

1948  
NEW ZEALAND

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# INTERNAL MARKETING DIVISION

REPORT AND STATEMENT OF ACCOUNTS FOR YEAR ENDED 30TH SEPTEMBER, 1947

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

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SIR,—

Internal Marketing Division.

I have the honour to present herewith, pursuant to the provisions of the Marketing Act, 1936, the annual report of the operations and statement of accounts of the Internal Marketing Division for the year ended 30th September, 1947.

I have, &c.,

K. B. LONGMORE,  
Acting-Director, Internal Marketing Division.

The Hon. the Minister of Marketing.

## INTRODUCTORY

THE most important event during the past year affecting this Division was the passing of the Dairy Products Marketing Commission Act, 1947. Following the establishment of the Division in 1937, its first responsibility was the maintaining of the equality of financial returns as between those dairy factories producing for local use and those producing for export. Allied and equally important tasks were to see that all districts in New Zealand were supplied with butter throughout the year, and to supervise the internal marketing of butter (hence the name of the Division, distinguishing it from the Export Division, which dealt with overseas markets) and to stop the recurrence of local marketing difficulties mentioned in the report of the 1934 Dairy Commission. Now the control of both export and internal marketing of dairy-produce has passed to the Dairy Products Marketing Commission. The Government has, at the request of the Commission, made the services of the Internal Marketing Division available on an agency basis for the time being, and officers have been assisting the Commission in its new task.

Although the Division's original and basic function has now passed from its control it will not be materially affected as an organization. Since the 1st February, 1937, many other activities have come within its scope. Some were temporary only, whilst others have been handed over to other agencies, but those remaining, which are briefly touched upon later, constitute a flexible and active organization.

The change in control of dairy-produce marketing calls attention to the place of the Division in relation to the various primary industries associated with it. The original tendency was for the Division to trade directly, buying products outright, bearing losses and retaining profits. This policy has changed towards one of forming financial pool accounts for each industry, against which are charged payments to growers, and marketing costs, plus a proportion of administrative expenses such as salaries and rent, and to which are credited the proceeds of sale of the product. The balance, subject to Government policy on stabilization, is paid out to suppliers, while any reserves are held for the benefit of the industry. Associated with this policy has been that of close co-operation with Marketing Committees of representatives of the industries concerned, and Government nominees. All information in the possession of the Division is made available to the Marketing Committees, which advise the Division on the conduct of the industry's affairs. Thus each industry has a say in the marketing of its product. It also means that, in lieu of establishing separate administrations, each industry shares (on a proportionate basis as regards cost) the facilities of the Division and the experience of its officers. There are problems associated with this, however, for which an easy solution is not apparent. When direct trading was carried on, some phases were either unprofitable or undertaken in the knowledge that no revenue would accrue. Generally, the unprofitable trading was of a stabilizing nature, while work which returned no revenue was in the nature of administrative services in assisting primary producers. These losses were offset by surpluses in direct trading in other commodities. The major activity in the this group is the importation of egg-pulp, which is sold below cost to bakers and pastrycooks. If this product were sold at cost, which equals eggs at 2s. 10d. per dozen, the baking industry would naturally prefer shell eggs at the lower New Zealand price. Since shell-egg production in New Zealand is still insufficient for ordinary household demands, it must be conserved for such use, which means that pulp for the baking industry must be made available at prices related to those of fresh eggs. This is less than the cost of Australian pulp, which bears cost of production, freight, Customs duty, and landing charges, in addition to the prime cost of the eggs.

The Division administers without charge regulations affecting eggs, maize, hops, raspberries, and acts as a guarantor in respect of maize, potatoes, onions, and kauri-gum. The remaining direct trading functions are the importation of citrus fruits, pineapples, and fertilizers, canning of peas and beans, manufacture of dehydrated products, such as apple-slices, and the letting of storage space where such space is not fully utilized at certain times of the year for the Division's own needs. These functions are self-supporting, but do not provide surplus funds for the financing of those activities previously mentioned. The method of financing these will be considered in the next financial year. The loss disclosed in the accounts for the year is by reason of egg-pulp importations already mentioned.

To avoid duplication of staff and premises, arrangements were made during the year between the Milk Marketing Division and this Division for our branches to act as agents for the Milk Marketing Division, and the extra work involved has been done with only a slight increase in staff.

The work of the staff merits high praise. In the assembly, storage, and distribution of perishable foodstuffs, officers are frequently called upon outside the official hours of duty, and it is gratifying to report that in no case where such calls have been made has any officer failed to carry out the task promptly and efficiently.

The conditions of employment of men and women employed in the stores and factories operated by the Division are covered by an agreement between the New Zealand Workers' Industrial Union of Workers and the Minister of Marketing. Excellent relationships between the staffs and the management, and between the officer of the union and the Division, have continued during the year. Absenteeism, loss of time, and labour turnover have been negligible.

During the year the Director, Mr. R. P. Fraser, resigned to enter commercial life. He entered the Public Service at the inception of the Division, later becoming Secretary and then Acting-Director. His appointment as Director was confirmed in 1945. Mr. Fraser had the onerous task of administering the Division during the war years, when it was engaged in vital functions in connection with the supply of foodstuffs to New Zealand and allied Forces in the Pacific as well as carrying on its normal functions. His knowledge, experience, and personality, and particularly his ability to obtain the full co-operation of those associated with the Division, enabled it to carry out to the full its part during the war and to adjust itself adequately to the conditions of the post-war world.

## DAIRY-PRODUCE SECTION

### BUTTER

The activities of the Division with regard to the local marketing of butter are still affected in a very large measure by the process of adjustment to normal post-war organization.

While war conditions are happily no longer with us, the Division is, nevertheless, not free from results of conflict. For instance, rationing is still necessary in order to assist Britain to maintain the meagre butter ration at present current, and rationalization, both of production and distribution, which was instituted as a war measure, is, maintained to an extent necessary to conserve to the utmost petrol, tires, and the facilities for carrying out transport.

It is interesting to note that changes which came about directly as a result of war conditions and during the war period reflect such obvious improvements in many instances in our distributing system that all concerned are reluctant to now change back where change is allowable. Zoning of deliveries is a case in point.

During the war many adjustments were made in regard to delivery of butter which had the effect of eliminating considerable overlapping in services. Some adjustments were also made regarding factories supplying butter to consumers at some distance and where local production was adequate to supply that area. So far no requests have been made from any quarter for a discontinuance of these purely wartime adjustments; in fact, any comment is more in the nature of an inquiry as to the possibility of a continuance of these zoned areas.

Also during the war, on account of motor-spirit, tyre, and man-power requirements these zones in many instances were organized under co-operative distributing companies composed of butter-manufacturing units comprising specified areas as in Hawke's Bay, Wanganui, Manawatu, and Nelson, while Wellington City was co-operatively operated by the licensed distributors in the area. The Wellington City area has now been taken over under satisfactory mutual arrangements by a company consisting of the dairying companies affected and the Government, bringing this area more into line with the previously existing co-operative groups.

These group companies operating the whole area, including the major towns in their area of operations, have eliminated all overlapping and thereby reduced costs of distribution, while, by also distributing eggs, cheese, and other allied primary products, they have spread their overhead costs, thus reducing the distributing-costs of a purely butter-servicing organization to a point where they have been able to absorb the rising overhead of wages and other costs.

These exclusive areas operated under the foregoing conditions have enabled the companies to continue to distribute on the same per-pound margin of allowance as was originally fixed pre-war, and it could be taken for granted that had pre-war conditions of distribution, with several patting distributors in each area all covering the

same territory and delivering to the same retailers, been continued up to the present time the delivery of butter could not have been carried out under rationing conditions now operating at the present cost of  $\frac{1}{2}$ d. per pound.

In some areas zoning of distributors has had approximately the same effect. In the Auckland City area, particularly, each distributor was allotted a zone of operations wherein that distributor serviced the whole of the retailers with butter, thus eliminating the cost of overlapping by this means.

Notwithstanding the fact that distributors have been able to carry on at the previous rate of remuneration, there have been applications for increases, but so far this matter has not become acute. It can, however, be expected that rising costs cannot continue without an increase in the remuneration of the distributor, and at any time this matter of distribution allowances may become a major issue. The continuance of rationing which limits the amount of financial return to the distributor by limiting his turnover, while it does not eliminate any of the costs necessary in order to carry out a full delivery service, is another factor which is causing some dissatisfaction among distributors, and the distributors generally are looking forward hopefully to the time when rationing will no longer be necessary.

So far as administration is concerned, multiplicity of distributors has always appeared to be more expensive and less satisfactory, but probably the chief consideration so far as Auckland City is concerned with reference to the patting for the retail trade will be the period which will elapse until rationing butter is no longer necessary. Unlike Wellington, Auckland area has generally, under present consumption, sufficient winter production of butter to cater for its full local requirements, but when rationing ceases it would appear that a fairly large quantity of stored butter would be required, and as storage facilities are accumulated in the Auckland City, it would require fairly heavy freight costs to return this stored butter to factories for processing. If some arrangement could be made between all factories for the winter use of patting facilities of these factories in and adjacent to the city this would simplify the problem very materially. In the meantime the concentration of all patting in Auckland City enables the Division to select the highest quality of winter make of butter from all factories for city consumers. This aspect has been one of the chief considerations for a continuance under post-war conditions of this procedure.

The quality of butter on the New Zealand market has been maintained by the regular inspection and assistance of the officers of the Dairy Division of the Department of Agriculture in grading all butter for the city markets. There does not appear to be any reversion to the practice of selecting inferior butter for the local market in order to assist in building a higher average grade for export quantities.

#### STORAGE, BUTTER

*North Island.*—The production period covered by this report has shown the usual seasonal variations, especially in the North Island, where autumn and winter production in the Taranaki and Wellington Provinces does not conform to the previous year, and it was necessary to provide for the Wellington City market 14,000 boxes of stored butter for the low-production winter period, as compared with 6,000 boxes for the previous year. This amount can, however, be considered to be normal, as the previous autumn was exceptionally good in production, and the amount for the year under review conforms substantially to the average of previous seasons.

Some quantities of stored butter were also required in Hawke's Bay and Auckland, while Taranaki Province came through the winter with the transfer of some quantity of butter from factories which had surplus production to those who had insufficient winter make to cover their requirements.

*South Island.*—In the South Island conditions were on a par with the 1946 September report, the amount of winter butter being provided as under:—

	Boxes.
Stored at Lyttelton .. .. .	18,500
Stored at Christchurch .. .. .	14,500
Stored at Timaru .. .. .	8,300
Stored at Fairfield .. .. .	1,800
Stored at Dunedin .. .. .	19,100
Stored at Invercargill .. .. .	4,000
Total stored butter .. .. .	66,200

In addition to these quantities stored by the Division, some 21,500 boxes were also stored by factories mainly in Nelson and Westland areas, and these were, under the system of reimbursement, for use in their particular areas, while some 7,500 boxes of butter were transferred in the autumn and spring period mainly from West Coast factories for use in Christchurch and Dunedin. The outturn of the stored butter was exceptionally good, and no complaints were received on account of quality.

#### DAIRY PRODUCTS MARKETING COMMISSION

During the year discussions which took place between representatives of the dairy industry and the Government were finalized along lines which will reflect drastic changes in the administration of the industry and will result in the organization of the local market for dairy-produce coming under the Dairy Industry Marketing Commission.

Several matters which have been due for consideration have been held over until post-war policy was under review, and it would appear that these will now pass to the administration of the Marketing Commission, which on the gazetting of its regulations will assume control.

The arrangement temporarily made by the Minister of Marketing for the Internal Marketing Division to carry out any procedure required by the Marketing Commission covers the transition stages, but it is assumed that the Commission will, at an early date, take over completely.

Butter-patting operations at present carried on by the Division as part of its service to factories and distributors in the Auckland area will provide a problem for the Commission on its initial take-over. It is claimed by some butter-manufacturing companies that this service with regard to patting butter required by the Auckland City area can be carried out at the factories and that a reversion to factory patting would be both more economical and satisfactory. During the past years it has not been possible for factories to get the machinery necessary, but it may now be possible to give consideration to this procedure. Butter-patting at the factory in this area would not, however, be without serious difficulties, which would have to be overcome. The fact that Auckland is serviced by a number of licensed distributors will present a matter for consideration in relation to the discontinuance of the post-war zoning which must shortly receive consideration. Supplies of dairy products to overseas shipping and nearby islands will also require to be considered in relation to zoning if that system is to be continued.

#### EQUALIZATION

The Equalization Account, which now goes to the Consolidated Fund as a setoff against amounts of the payment of local price subsidy after payment of storage, transfer costs, and administration, will in future, on account of the changed system of payment to the producers, cease to show credits, and when the present system is altered, as will be

necessary, the costs of catering for the local market in respect to winter requirements will need to be arranged by some other means. This, however, will amount merely to an alteration of the method of accounting.

Local sales of butter, inclusive of ships' stores, for the year ending 30th September, 1947, are as under :—

-----			Creamery.	Whey.	Total.
1946			lb.	lb.	lb.
October	..	..	3,798,415	33,800	3,832,215
November	..	..	3,587,477	35,298½	3,622,775½
December	..	..	4,534,015	36,787	4,570,802
1947					
January	..	..	3,753,817	40,244	3,794,061
February	..	..	3,605,895½	32,569½	3,638,465
March	..	..	3,948,947	36,578	3,985,525
April	..	..	3,899,285½	39,747½	3,939,033
May	..	..	3,782,640	37,023	3,819,663
June	..	..	3,917,217	24,677	3,941,894
July	..	..	3,906,721	15,368	3,922,089
August	..	..	3,826,714	19,555	3,846,269
September	..	..	3,975,430½	27,147	4,002,577½
Total	..	..	46,536,574½	378,794½	46,915,369

#### TINNING-PLANT

The butter-tinning plant operated by the Division at Auckland, which was installed purely as a service for Pacific requirements, will also come under review. Meantime butter is being tinned only as required for the Commission.

#### DRY BUTTERFAT

The dry-butterfat plant has now been removed from the premises at the Auckland Farmers' Freezing Co. to premises on top of the Internal Marketing Division building at Auckland, as indicated in last year's report.

During the process of removal the butter stripped from quantities of patted butter was held over and processed when the plant was installed. Although there was some slight deterioration in the butterfat resulting from these operations, there was no trouble in disposing of the product.

The whole of the outturn of butterfat for the year has again gone to Fiji, and no complaints have been received in regard to quality. The price of butterfat was not, however, brought up to conform to the new price of butter for this present season, but the position will be surveyed on the taking over by the Commission. In the meantime the Division is advised that the present prices conform to those available from Australia.

The Australian dry butterfat has a larger outlet in Fiji than the New Zealand product, and the price for New Zealand butterfat is therefore ruled by prices at which this product is available in Australia. There is, however, no loss in butterfat at this figure, as the whole of the butter processed has been either from paper stripped from local sales quantities or deteriorated butter from broken boxes, &c., and returned quantities from the local market.

The dry-fat plant in its new location is very efficiently installed and will be capable of handling in the future for sometime to come any quantities of butter which it may be desirable to process into dry fat. The plant should now come under the assets of the

Dairy Products Marketing Commission, and the small debit standing against the machinery being in the books of the Export Division the handing over of the plant to the Commission will reflect neither profit nor loss to the Division.

The financial considerations in regard to the Frankton plant have been finalized, and practically the whole of this plant has been disposed of. Some individual items of the new plant at Frankton that were unsaleable were incorporated in the present Auckland set-up, replacing machines which had been used to the point where they were needing considerable overhaul or replacement. In the meantime, although no great quantity of dry fat is being produced, the plant does not show an actual loss.

It is possible that when butter rationing is no longer necessary the amount of butter-paper to be processed will increase very considerably, and under these conditions, should the outlets still be available, the plant will be an asset to the dairy industry. In the meantime some consideration will be necessary as to the conditions under which the plant is to be operated and the sources from which costs in relation to rentals, &c., are to come. Any profit from the plant in the meantime would accrue to the Dairy Industry Account.

The total output of dry fat for the twelve months up to 30th September, 1947, was 2,201 boxes.

#### CHEESE

When the American military Forces were concentrated in the Pacific area during the war with Japan considerable quantities of primary-food products, including quantities of cheese, were made available by New Zealand.

The American military authorities, after investigation, asked for fairly large deliveries of tinned processed cheese, which was considered to be more satisfactory in tropical areas, and in order to supply these military orders all available cheese-processing plants were used exclusively for military requirements. This meant that processed cheese which had previously been manufactured by three processing units was eliminated from the local New Zealand market altogether during the war years, as there was insufficient processing machinery to supply any for the local market. In fact, a new processing plant was installed by the New Zealand Co-operative Rennet Co. at Eltham in order to enable the Division to supply the quantities of processed cheese required by the American Forces.

When it became necessary to take the whole output off the local market the manufacturers were naturally concerned that their goodwill would not be prejudiced by the complete withdrawal of their brands so that they might be faced with other new manufacturers coming on the market which had been left bare for a considerable time when the necessity for military supplies ceased altogether. The Division, therefore, arranged that each manufacturer of processed cheese should, at the appropriate time, be allowed to place on the local New Zealand market the same quantity of processed cheese as he had sold the year prior to his withdrawal from that market.

The year under review in this report is the first complete year under these conditions, and during the period sales of processed cheese have again been taking place. The situation was somewhat complicated, however, by the introduction of a rationing system for cheese which had been introduced in the meantime, and sales of processed cheese tended to upset the quantities in the ration when they again came on the market.

During the previous year, however, the return to New Zealand of military personnel from overseas also affected the position in a compensating manner, making it necessary for a release of further quantities of cheese to cover these consumers, and though for a period rationing by the Food Controller was somewhat disorganized the position was quickly rectified.

During the rationing years the quantities of cheese to be available by any manufacturer was on an annual basis, and the cheese-factories continued to manufacture their allowed quantity, which passed into the hands of merchants, who, however, finding that

processed cheese was in some areas taking the place of cheddar cheese, accumulated stocks of cheddar cheese in excess of their own market requirements. Some quantity of matured cheese in the Auckland area was exported in order to relieve merchants. There was no particular difficulty in regard to the export of these quantities except that it reflected some loss to the merchants concerned and was not entirely satisfactory to the Export Division. The situation, however, was immediately brought into order by the Food Controller altering the procedure from an annual basis to a three-monthly permission for each cheese-factory in regard to quantities manufactured for the New Zealand market. This new procedure reflects an improvement on previous conditions and enables the Food Controller, in conjunction with the Division, to take action at any time during the year to deal with what would otherwise be an accumulation of cheese-stocks.

During the period under review arrangements were finalized between the dairy industry and the Government for a change in the method of payment to producers whereby the payment of subsidy on butterfat was discontinued, and payment is now made comprising the full-grade guaranteed price per pound of cheese. Payments for export quantities are made direct by the Dairy Products Marketing Commission, but the return from local sales is received in the form of the wholesale price to the agent or retailer, the cheese local price having been adjusted to conform to the guaranteed price returned plus allowed costs, so that no subsidy is now payable and no equalization takes place.

It is anticipated that as soon as the Dairy Products Marketing Commission has completed its regulations, the Commission will take over the organization of the local sales of cheese, and there are some problems facing the Commission which have not been completely solved by the Division. One of these will be to give consideration to some system of encouragement for a higher-grade quality of cheese, which, though not at present pressing, will become more so in post-war marketing.

Consideration is also being given to the place of processed cheese in the general organization of the cheese industry. This matter was brought forward for discussion at the Dairy Board's annual conference, and no doubt will be discussed with the Commission, as under future conditions it appears that processed cheese will come more and more into competition with cheddar varieties, and at the present time it appears obvious that the local market will absorb greater quantities of processed cheese, which is increasing in popularity with the consuming public.

A further matter will be some consideration of other varieties of cheese for which there will be a market in New Zealand. At the present time, with the requirements of Great Britain in view, it would be inopportune to commence manufacture on any large-scale method other varieties of cheese. At the same time, in the future it would appear that cheese such as Cheshire, Stilton, and possibly other varieties again would find a ready and consistent sale which might be of interest and advantage to the whole industry.

These matters, however, will not come into prominence in the meantime, but it is suggested that some investigation and probably experimental quantities could be produced in advance of the time when it would be advisable to supply them to the New Zealand market.

The Internal Marketing Division has been instructed by the Hon. the Minister of Marketing to work in close conjunction with the Commission and to carry out any work required by the Commission. Discussions have taken place in regard to the usage of cheese-crates which may be unnecessary in many instances for local sale of cheese as the use of crates where they are not strictly necessary reflects an uneconomic waste. The Commission is anxious that the situation should be surveyed and that any steps which may be taken to eliminate waste in this direction should be taken as early as possible.

In the wholesale price for local cheese the use of crates was taken into consideration, and the price for crated cheese is not so attractive as that for uncrated quantities. There would appear to be no particular reason why uncrated cheese should be shipped



from Hawke's Bay and Taranaki to Wellington by rail, and yet it should be necessary to crate cheese to transfer from Waikato to Auckland. Again, cheese is often shipped from areas such as Dunedin and Christchurch to North Island ports where cheese of equal quality is manufactured and is in adequate supply. This reflects a useless cost of transport by sea at a time when we are unable to get shipping space for necessary goods. These aspects, among others, are receiving consideration.

Tinned cheddar cheese is again being supplied on ration for those who desire a cheese of greater maturity and is finding a consistent demand. Considerable quantities of tinned processed cheese are also being supplied to the market, and these are used almost exclusively for food parcels for Britain.

The consumption of cheese has increased slightly as compared with the previous year, accounted for mainly by some extra processed cheese and larger quantities drawn for ship's stores, which, although charged at the higher price than local cheese, is drawn through local channels.

The Division desires to express its appreciation of the assistance received from other Government Departments, particularly the Food Controller, with whom it has had considerable contact, and also from the units of the cheese industry itself, where the secretaries and managers have given whole-hearted co-operation.

The monthly drawings from factory of cheese are set out hereunder and include quantities carried over in merchants' stores. Also included is a quantity of 268,000 lb. exported as matured cheese from merchants' stocks originally held for local sale:—

				lb.
1946—October	..	..	..	986,028
November	..	..	..	971,808
December	..	..	..	888,026
1947—January	..	..	..	928,662
February	..	..	..	742,494
March	..	..	..	731,441
April	..	..	..	827,144
May	..	..	..	935,821
June	..	..	..	1,436,369
July	..	..	..	743,207
August	..	..	..	524,352
September	..	..	..	826,084
				<hr/>
				10,541,436

#### BOBBY CALF POOL OPERATIONS

This section has once again experienced a year of further progress in the marketing of bobby calves, and while the number of pools operating under the regulations are less in number, the number of calves handled by pools has increased considerably.

The decrease in the number of pools operating is accounted for by a large amalgamation of small pools in the Hamilton district, which was carried out at the request of the various authorities in that area. One new pool was gazetted, while a number of additional areas were added to already existing pools. Where it is at all possible, the latter is carried out, as the operational costs of small pool areas in many cases are very high, but if attached to a larger pool these costs are reduced to a minimum.

The co-operation received from the various pool authorities was very gratifying indeed, and for the first time an officer of the Division was requested to attend pool annual meetings in many districts. This has a twofold effect—the producer is kept in closer touch with administration generally, and the Division is able to keep abreast with the problems of the pools.

For the year under review, 876,316 calves were collected in gazetted pool areas, and of these, 806,398 were passed for export. This left 69,918 condemned at the works as underweights, or 7.9 per cent. of the total. This latter figure represents an increase in percentage of underweights of 0.9 per cent. as against the previous year, but this is in actual fact an improvement when it is realized that an additional 50,000 calves were handled. The average cartage cost per head shows an increase of halfpenny over the previous year, bringing this cost up to 1s. 8½d. per head. The total amount paid to producers was £682,588, bringing the average payment per calf to 15s. 7d., or 3s. 1d. above that of the previous year. The railways and other transport operators received a total of £75,000 from calf transport during the same period.

During the year under review the Bobby Calf Marketing Regulations 1947 were gazetted, and as a result a number of new provisions were introduced. One clause altered the date of the closing of the financial year to the 31st December in each year. It is hoped that this will allow a summary of each season's operations to be made so as to be of benefit when annual meetings are held during March–April–May of the following year.

Another clause provided that no cash payment could be made at a freezing-works for a calf, which will undoubtedly allow accurate checks to be made as to the vendor of any calf should a pool authority desire such action. Provision has also been made for an audited balance-sheet to be presented by every pool authority at each annual meeting of the pool.

The introduction of a number of clauses providing for the treatment and handling of calves was well received by organizations interested in the treatment of calves between the farm and the processing-works. While their provisions will undoubtedly assist the position materially, every effort is and will be made to improve the transport of these animals. Any complaint is carefully investigated, and, wherever possible, the Division assists in adjusting the position to the mutual satisfaction of all concerned.

The handling of calves has also been under discussion with the Society for the Prevention of Cruelty to Animals. A deputation from this Society waited upon the Hon. the Minister of Marketing, and the position was very fully discussed. In order that the position may be more thoroughly checked it is intended to carry out a survey of the conditions to which calves are subjected between the farm-gate and the rail or works. This will be done with a view to checking on whether proper pens are being placed at collection points, and also whether the types of crates used on motor-trucks are adequate for the protection of the calves.

The Central Executive, which is the voice of the industry, is not established on a very stable basis, and should it be decided to give it more authoritative powers some proper elective system would be necessary. The Division has, however, had the full co-operation of this body at all times, and a number of problems have been overcome to the mutual satisfaction of all concerned.

It is the intention of the Division, as requested, to have an officer attend all annual meetings of producers next autumn, when the opportunity will be taken to stress the need for improvement in the number of calves condemned through being underweight, with a resultant loss of veal, which is an exportable commodity. The constant need for better treatment of calves is also stressed at all times, and this, combined with the efforts of the Society for the Prevention of Cruelty to Animals should bring about some general realization that good treatment of calves is essential for their well being.

Another matter that will receive some attention is the abuse of saleyards by producers seeking prices far in excess of the value of calves. This method of disposal is not only having a detrimental effect on the pool organizations, but calves are subjected to a good deal of unnecessary double handling and yarding. Many of the pools have requested that some action be taken in this regard.

In conclusion, it may be said that the season under review was undoubtedly a good one not only for the higher prices returned to the producer, but also for the method of collection and disposal which now, after some years of operation, is of a very high standard. The prospects for next season's operations are particularly bright, and present indications are that the net return per calf will approach £1 per head.

### EGG SECTION

The increase in the price of eggs and subsidy during February by 2d. per dozen plus 1d. per dozen subsidy in the North Island and 4d. per dozen plus 1d. per dozen subsidy in the South Island now makes the price in both Islands the same. Previously there had been a differential of 2d. per dozen. The increase in price has been reflected by some slight increase in the intake of eggs through authorized marketing channels. In the North Canterbury district, however, there has been a falling off in the intake through the various egg floors, while, on the other hand, from Timaru south there has been a marked increase. The Auckland district also shows a falling tendency, while in the rest of the North Island there is a slight over-all increase. Any increase gained, however, due to the rise in price and subsidy has not been sufficient to make up for the decline experienced prior to February.

Unfortunately, there is no way of accurately assessing the total egg-production of New Zealand, and, whilst the total intake of eggs through approved floors can be taken as some indication of the general trend, the quantity of eggs sold direct to consumers from the poultry-farms is a factor which must be taken into account. There is no doubt that the lifting of the "Sales of Eggs" notice in which the consumer purchases on the farm were restricted to one dozen per family in any one week has encouraged this practice. It is apparent that the difficulties experienced by poultry-farmers in securing regular and suitable supplies of poultry-feed, due to the world cereal shortage, is still having an effect on production.

The intake of eggs through approved egg floors during the period 1st October, 1946, to 30th September, 1947, as against the period 1st October, 1945, to 30th September, 1946, is illustrated by the following figures:—

1st October, 1946, to 30th September, 1947. Dozen.	1st October, 1945, to 30th September, 1946. Dozen.	Decrease. Dozen.
11,119,683	12,193,601	1,073,918

In spite of the foregoing position, it is a fact that the demand for eggs has lessened to some extent during the period under review, and this is probably due in some measure to the reappearance of a number of pre-war alternative food commodities.

### DISTRIBUTION

Egg-distribution in all egg marketing areas during the period under review has been carried out on the basis of butter registrations or on a percentage basis related to previous saturation deliveries. Priority rationing for children under five, nursing and expectant mothers, invalids, and hospitals has been maintained. Armed Forces' requirements have decreased to the point where they are no longer a factor in the general supply programme. Shipping requirements, on the other hand, create difficulties from time to time, due to sudden calls being made without prior notice.

As already indicated herein, the 3d. per dozen subsidy which has previously been regarded as a neutralization of marketing costs has now been increased to 4d. per dozen, and has no doubt assisted in encouraging the flow of eggs from poultry-farms to approved egg floors. From reports received during the current hatching season it would appear that there is some increase in the number of farmers engaged in sundry egg-production. If this is so, it will have an effect on the supply of eggs during the coming pullet season.

As pointed out in last year's report, the egg subsidy would not be withheld for the extension of poultry veterinary instructional services. This has meant a direct gain to poultry-farmers of 4d. per dozen for one week during the flush production period.

Eggs transferred to Wellington from other floors for the period ended 30th September, 1947, compared with the same period for 1946, are as follows :—

From	Twelve Months ended 30th September,	
	1945-46.	1946-47.
Auckland .. .. .	143,765	66,030
Hamilton .. .. .	6,600	20,160
Tauranga .. .. .	19,020	52,710
Gisborne .. .. .	59,625	71,087
Hawke's Bay .. .. .	113,587	144,385
New Plymouth .. .. .	209,231	135,120
Wanganui .. .. .	109,385	101,198
Manawatu .. .. .	101,731	73,241
Carterton .. .. .	205,072	159,707
Blenheim .. .. .	80,559	82,114
Nelson .. .. .	12,702	7,650
Christchurch .. .. .	241,530	193,640
Ashburton .. .. .	1,500	13,200
Timaru .. .. .	57,060	62,363
Dunedin .. .. .	..	40,230
	1,361,387	1,222,835

#### CHILLING

As egg-production is of a seasonal nature the Division is most anxious, in common with larger-egg-producing countries such as South Africa, United States, Canada, and Australia, to carry on as extensively as possible with its chilled-egg programme in order to ensure an equitable all-the-year-round supply of eggs in shell for consumer use. Under present conditions it has been difficult to aim at any larger-scale programme, as the main desire has been to release as many fresh eggs in shell for sale to consumers during the flush period. Then, too, any particular larger-scale chilled-egg programme is out of the question until such time as suitable cool-storage facilities are available in the heavy-egg-production areas. The storage accommodation in Christchurch, for example, is very limited, while, on the other hand, a considerable quantity of eggs could be held in cool store in Wellington without much difficulty.

It is true that some adverse criticism has been received in regard to the price and quality of chilled eggs placed on the market during the last two seasons, but the Division is confident that in time, given the necessary facilities, not only will the quality of chilled eggs be comparable with fresh, but with increasing quantities of eggs chilled the price per dozen will be considerably less than at present. The quantities chilled during the past two years and the estimated target for this year are as follows :—

—			1945-46.	1946-47.	Estimated, 1947-48.
			Dozen.	Dozen.	Dozen.
Auckland	..	..	125,060	108,220	100,000
Wanganui	..	..	49,230	27,510	40,000
Wellington	..	..	32,400	32,990	25,000
Christchurch	..	..	47,250	36,270	40,000
			253,940	204,990	205,000

## IMPORTS

As is the case with chilled eggs, the amount of pulp manufactured during the season was restricted in an endeavour to release as many eggs in shell for consumer use, and, therefore, any leeway between the quantity of pulp manufactured in New Zealand and the total demand will be supplemented by continuing to import from Australia. Until such time as New Zealand egg-production equates to consumer and commercial demands, the policy of importation must continue. The payment of duty is made by the Division on all pulp imported, and the necessity to fix a price comparable as near as possible to New Zealand's flush egg-prices must inevitably result in a financial loss to the Division.

Quantities of egg-pulp imported during previous years and the year under review are as follows :—

				Dozen Equivalent.
1942-43	..	..	..	2,722,020
1943-44	..	..	..	2,286,732
1944-45	..	..	..	2,662,107
1945-46	..	..	..	1,709,670
1946-47	..	..	..	3,085,920
1947-48	..	..	..	2,525,000 (estimated).

The pooling of eggs in each marketing area still continues, and credits accumulating due to stocks carried forward on a rising price, together with reductions in payout prices from current wholesale prices are used either to cushion losses sustained during the falling-price period or transferred under Ministerial authority to the National Egg Pool Account, from which payments are made to the industry for approved purposes.

The Post-war Marketing Advisory Committee established by the Minister of Marketing and Agriculture, and including members of the New Zealand Poultry Board, Price Tribunal, Department of Agriculture, consumer representatives, and this Division, has presented its report, and it is at the present time still under consideration.

## PRODUCE SECTION

## POTATOES

At the time of writing last year's report it was estimated that there would be little or no surplus when the season finished at the end of November, and this turned out to be the case, and actually there proved to be no surplus and no shortage. During November, some 300 tons were crated and shipped by the Division for the British Commonwealth Forces, and a small quantity was also dehydrated at the Riccarton factory for the same purpose. The new potatoes available during the months of November, December, January, and February proved sufficient to meet trade requirements, although there were occasionally temporary shortages during November and December, due mainly to weather conditions delaying digging and marketing.

The area planted to meet main-crop requirements from March to November, 1947, was satisfactory, and it is pleasing to be able to record that a fairly substantial increased area was obtained in the North Island Manawatu-Rangitikei districts. Yields in those districts proved to be good, and the quantity of table potatoes available enabled the North Island to be self-supporting until the end of April, after which customary supplies from the South commenced to come forward. South Island crops proved to be very good in North Canterbury, where the largest area was planted, but they were poor in South Canterbury, many of the larger areas proving quite unprofitable to growers. Adverse weather conditions in South Canterbury area were the main cause of this poor

yield, and the quantity of potatoes shipped during the year from Timaru has been little more than half the quantity shipped during the previous year. Had it not been for the very good yields in North Canterbury the position with regard to supplies throughout the year would have been serious, and at one time there was some doubt as to whether there would be sufficient potatoes to meet all requirements until the new crop becomes available in November, 1947, but it now seems certain that supplies available will be sufficient and that there will be little or no shortage. New potatoes for harvesting during October and November onwards have been planted in fairly substantial quantities and crops are reported as looking well, and indications are that supplies will be sufficient over the summer months.

For 1948 main-crop requirements the contract system which has been in existence now over the past five years under which contracts are made by members of the New Zealand Grain, Seed, and Produce Merchants' Federation on behalf of the Division is being continued, and while the acreage to be planted in potatoes is suffering from the competition of other and more payable crops with less risk of weather conditions, and less dependence on labour supplies, it is nevertheless hoped that the area being planted during September, October, and November will be sufficient to provide enough to meet consumers' needs during 1948. During the year two price increments, each 10s. per ton, were approved by the Stabilization Commission, and these increases should have proved helpful to growers. Growers' costs were substantially increased recently as a result of the removal of the subsidies on sacks and fertilizers, increased railage, and also increased labour-costs, but an announcement was made to the effect that the Government did not expect growers to carry these increases, and that amended prices would be granted to provide for them.

The target area set for the production year 1947-48 is 25,000 acres, but there is very little prospect of this being reached. However, under favourable conditions 22,000 to 23,000 acres should be sufficient to meet requirements in an average year with an average crop yield.

#### ONIONS

The 1946 harvest proved to be just sufficient to last until the new crop commenced to become available in December, and there was no shortage between the end of the old season's onions and the commencement of marketing of the new season's.

Good weather conditions were experienced for harvesting the 1947 crop in February, March, April, and the onions were gathered in good, sound condition and proved to be of better keeping-quality than has been the case during the past two seasons. Growers had no difficulty in disposing of their onions as they desired during the early months of the season, and with the good quality harvested more growers than is usually the case were able to hold their onions for delivery later in the year. In consequence onion deliveries have been spread more evenly during the year and they are still available in sufficient supplies to meet consumers' requirements until December next, when the new onions commence to come on the market. There was no surplus for export other than the small quantities customarily sent to Samoa, Fiji, and other Pacific Islands.

For 1948 the area is estimated to be slightly in excess of the area planted in onions last year, and should be ample to meet our needs.

#### BARLEY

Despite the fact that the Australian crop last season was a very good one, the prices they were able to obtain from Europe were so high that importation into New Zealand for feed purposes was quite impossible, and there is no indication yet of any improvement in that respect during the coming season. It seems unlikely that the Division will be able to import any barley from Australia for poultry or pig feeding purposes for the next two years at least.

## MAIZE

The Maize Marketing Committee has continued to operate throughout 1947 with general satisfaction and with the regulation of distribution of supplies fairly to all parties concerned. As a result of special efforts made last year to obtain an increase in the area to be grown in maize, this year's commercial area showed an increase of nearly 50 per cent., from 6,300 acres to approximately 9,000 acres, and the season has been an exceptionally good one, with fairly heavy yields in most areas, particularly in Poverty Bay. The production in the 1946-47 season was approximately 58,000 sacks, but this year it is estimated that the quantity to be marketed will be between 90,000 and 100,000 sacks. This increased quantity is, of course, due in the main to the increased area, but also to a considerable extent to the increased use of specially grown Pfister hybrid seed maize, which is giving substantially increased yields, particularly in Poverty Bay. The increase in acreage is due to a very large extent to special efforts put forward by the Native Department, who did remarkably good work in getting larger areas planted by Maori farmers, and also under the Department's own land-development schemes, and a total of approximately 2,800 acres were grown either by the Native Department, or under its control, last year, an increase of 2,000 acres over that grown in the previous year. This has contributed very substantially to the increased quantity of maize available for distribution to poultry-farmers this year.

## HOPS

This year's crop, while still well below an average one, was much better than that harvested in 1946, when the total yield, the smallest ever recorded, amounted to only 1,829 bales. Deliveries from growers this year totalled 2,470 bales, and while this is well below the actual requirements of New Zealand brewers, nevertheless it is hoped that, by rationing the available quantity out with the small carry-over of hops imported from America last year, this year's crop will be sufficient to enable brewers to carry on until the new season's crop comes in at the end of March and during April. Brewers are impressed with the difficulties in regard to dollar funds and are most anxious to avoid any necessity of importation from America, if that can possibly be avoided.

It has not been possible during the past two years for the Hop Marketing Committee to make hops available in packets for general sale to the public, as has been customary in the past, but small quantities have been provided to meet special individual cases of hardship where persons have experienced difficulty in obtaining yeast supplies for breadmaking in backblock areas.

During the year, with the support and approval of the Department of Agriculture and this Division, two grower members of the Hop Marketing Committee visited Tasmania in order to obtain first-hand information on the methods of hop-growing adopted there, and the cultivation, manuring, and irrigation practised, and any other information they could obtain that would be helpful to New Zealand growers. Hop-growers and their agents in Tasmania proved most helpful, and the growers concerned returned to New Zealand with a valuable amount of information which should have the effect of substantially improving the yields obtainable in Nelson, which in recent years have averaged little more than half the yield per acre obtained in Tasmania. Arrangements were made by them for the importation of 5,000 sets of different varieties grown in Tasmania, and these have since come to hand and have been planted out by the Department of Agriculture in twelve months' quarantine at the Government Experimental Station at Te Kauwhata. It is hoped that if these plants prove free from disease they may be distributed to growers next year, and ultimately result in improving the quality and yield of hops in the Nelson district. Special efforts have been made by growers to obtain an increased area this year, but these have been hampered by the very heavy outlay necessary to install a hop-garden at the present time, due mainly to the scarcity

and extremely high cost of wire, posts, and other materials. Nevertheless, it is hoped that an increase of approximately 40 acres will be planted this spring, the present area being 727 acres. Prices have been reviewed by the Price Tribunal in the light of the increased costs which have taken place during the past year, and have been increased to 3s. per pound, of which 1d. per pound is to be set aside to establish a research fund to be administered by the Scientific and Industrial Research Department with a committee consisting of Chairman and Secretary of the Department, the Director of the Cawthron Institute, three representatives of the brewers, and three representatives of the growers. Investigations are to be made by responsible scientific officers under this committee, which it is hoped will have the effect of ultimately improving both the quality and yield of hops in the course of the next few years.

### RASPBERRIES

Last year's crop proved rather better than that of the previous two years, but the quantity that went to jam-manufacture did not show any material increase, due to the very substantial increase in the bucket trade, for which many growers are now catering especially. With quicker means of transport, particularly by air, and with the general shortage of stone-fruits which has been apparent during the past two or three seasons, there is every indication that the bucket trade in raspberries will continue to grow, the demand at present being much greater than the quantity available to meet it. Shortage of suitable tins or other containers is one of the main difficulties in supplying the increasing demand. Indications for the coming season's crop are that it should be rather better than that of last year, and the area shows an increase of approximately 28 acres.

### FERTILIZERS

The Division has continued to import the necessary requirements of sulphate of ammonia, sulphate of potash, and muriate of potash, and supplies have been coming forward regularly to meet market-gardeners' and farmers' requirements. Sulphate of potash is still in very short supply throughout the world and is still only available as fertilizer for tobacco, but substantial shipments of muriate of potash have come forward from America and latterly from Palestine.

Sulphate of ammonia has only been available from Canada, and sufficient has been imported to meet consumers' requirements. The position regarding the world's supply of sulphate of ammonia is still very difficult, as is also that of muriate of potash.

### MOLASSES

During the year the balance of the Division's supply of molasses was sold, and it is not intended to make any further importations, supplies being available through customary trading sources in sufficient quantities to meet farmers' needs.

## APPLE AND PEAR SECTION

### FRUIT MARKETING COUNCIL

The Fruit Marketing Council continued to act during the period under review, the members being Mr. R. P. Fraser (Chairman), Hon. R. Eddy, Messrs. Wm. Benzie, W. K. Dallas, and F. B. Stephens (Government representatives), with Messrs. M. A. Cruickshank, J. Hainsworth, L. B. Robinson, H. R. Sampson, and A. C. Ward representing the growers. Towards the end of 1946 two grower members on the Council were due to retire, and the selection was made by ballot resulting in the retirement of Mr. A. C. Ward, member for Hawke's Bay, and Mr. L. B. Robinson, representing Nelson. Mr. Ward was returned unopposed, while Mr. Robinson was the successful candidate



in the election held in his district. An additional vacancy was created by the retirement of Mr. H. J. Masson, of Auckland. This vacancy was filled through an election, Mr. M. A. Cruickshank being appointed for the remainder of Mr. Masson's term of office. Of the present five grower members of the Council, Messrs. M. A. Cruickshank, J. Hainsworth (Otago), and H. R. Sampson (Canterbury) are due for retirement in October, 1947. Mr. R. P. Fraser (Chairman) and Mr. F. B. Stephens, two Government members of the Council, have both resigned recently, but their places have not yet been filled.

#### PAYMENTS TO GROWERS

Prior to the commencement of the 1947 season the industry made representations to the Government for increased returns from the market. The outcome of these discussions was that the wage subsidies of 4-23d., 2-05d., and 0-56d. per case were eliminated and an increase of  $\frac{1}{2}$ d. per pound in the retail price of fruit was permitted, this agreement to operate for all apples and pears sold on and after 24th March, 1947. The effect of this was to increase the wholesale prices by 1s. 6d. per case, the increased return to be for the benefit of the growers without any deduction for brokers' or retailers' margins. Although the guarantee to the individual grower still remained at 6s. 4 $\frac{1}{2}$ d. per case, it was hoped that the authorized increase in the wholesale and retail prices would have the effect of increasing the Dominion over-all average return to the industry by 1s. 6d. per case over the return for the 1946 season.

The Government subsidy has remained constant since 1944—namely, £25,000 for the Uneconomic Orchard Fund and £144,000 to augment market returns.

The schedule of four groups for apples and two groups for pears which has operated since 1940 has served the Division and the Council as a foundation for compensating growers for the various varieties, but it is realized that these groups are only a primary guide, and the Fruit Marketing Council has granted premiums and price variations for some varieties in an endeavour to bring many of the varieties more into line with market values.

At present the market returns for both apples and pears are combined in the one pool, and some districts, notably Hawke's Bay, have been agitating for some time for the establishment of separate pools. While it is realized that pears definitely have a higher market value than apples it has been pointed out that pears enjoy greater freedom under stabilization than do apples, the prices for which are more rigidly controlled. It is realized by the Council that the fairest way of compensating growers would be to pay out in accordance with actual market returns for each variety, but it is not possible to ascertain the true market value of each variety under present stabilized market conditions. However, the Council, as a matter of equity between apple and pear growers, has shown a discrimination in favour of pear payments which should at least equal the difference in cost of production. In the 1946 season the Dominion average payment for pears was approximately 2s. per case above the average for apples.

Table 4 gives a summary of the consolidated charge, which has remained fairly constant since 1940. One of the reasons for the estimated increase in 1947 is that certain charges remain constant, and where the crop is small the charges on a per-case basis correspondingly increase. The table also shows details of net market returns, amount of Government subsidies, and the annual Dominion over-all average payment to growers.

#### CROP

The crop handled this year is the smallest since the Division took over in 1940, and with a small quantity still to be received from growers will total approximately 1,544,000 cases, compared with 2,551,000 in 1946 and the previous smallest crop of 2,107,000 in 1942. Although it is quite normal for a large crop and a small crop to alternate, quantities were seriously affected by climatic losses in Hawke's Bay, Canterbury, and Otago.

It is natural that with a short crop the direct grower-to-customer trade will grow. In a season of short supply, when the consumer is unable to obtain his requirements from the retailer, he is influenced towards obtaining supplies direct from an orchard. The more this direct trade from the orchard extends the less fruit is available through the Division to the retailer. This year there has been a pronounced increase in the grower-to-consumer trade. The actual quantities involved are not known, but an indication may be obtained by taking the crop as estimated by the Department of Agriculture at the beginning of the season and deducting the quantity received by the Division. The result is approximately half a million cases. It is assumed that a considerable portion of this quantity has been absorbed in the direct-to-consumer trade, the balance going to factories or retailers. Details of the yearly receipts from growers are shown in Table 1.

#### DISTRIBUTION

The Division has continued its policy of equitable distribution over town and country areas as well as spreading the fruit to ensure that supplies are available for as long as possible. It is anticipated that stocks on hand, together with further receipts to come from growers, will be sufficient to keep fruit on the market until approximately the middle of November.

The allocation to districts, to brokers, and to retailers this year was continued on the basis of the measure period of 1946. Direct selling to hospitals, Armed Forces, railway refreshment-rooms, and schools has been continued, the total quantity sold through these avenues being 91,000 to 30th September, 1947, compared with 121,000 for the year 1946.

In addition, a system was introduced last season of selling direct to retailers, a total of 80,500 cases being disposed of in this way. During the present season the Division continued these direct sales to those retailers who were serviced in 1946, and sales so far total 59,500 cases.

The delivery of apples to schools was limited by the small crop, and only 31,000 cases were disposed of in this way, compared with 43,000 in both 1945 and 1946 and 102,000 in 1944.

A detailed summary of the quantities distributed through the various avenues is shown in Table 2.

#### STORAGE

There was ample cool-storage space available during the year, and if the fruit had been available over one million cases could have been held, but the maximum quantity stored amounted to 847,000 cases. In the main, the quality of the fruit was fairly high, although some flesh collapse was evident in the Sturmer variety, resulting in earlier marketing than was originally intended. Pears in particular were of a very high keeping-quality. Repacking losses and credits for apples and pears amount to only 0.1 per cent. of the total crop.

#### EXPORT

Although it was expected that the 1947 crop would be a small one, it was decided to endeavour to ship 500,000 cases to Britain. When crop estimates indicated that the yield would be below expectations the quantity for export was reduced to 250,000. In spite of repeated representations to the British Ministry of Food, no refrigerated shipping space could be made available, preference being given to meat and dairy produce. Inquiries had been received from other overseas markets, notably Canada, Brazil, Sweden, and Singapore, but no apples were exported to these countries.

### TRANSPORT

For several years past the difficulties of transport by road, rail, and sea have been most acute. This year the road transport difficulties have been eased quite appreciably through the increased supplies of benzine available, but the difficulties of transport by sea and by rail have been intensified, especially sea transport. The railway rolling-stock position at present seems to be more acute than in pre-war years, and this, in conjunction with the increased quantity being transported to local markets, means that in many instances fruit has to be transported in wagons that are unsuitable for fruit. Representations have been made to the railway authorities which have met with a most sympathetic and favourable reception, but the railway authorities are definitely limited in the services they can give. Through no fault of the railway authorities, the position is that the unsuitable wagons and the frequent delays during transport are having a very detrimental effect on the quality of the fruit as it is being transported from one point to another. Loss in market value from this cause is quite appreciable. The sea transport difficulties are also acute. It has not been possible to transport fruit from one point to another as expeditiously as desired, and, in addition, the Division frequently had to accept shipping arrangements which were neither desired nor intended. For instance, when it is desired to ship from Nelson to Onehunga or to Auckland, and this cannot be arranged, as a substitute the Division may be forced to accept shipment from Nelson to New Plymouth or Nelson to Wanganui. In some instances shipments from Nelson to Wellington have been accepted and the fruit has then been railed to Auckland from Wellington. These alternative acceptances were unavoidable in order to keep fruit moving, but even so transport clearances were not equal to the inflow of fruit at Nelson depots, and eventually the depots had to cease receiving fruit for three or four days. The Shipping Controller has at all times given sympathetic consideration to the transport of apples and pears, but the demand for shipping for urgent national needs is so great in different directions that not even the sympathetic attitude of the Shipping Controller proved adequate for our needs.

### UNECONOMIC ORCHARD FUND

The Uneconomic Orchard Fund, which was established in 1944 to assist growers to bring uneconomic orchards to an economic level, was extended in 1945 to give assistance to growers who suffered financial loss on account of climatic disaster. This year there were numerous claims from growers in Otago and Hawke's Bay because of frost damage, and from growers in Canterbury on account of hail damage.

Reports received indicate that the fund has been of immense benefit in rehabilitating uneconomic orchards and in giving the necessary assistance to those growers who personally were unable to sustain their frost or hail losses.

Table 3 shows the number of grants approved for payment up to the 30th September and the amount of money involved.

### APPLE DEHYDRATION

The apple-dehydration plant at Motueka continued to operate during the period under review, and 3,929,069 lb. of raw fruit was processed, yielding 425,892 lb. of dried apples. In addition, J. Wattie Canneries, Ltd., operated on behalf of the Division and processed 979,320 lb. of fresh apples, which produced 77,880 lb. dry. The whole output of both factories is to be marketed within the Dominion, the demand being six or seven times greater than the supply.

There is more than a possibility that dehydration will become a serious challenge to cool storage, particularly as a means of supplying cooking apples to the public during the later months of the year, and should this possibility prove correct the marketing authority will have to give cognizance to the position.

TABLE 1.—DISTRICT PRODUCTION OF APPLES AND PEARS

Year.	Auckland.	Poverty Bay.	Hawke's Bay.	Wellington.	Marlborough.	Port Nelson.	Mapua.	Motueka.	Canterbury.	Tinianu.	Otago.	Total.
<i>Apples</i>												
1940	278,612	19,455	701,920	31,234	71,935	211,733	420,304	291,903	102,671	7,039	115,593	2,252,399
1941	251,623	22,992	525,691	33,240	78,917	294,877	473,102	353,420	96,961	11,179	158,783	2,300,785
1942	167,110	40,076	770,923	34,473	70,557	183,083	243,601	207,072	91,614	5,688	109,498	1,923,695
1943	190,300	23,026	422,517	31,917	67,415	307,911	389,539	336,793	121,935	5,840	128,515	2,025,708
1944	236,072	41,577	865,870	23,666	74,567	238,942	336,226	273,862	100,466	2,602	120,434	2,314,284
1945	178,749	18,981	585,165	20,006	84,567	254,664	296,050	235,426	61,081	3,495	122,411	1,860,595
1946	230,580	32,366	745,060	25,270	65,276	312,788	476,123	326,950	42,263	3,127	119,525	2,369,328
Estimated, 1947	135,212	24,686	246,824	14,477	77,359	214,937	370,926	226,842	12,996	..	11,192	1,335,451
	1,658,258	223,159	4,863,970	214,283	590,593	2,018,935	3,005,871	2,252,268	629,937	38,970	885,951	16,382,245
<i>Pears</i>												
1940	21,398	563	69,221	932	1,448	12,148	12,490	19,531	11,232	1,159	17,497	167,619
1941	49,324	4,403	153,395	3,483	2,202	26,119	29,769	43,747	9,808	1,702	23,732	347,684
1942	17,952	2,708	90,215	816	865	9,446	9,266	16,830	14,016	1,525	20,079	183,418
1943	27,766	3,505	106,245	2,766	761	15,471	15,130	33,533	9,969	1,797	18,433	235,376
1944	16,309	3,053	155,660	2,572	1,027	13,435	11,842	30,255	9,737	1,819	23,985	269,694
1945	29,826	4,243	151,641	1,579	2,075	15,765	11,929	30,352	10,204	1,927	15,625	275,166
1946	9,430	1,796	76,178	2,382	775	13,204	20,778	32,686	4,591	73	20,162	182,055
Estimated, 1947	10,827	3,514	107,522	827	1,005	20,254	26,762	30,628	1,325	..	5,749	208,413
	181,932	23,785	910,077	15,357	10,158	125,842	137,966	237,562	70,882	10,002	145,862	1,869,425

TABLE 2

Distributed to	1940.		1941.		1942.		1943.	
	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	1,559,000	159,000	2,037,000	329,000	1,537,000	159,000	1,522,000	198,000
U.S.J.P.B. ..	..	..	..	..	31,000	1,000	267,000	23,000
New Zealand Forces ..	30,000	5,000	55,000	15,000	158,000	23,000	94,000	11,000
Schools ..	..	..	113,000	..	156,000	..	91,000	..
Export ..	587,000	..	4,000	..	..	..	..	..
Miscellaneous sales ..	77,000	3,000	92,000	3,000	42,000	..	47,000	3,000
Total ..	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000	2,021,000	235,000
Dehydration ..	..	..	..	..	..	..	5,000	..
Total crop ..	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000	2,026,000	235,000

  

Distributed to	1944.		1945.		1946.		1947 (estimated).	
	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	1,512,000	230,000	1,421,000	243,000	1,890,000	168,000	1,146,000	193,000
U.S.J.P.B. ..	479,000	26,000	312,000	18,000	..	..	..	..
New Zealand Forces ..	66,000	9,000	44,000	9,000	17,000	3,000	9,000	1,000
Schools ..	102,000	..	43,000	..	43,000	..	31,000	..
Export ..	..	..	..	..	282,000	..	..	..
Miscellaneous sales ..	43,000	4,000	40,000	5,000	137,000	11,000	150,000	14,000
Total ..	2,202,000	269,000	1,860,000	275,000	2,369,000	182,000	1,336,000	208,000
Dehydration ..	113,000	..	135,000	..	..	..	..	..
Total crop ..	2,315,000	269,000	1,995,000	275,000	2,369,000	182,000	1,336,000	208,000

TABLE 3. — UNECONOMIC ORCHARD FUND

District.	Uneconomic.		Hall.		Frost.		Total.	
	Number of Grants.	Amount.	Number of Grants.	Amount.	Number of Grants.	Amount.	Number of Grants.	Amount.
		£ s. d.		£ s. d.		£ s. d.		£ s. d.
Auckland ..	12	1,554 17 3	..	..	..	1,327 0 0	12	1,554 17 3
Hastings ..	2	501 0 0	..	..	8	..	10	1,828 0 0
Wanganui ..	3	1,022 2 6	..	..	..	..	3	1,022 2 6
Wairarapa ..	1	200 0 0	..	..	..	..	1	200 0 0
Marlborough ..	60	3,685 13 6	16	2,400 0 0	10	1,505 0 0	86	7,590 13 6
Nelson ..	..	..	..	..	..	..	..	..
Timaru ..	32	3,514 8 8	77	15,802 13 0	2	559 0 0	111	19,876 1 8
Canterbury ..	24	1,266 5 4	2	102 14 0	23	6,969 0 0	49	8,337 19 4
Otago ..	..	..	..	..	..	..	..	..
Totals	134	11,744 7 3	95	18,305 7 0	43	10,360 0 0	272	40,409 14 3

## Summary

Year.	Grant.		Amount.		Balance.	
	£	s. d.	£	s. d.	£	s. d.
1944 ..	25,000	1,048 12 10	23,951 7 2			
1945 ..	25,000	12,636 7 9	12,363 12 3			
1946 ..	25,000	10,293 7 5	14,706 12 7			
1947 ..	25,000	16,431 6 3	8,568 13 9			
Total	100,000	40,409 14 3	59,590 5 9			

TABLE 4.—APPLE AND PEAR AVERAGES

	1940.	1941.	1942.	1943.	1944.	1945.	1946.	Estimated, 1947.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Assembly .. ..	0 2.15	0 1.98	0 3.68	0 3.96	0 4.17	0 3.70	0 3.80	0 3.75
Freight and cartage ..	0 11.89	1 3.91	1 3.03	1 4.48	1 2.42	1 3.07	1 2.32	1 2.61
Wharfage .. ..	0 1.63	0 1.16	0 0.75	0 1.27	0 0.63	0 0.89	0 1.25	0 1.47
Cool storage .. ..	0 9.80	0 7.59	0 7.90	0 8.12	0 8.10	0 7.99	0 9.12	0 11.36
Repacking and sorting	.. ..	0 0.64	0 0.15	0 0.10	0 0.01	0 0.09	0 0.01	..
Sundries .. ..	0 5.05	0 3.26	0 3.75	0 2.47	0 2.35	0 2.78	0 3.09	0 4.39
	2 6.52	2 6.54	2 7.26	2 8.40	2 5.68	2 6.52	2 7.59	2 11.58
	£	£	£	£	£	£	£	£
Total .. ..	307,815	337,130	274,415	306,953	319,587	287,178	336,436	228,850
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Net market return ..	7 7.02	4 5.43	6 4.44	7 8.57	8 9.23	8 8.54	8 10.73	10 4.28
Less consolidated charge	2 6.52	2 6.54	2 7.26	2 8.40	2 5.68	2 6.52	2 7.59	2 11.58
	5 0.50	1 10.89	3 9.18	5 0.17	6 3.55	6 2.02	6 3.14	7 4.70
Plus Government sub- sidy, less profit*	0 0.23	3 5.76	1 5.82	1 1.73	1 1.38	1 3.30	1 1.54	1 11.34
Payment to growers ..	5 0.27	5 4.65	5 3.00	6 1.90	7 4.93	7 5.32	7 4.68	9 4.04
	£	£	£	£	£	£	£	£
Total payment to growers	607,674	742,335	544,567	672,296	957,755	839,321	987,142	720,871
Crop .. ..	2,420,018	2,648,982	2,107,113	2,261,085	2,583,978	2,258,420	2,551,383	1,543,864

\* Export, 1940 = 587,504 cases; export, 1946 = 281,969 cases.

### HONEY SECTION

The production during the last season was a fair one over the whole of New Zealand, but the quantity forwarded to the Division on the voluntary basis was the lowest on record.

Contributing factors to account for this are that sugar is still rationed and other sweets and spreads are still short on the market. The public demand for honey, particularly in the cities, has been far greater than the supplies available, producers having had no difficulty in selling direct to the consuming public.

This method of sale has given the producer an outlet for honey and a higher return than if he forwarded his honey to the Honey Section of the Division.

The announcement that the Division would pay up to 10½d. *pro rata*, using the current year's seals revenue to make up the difference between 7½d. and 10½d., was made too late in the season, as many beekeepers had made their commitments for sale and for the purchase of packing-material. The seals collected amounted only to £3,427 2s. 11d. It would therefore appear that a large quantity of honey has been sold free of levy.

The honey handled by the Section during the period under review was 51 tons, the average grade being 93.616 points. The payment to producers was 7d. per pound *pro rata*, whilst a further bonus of £1,654 17s. 11d. was paid, this working out at 3½d. per pound *pro rata*.

This small quantity of honey made it impossible for a fair distribution to the retail trade, and sales were therefore restricted to hospitals, Navy, overseas shipping, and the balance was packed for shipment to England.

The sales for the season were :—

	Tons.
Hospitals .. ..	20½
Navy and overseas shipping .. ..	2¼
Essential manufacture, &c. .. ..	6¾
England (held for shipment) .. ..	30

59½

The additional 8 tons distributed was honey carried over from the previous year.

It was also found necessary to import 56 tons for tobacco-manufacturers—namely, W. D. and H. O. Wills; Godfrey Phillips, Ltd.; and the Nelson Tobacco Co.

## IMPORTED FRUITS SECTION

## BANANAS

During the year under review importations of bananas have been governed by the availability of shipping space for the transport of the fruit from the sources of production to New Zealand, and, as intimated in the last report, it is not possible to import increased quantities until another vessel is made available to this trade. An improvement will take place when the new steamer ordered by the Union Steam Ship Co., Ltd., for the island run is completed and placed in commission. In the meantime use is being made, in addition to the usual carrying vessels, of casual overseas steamers that call at island ports.

As bananas arrive at Auckland, it is necessary to find internal transport from that port to consumers throughout the country, and particularly in respect of supplies to the South Island the fruit is prone to deteriorate in condition on account of the extra handlings and delay in reaching its ultimate destination. It is trusted this great difficulty will be overcome by arranging for the new steamer when it enters the fruit trade to land its fruit in the South Island. This will not only obviate the present wastage, but will also mean a considerable saving in internal transport charges.

Importations from the various producing areas during the year as compared with last year are as follows:—

Source of Supply.	Year ended 30th September, 1946.		Year ended 30th September, 1947.	
	Cases.	Per-centage.	Cases.	Per-centage.
Fiji .. ..	95,532	31·7	107,303	42·3
Tonga .. ..	75,590	25·1	49,830	19·6
Samoa .. ..	119,614	39·7	96,977	38·1
Niue .. ..	10,244	3·4	..	..
Rarotonga ..	403	0·1	..	..
	301,383	..	254,110	..

## ORANGES

Importations of oranges have improved considerably from all sources of supply and the total is greater than for any year since 1941.

All possible supplies were picked up from the Cook Islands, and in this connection a phosphate-vessel from Makatea to Lyttelton was diverted to Rarotonga to load a quantity of oranges that otherwise would have wasted. It is anticipated that larger quantities will be available for shipment from the Cook Group during the coming season, but more shipping space must be obtained before New Zealand will benefit from this increased production.

Much larger quantities have arrived from Australia due to better crops and more shipping space, but the difficulty of obtaining a sufficiency of steamers in which to transport the fruits continues to govern importations from the Commonwealth. Apart from the scarcity of shipping, the space obtained is by vessels which are totally unsuited for the carriage of fruit and often results in losses that would be avoided if suitable ships sailing to settled time schedules were catering for this trade. An improvement should be effected when the recognized passenger liners resume running across the Tasman, providing a frequent and fast service that should not only land fruit in a better condition than present vessels, but will also provide more of a continuity of supply.



The Division has now been given permission to import oranges from the coastal areas of New South Wales, but as the irrigation areas are in a position to ship more fruit than it is possible to find space for it is not the intention to take advantage of this fruit in the meantime except for small experimental shipments which have been received.

Supplies from Australia should improve further next year.

Arrangements were made with the Jamaican Government for approximately 70,000 cases to be shipped during the season, but on account of a breakdown in condition prior to shipment only two shipments were received, the remaining portion of the purchase being cancelled by mutual agreement.

If convenient direct vessels from Jamaica to New Zealand are available next season, together with the expected increased supplies from the Cook Islands and Australia, the total importations should again return to normal.

For purposes of comparison the following figures show the importations from the various sources of supply this year and last :—

Source of Supply.	Year ended 30th September, 1946.		Year ended 30th September, 1947.	
	Cases.	Per- centage.	Cases.	Per- centage.
Australia .. ..	143,288	78.8	237,422	78.6
Cook Islands .. ..	22,279	12.2	50,005	16.5
Fiji .. ..	902	0.5	45	..
Jamaica .. ..	15,467	8.5	14,740	4.9
	181,936	..	302,212	..

#### GRAPEFRUIT

In order to conserve as much shipping space as possible for oranges, advantage has not been taken of the full quantity that has been obtainable from Australia, but all that the Cook Islands have offered has been accepted. During the appropriate season New Zealand can meet its own needs from local production, and every effort is made to avoid importing grapefruit during that particular period.

Importations were :—

Source of Supply.	Year ended 30th September, 1946.		Year ended 30th September, 1947.	
	Cases.	Per- centage.	Cases.	Per- centage.
Australia .. ..	..	..	9,988	74.4
Cook Islands .. ..	449	7.0	2,722	20.3
Samoa .. ..	419	6.5	710	5.3
Jamaica .. ..	5,542	86.5	..	..
	6,410	..	13,420	..

#### PINEAPPLES

Although in past years larger importations of pineapples have been made the condition of this fruit recently on arrival from Australia has deteriorated to such an extent that it was recently advisable to refrain from purchasing from this source until shippers can satisfy that they will arrive in saleable order. Doubtlessly unsuitable ships

accentuate the present difficulty, but in the meantime it is uneconomical to continue importing. The position will be reviewed from time to time, and advantage will be taken of any improvement that may eventuate.

Pineapples were received as follows:—

Source of Supply.	Year ended 30th September, 1946.		Year ended 30th September, 1947.	
	Cases.	Per- centage.	Cases.	Per- centage.
Australia .. ..	6,035	36·9	6,118	40·8
Tonga .. ..	4,240	25·9	2,067	13·8
Fiji .. ..	6,078	37·2	6,821	45·4
	16,353	..	15,006	..

### LEMONS

With the exception of the Meyer variety, the Division distributed the local production of lemons and imported and distributed supplies from overseas.

Apparently the local crop is still suffering from the effects of climatic conditions which have reduced the supplies available for distribution, the total receipts being approximately 7,000 cases below last year's figure. A feature of the year's production was the very low percentage of peel-fruit supplied, which was less than half the yearly average. This was mainly due to drought conditions.

In October, 1946, the Tauranga lemon-shed was completely destroyed by fire. However, arrangements were made for the transport section of the Auckland branch to provide motor-trucks to transport the lemons by road from the Tauranga area to Auckland for processing. A temporary depot was erected at Tauranga, where the lemons were assembled ready for despatch to Auckland. It has therefore been necessary to import larger quantities of lemons than of late, including shipments from the coastal area of New South Wales, but, unfortunately, this latter experience did not prove a successful venture. Future importations from Australia will as far as possible be confined to lemons from the irrigation areas of New South Wales and also from Victoria and South Australia.

The total distribution of local and imported lemons was:—

Source of Supply.	Year ended 30th September, 1946.		Year ended 30th September, 1947.	
	Three-quarter- bushel Cases.	Per- centage.	Three-quarter- bushel Cases.	Per- centage.
New Zealand .. ..	66,053	84·1	60,557	72·9
Cook Islands .. ..	719	0·9	462	0·6
Australia .. ..	2,101	2·7	22,004	26·5
California .. ..	9,700	12·3	..	..
	78,573	..	83,023	..

## LEMON PROCESSING

The following is a summary of marketable grades received by each shed for year ended 30th September, 1947, with *average* price paid covering the same period.

Auckland.		Tauranga.		Keri Keri.		Gisborne.	
Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.
9,701 $\frac{3}{8}$ 64·71%	5,290 $\frac{1}{2}$ 35·29%	33,551 $\frac{3}{4}$ 68·93%	15,122 $\frac{3}{4}$ 31·07%	1,931 $\frac{5}{8}$ 64·40%	1,068 35·60%	1,364 $\frac{1}{2}$ 53·84%	1,170 46·16%

						£	s.	d.
Total preferred	..	..	..	46,549 $\frac{1}{4}$		20,768	2	6
Total commercial	..	..	..	22,651 $\frac{1}{4}$		8,435	14	3
				69,200 $\frac{1}{2}$		£29,203	16	9

Average price, 8s. 5·284d.

*Marketable Fruit, Total for All Sheds*

Loose bushel cases, 69,200 $\frac{1}{2}$ .

Value, £29,203 16s. 9d.

*By-product Receipts, All Sheds, Year ended 30th September, 1947*

				£	s.	d.
First peel lemons—						
3,736 $\frac{1}{8}$ cases @ 4s. 9d. case	..	..	..	887	6	7
3,692 $\frac{3}{4}$ cases @ 5s. 6d. case	..	..	..	1,015	10	2
Second peel lemons—						
21 cases @ 3s. 2d. case	..	..	..	3	6	6
4 $\frac{5}{8}$ cases @ 4s. case	..	..	..	0	18	6
Juice lemons—						
1,961 cases @ 1s. 7d. case	..	..	..	155	4	11
1,827 $\frac{5}{8}$ cases @ 2s. case	..	..	..	182	15	3

Total manufactured tonnage : Processed peel, 76 $\frac{1}{2}$  tons ; juice, 5,771 gallons.

*Total Receipts (including Rejects), All Grades, for each Shed*

					Cases.
Tauranga	..	..	..	..	56,593 $\frac{3}{4}$
Auckland	..	..	..	..	17,844 $\frac{5}{8}$
Keri Keri	..	..	..	..	3,436 $\frac{5}{8}$
Gisborne	..	..	..	..	3,080 $\frac{5}{8}$
Total cases	..	..	..	..	80,955 $\frac{1}{2}$

It should be noted that the lemon season covers the period 1st April of one year to the 31st March of the following, whilst the above figures cover the period 1st October, 1946, to the 30th September, 1947.

## BRANCHES

## AUCKLAND

This Branch, which is the largest of the branches operated by the Division, continued to administer regulations affecting the Division and carry on its various activities.

*Apples and Pears.*—The receipts of apples and pears in the Auckland district were less than last year by approximately 36 per cent. This was due to general weather conditions and an extension of direct consumer sales from orchards. A total of 174,701 cases were *cool-stored*, as against an estimated quantity of 227,000 cases. *Distribution* was maintained on the quota system, whilst returned servicemen setting up business were assisted as much as possible.

*Agar Agar Seaweed.*—Although this Branch is no longer responsible for the weed collected south of the East Cape, receipts for the period under review were 78 tons. It is intended to contact the pickers of the weed during the coming year in an endeavour to increase collection.

*Butter.*—The Branch continued its patting operations, and under the Auckland Zoning scheme for butter distributed 35 per cent. of the cities' requirements. The *tinning* of butter was continued, and 1,131 cases of 5 lb. tins (twelve to a case) and 23,793 cases of 1 lb. tins (forty-eight to a case) were canned. Difficulty was experienced in obtaining a constant supply of tinplate and with orders for 3,972 cases of 1 lb. tins and 50 cases of 5 lb. tins still unfulfilled steps are being taken to avoid any holdup in production through lack of cans. The *dry-fat* plant situated at the Auckland Farmers' Freezing Co.'s depot was closed down and a one-unit plant installed in the Branches premises. This plant has been adequate for the recovery of fat from butter parchment sent to Auckland, and altogether 2,201 cases, each of 78 lb., of dry-fat were manufactured.

*Eggs.*—Zoned deliveries by merchants have continued as in previous years in the Auckland metropolitan area. The intake for the twelve months ended 30th September, 1947, totalled 3,290,649 dozen, as against 3,966,808 dozen for the previous twelve months, a decrease of 17 per cent. During the flush period 108,220 dozen eggs were *chilled* for distribution in the off-season. *Egg-pulp* manufactured locally and placed into freezer totalled 789,340 lb.

*Honey.*—As mentioned elsewhere in this report, the receipts of honey for the period under review were the lowest ever received, only 51 tons of honey being blended.

*Imported Fruits.*—Although greatly increased quantities of these fruits have been received, it appears that the supply is still below the demand.

*Storage.*—The storage floor was used for the storage and despatch of apples during the season. When not fully used for this purpose the space has been utilized for dry storage.

*Lemons.*—The lemon-sheds at Tauranga, Keri Keri, as well as the one at Auckland are administered by this Branch. During the period covered by this report 76½ tons of peel and 5,771 gallons of lemon-juice were manufactured.

*Pukekohe Processing Factory.—Canning:* This factory, which is administered through the Auckland Branch, continued to operate, although on a reduced scale, during the period under review. The total of peas and beans *canned* during the season was as follows: 16 oz. peas, 12,000 cases; 30 oz. peas, 14,500 cases; 16 oz. beans, 6,600 cases; 16 oz. peas and carrots, 1,500 cases. The above canned goods were distributed throughout New Zealand, with the exception of 3,000 cases of peas and 400 cases of beans, which were sent to J Force in Japan.

*Casein.*—By utilizing the dehydration tunnels at the factory and setting up a processing line the Division has been able to dry casein on behalf of the Waikato associated casein companies. During the period under review 208 tons of casein have been dried, and as the result of alterations that have now been made to the plant that capacity has been doubled.

## CHRISTCHURCH

*Produce Section.*—This Branch continued during the past year the supervision of the contract system of *potato*-growing. In all, 939 contracts were completed through the merchants for a total area of 8,150 acres. The Branch took over 1,072 tons of potatoes which were surplus to requirements at the end of the 1945-46 season. Of this total, 274 tons were packed fresh in cases and shipped to Japan for British Commonwealth Occupation Forces; 105 tons sold to local merchants, whilst 693 tons were dehydrated and sold to Army Department for use overseas. Four hundred and twenty-three tons of *onions* were purchased direct from growers for dehydration, giving a return of 60,685 lb. of onion-flakes. Nine hundred and sixty tons of *carrots* were dehydrated, processing into 116,209 lb. of diced and strip carrots. These dehydrated *onions* and *carrots* are to be placed on the local market, where it is felt there is a steady demand for this type of product. In the last annual report mention was made of *grain-conditioning* which had been carried out. During the period under review 15,367 sacks of grain and seed have been reconditioned through the dehydration tunnels, as against 1,600 sacks last year. The value of these 15,367 sacks was estimated at £69,151. Had it not been for the conditioning carried out this grain and seed would have been a total loss. The *storage floor* was applied for storing 42,343 sacks of grain and seed.

*Apples and Pears.*—The receipts from the growers in the Canterbury area was the lowest ever received. The reason for this drop was the same as in the other branches—namely, (1) storm damage; (2) large increases in gate sales to consumers. Contrary to expectations, all *cool-storage* space contracted for apples and pears at Christchurch was utilized, 96,607 cases being stored. Of this total only 189 cases were lost through wastage. This represents 0.18 per cent. and is the lowest percentage of cool-storage loss recorded so far by this Branch.

*Imported Fruits.*—The distribution of these fruits for the South Island was again carried out.

*Eggs.*—The egg-production for the Canterbury area shows an increase for the period under review, the intake on the three licensed floors being: 1946, 2,571,242 dozen; 1947, 2,581,909 dozen; increase, 10,667 dozen.

Through lack of suitable cool-storage space only 36,270 dozen eggs were *chilled*, these being supplied to the West Coast during the off-season.

## HASTINGS

*Apples and Pears.*—Once again the main activity of this Branch has been the *assembly* and distribution of these pip-fruits. As a result of a late frost in October, 1946, and a severe storm in February, 1947, the quantity of apples handled by the Branch was the smallest handled in one season since 1940.

The quantities handled were 241,493 cases of apples and 105,172 cases of pears, a total of 346,665 cases.

Despite the fact that the keeping-quality of the apples was poor, *cool-storage* losses were light, only 161½ cases being lost. This represents 0.075 per cent. of the 215,690 cases which passed through the cool stores.

*Eggs.*—Receipts of eggs through the local egg floor, which is supervised by the Branch, showed an increase of nearly 4 per cent., 559,305 dozen being received during the period ended 30th September, 1947, as against 538,068 dozen for the same period ended 30th September, 1946.

*Agar Agar Seaweed.*—The Branch has now undertaken the organization of the collection of agar seaweed through the territory from Hicks Bay to South of Castlepoint on the east coast of the North Island. Representatives of the Branch have made periodic visits along the coast and have successfully interested a number of people in undertaking the collection of the weed. The amount of weed received by the Branch was 36 tons 14 cwt.

*Dry Storage.*—Increased use has been made of the assembly stores during the off-season for the storage of mixed produce, the quantity handled being 640 tons.

*Economic Information Service.*—The Branch acts as the district agent of the Economic Information Service, and in this connection is a clearing-house for all inquiries emanating from *Consumer Time* broadcasts over the local broadcasting-station at Napier.

#### GISBORNE

*Apples and Pears.*—During the period under review one of the main activities of this Branch was that of supervising the *assembly, cool storing, and distribution* of pip-fruits. This area was the only one which showed an increase in these fruits, the receipts being 24,686 cases of apples and 3,514 cases of pears.

*Lemons.*—The operations of the lemon-packing shed at Gisborne were operated under the supervision of the Branch, the receipts being 3,080 cases, a substantial increase on the number of cases received during the same period last year.

In addition to the above, the Branch deals with problems and inquiries with regard to *honey, agar agar, eggs, and maize.*

#### NELSON

*Apples and Pears.*—For the first time on record the Nelson Branch found it necessary to close the assembly depots against the receipt of these fruits from the growers for one week, owing to the shortage of shipping and the lack of adequate storage space. The receipts of apples and pears, including Blenheim, up to the 30th September, 1947, totalled 960,458 cases. On account of climatic conditions during the growing season the quality of the fruit available for *cool storage* was not up to the usual standard.

*Eggs.*—The receipts of eggs at the local egg floor were 96,000 dozen, a decrease of nearly 20 per cent. as against the same period the previous year.

#### DUNEDIN

*Apples and Pears.*—The receipts of apples and pears from the Otago area during the period under review were amongst the lowest on record. A series of severe frosts did extensive damage to the orchards, and only 11,191 cases of apples and 5,748 cases of pears were received, as against 119,525 cases of apples and 20,162 cases of pears for the previous year.

*Eggs.*—A marked increase in the receipts through the local egg floors has been noted by this Branch, the receipts for the period under review being 1,294,585 dozen, as against 1,251,674 dozen for the same period last year, an increase of 42,884 dozen.

The supervision of *imported fruits* distribution, and the handling of produce manures were also continued.

# MARKETING DEPARTMENT (INTERNAL MARKETING DIVISION)

## TRADING ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1947

Dr.	£	Cr.	£
Stock, 1st October, 1946	155,790	Sales of fruit, produce, fertilizers, and sundries	2,388,968
Less transfer to New Zealand Lemon Pool Account	2,103	Gross loss	42,618
Purchases	153,687		
Wages, processing charges, storage, freight, and distribution expenses	2,205,536		
	274,389		
Less stocks, 30th September, 1947	2,633,612		
	202,026		
	42,431,586		

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1947

Dr.	£	Cr.	£
Gross loss on trading	42,618	Rents and sundry recoveries	4,052
Salary, wages, and overtime	49,502	Directors' fees	215
Advertising	160	Interest on shares in Farm Products Co-operative (Wellington), Ltd.	186
Audit fees	1,183	Interest on inscribed stock	7,593
Bank interest and exchange	687	Recovery of costs of administration of Butter Equalization Account, Honey Pool, New Zealand Lemon Pool, and other sections	17,952
Depreciation of assets	1,399	Balance to Profit and Loss Appropriation Account	86,065
Expenses of Marketing Advisory Committees	97		
Expenses of officers travelling overseas	523		
General expenses	2,189		
Insurance	362		
Light, heat, and power	364		
Maintenance of—			
Buildings	289		
Furniture and fittings	24		
Office machines	236		
Plant	352		
Motor expenses	2,374		
Postages and telephone services	6,068		
Printing and stationery	1,210		
Public Service Superannuation subsidy	135		
Rent and rates	2,045		
Transfer and removal expenses	157		
Travelling allowances and expenses	4,089		
	42,431,586		42,431,586

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

<i>Dr.</i>	£	(%)	£
Balance forward from last year .. .. .	20,589	Provision for extra depreciation of assets not now required ..	5,626
Balance of taxation for period ended 30th September, 1946 .. .. .	3,642	Balance forward to next year .. .. .	113,065
Transfer to New Zealand Lemon Pool Account .. .. .	8,395		
Net loss for year ended 30th September, 1947 .. .. .	86,065		
	<u>£118,691</u>		<u>£118,691</u>

BUTTER EQUALIZATION ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1947

<i>Dr.</i>	£	(%)	£
Equalizing payments under section 12, Marketing Amendment Act, 1937—		Balance forward from last year—	664,296
(a) Reimbursement of charges payable mainly in connection with the storing of butter for local consumption during the winter months in the South Island and not allowed for in the butter differential—		Representing surplus as at 31st July, 1942 .. .. .	..
£		Representing surplus from 1st August, 1946, to 30th September, 1946 .. .. .	11,988
Freight and cartage .. .. .	150	Differentials: Net amount received under the Butter Marketing Regulations 1937, clause 31, for the period 1st October, 1946, to 31st July, 1947 .. .. .	75,322
Interest and insurance .. .. .	887	Balance (recoverable) .. .. .	14,820
Reworking and defrosting .. .. .	118		
Storing and freezing .. .. .	2,003		
	<u>3,158</u>		
(b) Servicing-allowances to authorized distributors and patting depots .. .. .	5,784		
(c) Grading fees .. .. .	1,141		
Payments under section 11, Marketing Amendment Act, 1937—			
£			
Agency and wharfage .. .. .	50		
Freight and cartage .. .. .	2,008		
Storage and freezing .. .. .	7,190		
	<u>9,248</u>		



Butter Marketing Regulations 1937, clause 16: Excess of expenditure over income, representing the difference between the proceeds of butter withdrawn from export, &c., for sale at the regulated local price (less allowance for pating, &c.), and the amount paid for purchase at the f.o.b. guaranteed price as follows—

Purchases at the guaranteed f.o.b. price ..	£	421,827	
Plus stock on hand, 1st October, 1946			
(valued at f.o.b. guaranteed price) ..	£	11,979	433,806
Less sales at the regulated local price ..		419,389	
Plus stock on hand, 30th September, 1947 (valued at f.o.b. guaranteed price)		4,524	423,913
Administration expenses ..	£	..	9,893
Amount paid to the Consolidated Fund, vote—Stabilization—being excess of income over expenditure for the periods—		..	5,268
1st August, 1946, to 30th September, 1946 ..	£	11,988	
1st October, 1946, to 31st July, 1947 ..		55,650	
Balance forward to next year, representing surplus as at 31st July, 1942 ..		..	67,638
		664,296	
		<u>£766,426</u>	<u>£766,426</u>

MARKETING DEPARTMENT (INTERNAL MARKETING DIVISION)—*continued*  
NEW ZEALAND LEMON POOL ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1947

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand, 1st October, 1946	..	Transfer from Internal Marketing Division, being accumulated net profits on New Zealand lemon curing and marketing for the period 1st May, 1939, to 30th September, 1946	..
Purchases	..	Sale of New Zealand lemons and by-products	..
Curing and processing charges, wages, rents, freights, maintenance, and sundry charges	..	Subsidies—	£
Marketing and distribution expenses	..	Packing-material	1,727
Administration expenses	..	Wages	794
Accumulated net profits for the period 1st May, 1939, to 30th September, 1946	..	Stock on hand, 30th September, 1947	..
Net profit for the year	..		..
	11,434		2,521
	£78,296		977
			£78,296

HONEY SECTION  
LOCAL AND EXPORT POOL ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1947

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand, 1st October, 1946—		Balance forward from last year	..
Local	1,090	Sales—	..
Export	113	Packed and bulk honey in London	..
		Packed and bulk honey in New Zealand	..
Honey purchases	..	Exchange	1,203
Administration expenses	..	Transfer from Seals Account	9,794
Local Pool Account expenses—	..	Sundry credits	983
Blending and packing	..	Stock on hand, 30th September, 1947—	..
Freight and cartage	..	Local	2,051
	..	Export	104
Export Pool Account expenses—	..		2,155
London Depot expenses	..		..
Handling and freight	244		..
London selling-expenses	1,039		..
	1,188		..
	2,471		..
Balance forward to next year	..		10,317
			£26,923
			£26,923

## HONEY SEALS ACCOUNT, 1ST OCTOBER, 1916, TO 30TH SEPTEMBER, 1917

<i>Dr.</i>	<i>Cr.</i>	£	£
Transfer to Honey Pool Account	..	1,534	..
Balance forward to next year	..	22,054	..
		<u>23,588</u>	<u>20,940</u>
			2,648
			<u>423,588</u>

## BALANCE-SHEET AS AT 30TH SEPTEMBER, 1917

<i>Liabilities</i>	£	<i>Assets</i>	£
Creditors	..	Land	12,590
Butter Equalization Account	..	Buildings	20,125
New Zealand Lemon Pool Account	..	Motor-vehicles	4,773
Apple and Pear Pool Account	..	Plant and machinery, loose tools, furniture, and office appliances	51,597
Uneconomic Orchards Account	..	Investments (Government stock)	253,510
Honey Pool Account	..	Shares in Farm Products Co-operative (Wellington), Ltd.	3,100
Honey Seals Account	..	Stock in trade	209,695
Provision for honey advertising (London)	..	Stock of consumable stores	23,780
Surplus in egg-floor pools	..	Debtors	563,961
Provision for insurance on goods in transit and in cool stores	..	Balance of Butter Equalization Account (recoverable)	14,820
Provision for writings off	..	Cash at bank and in hand	112,327
	..	Profit and Loss Appropriation Account	113,965
	..	Losses in suspense	156
			<u>£1,383,499</u>

As the apple and pear season closes on the 31st December, the Growers' Pool Account is submitted separately.

K. B. LONGMORE, Acting-Director.  
G. C. Jupp, Accountant.

I certify that the Trading Account, Profit and Loss Account, and Appropriation Account, the Butter Equalization Account, the Honey Section Local and Export Pool Account, the New Zealand Lemon Pool Account, and the Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. P. RUTHERFORD, Controller and Auditor-General.

MARKETING DEPARTMENT (INTERNAL MARKETING DIVISION)—*continued*  
APPLE AND PEAR SECTION

GROWERS' POOL ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1947

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

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases .. .. .	711,418	Balance brought forward ..	2,202
Assembly .. .. .	25,855	Sales .. .. .	825,089
Freight and cartage .. .. .	113,781	Subsidy .. .. .	144,000
Wharfage .. .. .	9,434	Orchard labour .. .. .	6,204
Cool storage .. .. .	74,740		
Insurance .. .. .	776		
Balance carried down .. .. .	42,091		
	<u>£978,095</u>		<u>£978,095</u>
<i>Dr.</i>	£	<i>Cr.</i>	£
Advertising .. .. .	35	Balance brought down .. .. .	42,091
Advisory Committee expenses .. .. .	1,253		
Audit fees .. .. .	492		
Bank charges and exchange .. .. .	544		
Cables, telegrams, and postages .. .. .	651		
Printing and stationery .. .. .	345		
Rent, light, and heat .. .. .	1,387		
Salaries .. .. .	19,744		
Travelling-expenses .. .. .	1,888		
General expenses .. .. .	1,096		
Balance (held by Marketing Department) .. .. .	14,656		
	<u>£42,091</u>		<u>£42,091</u>
UNECONOMIC ORCHARDS SUBSIDY ACCOUNT			
<i>Dr.</i>	£	<i>Cr.</i>	£
Expenditure .. .. .	19,413	Balance brought forward .. .. .	51,275
Balance (held by Marketing Department) .. .. .	56,862	Subsidy .. .. .	25,000
	<u>£76,275</u>		<u>£76,275</u>

K. B. LONGMORE, Acting-Director,  
W. LAWSON, Accountant.

I certify that the Growers' Pool Account and the Uneconomic Orchards Subsidy Account have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby. —  
J. P. RUTHERFORD, Controller and Auditor-General.

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