	2.503 —0.312*
									2.191
1944-45 season	..	..	0.460	1.042	0.090	0.079	0.397	0.188	2.256 —0.269*
									1.987
1943-44 season	..	..	0.472	1.109	0.093	0.078	0.391	0.210	2.353 —0.269*
									2.084
1942-43 season	..	..	0.440	1.100	0.089	0.068	0.398	0.206	2.301
1941-42 season	..	..	0.438	1.091	0.091	0.064	0.409	0.213	2.306†
1940-41 season	..	..	0.405	1.023	0.077	0.063	0.437	0.192	2.197
1939-40 season	..	..	0.398	0.977	0.084	0.063	0.418	0.187	2.127
1938-39 season	..	..	0.402	1.019	0.085	0.098	0.394	0.208	2.206
1937-38 season	..	..	0.381	0.953	0.075	0.076	0.384	0.178	2.047
1936-37 season	..	..	0.352	0.927	0.072	0.088	0.398	0.147	1.984

* Factory-costs allowances (see page 13). † Butter-manufacturing costs for the 1941-42 season were increased owing to diversion of milk-supply from butter-manufacture to cheese-manufacture. Compensation payments were made to dairy companies on this account.

COSTS IN MANUFACTURE AND DELIVERY OF CHEESE TO F.O.B. OVERSEAS STEAMERS
(In pence per pound of butterfat)

—	Manu- facturing Charges.	Deprecia- tion.	Repairs and Main- tenance.	Charges : Factory to f.o.b.	Overhead Charges.	Total Charges.
New Zealand average—						
1946-47 season	2·570	0·170	0·281	0·636	0·342	3·999 —0·319* 3·680
1945-46 season	2·584	0·172	0·269	0·638	0·331	3·994 —0·323* 3·671
1944-45 season	2·454	0·163	0·226	0·626	0·300	3·769 —0·299* 3·470
1943-44 season	2·660	0·176	0·217	0·636	0·343	4·032 —0·299* 3·733
1942-43 season	2·576	0·166	0·216	0·634	0·325	3·917
1941-42 season	2·372	0·141	0·170	0·647	0·270	3·600
1940-41 season	2·323	0·144	0·184	0·620	0·258	3·529
1939-40 season	2·259	0·148	0·180	0·624	0·299	3·510
1938-39 season	2·289	0·157	0·203	0·617	0·326	3·592
1937-38 season	2·151	0·141	0·166	0·589	0·290	3·337
1936-37 season	2·056	0·134	0·146	0·577	0·226	3·139

* Factory-costs allowances (see page 13).

NOTE.—In comparing dairy company costs with previous years the following factory-wage allowances (see page 13), (not included in the figures shown for factory-costs allowances) should be added to the gross figures shown for the 1946-47 season: butter-factory-wage allowance, 0·145d. per pound; cheese-factory-wage allowance, 0·626d. per pound. The corresponding figures for previous seasons are: butter-factory-wage allowance: 1943-44, 0·022d.; 1944-45-46, 0·095d. Cheese-factory-wage allowance: 1943-44, 0·076d.; 1944-45-46, 0·426d.

PUBLICITY IN THE UNITED KINGDOM

In last year's annual report details were given of the "background" campaign carried out in the United Kingdom in 1946 by a committee representing the New Zealand Meat-producers' Board, the Marketing Department, and the High Commissioner's Office.

The cost of the campaign was borne mainly by the Meat Board and the Marketing Department, with a smaller contribution from other interests.

For the year 1947 the "background" advertising was confined to New Zealand's export food commodities—namely, meat, dairy-produce, and fruit—and the cost was borne equally by the Meat Board and the Marketing Department.

More emphasis was placed on posters than on press advertising, due to the restrictive nature of press-advertisement spaces under present-day conditions. Advertising at exhibitions and fairs figures more largely than hitherto.

There was no departure from the basic policy upon which the whole plan and purpose of background advertising was originally built :—

- (1) To recall to United Kingdom consumers the traditional quality of food from New Zealand :
- (2) To remind them that supplies were maintained throughout the war and since :
- (3) To impress the idea of quality maintenance throughout, and that, although rationed to-day, the time will come when they may be bought by choice :
- (4) To pay due attention to the younger generation that they may acquire an agreeable and proper impression of New Zealand primary products.

The first thing to engage attention was the preparation of a new poster design. Ideas were sought, considered, and finally agreed in committee. The new poster incorporated the “shopping-basket” theme. This design was adapted for use on the slides for cinema exhibition as last year, the purpose being, very briefly, that posters outside, and slides in, the cinemas should be arranged to coincide in the areas of heavy population.

POSTERS

It was agreed that the allocation of posters should be on a similar basis to last year—viz., 1,000 16-sheet bills (10 ft. high, 6 ft. 8 in. wide) distributed between twenty provincial centres of population, and in London 150 48-sheet bills (10 ft. high, 20 ft. long), as against 130 last year. In addition, several more of the special solus positions have been acquired in London and nearby suburbs, bringing our total of such sites to fourteen. These latter sites are particularly valuable for our purpose.

LANTERN-SLIDES IN CINEMAS

Reproduction of the current poster design projected on cinema screens was in progress in 200 cinemas in suburban and provincial cinemas during the whole of the year, the estimated total audience of which, based on cinema seating capacity, is in the region of 140,000,000. This linked up extremely well with the posters displayed in the same areas.

PRESS ADVERTISING

Due to the restrictions on the size of spaces allotted to advertisers, it became necessary, as previously stated, to revise the appropriation in this field.

Women's journals, in which larger spaces were obtainable, together with weekly periodicals, including the *Radio Times*, now occupy pride of place. The circulation per issue of the media in use totals approximately 10,000,000, and, taking an average of six insertions in each during the twelve months' currency of the schedule, it is estimated that about 60,000,000 advertisements will have appeared. The trade press has been regularly used to keep the respective distributors fully informed of the programme.

EXHIBITIONS

The first post-war *Daily Mail* “Ideal Home” Exhibition opened its doors to the public on 4th March, and by the closing date on the 29th March had attracted an all-time attendance record of over a million visitors. It was scarcely to be expected that the attractions of the show would be so numerous or of such quality as before the war, but nevertheless it was altogether a most creditable achievement and deserved the support it got.

The Department had a general exhibit there, and, in accordance with the agreed policy, the Tourist and Immigration Departments participated. The staff at the exhibit were kept fully occupied dealing with inquiries of all kinds, and put into good distribution substantial quantities of informative literature and other advertisement material. It is felt that, even under present-day conditions, participation in this exhibition is well worth while.

BOOKLET "FOOD FOR PEACE"

Reference to the production of this booklet was made in last year's annual report. After more delay than was anticipated, due to industrial difficulties, supplies began to come through from the printers about mid-March, and the preparations already made for distribution were put into operation. It is the intention to keep the distribution as selective as possible, owing to the limited number of copies available, which is not likely to be much in excess of 270,000. Up to date some 60,000 copies have gone out to public libraries, hospitals, educational authorities, women's guilds, and similar organizations, newspaper editors, co-operative societies, multiple grocery firms, and retail butchers' and provision shops. This distribution still proceeds. It is encouraging to note that the booklet has been generally very well received.

CENTRAL OFFICE OF INFORMATION "MEET NEW ZEALAND" EXHIBITION

Some twelve months ago the Central Office of Information communicated to the High Commissioner for New Zealand its desire to arrange an exhibition to be entitled "Meet New Zealand," the cost of which, over £25,000, would be borne by the COI. New Zealand was asked to supply the necessary references for pictorial treatments and also for dioramas and other exhibits of like nature; also to arrange for the necessary officers to be in attendance throughout the run of the show.

The exhibition was due to open in London early in November, and after about a two weeks run was to go on tour to several large provincial cities for eight or nine months, depending upon circumstances. The intention is that commodities will participate under the background committee, and although the cost will not be heavy it is clear that certain expenses will be inevitable. Arrangements are being made to set aside 60,000 booklets for distribution to visitors during the show. This generous offer on the part of COI is gratefully acknowledged.

1948 PUBLICITY

For 1948 a "background" campaign on similar lines to 1947 is to be continued.

SPECIAL DAIRY PUBLICITY

The matter of carrying out certain publicity, especially in respect of butter and cheese, was deferred owing to the continuance of shortage of food conditions.

As referred to in last year's annual report, the Marketing Department's London Advertising Manager paid a visit to New Zealand during the period November, 1946, to February, 1947, and in conjunction with the Government studios at Miramar obtained a number of first-class photographs of technical processes in the manufacture of butter and cheese.

It is considered these photographs will prove valuable in connection with publicity among the retail and wholesale provision trade in the United Kingdom.

The question of special publicity for butter and cheese it to be further considered in respect of the year 1948.

ANNUAL IMPORTS OF DAIRY PRODUCTS INTO UNITED KINGDOM DURING THE YEARS 1938 AND 1942 TO 1947 INCLUSIVE

The following tables are of interest, particularly the butter and cheese tables, which show the importance of New Zealand as a supplier to Britain during the vital war years, and compare the normal pre-war imports with those of the immediate post-war period.

Consigned from	1938.	1942.	1943.	1944.	1945.	1946.	1947.
ANNUAL IMPORTS OF BUTTER INTO UNITED KINGDOM (In tons)							
New Zealand	129,613	93,377	100,385	104,383	118,274	101,162	120,309
Australia	89,891	40,716	44,013	37,799	45,059	65,490	53,944
Irish Free State ..	16,330	225	142	28	..	..	..
Union of South Africa ..	1,266	..	5	..	1	..	..
Canada	1,501	12	3,175	..	1	3	..
South-west African Territory	1,294	..	..	..	..	..	..
Kenya	707	6	..	..	1	3	445
Other Empire	37	..	..	..	..	..	..
Total Empire	240,639	134,336	147,720	142,210	163,336	166,658	174,698
Denmark	118,240	..	..	..	26,114	43,537	40,373
Netherlands	35,595	..	..	..	..	..	..
Latvia	16,995	..	..	..	..	..	..
Sweden	15,038	..	..	..	..	..	..
Lithuania	11,404	..	..	..	..	..	..
Estonia	9,158	..	..	..	..	..	..
Finland	10,486	..	..	..	..	..	..
Poland	9,954	..	..	..	..	..	..
Argentina	4,494	18	3,498	10,522	614	1,102	1,209
Austria	749	..	..	..	..	..	..
Hungary	1,023	..	..	..	..	..	..
France	17	..	..	..	..	..	..
Belgium	249	..	..	..	..	..	..
Norway	620	..	..	..	..	..	..
Czechoslovakia	555	..	..	..	..	..	..
Japan	371	..	..	..	..	..	..
Uruguay	308	..	..	..	..	..	..
Other foreign	1	225	386	217	56	37	37
Total foreign	235,257	243	3,884	10,739	26,784	44,676	41,593
Grand total	475,896	134,579	151,604	152,949*	190,120	211,334	216,291
Less re-exports	3,952	48	78	109	179	786	2,260
Net imports	471,944	134,531	151,526	152,840	189,941	210,548	214,031

* The revised figures issued in 1946 show total imports for 1944 as 153,200 tons.

Consigned from	1938.	1942.	1943.	1944.	1945.	1946.	1947.
ANNUAL IMPORTS OF CHEESE INTO UNITED KINGDOM (In tons)							
New Zealand	81,970	132,131	91,686	82,299	83,842	82,123	82,720
Canada	33,887	55,855	55,655	55,355	58,509	50,247	22,901
Australia	11,864	4,906	7,518	3,597	3,563	18,267	15,919
Union of South Africa ..	1,135	..	..	..	..	..	..
Irish Free State ..	1,017	..	..	..	..	..	..
Other Empire .. ..	..	117	..	..	213	53	..
Total Empire ..	129,873	193,009	154,859	141,251	146,127	150,690	121,540
Netherlands	10,124	..	..	..	..	..	3,378
Italy	3,522	..	..	..	..	..	..
Switzerland	902	..	..	..	..	..	..
France	571	..	..	..	..	795	1,361
Denmark	969	..	..	..	..	1,692	4,688
Norway	63	..	..	..	..	..	..
Finland	168	..	..	..	..	..	..
Belgium	2	..	..	..	..	..	..
United States of America ..	..	122,181	54,779	110,582	44,755	49,170	60,267
Other foreign	172	3	1	77	361	1,301	267
Total foreign ..	16,493	122,184	54,780	110,659	45,116	52,958	69,961
Grand total ..	146,366	315,193	209,639*	251,910*	191,243	203,648	191,501
Less re-exports ..	856	15	243	321	1,331	1,589	914
Net imports ..	145,510	315,178	209,396	251,589	189,912	202,059	190,587

* The revised figures issued in 1946 show total imports for 1943 as 206,993 tons, and for 1944 as 251,918 tons.

ANNUAL IMPORTS OF UNSWEETENED MILK-POWDER INTO UNITED KINGDOM (In tons)							
New Zealand	6,589	7,348	8,310	4,464	2,974	3,530	10,491
Canada	871	322	232	..	106	2,229	4,282
Australia	2,216	2,251	2,587	1,059	826	1,867	2,830
Eire	562			1,267	1,189	933	491
Other Empire .. ..	..			1	2	..	..
United States of America ..	2,776	55,174	72,847	76,165	24,766	28,535	32,293
Other foreign	4,738	3	6	39	97	1	656
Totals—							
Whole-milk powder ..	4,602	5,403 (5,342)	5,501 (5,462)	4,656 (4,659)	8,168	5,249	5,703
Skimmed-milk powder ..	13,150	59,697 (59,576)	78,481 (75,629)	78,339 (78,315)	21,742	31,586	44,800
Buttermilk and whey powder ..	..	..	..	..	50	260	540
Grand total ..	17,752	65,098 (64,918)	83,891 (81,091)	82,995 (82,974)	29,960	37,184	51,043

NOTE.—Figures in parentheses are revised figures issued in 1945 and 1946.

ANNUAL IMPORTS OF UNSWEETENED CONDENSED MILK INTO UNITED KINGDOM (In tons)							
Canada	8,964	27	8	3	2	12,791	12,278
Other British	2,140	1,423	1,950	837	3,501	4,280	6,280
United States of America ..	4,716	184,677	129,653	86,072	56,674	68,993	40,643
Other foreign		1	..	..	..	..	15
Total ..	15,820 (15,315)	186,128	131,611	86,912 (86,915)	60,177	86,064	59,216

NOTE.—Figures in parentheses are revised figures issued in 1946.

ACCOUNTS

The dairy-produce accounts covering the completed operations for the 1945-46 seasons and the operations for the 1946-47 season to the 31st July, 1947, are shown in the accounts section at the end of this report, pages 45 to 47.

The completed operations for the 1945-46 season are referred to on page 45 of this report. After sale of the balance of the dairy-produce which was in store at 31st July, 1946, the final result of the operations for the complete 1945-46 season is a surplus of £1,114,605.

The accounts now presented for the 1946-47 season cover purchases of butter and cheese by the Department up to 31st July, 1947. The following table shows the quantities so purchased, the total season's production for export, and the stocks in store awaiting purchase at 31st July, 1947:—

—		Shipped and paid to 31st July, 1947.	In Store and paid to 31st July, 1947.	In Store and not paid to 31st July, 1947.	Total production for Export Season, 1946-47.
		Boxes.	Boxes.	Boxes.	Boxes.
Creamery butter	..	4,731,647	72,804	108,728	4,913,179
Whey butter	.. ..	90,407	1,587	1,760	93,754
		Crates.	Crates.	Crates.	Crates.
Cheese	.. ..	1,106,562	29,330	25,969	1,161,861

The accounts for the 1946-47 season comprise Administration and General Expenses Account, Purchase and Sale and Revenue Accounts, Dairy-produce Account, and Dairy Industry Stabilization Account. The circumstances of the establishment of the Dairy Industry Stabilization Account are referred to in a note at the foot of the accounts published with the 1944 annual report (page 30). There is a further reference to the Dairy Industry Stabilization Account on page 4 of last year's report, and on page 3 of this report. The account itself is shown on page 47.

It will be observed from the Accounts that the Purchase and Sale and Revenue Accounts show a surplus at 31st July, 1947, of £937,425, which is transferred to the Dairy-produce Account. In terms of the arrangements settled with the industry in July, 1943, the net surplus in the Dairy-produce Account, £960,269 is transferred to the Dairy Industry Stabilization Account. The Dairy Industry Stabilization Account shows a credit balance of £8,907,459.

MEAT

LONG-TERM CONTRACTS, 1944-48, BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR PURCHASE OF THE EXPORTABLE SURPLUS OF MEAT FOR THE PRODUCTION PERIOD 1st OCTOBER, 1944, TO 30th SEPTEMBER, 1948, AND ITS EXTENSION TO 30th SEPTEMBER, 1950

Details of the long-term contract (1944-48) between the United Kingdom and the New Zealand Governments for the purchase of the exportable surplus of meat for the production period, 1st October, 1944, to 30th September, 1948, were given in the 1945 annual report. Prices and terms for the 1946-47 season were reconsidered in June, and the agreement reached was set out in last year's report. The agreement provided for an extension of the contract for two further years to 30th September, 1950.

As referred to on page 3 of this report, the contract terms were reconsidered in August and September, 1947. Agreement on the following matters was reached with Sir Henry Turner, Director of the Imported Meat Section of the Ministry of Food:—

Pig-meat.—The United Kingdom to purchase New Zealand's exportable surplus of pig-meat up to 30th September, 1950.

Prices.—If higher prices are paid to other countries supplying meat to the United Kingdom, notably Argentina and Australia, New Zealand will have the right to reopen the question of prices for 1947–48 season.

Boning of Beef.—Further discussions to take place in 1948 with regard to the cessation of boning of beef.

Telescoping of Mutton and Lamb.—Ministry of Food are in full sympathy with the desire of the industry to ship untelescoped carcasses of mutton and lamb, but are unfortunately not in a position to dispense with the telescoping yet. They agree however, that the matter should be brought up for discussion again early next year, and that when it becomes possible to discontinue telescoping they will endeavour to give three months' notice so that arrangements can be made to obtain suitable bags for the meat.

Canning.—(1) *Beef*: They agree to purchase the same quantity of canned corned beef in 1948 as in 1947—namely, 2,500 tons—and that the prices shall be the same as those to be paid to Australia.

(2) *Tongues*: The Ministry's main desire is for short frozen tongues, and they therefore wish the canning of tongues to be reduced to a minimum. They do not particularly want the tongue roots, but will accept them if they cannot be otherwise disposed of without waste.

Shipments to Markets outside the United Kingdom.—Although the Ministry could not object to New Zealand shipping 1 per cent. of her total annual export tonnage to other markets if she so desires, they feel that it would not be opportune to introduce such a concession at the present time when, at their request, New Zealand is making arrangements to ship to the United Kingdom all the meat she can. They agree, however, that the position should be considered before next season commences.

Arrangements to apply after 30th September, 1950.—It is agreed that clause 14 of the Heads of Agreement should be altered to provide that before 31st December, 1948, the two Governments will discuss the appropriate arrangements to apply after 30th September, 1950, having regard to conditions then prevailing.

NOTES.—(1) *Meat Schedule Prices to be paid to Farmers by Freezing Companies and Meat Operators at opening of 1947–48 Season.*—For convenience of reference, the following letter from the Hon. the Minister of Agriculture to the New Zealand Meat-producers' Board, written before publication of this report, is quoted. This letter announces the meat-schedule prices to be paid to farmers by freezing companies and meat operators at the opening of the 1947–48 season:—

11th September, 1947.

The Chairman, New Zealand Meat Producers Board,
P.O. Box 121, Wellington.

DEAR SIR,

MEAT EXPORT SCHEDULE, 1947–48

This will serve to confirm the agreement reached between the Government and your Board that the opening schedule prices to be paid by freezing companies and operators for the 1947–48 season will be:—

Lambs (Woolly)—						
Prime Down Cross and Prime Canterbury—						d.
20/36	..	..	..	..	..	10 $\frac{3}{4}$
37/42	..	..	..	..	..	10 $\frac{5}{8}$
43/50	..	..	..	..	..	10 $\frac{1}{8}$
51/56	..	..	..	..	..	9 $\frac{3}{8}$
Prime Crossbred—						
20/36	..	..	..	..	..	10 $\frac{1}{8}$
37/42	..	..	..	..	..	10 $\frac{3}{8}$
43/50	..	..	..	..	..	9 $\frac{7}{8}$
51/56	..	..	..	..	..	9 $\frac{3}{8}$
Seconds—						
20/36	..	..	..	..	..	9 $\frac{7}{8}$
37/42	..	..	..	..	..	9 $\frac{7}{8}$
43/50	..	..	..	..	..	9 $\frac{1}{8}$

Wethers—

North Island—

Prime—

48/U	..	..	..	..	..	d.
49/64	..	..	..	..	..	$7\frac{1}{2}$
65/90	..	..	..	..	As 64 lb.	@ $6\frac{1}{2}$ —36s. 8d.

Seconds—

64/U	..	..	..	..	..	$6\frac{3}{8}$
65/72	..	..	..	..	As 64 lb.	@ $6\frac{3}{8}$ —34s.

South Island—

Prime—

48/U	..	..	..	..	..	$6\frac{1}{2}$
49/64	..	..	..	..	..	$6\frac{5}{8}$
65/90	..	..	..	..	As 64 lb.	@ $6\frac{5}{8}$ —35s. 4d.

Seconds—

64/U	..	..	..	..	..	$6\frac{1}{8}$
65/72	..	..	..	..	As 64 lb.	@ $6\frac{1}{8}$ —32s. 8d.

Ewes—

64/U	..	..	..	..	..	$4\frac{3}{4}$
65/90	..	..	..	..	As 64 lb.	@ $4\frac{3}{4}$ —25s. 4d.

Quarter Beef—

Ox—

G.A.Q.—

720/U	..	..	..	..	..	51s. per 100 lb.
0/720	..	..	..	..	..	48s. per 100 lb.
F.A.Q.: All weights	..	..	..	..	..	43s. per 100 lb.

Heifer—

G.A.Q.—

720/U	..	..	..	..	..	50s. per 100 lb.
0/720	..	..	..	..	..	47s. per 100 lb.
F.A.Q.: All weights	..	..	..	..	..	42s. per 100 lb.

Cow—

G.A.Q.: All weights	..	..	..	..	..	41s. 6d. per 100 lb.
F.A.Q.: All weights	..	..	..	..	..	36s. 6d. per 100 lb.

Butcher Beef—

Ox	} 28s. 6d. per 100 lb.
Bull	..	..	..	..	..
Cow	..	..	..	..	..
Heifer	..	..	..	..	..

The cost of the consequential increases in the Marketing Department purchase prices for meat will be debited to the Meat Industry Stabilization Account.

I have also to advise you that the Government is prepared to reopen discussions on the 1947-48 schedule prices should agricultural workers' wages be increased to a greater extent than 10s. per week. This covers the point raised in your letter of 9th September, 1947.

Yours faithfully,
(Sgd.) EDWARD CULLEN,
Minister of Agriculture.

(2) *Purchase-prices payable to Freezing Companies and Meat Exporters for 1947-48 Season.*—In a letter dated 29th October, 1947, addressed to the Freezing Companies Association, the Hon. the Minister of Marketing announced the f.o.b. purchase-prices for export meat payable by the Marketing Department to freezing companies and meat exporters for the 1947-48 season. The text of the letter is as follows :—

29th October, 1947.

The Chairman,
Freezing Companies Association,
C/o Gear Meat Co., Ltd.,
P.O. Box 164, Wellington.

DEAR MR. MCKAY,

Consequent upon my recent announcement regarding the increased schedule prices to be paid to producers for fat stock as from the commencement of the 1947-48 season, the following f.o.b. purchase prices, which I understand were agreed by you, will be paid to freezing companies and meat exporters by the Marketing Department, Export Division, for killings on and after the 1st October, 1947 :—

				F.o.b. Price Pence per Pound, N.Z. Currency.	
Lamb—					
Prime Down Cross	2's (20/36 lb.) telescoped	..	..	..	10.482
	8's (37/42 lb.)	..	..	..	9.982
	4's (43/50 lb.)	..	..	..	9.482
	Tegs (51/56 lb.)	..	..	..	8.982
Prime Canterbury	2's (20/36 lb.)	..	..	..	10.4195
	8's (37/42 lb.)	..	..	..	9.9195
	4's (43/50 lb.)	..	..	..	9.4195
	Tegs (51/56 lb.)	..	..	..	8.9195
Prime Crossbred	2's (20/36 lb.)	..	..	..	10.232
	8's (37/42 lb.)	..	..	..	9.732
	4's (43/50 lb.)	..	..	..	9.232
	Tegs (51/56 lb.)	..	..	..	8.732
Second Quality	(36 and under)	..	..	..	9.232
	(37/42 lb.)	..	..	..	9.232
	(43/50 lb.)	..	..	..	8.482
	(51/56 lb.)	..	as 2nd Quality Wethers	..	6.377
56/U					
Mutton—					
Prime Wether and					
Maiden Ewe	1's (48 and under) telescoped	..	..	..	7.127
	7's (49/56 lb.)	..	..	..	6.877
	3's (57/64 lb.)	..	..	..	6.877
	9's (65/72 lb.)	}	..	..	6.877 on 64 lb. only.
	5's (73/80 lb.)				
	0's (81/90 lb.)				
Second Quality	(56 and under)	..	..	..	6.377
	(57/64 lb.)	..	..	..	6.377
	(65/72 lb.)	..	..	..	6.377 on 64 lb. only.
Ewes	(64 and under)	..	..	..	4.9
	(65/72 lb.)	..	..	..	4.9 on 64 lb. only.
	(73/80 lb.)	}	Boned for Export	..	6.0
	(81/90 lb.)				
Allowance for telescoping lamb and mutton carcasses 0.0777					

In the case of prime wethers 65/90, second wethers 65/72, and ewes 65/72, the Marketing Department will pay freezing charges on the excess weight over 64 lb.

						F.o.b. Price Pence per Pound, N.Z. Currency.	
Beef and Veal—						Bone in.	Boned.
G.A.Q. ox and heifer, ex bodies, 720/U—						7.56	10.05
Hinds	..	..	..	..	..	4.96	6.82
Fores	..	..	..	..	..
G.A.Q. ox and heifer, ex bodies, 0/720—						7.15	9.52
Hinds	..	..	..	..	..	4.57	6.29
Fores	..	..	..	..	..
F.A.Q. ox and heifer, all weights—						6.47	8.92
Hinds	..	..	..	..	..	4.24	6.03
Fores	..	..	..	..	..
G.A.Q. cow, all weights—						6.24	8.43
Hinds	..	..	..	..	..	4.13	5.76
Fores	..	..	..	..	..
F.A.Q. cow, all weights—						5.29	7.41
Hinds	..	..	..	..	..	3.85	5.55
Fores	..	..	..	..	..
Boneless ox, heifer and cow	..	..	..	..	..		5.28
Boneless bull	..	..	..	..	..		5.25
Boneless bobby veal	..	..	..	..	..		4.665
Veal sides and quarters—							
First quality	..	..	..	..	..	4.56	..
Second quality	..	..	..	..	..	3.56	..

Prices for pigmeats are still under consideration and will be advised later.

The above f.o.b. prices will be circularized to all freezing companies and exporters within the next few days.

Yours faithfully,

(Sgd.) EDWARD CULLEN,
Minister of Marketing.

PURCHASE AND SALE PROCEDURE AND PRICES PAID FOR 1946-47 SEASON'S MEAT PURCHASED BY MARKETING DEPARTMENT FOR EXPORT

The purchase and sale procedure has remained unchanged during the 1946-47 season. Following discussions between the New Zealand Meat-producers' Board and the Economic Stabilization Commission, increased prices were paid to farmers on all classes of fat stock. Details of the resultant f.o.b. prices are set out in the Meat Marketing Order 1942, Amendment No. 5.

Purchases made by the Marketing Department from freezing companies and exporters during the twelve months ended 31st July, 1947, totalled £25,052,612 (New Zealand currency), and debits for shipments to the United Kingdom Ministry of Food for the same period were £28,152,451 (New Zealand currency).

The following table shows particulars of meat purchased by the Marketing Department from freezing companies and exporters during the twelve months ended 31st July, 1947:—

Class of Meat.	Tons.	Purchase Value (N.Z. Currency).	Average Price per Pound (N.Z. Currency).
Frozen—		£	d.
Lamb	179,891	15,111,481	9.00
Mutton	77,604	3,406,675	4.70
Beef and veal	71,668	4,172,225	6.24
Pig-meats	8,365	860,414	11.02
Edible offals	11,993	927,809	8.29
Totals	349,521	24,478,604	7.50
Preserved—			
Canned beef (including mixed packs) ..	2,660	268,621	..
Tongues	1,384	305,387	..
Totals	4,044	574,008	..
Totals, frozen and preserved meat	353,565	25,052,612	..

EXPORTS TO COUNTRIES OTHER THAN UNITED KINGDOM

During 1946 the United Kingdom Ministry of Food advised that a revised method of supplying British colonies and dependencies with their allocations of meat, other than frozen meat, was to come into operation.

Instead of securing supplies out of the Ministry's bulk purchases, these territories could, if they wished, import through normal commercial channels direct.

Under this scheme the quantity required by each territory is agreed mutually between the United Kingdom and the area concerned, and the importing country undertakes to exercise control of imports so as to keep within the limit of the agreed allocations.

New Zealand exporters have been kept advised of the territories which have agreed to secure their supplies under this scheme, and some business on a trader-to-trader basis has resulted.

SURVEY OF SEASON

The killings of meat returned to the Department during the 1946-47 season as available for export totalled 354,824 tons, representing an increase of 4.85 per cent. on the previous season.

The number of lambs, wethers, and ewes slaughtered for export this season were lower than last season, but, owing to the favourable climatic conditions experienced, average weights were higher than normal. Killings of quarter beef reached a record level.

Average weights of lamb and mutton for the three seasons, 1944-45, 1945-46, and 1946-47, are as follows :—

	North Island.			South Island.			Dominion.		
	1944-45.	1945-46.	1946-47.	1944-45.	1945-46.	1946-47.	1944-45.	1945-46.	1946-47.
	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.
Lambs ..	34.20	31.39	35.15	35.05	34.61	35.58	34.59	32.81	35.35
Wethers ..	59.18	54.32	60.18	51.02	49.67	52.41	58.40	53.86	59.42
Ewes ..	57.14	52.51	57.23	53.13	52.83	54.01	55.68	52.61	56.05

Details of killings for export month by month throughout the season, with the 1945-46 season's totals for comparison, are shown in the following table :—

FROZEN MEAT KILLINGS FOR EXPORT, SEASON 1946-47

	Lamb.	Wether Mutton.	Ewe Mutton.	Quarter Beef.	Veal.	Boneless Bobby Veal.	Boneless Bull Beef.	Boneless Cow and Ox Beef.	Baconers.	Porkers.	Choppers.	Edible Offal.	Total.
1946	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
October ..	16	177	421	256	17	986	161	532	718	81	22	191	3,573
November ..	2,935	1,378	923	718	4	376	293	794	1,009	87	19	304	8,840
December ..	20,902	1,038	916	614	6	121	388	492	1,054	78	13	807	26,434
1947	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
January ..	48,796	2,395	4,865	1,848	9	56	592	321	1,444	133	34	1,936	62,429
February ..	31,573	3,901	17,281	4,200	39	53	938	438	1,115	407	43	1,918	61,906
March ..	23,690	5,010	15,207	6,539	67	25	693	638	959	887	28	1,688	55,431
April ..	26,319	3,491	5,959	8,936	124	41	678	1,155	692	929	17	1,709	50,050
May ..	15,861	1,620	7,054	10,857	124	49	592	2,084	234	607	21	1,667	40,770
June ..	8,481	885	3,071	10,459	99	69	395	1,508	351	466	10	942	26,736
July ..	1,001	294	1,201	5,709	43	1,114	254	729	52	25	3	722	11,147
August ..	323	126	175	418	10	2,494	74	268	44	24	6	429	4,391
September ..	11	43	140	174	2	2,085	66	162	97	12	24	296	3,112
Season Total	179,908	20,358	57,213	50,728	544	7,469	5,124	9,121	7,769	3,736	245	12,609	354,824
1945-46 season	174,298	19,639	60,868	33,341	1,093	7,121	4,681	12,387	8,414	5,584	200	10,791	338,417

SHIPPING AND STORAGE

Although there has been no serious storage problems this season, the stocks in store at 30th September, 1947, awaiting shipment, 74,877 tons, are higher than at the end of any previous season.

The following table shows particulars of frozen-meat shipments to the United Kingdom Ministry of Food month by month during the twelve months ended 30th September, 1947, and the totals for each of the previous five years:—

RECORD OF FROZEN-MEAT SHIPMENTS TO UNITED KINGDOM MINISTRY OF FOOD
(DURING EACH TWELVE MONTHS ENDING 30TH SEPTEMBER)

—	Lamb.	Mutton.	Quarter Beef and Veal.	Boneless Beef.	Boneless Veal.	Pig-meats.	Edible Offal.	Total.
1946	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
October ..	12,492	5,281	2,186	705	910	38	373	21,985
November ..	3,223	3,188	1,482	1,624	634	83	101	10,335
December ..	9,575	4,634	1,785	1,282	1,793	233	509	19,811
1947								
January ..	18,615	2,373	1,141	1,460	999	971	519	26,078
February ..	19,462	1,833	501	594	880	491	1,124	24,885
March ..	12,071	6,413	1,730	898	..	616	975	22,703
April ..	21,130	13,623	4,238	954	..	382	2,031	42,358
May ..	11,887	6,621	5,007	1,145	3	588	680	25,931
June ..	24,761	10,671	7,453	895	60	202	1,885	45,927
July ..	19,167	7,104	5,898	885	..	1,328	1,471	35,853
August ..	14,666	8,116	6,002	1,602	..	1,482	1,138	33,006
September ..	8,229	3,291	2,372	492	284	403	320	15,391
Totals—								
1946-47 ..	175,278	73,148	39,795	12,536	5,563	6,817	11,126	324,263
1945-46 ..	156,894	70,523	46,574	12,801	6,624	13,351	11,702	318,469
1944-45 ..	171,203	76,111	7,747	4,527	7,747	3,278	6,936	277,549
1943-44 ..	141,553	57,334	2,316	266	4,036	948	6,164	212,617
1942-43 ..	155,139	22,649	22,815	2,248	5,579	728	8,474	217,632
1941-42 ..	191,448	40,081	37,390	766	2,350	15,855	9,976	297,866

CANNED MEATS

The contract with the United Kingdom Ministry of Food for the supply of canned corned beef during 1947 remained unchanged at 2,500 tons and the allocation of this quantity among the various meat canners was on the same basis as the 1946 contract.

The net weight of canned meats actually shipped to the United Kingdom Ministry of Food during the twelve months ended 30th September, 1947, was as follows:—

	Tons.
Corned beef	2,962
Corned mutton	8
Ox tongue	142
Sheep and lamb tongues	1,074
Calf tongue	14
Pig tongue	57
Total	3,357

FREEZING COMPANY SUBSIDIES

As an investigation of the financial position of freezing companies was being made by the Economic Stabilization Commission to ascertain whether existing subsidy rates should be maintained, freezing companies were advised early in the year that subsidies then being paid would be subject to adjustment, if necessary, when the review was completed. Subsequently the Freezing Companies Committee was advised by the Economic Stabilization Commission that—

- (1) The subsidy of $\frac{1}{8}$ d. per pound overall granted from 1st October, 1944, was cancelled from 1st October, 1946 :
- (2) The subsidy of $\frac{1}{8}$ d. per pound overall granted from 1st January, 1945, was cancelled from 17th March, 1947 :
- (3) The subsidy of $\frac{1}{16}$ d. per pound overall granted from 2nd January, 1946, was to continue, and consideration will be given to the cancellation of this subsidy and the increasing of the freezing charge in the schedule structure before the export season opens on 1st October, 1947.

The subsidy of 0.015d. per pound for administration expenses paid from 1st January, 1945, was also to continue to be paid until 30th September, 1947, when consideration will be given to its inclusion in the schedule structure.

Further negotiations resulted in the cancellation of the overall subsidy of $\frac{1}{16}$ d. per pound and the administration subsidy of 0.015d. per pound at the end of the 1946-47 season and the addition of the former to the killing and freezing rate and the latter to the buying and administration allowance when the 1947-48 season's f.o.b. prices were being calculated.

EFFECT OF THE RATIONING EMERGENCY REGULATIONS AS APPLIED TO MEAT

The following information is supplied by the Food and Rationing Controller : —

It is estimated that since the inception of meat rationing in March, 1944, 76,000 tons of meat have been withdrawn from civilian consumption.

This figure is exclusive of savings in respect of bacon and ham, which from the introduction of the Bacon and Ham Curing Order in June, 1943, to date has resulted in 171,600 baconer pigs, equivalent to 10,400 tons carcass weight, being withheld from local sales.

ACKNOWLEDGMENT

The Marketing Department wishes to record its appreciation of the continued co-operation extended by the Overseas Shipowners Allotment Committee, freezing companies, meat canners and exporters, New Zealand Meat-producers' Board, and the various Government Departments with which the Marketing Department has been associated throughout the year.

MEAT IMPORTS INTO THE UNITED KINGDOM

The following tabulation, based on the accounts relating to the trade and navigation of the United Kingdom, lists the weight and country of origin of meat imports into the United Kingdom during the calendar years 1938 and 1947 (all figures in thousand hundredweight) :—

	1938.	1947.
Mutton and lamb—		
Fresh	24	..
Chilled or frozen mutton—		
Australia	367	155
New Zealand	1,015	1,499
Other Commonwealth countries	2	25
Chile	97	86
Argentina	99	503
Other foreign countries	25	67
Total mutton	1,605	2,335
Lamb—		
Australia	1,531	846
New Zealand	2,661	3,550
Other Commonwealth countries	7	7
Chile	99	112
Uruguay	148	112
Argentina	795	1,557
Other foreign countries	43	12
Total lamb	5,284	6,196
Offal—		
Other than canned	226	287
Canned	118	318
Total mutton and lamb, all kinds	7,257	9,136
Beef—		
Fresh and salted	5	150
Chilled	8,964	2
	8,969	152
Frozen—		
Fore and hind quarters (including cuts with bone)—		
Australia	1,187	1,683
New Zealand	207	147
Canada .. .. .	..	171
Other Commonwealth countries	1	..
Denmark .. .. .	..	165
Brazil	4	1
Uruguay	72	41
Argentina	159	2,830
Other foreign countries .. .. .	..	957
Total	1,630	5,995

	1938.	1947.
Beef— <i>continued</i>		
Frozen— <i>continued</i>		
Boned and boneless (including checks and skirts)—		
Australia	466	330
New Zealand	336	1,060
Canada	15	121
Other Commonwealth countries	9	..
Brazil	33	10
Uruguay	14	66
Argentina	39	2,428
Other foreign countries .. .. .	..	189
Total	912	3,904
Offal—		
Other than canned	755	599
Canned	1,084	2,808
Total beef, all kinds	13,350	13,458
Veal—		
Fresh, chilled, frozen, or salted	23	17
Boned and boneless, fresh or preserved, other than tinned and canned	239	143
Other, including canned, tongues, and other offal	171	307
Total veal, all kinds	433	467
Bacon—		
Eire	537	..
Canada	1,275	1,962
Other Commonwealth countries	1	5
Sweden	251	..
Denmark	3,389	652
Netherlands	514	16
United States of America	43	..
Other foreign countries	858	..
Total bacon	6,868	2,635
Hams—		
Canada	232	1
Other Commonwealth countries	16	1
United States of America	395	..
Other foreign countries	22	..
Total hams	665	2
Pork—		
Fresh	36	..
Chilled or frozen—		
Australia	284	41
New Zealand	578	166
Canada	9	..
Other Commonwealth countries .. .. .	..	..
United States of America	61	15
Argentina	239	62
Other foreign countries	10	3
Total chilled or frozen	1,181	287
Salted and pickled	11	..
Offal, other than canned	185	219
Canned pig-meat, all kinds	171	248
Total pig-meat	9,117	3,391

In addition to the above, the following commodities were also imported :—

	1938.	1947.
Rabbits : Fresh, frozen, and canned ..	256	576
Poultry : Fresh, chilled, and frozen ..	441	590
Game : Fresh, chilled, and frozen ..	30	23
Extracts and essences	66	145
Sausages of all kinds, other than canned ..	3	22
Poultry and meat pastes, canned sausages, and meat pies	10	255
	806	1,611

The total imports of all classes of meat, rabbits, poultry, &c., from the various supplying countries are as follows :—

From	1938.	1947.
	Cwt.	Cwt.
Eire	808,826	335,399
Australia	4,888,598	4,234,963
New Zealand	5,488,747	6,974,267
Canada	1,606,724	2,515,515
Other British countries	140,473	101,807
Sweden	255,207	18,257
Iceland	35,210	8,237
Denmark	3,476,298	1,111,845
Poland	556,171	10,036
Netherlands	553,714	19,631
Hungary	188,875	101,959
Yugoslavia	56,361	3,577
United States of America	729,809	1,153,252
Chile	202,685	207,589
Brazil	724,028	186,304
Uruguay	1,122,636	656,988
Argentine Republic	9,644,568	10,016,969
Paraguay	30,092	145,832
Other foreign countries	454,120	260,110
Total	30,963,142	28,062,537

ACCOUNTS

The following is a summary of the meat accounts printed on pages 48-53 of this report :—

- (a) Administration and General Expenses Account :
- (b) Final Purchase and Sale Account of 1945-46 season's killings, showing transfers of £464,630 to the credit of the Meat Pool Account and £887,397 to the credit of the Meat Industry Stabilization Account :
- (c) Purchase and Sale Account of 1946-47 season's killings up to 31st July, 1947, showing transfers of £1,256,526 to the credit of the Meat Pool Account and £1,886,571 to the credit of the Meat Industry Stabilization Account :
- (d) Meat Pool Account to 31st July, 1947, showing a surplus at that date of £11,162,172 :
- (e) Meat Industry Stabilization Account to 31st July, 1947, showing a surplus at that date of £7,059,968 :
- (f) Bobby Calf Pool Account to 31st July, 1947, showing a surplus at that date of £387,896 :
- (g) Bobby Calf Stabilization Account to 31st July, 1947, showing a surplus at that date of £423,684 :
- (h) Meat Account, which shows a credit balance of £26,919 at the 31st July, 1947.

TALLOW

PURCHASE BY UNITED KINGDOM GOVERNMENT OF 1946-47 SEASON'S TALLOW

A contract was completed between the United Kingdom and the New Zealand Governments for the purchase by the United Kingdom Ministry of Food of the exportable surplus of the 1946-47 season's tallow. Terms, prices, and conditions of this contract are set out on page 36 of the Department's annual report for 1946.

PURCHASES BY NEW ZEALAND GOVERNMENT OF 1946-47 SEASON'S TALLOW FROM NEW ZEALAND MANUFACTURERS

The f.o.b. (New Zealand currency) purchase-prices payable to manufacturers remained as set out in the Schedule attached to the Purchase of Tallow Order 1940, and subsequent amendment. The surplus, or difference between the United Kingdom purchase-prices and the prices paid by the New Zealand Government, is approximately £80 (New Zealand currency) per ton.

STATISTICS

The following table shows the quantities of tallow purchased and shipped from 1st August, 1946, to 31st July, 1947. Total exports amounted to 24,995 tons.

—	United Kingdom.	Jamaica.	Canada.
	Tons (Net).	Tons (Net).	Tons (Net).
First beef	52	..	..
First mutton	7,432	..	..
Good bright prime, mixed	573	..	214
Good colour, mixed	4,400	211	742
Fair to good, mixed	1,665	..	22
Fair colour, mixed	291	..	33
Good gut	4,017	..	817
Medium gut	2,187	..	501
Low and no-colour gut	415	..	158
Stearine, superior	521	..	..
Stearine, medium	140	..	..
Pig fat, inedible, steam rendered	219	..	..
Hog grease	170	..	..
Hide grease	24	..	..
	22,106	211	2,487

Permits were granted to shippers to overseas countries from 1st August, 1946 to 31st July, 1947, as follows :—

						Fiji. Tons (Net).
Good colour, mixed .. .. .	..	..	..	..	..	191
						191

NOTE.—Practically all edible beef tallow has been required for manufacturers in New Zealand, in addition to considerable quantities of edible mutton tallow.

PURCHASE BY UNITED KINGDOM GOVERNMENT OF 1947-48 SEASON'S TALLOW

A contract was completed between the United Kingdom and the New Zealand Governments, before publication of this report, for the purchase by the United Kingdom Ministry of Food of the exportable surplus of the 1947-48 season's tallow on the same terms and conditions as applied for the 1946-47 season, but with an increase of prices amounting to 25 per cent. above those ruling for the 1946-47 season. For convenience of reference these prices are quoted hereunder :—

PRICE SCHEDULE FOR NEW ZEALAND TALLOW FOR 1947-48 SEASON'S PRODUCTIONS

Key Letter.	Grade.	Price per Ton Sterling C. and F. in Casks/Drums with Premium of 5s. per Ton shipped in Barrels.
		£ s. d.
A	First beef	110 6 3
C	First mutton	106 5 0
E	Good bright prime, mixed	101 5 0
F	Good colour, mixed	100 6 3
G	Fair to good colour, mixed	98 15 0
H	Fair colour, mixed	96 11 3
I	Good gut tallow	94 1 3
J	Medium gut tallow	91 11 3
K	Low and no colour gut tallow	87 3 9
M	Stearine, superior	111 11 3
N	Stearine, medium	107 16 3
O & Q	Hog grease/pig fat (FFA basis 1 per cent.)	109 13 9
P	Lard edible	142 3 9
R	Hide grease—	
	Under 1 per cent. FFA	93 15 0
	1 per cent. to 15 per cent. FFA	91 5 0
	Over 15 per cent. FFA	88 8 9
S	Edible mixed	104 7 6

ACCOUNTS

The tallow accounts are shown in the accounts section at the end of this report page 54. They comprise Purchase and Sale Account, Revenue Account, and Tallow Account, and cover the purchase and sale of tallow for the year ended 31st July, 1947. After providing £6,248 for administration and handling expenses, the surplus of £1,234,750 which represents the difference between the purchase-prices and sale-prices, has been transferred as to £227,954 to the credit of the Meat Pool Account and as to £1,006,796 to the credit of the Meat Industry Stabilization Account (page 52). The credit balance of £3,546 in the Tallow Account represents the difference between the Department's administration and handling allowance and the actual charges incurred by the Marketing Department.

HIDES

REPORT OF HIDES COMMITTEE ON OPERATIONS FOR YEAR ENDED 31st MARCH, 1947

The following report, in terms of the Hides Emergency Regulations 1940, has been submitted to the Hon. the Minister of Marketing on behalf of the Hides Committee by the Chairman, Mr. A. P. O'Shea :—

I have pleasure in submitting the seventh annual report and statement of the Equalization Fund for the year 1st April, 1946, to 31st March, 1947 :—

Export Levy.—The rates of export levy brought into force on 24th October, 1942, and pegged at the request of the Economic Stabilization Commission, remained unchanged until 5th September, 1946.

The agreement with the Economic Stabilization Commission to stabilize the Equalization Fund at a credit balance of £40,000 resulted in £35,000, £30,000, and £40,000 being received during 1944, 1945, and 1946 respectively from War Expenses Account.

With the discontinuance of the International Hide Committee and with overseas ceiling prices ceasing to operate as from the end of June, 1946, and the consequent rise in hide prices in New Zealand, the export levy was found to be totally inadequate for the purpose of meeting claims against the Fund.

The change in overseas conditions was estimated at the 30th June, 1946, to produce a debit balance, as between export levy and claims against the Fund, of £120,000 by 31st January, 1947. As the result of a special meeting of the Hides Committee held on 3rd July, 1946, a letter was sent to the Economic Stabilization Commission, together with a report on the financial position, requesting payment of £40,000 immediately, and pointing out that £120,000 would be required (estimated on end of June prices) by 31st January, 1947.

A reply to our letter of the 3rd July, 1946, was not received until the 22nd of July, when the following communication arrived :—

“ I have to advise that Government has decided that immediate action will be taken to set up machinery which will result in the major portion of the recent increases in hides and calf-skin prices being withheld from producers and paid to the industry stabilization accounts.

“(Signed) L. C. WEBB,
“ Director of Stabilization.”

The following reply to the above was sent on 23rd July :—

“ Further to your letter of 22nd July, 1946, I would point out that it does not clarify the position so far as the Hides Committee is concerned. The Committee desire to know what is to be the policy in regard to the levy and also in regard to the Fund generally. I have discussed the matter with members of the Committee, who point out that the Committee *per se* is not concerned with policy, but solely with administration. They are of the opinion that policy matters should be decided by Government in consultation with representatives of all interested parties.

“(Signed) H. G. ANDREWS,
“ Secretary, Hides Committee.”

Overseas prices rose so quickly in July, 1946, that the estimated 31st January, 1947, deficit of £120,000 became an established fact by 31st July, 1946, and at a meeting held on 5th August, 1946, the Committee decided to suspend all hide sales until further notice.

The deficit at the 31st August, 1946, rose to £180,000, and after discussions with the Stabilization Commission and in view of the stock position throughout the country the Committee decided at a meeting on 4th September, 1946, to permit the resumption of sales until further notice.

This information was passed on to the Economic Stabilization Commission the same day, also advising that, following on the discussions with the Commission, the levy had been raised from the 1½d. basis to 10d. per pound and that the arrangement would continue until the meat schedule negotiations were completed, when the position would be reviewed and new arrangements made in regard to the levy and/or its disposal. The letter to the Commission pointed out that as the arrangement proposed was outside the powers conferred by the Hides Regulations, validating amendments were required immediately.

Under date of 5th September, 1946, the Commission replied that Government approved of the action taken by the Hides Committee in resuming sales and the rates of levy struck, advising that these rates be adjusted in accordance with export prices and that consideration of issuing validating amendments to the regulations be left over until a later date.

On the 6th September, 1946, arrangements were made for an overdraft at the Bank of New Zealand of £150,000 approved by the Minister of Finance under clause 24 of the Hides Emergency Regulations.

On the 14th November, 1946, a further letter was sent to Economic Stabilization Commission advising that the overdraft should be cleared by 31st January, 1947, and that once the Fund was in credit to the sum of £40,000 amendments to the regulations would be necessary.

The reply received dated 2nd December, 1946, read as follows :—

“ In reply to your letter of the 14th November, 1946, I have to advise that with the fixing at last season's levels of the value of hides in the export schedule, it is necessary for the Hides Committee to continue to adjust levy rate so as to bring values back approximately to the level in the export schedule.

“(Signed) L. C. WEBB,
“ Director of Stabilization.”

The following alterations to the export levy rates were made during the year :—

	Levy Rates in Force as from—				
	1st April, 1946.	5th September, 1946.	18th October, 1946.	20th November, 1946.	11th February, 1947.
	d.	d.	d.	d.	d.
Ox-hides	1 $\frac{1}{4}$	10	12	15	16
Cow-hides	1 $\frac{1}{4}$	10	12	15	16
Bull-hides	1	6	6	9	10
Yearlings	1 $\frac{1}{4}$	10 $\frac{1}{2}$	12 $\frac{1}{2}$	16	17
*Calf-skins	3	15	20	25	26

* Other than freezers.

The following hides "freed for export" during the year are estimated to produce £442,038 in levy collections :—

From	Ox.	Cow.	Bull.	Yearlings.	Calf.	Estimated Levy.
						£
1st April, 1946	23,140	169,705	18,584	6,238	8,734	41,768
5th September, 1946	8,363	23,234	1,428	6,472	7,958	66,580
18th October, 1946	8,189	17,124	508	3,155	6,047	61,310
20th November, 1946	9,137	34,210	4,188	5,758	10,632	129,810
11th February, 1947	12,057	30,315	7,546	2,763	4,764	142,570
	60,886	274,588	32,254	24,386	38,135	442,038

Statistics.—The following table shows the number of hides claimed by the tanners, and the number freed for export from all sales held under the Hides Emergency Regulations 1940 (No. 2) during the year 1st April, 1946, to 31st March, 1947 :—

	Ox.	Cow.	Bull.	Yearlings.	Calf.
Tanner	133,535	254,791	2,265	38,309	31,871
Export	60,886	274,588	32,254	24,386	38,135
Total	194,421	529,379	34,519	62,695	70,006

Financial Report.—This is set out in detail below and, based on the number of hides handled in terms of the Regulations, the cost is 0.25d. per hide, as against 0.3d. for previous years.

HIDES EQUALIZATION FUND AS AT 31ST MARCH, 1947

Receipts			Payments		
	£	s. d.		£	s. d.
Bank balance at 1st April, 1946	26,150	9 8	Claims paid to tanners, freezing companies, and exporters	319,081	8 2
Balance payment of subsidy of £40,000 from War Expenses Account to stabilize balance at 31st January, 1946	5,000	0 0	Interest on overdraft at bank	2,855	11 0
			Expenses—		
	£	s. d.	Salaries	663	6 8
Levy on hides exported	169,568	14 0	Rent and telephone	32	10 0
Less cost of collection	2,394	15 0	Postage and telegrams	62	17 0
			Stationery	63	0 6
	167,173	19 0	Audit fee	20	0 0
Levy on leather exported	14,176	3 10	Bank fee and cheque-book	2	10 0
			Travelling-expenses	59	10 10
	212,500	12 6	Bureau fees	7	9 3
Overdraft at Bank of New Zealand	110,367	10 11			
				931	4 3
	£322,868	3 5			
				£322,868	3 5

ESTIMATED POSITION WHEN ALL HIDES "FREED FOR EXPORT" TO 31ST MARCH, 1947, HAVE BEEN SHIPPED

	£	s.	d.		£	s.	d.
Balance levy estimated to 31st March, 1947, on hides "freed for export" and still to be shipped	300,000	0	0	Overdraft as at 31st March, 1947 ..	110,367	10	11
				Claims unpaid as at 31st March, 1947 ..	39,632	9	1
					150,000	0	0
				Estimated credit balance	150,000	0	0
	<u>£300,000</u>	<u>0</u>	<u>0</u>		<u>£300,000</u>	<u>0</u>	<u>0</u>

The New Zealand Tanners' Association advise that Mr. E. A. Astley has resigned as President of their association and that his place on the Committee will be taken by Mr. T. G. Tomkins.

The New Zealand Master Butchers' Federation also advise that Mr. W. S. Hughes has been nominated by their federation as representative member on the Hides Committee in place of Mr. J. F. Carter.

I would like to take this opportunity of expressing on behalf of myself and other members of this Committee full appreciation of the co-operation received both from Mr. E. A. Astley and Mr. J. F. Carter during their term of office as members on the Hides Committee as representatives of their respective associations.

General.—I desire to again express my thanks to the members of the Committee, Government Departments concerned, and to all sections of the trade for their willing assistance at all times. I wish particularly to express the appreciation of the Committee and my own personal appreciation of the work of the Secretary, Mr. H. G. Andrews. The rapidly changing conditions during the year just passed have called for a great deal of extra work and have necessitated prompt action on many occasions. The Committee is indebted to Mr. Andrews for his help and assistance in enabling them to cope with this rapidly changing situation.

A. P. O'SHEA, Chairman.

WOOLLY SHEEP-SKINS

As stated in last year's annual report, the bulk purchase of woolly sheep-skins by the United Kingdom Ministry of Supply terminated on 30th June, 1946.

The Sheep-skin Controller, Mr. R. C. Burgess, continued during 1946-47 season to carry out Government policy in respect of the following matters:—

- (1) Stabilization of prices to producers on basis of pelt and wool values included in the fat-stock schedules:
- (2) Supply of requirements of local tanners at stabilized prices.

To ensure the foregoing requirements, all sheep-skins were sold at auction in standard grades.

The necessary provisions were embodied in the Sheep-skins Emergency Regulations 1947. The Sheep-skins Committee appointed to carry out the regulations was composed of Mr. R. C. Burgess (Chairman), appointed by the Government, Mr. J. Evans and Mr. J. Walker, nominated by the New Zealand Meat-producers' Board and New Zealand Wool Board respectively.

As the appointment of the Sheep-skin Committee terminates the appointment of the Sheep-skin Controller, I desire to record the valuable and outstanding services rendered by the Controller (Mr. Burgess) and the Deputy Controller (Mr. George Stewart) during the period of the war years and up to 31st July, 1947.

PICKLED SHEEP AND LAMB PELTS

The Pickled Sheep and Lamb Pelts Regulations 1947 were required to carry out Government policy in respect of the following matters:—

- (1) Stabilization of prices to producers on basis of pelt values included in the fat-stock schedules; the surplus sale-prices realized over prices paid to producers to be paid to Meat Industry Stabilization Account:
- (2) Supply of requirements of local tanners at stabilized prices:
- (3) Supply to United Kingdom Government of 30 per cent. of New Zealand's export surplus at agreed prices.

The regulations provided for compulsory auction sales in order to ensure the fulfilment of the above matters and for the appointment of a Pelt Controller to carry out the regulations. Mr. J. J. Evans, the General Manager of the New Zealand Meat-producers' Board, was appointed Pelt Controller, and he reports the results of the sales of pickled pelts for the 1946-47 season as under:—

SALES OF PICKLED PELTS, 1946-47 SEASON

Method of Disposal.	Sheep.			Lambs.			Total Value.	Destination.
	Number of Dozen.	Value.	Average per Dozen.	Number of Dozen.	Value.	Average per Dozen.		
		£	s. d.		£	s. d.	£	
Auction ..	65,305	319,276	97 9	460,417	1,947,908	84 7	2,267,184	U.S.A.
Auction ..	84,236	482,675	114 7	136,093	566,977	83 4	1,049,652	U.K.
Auction ..	3,120	17,669	113 3	2,337	8,810	75 5	26,479	Holland.
Auction ..	17,886	100,145	112 0	2,007	6,623	66 0	106,768	Belgium.
Auction ..	475	1,703	71 8	10,923	35,139	64 4	36,842	Australia.
Auction ..	..	..	..	10,996	41,228	75 0	41,228	Canada.
Auction ..	..	..	..	8,050	34,262	85 1	34,262	Sweden.
Auction ..	10,848	57,241	105 6	4,770	13,811	57 11	71,052	France.
Total Auction	181,870	978,709	107 8	635,593	2,654,758	83 6	3,633,467	..
Allocated to U.K. ..	85,170	415,531	97 7	299,985	952,753	63 6	1,368,284	U.K.
Allocated to local tanners	33,941	75,361	44 5	40,160	65,554	32 8	140,915	Local tanners.
	300,981	1,469,601	97 7	975,738	3,673,065	75 3	5,142,666	

Of the total realizations of £5,142,666, £2,297,139 was paid to Vendors or Producers and £2,845,527 credited to Meat Industry Stabilization Account.

LINEN FLAX

The annual report for 1941 sets out the terms of sale to the United Kingdom Ministry of Supply of New Zealand's export production of linen flax fibre for the period of hostilities and one year after. This contract was extended to cover production up to the end of the 1946 season. A further contract for the supply of 100 tons from the 1947 season's production has been arranged with the Board of Trade.

Shipments from 1st August, 1946, to 31st July, 1947, were as under:—

					Tons. Cwt.
Linen-flax fibre and reiss	..	..	..	..	457 10
Tow and pluckings	..	..	..	..	271 8
					728 18

The total value f.o.b. (New Zealand currency) of these exports was £133,625.

UNRRA AND CORSO

It has been agreed to accept responsibility for shipment of goods on behalf of these organizations, and the Department's shipping officer has been making the necessary applications for space and arranging for shipment of a great variety of products.

SUNDRY SUPPLIES FOR WAR OFFICE

During the year, supplies of food products have been shipped under contract to the War Office.

The value of the products shipped during the twelve months ended 31st July, 1947, is £323,953 (New Zealand currency).

The accounts covering the purchase and sale transactions of the Department in connection with these United Kingdom War Office supplies are shown in the accounts section at the end of this report, page 55. The surplus for the year ended 31st July, 1947, is £150.

**SUMMARY OF VOLUME OF SALES BY THE DEPARTMENT OF PRODUCTS
FOR EXPORT FOR THE TWELVE MONTHS ENDED 31st JULY, 1947**

Product.	Volume.	Equivalent Net Weight (in Tons).	Value f.o.b. (N.Z. Currency).
			£
Butter	4,997,656 boxes	124,815	27,026,060
Cheese	1,148,756 crates	81,528	10,344,361
Processed cheese ..	20,406 cases	467	69,377
Casein	30,898 sacks	1,872	259,529
Evaporated milk ..	279,298 cases	5,985	408,267
Skim-milk powder ..	225,206 cases	10,304	819,821
Frozen meat .. ..	..	333,728	27,539,645
Canned meat .. ..	..	4,042	612,806
Tallow .. ..	..	24,995	2,028,152
Linen-flax fibre ..	..	729	133,365
War Office contracts ..	..	..	323,953
			£69,565,336

MARKETING DEPARTMENT (EXPORT DIVISION) DAIRY-PRODUCE

ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1947

<i>Dr.</i>	United Kingdom.	New Zealand.	Total.	<i>Cr.</i>		
Salaries	12,469	12,391	24,860	Allocation of expenses to Purchase and Sale Accounts—		£
Office rent, maintenance, cleaning, and sundry expenses	1,683	2,516	4,199	1945-46 season's produce—		1,112
Postages, cables, printing, and stationery	377	1,351	1,728	Creamery butter	..	6
Travelling-expenses	488	2,577	3,065	Whey butter	..	394
Subscriptions, donations, and entertainment	29	..	29	Cheese	..	1,512
Shipping inspection	2,536	889	3,425	1946-47 season's produce—		
Agency expenses: Lyttelton	..	225	225	Creamery butter	..	47,331
Audit expenses	..	390	390	Whey butter	..	18,821
Depreciation	309	315	624	Cheese	..	18,079
				Processed milk products..	..	4,043
	<u>£17,891</u>	<u>£20,604</u>	<u>38,495</u>			<u>70,274</u>
Advertising in United Kingdom (including "background advertising")	..	..	25,233			
Miscellaneous expenses	..	..	11			
Cost of remittances to dairy companies	..	..	7,725			
Subsidy, Public Service Superannuation Fund	..	..	219			
			<u>£71,786</u>			<u>£71,786</u>

FINAL PURCHASE AND SALE AND REVENUE

<i>Dr.</i>	Creamery Butter.	Whey Butter.	Cheese.	Total.	
Stocks in store at 31st July, 1946	..	..	155,787	332,712	
Purchase on basis net f.o.b. after 31st July, 1946	451,241	2,640	159,692	613,573	
Transfer to Dairy Industry Stabilization Account (being proceeds of increases in sale prices of dairy-produce after 15th December, 1942)	131,204	871	37,899	169,974	
Gross surpluses on transactions after 31st July, 1946, carried down	5,788	119	18,449	24,356	
	<u>£765,158</u>	<u>£3,630</u>	<u>£371,827</u>	<u>£1,140,615</u>	
Administration and general expenses	1,112	6	394	1,512	
Net surplus on transactions after 31st July, 1946, carried down	4,676	113	18,055	22,844	
	<u>£5,788</u>	<u>£119</u>	<u>£18,449</u>	<u>£24,356</u>	
Balance, being final surplus on purchase and sale of 1945-46 season's production carried to Dairy-produce Account	..	..	..	1,114,605	
				<u>£1,114,605</u>	

ACCOUNT 1945-46 SEASON'S DAIRY-PRODUCE

<i>Cr.</i>	Creamery Butter.	Whey Butter.	Cheese.	Total.
Sales net f.o.b. after 31st July, 1946—				
To United Kingdom	718,601	3,630	359,323	1,081,554
To other destinations	40,557	..	12,504	59,061
	<u>£765,158</u>	<u>£3,630</u>	<u>£371,827</u>	<u>£1,140,615</u>
Gross surpluses on transactions after 31st July, 1946, brought down	5,788	119	18,449	24,356
	<u>£5,788</u>	<u>£119</u>	<u>£18,449</u>	<u>£24,356</u>
Net surplus on transactions after 31st July, 1946, brought down..	..	..	..	22,844
Net surplus on transactions up to 31st July, 1946 (as shown in accounts for year ended 31st July, 1946)	..	..	..	1,091,761
				<u>£1,114,605</u>

DAIRY PRODUCE—continued

PURCHASE AND SALE AND REVENUE ACCOUNTS, 1946-47 SEASON'S DAIRY-PRODUCE PURCHASED UP TO 31ST JULY, 1947

<i>Dr.</i>	Creamery Butter. £	Whey Butter. £	Cheese. £	Processed Milk. £	Total. £	<i>Cr.</i>	Creamery Butter. £	Whey Butter. £	Cheese. £	Processed Milk. £	Total. £
Purchase on basis net f.o.b.	17,341,453	300,619	6,623,784	1,481,298	25,747,154	Sales net f.o.b.—	24,094,319	467,160	10,034,575	1,487,617	36,083,071
Transfer to Dairy Industry						To United Kingdom	1,688,458	7,335	7,336	..	1,703,129
Stabilization Account						To other destinations	394,962	8,213	266,065	..	609,240
(being proceeds of increases						Stocks in store at 31st July,					
in sale prices of dairy-pro-						1947, awaiting shipment ..					
duce after 15th December,											
1942)	8,472,293	168,271	2,959,966	..	11,800,530						
Gross surpluses, carried down	163,993	13,818	724,226	6,319	908,356						
	<u>£26,177,739</u>	<u>£482,708</u>	<u>£10,307,976</u>	<u>£1,487,617</u>	<u>£38,456,040</u>		<u>£26,177,739</u>	<u>£482,708</u>	<u>£10,307,976</u>	<u>£1,487,617</u>	<u>£38,456,040</u>
Administration and General						Gross surpluses, brought down	163,993	13,818	724,226	6,319	908,356
expenses,	47,331	821	18,079	4,043	70,274						
Surpluses carried down..	116,662	12,997	706,147	2,276	838,082						
	<u>£163,993</u>	<u>£13,818</u>	<u>£724,226</u>	<u>£6,319</u>	<u>£908,356</u>		<u>£163,993</u>	<u>£13,818</u>	<u>£724,226</u>	<u>£6,319</u>	<u>£908,356</u>

NET REVENUE ACCOUNT

<i>Dr.</i>	<i>Cr.</i>
Storage on dairy-produce in store in excess of two months	£
Net surplus, carried to Dairy-produce Account ..	23,194
	Surpluses, brought down
	Interest on investments

	<u>£937,425</u>
	<u>£960,619</u>

DAIRY-PRODUCE ACCOUNT

<i>Dr.</i>	£	<i>Cr.</i>	£
Deficit on 1936-37 season's produce	276,850	Surpluses—	
Less payment from Consolidated Fund	276,850	1937-38 season's produce	576,724
		1939-40 season's produce	62,363
Deficit on 1938-39 season's produce	..	1940-41 season's produce	151,989
Balance, being net surplus from commencement of purchase up to 31st	..	1941-42 season's produce	773,252
July, 1947, transferred to Dairy Industry Stabilization Account—	..	1942-43 season's produce	734,657
Amount transferred previous years' accounts	2,605,444	1943-44 season's produce	575,576
Amount transferred 1946-47 year's accounts	960,269	1944-45 season's produce	1,154,011
		1945-46 season's produce	1,114,605
		1946-47 season's produce purchased up to 31st July, 1947	937,425
	<u>£6,080,602</u>		<u>£6,080,602</u>

DAIRY INDUSTRY STABILIZATION ACCOUNT: TRANSACTIONS DURING THE YEAR ENDED 31ST JULY, 1947

<i>Dr.</i>	£	<i>Cr.</i>	£
Additional administration costs, New Zealand Dairy Board	16,000	Balance as at 31st July, 1946	4,703,240
Returned Servicemen's discounts, herd-testing service	7,000	Transferred from Purchase and Sale Account (Final), 1945-46 season	169,974
Veterinary Services Council grant (section 18, Veterinary Act, 1946)	5,842	Transferred from Purchase and Sale Account, 1946-47 season	11,800,530
Dairy-factory and farm-costs allowances	8,262,938	Proceeds from increases in sale-prices of produce outside bulk agreement	960,269
Subsidies on fertilizers, &c.	1,527,296	Payment from Consolidated Fund towards cost of stabilizing prices of butter and cheese on the local market	60,882
Cheese-crute pool stabilization payments to 31st July, 1947	70,855		1,193,902
Increased costs of storage, of dairy-factory requisites, and of insurance to f.o.b. on	9,861,059		
Increased values of dairy-produce	91,437		
Balance as at 31st July, 1947	8,907,459		
	<u>£18,888,797</u>		<u>£18,888,797</u>

NOTE.—The Dairy Industry Stabilization Account was opened in terms of the stabilization agreement between the Government and representatives of the farming industries (see annual report for 1942-43, pages 3 to 6). The debits to the account will be the costs allowances and other costs of stabilization in terms of the stabilization agreement. The credits to the account are (a) the surplus in the Dairy-produce Account; (b) the proceeds of increases in sale-prices received after 15th December, 1942.

MEAT
ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1947

<i>Dr.</i>	<i>£</i>	<i>Cr.</i>	<i>£</i>
Salaries	6,613	Allowance for administration on sales of 1945-46 season's meat after 31st July, 1946	24,329
Office rent, maintenance, cleaning, telephones, and sundry expenses	967	Allowance for administration on sales of 1946-47 season's meat up to 31st July, 1947	55,053
Postages, cables, printing, and stationery	1,079	Allowance for administration on sales of bobby veal up to 31st July, 1947	2,039
Traveling expenses	284		
Shipping inspection and refrigeration supervision	1,500		
Audit fees	383		
Depreciation (office and departmental equipment)	161		
Exchange on remittances	3,485		
Payment to New Zealand Meat-producers' Board	40,000		
Subsidy, Public Service Superannuation Fund	30		
Balance, to Meat Account	26,919		
	<u>£81,421</u>		<u>£81,421</u>

FINAL PURCHASE AND SALE ACCOUNT, 1945-46 SEASON'S KILLINGS

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand and loadings not departed at 31st July, 1946	7,046,162	Sales : Shipments to United Kingdom after 31st July, 1946—	
Less preserved meat transferred to 1946-47	60,869	Lamb	5,262,906
Purchase and Sale Account	173,645	Wether mutton	491,769
Less pig-meat withdrawn from stock for local use		Ewe mutton	1,009,764
		Beef and veal	886,707
Purchases after 31st July, 1946—	6,811,648	Boner bull beef	76,476
Lamb	28,030	Boner cow beef	317,449
Wether mutton	1,882	Pig-meat	92,985
Ewe mutton	23,348	Offals	207,472
Beef and veal	65,318		
Boner bull beef	3,638		
Boner cow beef	11,587		
Pig-meat	14,239		
Offals	9,482		
	157,524		8,345,528
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on sales, £6,487,823)	24,329		
Transfer to Meat Industry Stabilization Account (being net proceeds of increases in sale-prices of Meat after 15th December, 1942)	1,857,705		
Less amount of increases in purchase-prices of Meat after 1st October, 1944	970,308		
	887,397		
Surplus on transactions after 31st July, 1946, carried to Meat Pool Account	464,630		
	<u>£8,345,528</u>		<u>£8,345,528</u>

MEAT—continued

PURCHASE AND SALE ACCOUNT 1946-47 SEASON'S KILLINGS UP TO 31ST JULY, 1947

Dr.		£	£	Cr.	£
Purchases, 1st October, 1946, to 31st July, 1947—				Sales : Shipments to United Kingdom up to 31st July, 1947—	
Lamb ..	..	15,083,451		Lamb ..	12,764,348
Wether mutton ..	..	1,113,485		Wether mutton ..	783,325
Ewe mutton ..	..	2,267,960		Ewe mutton ..	1,604,887
Beef and veal ..	..	3,244,137		Beef and veal ..	1,689,862
Boner bull beef ..	..	219,923		Boner bull beef ..	198,475
Boner cow beef ..	..	344,828		Boner cow beef ..	195,021
Pig-meat ..	..	1,019,820		Pig-meat ..	552,648
Offals ..	..	847,457		Offals ..	861,680
Preserved meat—	..			Preserved ..	612,806
Stock transferred from 1945-46 Purchase and Sale Account ..	..	60,869			
Purchases ..	..	574,008	24,775,938		
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on sales, £14,680,671) ..			55,053		
Transfer to Meat Industry Stabilization Account (being net proceeds of increases in sale-prices of meat after 15th December, 1942) ..			4,582,382		
Less amount of increases in purchase-prices of meat after 1st October, 1944 ..			2,695,811		
Surplus on transactions up to 31st July, 1947, carried to Meat Pool Account ..			1,886,571		
			1,256,526		
			<u>£27,974,088</u>		
				Stock on hand (including loadings not departed at 31st July, 1947) ..	8,711,036
					<u>£27,974,088</u>

MEAT POOL ACCOUNT TO 31ST JULY, 1947

Dr.	£	Cr.	£
Insurance on frozen and preserved meat ..	7,952	Balance as at 31st July, 1946	8,931,174
Slipue wool (being adjustment of overpayment, season 1945-46)	355	Surplus on 1945-46 season's killings sold after 31st July, 1946	464,630
		Surplus on 1946-47 season's killings sold up to 31st July, 1947	1,256,526
		Surplus on tallow sales	227,954
		Kakariki Freezing-works (being surplus on transactions)	6,102
		Interest	261,744
		Payment by Ministry of Food for storage on stocks in store beyond agreed period	22,349
Balance, being surplus to 31st July, 1947	11,162,172		
	<u>£11,170,479</u>		<u>£11,170,479</u>

MEAT ACCOUNT

<i>Dr.</i>	<i>Cr.</i>
Payment to War Expenses Account ..	Balance as at 31st July, 1946 ..
Balance as at 31st July, 1947 ..	Surplus from Administration and General Expenses Account ..
£	£
.. 33,073	.. 33,073
.. 26,919	.. 26,919
<u>£59,992</u>	<u>£59,992</u>

MEAT—continued

MEAT INDUSTRY STABILIZATION ACCOUNT: TRANSACTIONS DURING THE YEAR ENDED 31ST JULY, 1947

Dr.	£	Cr.	£
Freezing costs subsidy (being additional costs other than wage increases), season 1945-46	3,116	Balance as at 31st July, 1946	3,270,754
Freezing costs subsidy (being additional costs from wages increases)—		Transfer from 1945-46 Purchase and Sale Account	1,857,705
Season 1945-46	2,165	Transfer from 1946-47 Purchase and Sale Account	4,582,382
Season 1946-47	280,553	Transfer from Tallow Account	1,006,796
Freezing costs subsidy (being additional costs due to forty-hour week)—		Pickled pelts (being surplus on transactions from auction and 30 per cent. United Kingdom allocations (Pickled Sheep and Lamb Pelts Emergency Regulations 1947, Regulation 14))	2,471,958
Season 1945-46	6,716		
Less recouped from Consolidated Fund	6,716		
Season 1946-47	211,255		
Subsidies on fertilizers and stock-food	211,255		
Advertising in United Kingdom (including "background" advertising)	1,293,673		
Payment by New Zealand Meat-producers' Board to Lord Mayor's fund for relief in respect of damage by floods in Great Britain (section 40, Finance Act, 1947)	46,687		
Payment to New Zealand Meat-producers' Board to establish fund to provide for annual contributions to Veterinary Services Council (section 17, Veterinary Services Act, 1947)	125,000		
Preserved meat: adjustment of price by Ministry of Food in respect of 1944-45 season's preserved meat	500,000		
Schedule purchase-price increases from 1st October, 1944—	1,059		
Season 1945-46			
Season 1946-47	3,666,119		
Balance as at 31st July, 1947	7,059,968		
	<u>£13,189,595</u>		<u>£13,189,595</u>

BOBBY CALF POOL ACCOUNT TO 31ST JULY, 1947

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand and loadings not departed as at 31st July, 1946	56,664	Balance as at 31st July, 1946	202,566
Purchases—		Sales—	
Season 1945-46	.. ..	Shipments to United Kingdom of 1945-46 season's meat after 31st July, 1946	410,173
Season 1946-47	.. ..	Shipments to United Kingdom of 1946-47 season's meat up to 31st July, 1947	133,698
Allowance for administration and general expenses (£ per cent. on sales, £543,871), carried to Administration and General Expenses Account	.. ..	Interest	9,136
Transfer to Bobby Calf Stabilization Account (being proceeds of increases in sale-prices after 15th December, 1942)—			
Season 1945-46	.. ..	
Season 1946-47	.. ..	
Balance as at 31st July, 1947	102,614	Stock on hand (including loadings not departed at 31st July, 1947)	57,304
	387,896		
	<u>£902,877</u>		<u>£902,877</u>

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BOBBY CALF STABILIZATION ACCOUNT : TRANSACTIONS DURING THE YEAR ENDED 31ST JULY, 1947

<i>Dr.</i>	£	<i>Cr.</i>	£
Freezing costs subsidy (being additional costs other than wages increases), season 1945-46	7,110	Balance as at 31st July, 1946	145,898
Freezing costs subsidy (being additional costs from wages increases)—		Bobby calf-skins (being excess export realizations over payout to producers, less subsidy on skins used in local manufacture)	202,436
Season 1945-46	.. ..	Transfer from Bobby Calf Pool Account	102,614
Season 1946-47	.. ..	
Freezing costs subsidy (being additional costs due to the forty-hour week): season 1946-47	.. ..	
Balance as at 31st July, 1947	16,405		
	3,749		
	423,684		
	<u>£450,948</u>		<u>£450,948</u>

TALLOW

PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1947

<i>Dr.</i>		£	<i>Cr.</i>		£
Purchases .. ..	.. ..	600,676	Sales to United Kingdom .. ..	.. ..	1,708,157
Allowance for administration and handling .. ..	.. ..	6,248	Sales to United States of America and Canada .. ..	.. ..	117,264
Marketing-expenses .. ..	.. ..	364	Sales to other destinations .. ..	.. ..	14,895
Transfer to Meat Stabilization Account (being proceeds of increases in sale-prices less increase in purchase prices of tallow after 15th December, 1942) .. ..	.. ..	1,006,796	Surcharge on soap exports .. ..	.. ..	1,722
Surplus, carried to Meat Pool Account .. ..	.. ..	227,954			
		<u>£1,842,038</u>			<u>£1,842,038</u>

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1947

<i>Dr.</i>		£	<i>Cr.</i>		£
Salaries .. ..	.. ..	1,383	Allowance for administration and handling .. ..	.. ..	6,248
Office rent, maintenance, cleaning, telephones, and sundry expenses .. ..	.. ..	204			
Postages, cables, printing, and stationery .. ..	.. ..	549			
Audit fees .. ..	.. ..	65			
Cost of remittances to manufacturers and others .. ..	.. ..	441			
Net surplus, carried down .. ..	.. ..	3,546			
		<u>£6,248</u>			<u>£6,248</u>

TALLOW ACCOUNT

<i>Dr.</i>		£	<i>Cr.</i>		£
Payment to War Expenses Account .. ..	.. ..	5,705	Balance as at 31st July, 1946 .. ..	.. ..	5,705
Balance as at 31st July, 1947 .. ..	.. ..	3,546	Net surplus, year ended 31st July, 1947 .. ..	.. ..	3,546
		<u>£9,251</u>			<u>£9,251</u>

PURCHASE AND SALE ACCOUNT FOR YEAR ENDED 31ST JULY, 1947

55

<i>Dr.</i>	<i>Gt.</i>
£	£
Salaries
Postages, cables, printing, and stationery	200
Telephones, rent, and sundry expenses	295
Net surplus	62
	150
	£637
	Gross surplus, brought down £ 637

MARKETING DEPARTMENT (EXPORT DIVISION)

BALANCE-SHEET AS AT 31ST JULY, 1947

<i>Liabilities</i>		£	<i>Assets</i>		£
Sundry creditors for accrued charges and sundry credit balances		.. ..	Cash—	.. ..	..
Farm products stabilization accounts—		£	Held in London	.. ..	568
Dairy Industry Stabilization Account		8,907,459	Reserve Bank of New Zealand—	.. ..	..
Meat Industry Stabilization Account		7,059,968	Dairy Industry Account	.. ..	1,046,948
Bobby Calf Stabilization Account		423,684	Sundry Products Account	.. ..	981,197
Meat Pool Account		.. ..	Less Meat Industry Account	.. ..	1,977,813
Bobby Calf Pool Account		.. ..		.. ..	179,455
Net surpluses on administration allowances—		.. ..	Sundry debtors for produce and amounts accrued due	.. ..	1,798,358
Meat Account		26,919	Stocks	.. ..	1,378,673
Tallow Account		3,546	Investments in Treasury bills and Government stock	.. ..	9,437,580
War Office Contracts Account		150	Office and departmental equipment	.. ..	21,200,000
		.. ..	Advances to Milk Marketing Division	.. ..	9,003
		30,615		.. ..	58,981
		<u>£33,882,595</u>			<u>£33,882,595</u>

G. M. POTTINGER, Acting-Director.
W. J. PRATLEY, Accountant.

I hereby certify that the several Purchase and Sale and Revenue Accounts, Administration and General Expenses Accounts, together with the Balance-sheet as at 31st July, 1947, have been 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.

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