

1949
NEW ZEALAND

MARKETING DEPARTMENT

REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
30TH SEPTEMBER, 1948

*Presented to Both Houses of the General Assembly Pursuant to the Provisions of the
Marketing Act, 1936*

SIR,

Marketing Department.

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 Marketing Department for the year ended 30th September, 1948.

I have, &c.,

L. C. WEBB,
Director of Marketing.

The Hon. the Minister of Marketing.

INTRODUCTORY

In the past it has been customary to relate the annual report strictly to the year covered by the accounts appended. However, certain fundamental changes have taken place in marketing organization, and it is considered that these should be described fully, even though some of the adjustments took place after the end of the financial year. This preliminary section will outline these events, and the rest of the report, other than that relating to town milk, will refer strictly to the financial year ended 30th September, 1948. The section on town-milk operations has been continued on the basis of the production season and is for the year ended 31st August, 1948. This keeps it in line with past reports.

Since the last annual report the Department has been reorganized. The Dairy Products Marketing Commission set up by statute in July, 1947, decided to carry out its activities with its own staff, a large part of which was taken over from the Export Division of the Marketing Department. This left the Export Division reduced in function and in staff. Up to this time the Marketing Department had existed in name only since each of its three Divisions—Internal Marketing, Export Marketing, and Milk Marketing—had its own statutory powers, dealt directly with the Minister of Marketing, and in effect was a separate organization. Opportunity was now taken to bring the Divisions under unified management. The separate Divisions have been abolished by the Marketing Amendment Act, 1948, and their functions transferred to a single Marketing Department.

The change has made possible certain important economies. In the case of staffing and records, the units of the former Internal Marketing Division were able to take over the extra work without expansion. The bringing-in of the Milk Division made an increase in the accounting unit necessary since the milk accounting work was in arrears.

An additional benefit of amalgamation is that it has enabled milk work to be decentralized. The general case for decentralization of administrative responsibility has been stated in recent reports of the Public Service Commission. In the administration of the National Town Milk Scheme this general case is reinforced by the need to maintain close contact with local interests. The intention is that ultimately the milk scheme will be largely managed by local authorities, and a necessary first step towards this devolution of authority is to decentralize milk activities. By itself the Milk Division was not large enough to take this step, but the amalgamation makes it possible for the Marketing Department to transfer part of the responsibility for the milk scheme to each of its branches at Auckland, Hastings, Gisborne, Nelson, Christchurch, and Dunedin.

An interesting advantage which has also accrued from the change is in the sphere of higher administration. With the close relationship between the operations of the Marketing Department and the Stabilization Commission it was found possible and advantageous to vest the two positions of Director of Marketing and Director of Stabilization in the one person, with an Assistant Director of Marketing to conduct the normal day-to-day activities of marketing.

The relationship of the Department to producer organizations is also developing along the lines of increasing the producer participation in marketing responsibility. In regard to dairy-produce, the Dairy Products Marketing Commission, already referred to, has taken over the duties in respect of butter and cheese. This body is a producer-Government organization. In the same way the day-to-day functions relating to the export of meat and payments to producers have been taken over by the New Zealand Meat Producers' Board, while the policy functions continue to be carried out by the Department and the Minister.

In the pip-fruit industry the Apple and Pear Marketing Act, 1948, created the independent New Zealand Apple and Pear Marketing Board, which is composed of grower representatives and Government nominees, and is responsible for the marketing of all apples and pears in New Zealand.

BOBBY CALF POOL OPERATIONS

The bobby-calf industry is now an integral part of the economy of the dairy industry, having reached a highly-developed state and covering the dairy-farming areas of the whole Dominion.

With the establishment of Dairy Products Marketing Commission bobby-calf-pool operations are the only marketing function of the dairy industry still outside the control of the Commission. While the pool system of bobby-calf marketing was intended to assist the dairy-farmer dispose of his calves in an efficient and economic manner, it is also of considerable value to the freezing industry.

The Department has encouraged more pools to be formed during the year, and the last large dairying area—that of Otago—was brought within the scope of the regulations by the formation of three pool areas. Further redefinition of existing pool areas was also carried out, particularly in the Waikato districts, and it is anticipated that this will be of considerable assistance in the recognition of the boundaries between the various pools. The opportunity is also taken when boundary redefinitions are carried out to include any adjacent dairying areas which have come into production since the pools were originally gazetted.

During the year amendments to the regulations were introduced, providing for adjustments in the vell-prices and for the control of the sale of calves in saleyards. The new vell-prices payable by the New Zealand Co-operative Rennet Co. for the next two years was increased to 1s. per vell for all vells in excess of the local requirements (500,000), which are taken at a lower rate of 5½d. per vell. The bobby-calf industry also agreed, during the year, to a grant of £500 being made from the industry accounts to the Rennet

Co. in order to assist in meeting a portion of the costs of powdered rennet manufacturing machinery. The disposal of calves in saleyards was brought within the scope of the regulations during the year, following negotiations with the industry. The effect of this amendment was immediate, and the difficulties that were apparent in this direction have now been satisfactorily adjusted.

The individual pool returns for the year ended 1st January, 1948, show that collections in pooled areas totalled 939,937 calves, this being an increase of 63,621 on the previous year's collections, and of this total 880,864 were passed as fit for export. The number of calves rejected at works was 59,073, or 6.2 per cent. While the figure for rejects may appear rather high, it is really a big improvement on the previous year's operations, when 7.9 per cent. were rejected. A contributing factor has probably been the allowance for good-condition lighter calves to be passed as suitable for export, but it is generally agreed that the calves are being sent forward by producers in better condition.

The prices obtained for calves showed a very marked increase on those of past years and was the result of exceptionally high skin-values. As a result of the rising skin market a levy of 6s. per skin was imposed by the Stabilization Commission. Notwithstanding this levy, the payout per head was a record, and the amount paid to producers totalled £1,232,488, being an average of 26s. 2d. per calf, or an increase over the previous year of 10s. 7d. per head.

The cartage-costs have continued to rise, and the total amount paid by the various pool authorities was £85,700, or an average of 1s. 11d. per calf. The average cartage-cost per head the previous year was 1s. 8½d. The motor-transport services given to pool authorities in some areas have been far from satisfactory and are causing considerable dissatisfaction. This is particularly apparent at the beginning and close of the main collection season, when the supply of calves is irregular. Often pool committees have not been advised that carriers have decided not to make further trips.

The question of standardized accounts for all pools was again discussed with the Calf Pools' Central Executive, and while some progress was made there is still divergence of opinion among the groups in the industry. The principal difficulty appears to be the position where some pools sell through agent organizations which do not distribute all proceeds, but hold various amounts in the form of reserves. Naturally, if there is any appreciable fall in prices they wish to be in a position to use these reserves to meet competition.

The administration of the calf-skin subsidy to tanners and the collection of the calf-skin levy as imposed by the Stabilization Commission has now been incorporated with the work of this section. This has had the effect of centralizing all calf-pool administration.

The year has been a record one as far as monetary returns are concerned, and it has also marked the close of the development stage of the pooling system. If the acceptance by the dairy industry of this form of marketing can be taken as a guide to its soundness, then it is an unqualified success. While it is evident that prices have passed the peak, some steps may still be needed to ensure that sufficient calves for herd replacements are retained and not sacrificed as bobby calves, which appears to have been the case during this season.

EGG SECTION

In November, 1947, wholesale egg-prices increased by 2½d. per dozen in the North Island and a 1d. per dozen in the South Island. This was followed by a further ½d. per dozen increase for the North Island in December due to the increase in the price of standard mash. The egg-floor subsidy remains at 4d. per dozen. The subsidy, however, was increased for a short period by 3d. per dozen from the 28th June to the 28th August in the Auckland district, and in the rest of the North Island from the 9th August to the 4th September. This increase was granted in view of the hold-up in wheat-supplies from the "Mountpark," with the result that alternative and dearer poultry-feed had to be obtained.

With the exception of the Auckland district, the quantity of eggs passing through official egg floors continues to increase. In spite of this increase, however, the public demand for eggs has not been fully met. The consumer demand, of course, has been accentuated by the general increase in population.

The view has been expressed in some quarters that a solution to the difficulties of meeting demand can be overcome by a free price system. Such a system would undoubtedly provide certain classes with all the eggs they require, but if it is desirable to maintain an equitable distribution for all at a price within the reach of the lower-income groups, then the present egg-floor system is unavoidable.

The lack of regular and suitable supplies of poultry feed has undoubtedly had a very serious effect upon production, but present indications point to an improvement in the supplies of wheat and if this comes about the difference between supply and demand can quickly be overtaken.

The following figures compare the intake of eggs through approved egg floors during this period with the total for the previous year :—

		Dozens
1st October, 1947, to 30th September, 1948	.. ..	11,186,815
1st October, 1946, to 30th September, 1947	.. ..	11,119,683
Increase	.. ..	67,132

DISTRIBUTION

Retail distribution in all marketing areas has been continued on the basis of either butter registrations or past deliveries. All priorities for children under five, nursing and expectant mothers, invalids, and hospitals have been fully met. Eggs transferred to Wellington from other floors for the period ended 30th September, 1948, and comparing with 1947, are as follows :—

Eggs Transferred to Wellington

From	Twelve Months Ended 30th September,	
	1947-48.	1946-47.
	Dozens	Dozens
Auckland	5,820	66,030
Hamilton	16,254	20,160
Tauranga	46,360	52,710
Gisborne	111,058	71,087
Hawkes Bay	118,334	144,385
New Plymouth	155,850	135,120
Wanganui	66,595	101,198
Manawatu	62,409	73,241
Masterton	119,243	159,707
Blenheim	107,582	82,114
Nelson	18,930	7,650
Christchurch	165,188	193,640
Ashburton	30,240	13,200
Timaru	127,226	62,363
Dunedin	57,370	40,230
Invercargill	8,760	..
	1,217,219	1,222,835

CHILLING

The Department hopes to increase the chilling of eggs in order to even out supply between Winter and Summer. Cool storage facilities are still inadequate but as many eggs as possible are being placed into cool store during the "flush" production period to supplement winter supplies. A schedule of the quantities chilled during the past two years and an estimated objective for next year are as follows :—

Chilled Eggs

				1946-47.	1947-48.	Estimated, 1948-49.
				Dozens	Dozens	Dozens
Auckland	..	..		108,220	90,095	50,000
Wanganui	..	..		27,510	51,180	50,000
Wellington	..	..		32,990	15,900	..
Christchurch	..	..		36,270	19,170	25,000
				204,990	176,345	125,000

This year's chilled egg programme, assisted by small quantities of chilled eggs purchased from Australia, has enabled a greater distribution to be made this year than hitherto.

IMPORTS

To maintain egg-pulp supplies to the baking trade and to release the maximum quantity of eggs in shell for consumer use, the policy of importing egg-pulp from Australia still continues. The quantities imported in previous years and the year under review are as follows :—

Quantity of Egg-pulp Imported

				Dozens 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	..	..	..	3,352,440
1948-49	..	..	..	4,200,000 (estimated).

GENERAL

A special committee has been set up to recommend what steps can be taken to improve the quality of New Zealand manufactured pulp. It is desirable that a quality standard should be established. It is also intended to establish a quality standard for shell eggs so that egg-consumption can be encouraged when production overtakes demand.

At the time of this report the post-war Egg Marketing Committee's report is receiving consideration. The Committee has recommended, *inter alia*, that, having reviewed the systems of egg marketing in New Zealand both during the pre-war period and currently, some form of control and organization in egg marketing should be continued in the interests of the producer and consumer. The Committee also visualizes the retention of the present system of egg floors to make an equitable Dominion-wide distribution in times of shortages and to provide avenues for the economic handling of surpluses.

PRODUCE SECTION

POTATOES

The 1947 main crop was just sufficient to meet requirements till the end of November, by which time new potatoes were available in quantities sufficient to meet all demands. The yield of new potatoes in all districts, was heavy particularly in the main producing areas of Pukekohe, Hawkes Bay, and Gisborne. Prices fell well below ceiling during the latter half of December and in January, during which months growers placed heavy quantities on the market, particularly at Gisborne. In this district the quality of the potatoes suffered from transport difficulties and from a particularly hot summer. It seems clear that the Poverty Bay district should concentrate on getting their potatoes marketed not later than the end of November.

Hawkes Bay crops were also very heavy, and in February it was necessary, in order to conserve supplies and avoid wastage, to issue a transportation restriction order, the effect of which was to hold back for a month the marketing of potatoes from the Manawatu-Rangitikei area, where there was better prospect of the potatoes keeping, so that a prompt market could be found for those from Hawkes Bay. This transportation order was removed in March, and the marketing of the Manawatu-Rangitikei crop proceeded. It was then found that as a result of the delayed digging, potato-moth, which was particularly prevalent last season owing to weather conditions, had developed in a portion of the crop. It was necessary for the Department to compensate those contract growers who incurred losses due to the operations of the Transportation Restriction Order for both moth damage and for February potatoes sold at the lower prices ruling in March. Committees representing the Department of Agriculture, representatives of growers and merchants, the official Grader, and Marketing Department were set up to assess the Government's liabilities under the contracts. These Committees functioned satisfactorily.

To allow time for the clearance of the heavy North Island crop in all districts restrictions were placed on shipments of South Island potatoes to the North Island up to the end of May, permission being granted for the shipment of seed potatoes.

Transport from the South to the North Island proved to be very much easier this year than for the past few years. As soon as the South Island restrictions were removed potatoes went forward to all North Island ports in quantities, sufficient to keep the markets fully supplied.

South Island yields, like those in the North Island, were exceptionally heavy this year, and although the total area planted in potatoes for the 1947-48 season was only approximately 19,300 acres, as against an estimated 21,000 necessary to ensure sufficient supplies in an average season, it has been obvious during the past few months that there is likely to be a very substantial surplus at the end of the season. Every possible export outlet has been explored, but without success, and the possibilities of dehydration for human consumption, stock-food use, and starch-manufacture have also been examined. Such uses have been proved to be uneconomic and would only result in substantially increasing the loss which would eventually be incurred.

It is unfortunate that the heavy crop this year coincides with a surplus of potatoes in almost all producing countries. During the past few months substantial exports of potatoes have been made from United States, Great Britain, Holland, Italy, and Australia. These countries have advantages over New Zealand through their proximity to potential markets, with consequently lower freight rates and less risk of deterioration.

At the date of this report a decision has been reached by the Government, in response to urgent representations by growers, to take over all contract grown f.a.q. potatoes still in growers' hands at 31st October, instead of at the original contract date, 30th November, and arrangements to carry out that decision are now being made.

It has also been announced that the present contract system will be continued to cover next year's production, but that it is expected that for future seasons growers and merchants will devise a marketing scheme which will replace the present system under which heavy liabilities are undertaken by the Government.

ONIONS

Last year's crop was sufficient to meet consumers' requirements till the new crop became available in December in the North Island and in January in the South Island. The new crop, as in the case of potatoes, was an exceptionally good one, and it was apparent from the beginning of the season that there would be a surplus over New Zealand's requirements. Export markets were found in Canada during February, March, and April, and some 1,350 tons were exported. More could have been sold to Canada had additional freight space been available.

Reports from Canada were that, except for one shipment which was a long time on the way, the various shipments arrived in good condition. Canadian buyers indicated that they would be glad to consider importation again in future years.

As an experiment a small shipment of 100 tons was sent by the Department on consignment to its branch in London, the onions being carried in ordinary stowage. The shipping company concerned gave careful attention to storage and ventilation. The result was that, despite the fairly long voyage to London, the onions arrived in very good condition and realized the maximum prices allowed under price orders ruling there. This shipment carried a subsidy of approximately £3 per ton by the Government, but was worth while as an experiment. It showed that, provided New Zealand onions are harvested in sound, dry condition, there is a possible export market in Great Britain, and perhaps also in other European countries provided a reasonable f.o.b. price can be quoted.

As New Zealand was able to export only some 1,350 tons to Canada and 100 tons to Great Britain there is still the prospect of a surplus before the end of the season. As the season advances the keeping-life of the onions shortens and it is not possible to export them to any destination where a lengthy voyage is entailed. Some business is still being done with the Pacific Islands, but that has been adversely affected by the alteration in the rate of exchange. Efforts are being made to stimulate consumption and to cheapen retail prices to ensure that wastage is minimised.

The contract system for onions was introduced as a war measure to help to ensure sufficient supplies for military requirements in the Pacific. It has therefore been decided not to continue contracts for the production year 1949, and the system will end with the maturity of contracts at the 30th November this year. The Onion Advisory Committee estimates that there will be ample onions planted to meet New Zealand's requirements next year.

BARLEY

No importations have been possible from Australia during the year owing to the very high prices at which the Australian Barley Board has been able to export their surplus to Europe. The bulk of this surplus was sold at prices ranging from 18s. 6d. to 21s. 6d. per bushel f.o.b.s.i., Australian ports. These figures are beyond what can be paid by New Zealand for barley for stock-feed purposes. The indications are that Australia will again have a very good crop this coming season, and with the substantially lower world prices now ruling it may be possible to import from Australia next year.

MAIZE

The area sown in maize for commercial production during the current year was about 6,300 acres, and the crops came on well until the disastrous May floods in Poverty Bay. Extensive damage was done to large areas, and it was estimated that the production would be reduced by approximately 25 per cent to 30 per cent. In addition, much maize was discoloured by flood-water. The harvesting of this maize became a matter of urgency and, as harvesting costs were increased by the silt left by flood-waters, the Government agreed to a harvesting subsidy. A committee was set up in Gisborne to supervise this work. The administration was carried out by the Department of Maori Affairs, most

of the work being done by Maoris. By this means large quantities were saved which would otherwise have been lost. This maize, now that it has been dried out in the cribs, is being used in the manufacture of poultry mash, analyses having shown that it is quite suitable for this purpose. The total crop this year is not likely to exceed 50,000 sacks, a decrease of approximately 25,000 sacks on that of last year.

The Government subsidy of 1s. 6d. per bushel is being paid to growers of last season's crop, plus an additional 6d. which has been granted to cover increased costs of fertilizers and other materials, due to the removal of subsidies last year, making a total subsidy on the crop just harvested of 2s. per bushel. For the next season's crop a subsidy of 3s. per bushel has been approved, and it is hoped that this will result in an increase in area, although flood conditions in Poverty Bay have somewhat hampered sowing.

The Department of Maori Affairs is still the largest maize-producer in New Zealand and has done good work over a large area stretching from Hawkes Bay to the Poverty Bay and Bay of Plenty districts, and up to Kaitia in North Auckland. Their assistance in maize-production over the past two or three years has been very valuable.

Hops

After two years of poor crops this year's yield was back to normal, and the total crop harvested was approximately 3,050 bales, an increase of about 600 bales on that of last year and 1,200 bales on that of 1946. Ample hops were available from this year's crop to meet the brewers' requirements and to provide hops for retail sale in grocers' shops for householders' requirements. A small quantity was also available for export to Great Britain.

The price for the current year's production has remained at the same figure as that approved by the Price Tribunal last year—namely, 3s. per pound.—and with the increased yield is considered a reasonably satisfactory one to the growers. The Hop Research Council, which was set up last year, has been working satisfactorily, and it is hoped that the result of the investigations and trials carried out by the Council will, in time, be helpful to hop-growers.

RASPBERRIES

The 1948 Nelson crop, at 250 tons, was better than that of previous seasons. A substantial increase was shown in the quantity sold through retail channels in buckets, and it is probable that increasing quantities will be sold in this way in future. One of the difficulties facing the Nelson growers is that of transport, and investigations are being made by the Nelson Raspberry Marketing Committee into the possibility of air transport from Nelson to North Island centres.

With the increased crop, jam-manufacturers received an increased allocation, but this is still far short of their requirements.

With the increased areas which have been planted during the past few years there should be some increase in production provided the weather is favourable.

FERTILIZERS

Importation of sulphate of ammonia, sulphate of potash, and muriate of potash have been continued by the Department during the past year. All these fertilizers are in short supply overseas, and sulphate of ammonia is still subject to allocation by the International Emergency Food Council. The allocation to New Zealand does not meet requirements, and importations have to be rationed.

Muriate of potash and sulphate of potash are also in short supply. Sulphate of potash has been available only for tobacco-fertilizer requirements. The importations during the past year were approximately 2,000 tons sulphate of ammonia, 3,000 tons muriate of potash, and 500 tons of potash. The shortage of these fertilizers is likely to continue for another year or two.

APPLE AND PEAR SECTION

FRUIT MARKETING COUNCIL

With the removal of subsidies, both direct and indirect, the New Zealand Fruit-growers' Federation, Ltd., concluded a new agreement with Government for the handling of the apple and pear crop for the 1948 season.

Under this agreement the Fruit Marketing Council was reconstituted, but continued to act as the Advisory Committee on apple and pear marketing.

The reconstituted Council was to consist of five members nominated by the Fruit-growers' Federation and not more than three members appointed by the Minister of Marketing.

The Federation's nominees were: Messrs. M. A. Cruickshank, J. Hainsworth, L. B. Robinson, H. R. Sampson, and A. C. M. Ward, while the Minister's appointees were Messrs. A. M. W. Greig (Chairman), B. D. A. Greig, and N. G. Robertson. In addition, the meetings of the Council were attended by the following members who did not exercise a vote: Messrs. K. B. Longmore and Wm. Benzies (of the Department), Mr. W. K. Dallas (Director of Horticulture), and Mr. A. Osborne (Fruitgrowers' Federation).

PAYMENT TO GROWERS

It was estimated that because of the withdrawal of subsidies plus growers' increased costs the Department would have to obtain from the market approximately 4s. per case more than in 1947 in order to give growers an average return comparable with 1947. To effect this, Government agreed to amend the schedule of monthly wholesale and retail ceilings by raising the maximum wholesale ceiling from 15s. to 22s. 6d. per case and the retail maximum ceiling from 6½d. to 9d. per pound. These maximum wholesale and retail ceilings operated on a sliding scale, according to the period of the year.

Under the new agreement, Government guaranteed a Dominion average minimum of 8s. 2d. per case for apples and pears accepted at assembly point, with wrapping-costs extra. Should the Dominion over-all net average market return fall below 8s. 4d. per case, authority was granted for the withdrawal of a sum not exceeding £20,000 from the Uneconomic Orchard Fund to raise the growers' Dominion average return to that figure.

In addition, as the maximum retail price for apples was held at 9d. per pound for fruit sold between mid-September and mid-February, a subsidy of £20,000 was approved for paying appropriate premiums for fruit marketed during the out-of-season period.

The raising of the ceiling-prices enabled the law of supply and demand to operate more freely than was possible in the past. This helped to determine the market value of each variety, with the result that the Department introduced a variety and grade pooling system to take the place of the cumbersome method of previous years of using market returns plus the Government subsidy for a complicated system of bonus payments and premiums to effect a measure of justice between districts, varieties, grades, and sizes.

Table 3 gives details of the consolidated charge, net market returns, amount of Government subsidies, and overall average payment to growers for the seasons 1940 to 1947 (inclusive), together with an estimate for the 1948 season.

CROP

The crop of apples and pears handled by the Department during the current season is estimated to reach 2,920,000 cases (2,595,000 apples and 325,000 pears), of which 2,887,000 cases have been received up to 30th September. This is a record since the commencement of an organized marketing scheme in 1940, the total being 271,000 above the previous record, established in the 1941 season.

Two of the season's main difficulties have been the large quantity of small sizes received from growers and the low quality of fruit in Commercial and Minimum Grades.

Small sizes in general have been very difficult to sell, and their low market realizations have resulted in a reduction in the variety pool averages, with consequent unfairness to the growers of better sizes.

Growers appeared to take full advantage of the tolerances allowed in Commercial and Minimum Grades, with the result that much of the fruit in these grades was affected with black-spot and was altogether most unattractive to buyers.

It is difficult to estimate the quantity of apples and pears which go outside the scheme but, if recent figures supplied by the Department of Agriculture are taken, the total would be approximately 750,000 cases for the 1948 season. This quantity represents over 20 per cent. of the total production of apples and pears, and is made up of fruit distributed direct to the consumer, retailer, or factory.

Details of the yearly receipts from growers are given in Table 1.

DISTRIBUTION

The Department continued the normal selling policy and endeavoured to effect equitable distribution over town and country areas.

With the resumption of full-scale export, 999,000 cases of apples and 22,000 cases of pears were shipped to the United Kingdom, leaving 1,596,000 cases of apples and 303,000 cases of pears for the domestic market.

The following table gives comparative domestic market quantities since 1940 :—

				Apples.	Pears.	Total.
1940	..	..	..	1,664,900	167,600	1,832,500
1941	..	..	..	2,297,000	347,800	2,644,800
1942	..	..	..	1,923,700	183,400	2,107,100
1943	..	..	..	2,025,700	235,400	2,261,100
1944	..	..	..	2,201,300	269,700	2,471,000
1945	..	..	..	1,860,100	275,800	2,135,900
1946	..	..	..	2,087,400	182,000	2,269,400
1947	..	..	..	1,333,100	207,200	1,540,300
1948 (estimated)	..	..	..	1,596,000	303,000	1,899,000

Direct selling to hospitals, Armed Forces, railway refreshment-rooms, and a limited number of retailers has been continued, the total quantity sold through these avenues being 120,000 to 30th September, compared with 121,000 for the 1946 season and 102,000 for 1947.

Distribution of apples to school-children, inaugurated in 1941, was discontinued this year.

The Department had to endeavour to obtain an average market return approximately 4s. per case higher than in 1947 in order to give growers a return comparable with that received in 1947.

The increased ceilings were not authorized until the middle of January, with the result that the season opened at 6½d. per pound retail and then on 12th January, jumped to 9d. per pound, and sales began to slacken. The problem was accentuated by the heavy crop of stone-fruits.

It has been a difficult task to maintain the required increase mainly because of the large quantity of small-sized fruit and the low quality of Commercial and Minimum Grades, although, as will be seen in Table 3, the result achieved—namely, an estimated increase of 3s. 5-76d.—is a meritorious one. Table 2 shows how fruit has been distributed over the past eight years.

STORAGE

With the very large crop, cool-storage space was at a premium, especially in February, March, and April. This was mainly due to an accumulation of dairy-produce brought about by shipping delays, particularly in Auckland, where cool storage did not become available until the 10th May, and Wellington, where space was not available until 20th April. The result was that much of the fruit which was destined for long-keeping to supply the markets in the later months of the year did not get into cool store with minimum delay.

Another factor which delayed the storage of fruit for the domestic market was that available space was being utilized to hold fruit awaiting export.

EXPORT

Arrangements were made between New Zealand and British Governments for the export of 1,000,000 cases of apples to the United Kingdom, whilst, in addition, it was arranged to ship up to 25,000 cases of pears to a London firm. All these sales were on an f.o.b. sterling basis.

The prices agreed upon were 20s. 6d. per case for Cox's Orange and 12s. 6d. for other varieties of apples, and 15s. 9d. per case for the pears.

The final quantities exported were 999,103 cases of apples and 21,942 cases of pears, of which 22,083 cases were shipped from Auckland, 415,051 from Napier, and 583,911 from Wellington.

Mr. J. W. Watson, of the London office of the Marketing Department, arrived in New Zealand on 18th September to report on the season's operations and to have discussions with departmental officers, the Fruit Marketing Council, and the District Fruit Advisory Committees.

UNECONOMIC ORCHARD FUND

Altogether 153 growers have received assistance from this fund. Payments authorized up to 30th September, 1948, amount to £57,821 5s. 10d., made up of £11,638 13s. 9d. to assist uneconomic orchards, £45,751 18s. to compensate growers for climatic losses, and £430 14s. 1d. to cover administration expenses. The balance in the fund is £42,178 14s. 2d.

APPLE DEHYDRATION

The apple-processing plant at Motueka continued to operate during the period under review, and 4,923,206 lb. of raw fruit was processed, yielding 426,978 lb. of dried product, 234 tons 18 cwt. of peels and cores, 19,000 gallons of apple-pulp, and 43,700 gallons of apple-juice.

In addition, experiments were carried out with the dehydration of peas, and 16,530 lb. were produced.

This venture proved so successful that it is proposed to extend the operation during the coming season.

TABLE 1.—DISTRICT PRODUCTION OF APPLES AND PEARS

Year.	Auckland.	Poverty Bay.	Hawke's Bay.	Wellington.	Marlborough.	Port Nelson.	Mapua.	Motueka.	Canterbury.	Timaru.	Otago.	Dominion.
<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	220,580	32,366	745,060	25,270	65,276	312,788	476,123	326,950	42,263	3,127	119,525	2,369,328
1947	135,213	24,686	245,660	13,607	77,359	214,606	370,926	226,842	12,996	..	11,191	1,333,886
Estimated, 1948	294,034	42,687	838,935	24,887	120,276	304,821	517,807	327,701	82,118	6,034	66,089	2,595,389
Total	1,922,293	265,846	5,701,741	238,300	710,869	2,323,425	3,523,678	2,579,969	712,105	45,004	952,039	18,975,269
<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	17,052	2,708	90,215	816	865	9,446	9,266	16,830	14,016	1,525	20,679	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	32,086	4,591	73	20,162	182,055
1947	10,827	3,514	106,602	810	1,005	16,986	26,762	33,667	1,325	..	5,749	207,247
Estimated, 1948	28,073	4,735	187,217	3,348	1,586	18,284	24,936	36,600	8,417	634	11,454	325,284
Total	210,005	28,520	1,096,374	18,688	11,744	140,858	162,902	277,201	79,299	10,636	157,316	2,193,543

TABLE 2

Distributed to	1940.		1941.		1942.		1943.		1944.	
	Apples.	Pears.	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	1,512,000	230,000
U.S.J.P.B. ..	..	..	..	..	31,000	1,000	267,000	23,000	479,000	26,000
New Zealand Forces ..	30,000	5,000	55,000	15,000	158,000	23,000	94,000	11,000	66,000	9,000
Schools ..	..	..	113,000	..	156,000	..	91,000	..	102,000	..
Export ..	587,000	..	4,000	..	..	..	..	..	..	..
Miscellaneous sales ..	77,000	3,000	92,000	3,000	42,000	..	52,000	3,000	43,000	4,000
Total ..	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000	2,026,000	235,000	2,202,000	269,000
Dehydration ..	..	..	..	..	..	..	..	..	113,000	..
Total crop..	2,253,000	167,000	2,301,000	347,000	1,924,000	183,000	2,026,000	235,000	2,315,000	269,000
Distributed to	1945.		1946.		1947.		1948 (Estimated).			
	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.	Apples.	Pears.
Civilian markets ..	..	..	1,421,000	243,000	1,890,000	168,000	1,176,000	190,000	1,451,000	280,000
U.S.J.P.B. ..	..	..	312,000	18,000	..	..	..	..	..	..
New Zealand Forces ..	..	..	44,000	9,000	17,000	3,000	8,000	1,000	5,000	1,000
Schools ..	..	..	43,000	..	43,000	..	31,000	..	..	..
Export ..	..	..	..	..	282,000	..	..	..	999,000	22,000
Miscellaneous sales ..	..	..	40,000	5,000	137,000	11,000	118,000	16,000	140,000	22,000
Total ..	..	..	1,860,000	275,000	2,369,000	182,000	1,333,000	207,000	2,595,000	325,000
Dehydration ..	..	..	135,000	..	..	..	..	..	..	..
Total crop	..	..	1,995,000	275,000	2,369,000	182,000	1,333,000	207,000	2,595,000	325,000

TABLE 3

	1940.	1941.	1942.	1943.	1944.	1945.	1946.	1947.	1948. (Estimated).
Assembly	s. d. 0 2.15	s. d. 0 1.98	s. d. 0 3.68	s. d. 0 3.96	s. d. 0 4.17	s. d. 0 3.70	s. d. 0 3.80	s. d. 0 4.03	s. d. 0 4.02
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 5.73	1 7.48
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	0 1.90
Cool storage	0 9.80	0 7.59	0 7.90	0 8.12	0 8.10	0 7.99	0 9.12	0 11.64	0 9.95
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	0 3.28
Total	2 6.52	2 6.54	2 7.26	2 8.40	2 5.68	2 6.52	2 7.59	3 3.26	3 2.63
Net market return	£ 307,815	£ 337,130	£ 274,415	£ 306,953	£ 319,587	£ 287,178	£ 336,436	£ 294,112	£ 470,205
Less consolidated charge	7 7.02	4 5.43	6 4.44	7 8.57	8 9.23	8 8.54	8 10.73	10 8.64	14 2.40
Plus Government subsidy, less profit*	2 6.52	2 6.54	2 7.26	2 8.40	2 5.68	2 6.52	2 7.59	3 3.26	3 2.63
Payment to growers	5 0.50	1 10.89	3 9.18	5 0.17	6 3.55	6 2.02	6 3.14	7 5.38	10 11.77
	0 0.23	3 5.76	1 5.82	1 1.73	1 1.38	1 3.30	1 1.54	1 11.40	0 1.64
	5 0.27	5 4.65	5 3.00	6 1.90	7 4.93	7 5.32	† 7 4.68	† 9 4.78	11 1.41
Total payment to growers	£ 607,674	£ 742,335	£ 544,567	£ 672,296	£ 957,755	£ 839,321	£ † 942,599	£ 723,863	£ 1,624,046
Crop	2,420,018	2,648,982	2,107,113	2,261,085	2,583,978	2,258,420	2,551,383	1,540,333	2,921,000

* Export, 1940 = 387,504 cases.

† Excludes orchard labour subsidy.

HONEY SECTION

The past season, according to the Agriculture Department's estimates, was a record one, with approximately 5,000 tons produced, of which the Department received 178 tons. While sugar, jams, and preserves were in short supply, honey could find an outlet in New Zealand and in food parcels, irrespective of quality.

There was a financial incentive for producers to pack and sell their own product. In the past the New Zealand public has not consumed the full production, and export markets have been essential to maintain prices. The price paid by the Department was 9½d. a pound *pro rata*, according to grade, plus a bonus of 2½d. per pound. The average grading of this honey was 91·77.

Even at the present time honey is freely displayed in shops in the North Island, in practically every city and town. Much of this honey will be unsold when the new season commences. From the 3,376 cases of honey received, 62 tons were distributed to hospitals, overseas shipping, manufacturers, and the Armed Forces. Eighty tons were packed for shipment to England. Unsold stocks on the 30th September were 18 tons packed, and 20 tons bulk.

The quality of honey put up and sold locally was poor, as also was the quality of some honey packed in food parcels for Britain. Export of low-grade honeys to England can only damage the good name of the New Zealand product there.

HONEY SEALS

Seals revenue collected amounted to £4,050, which was a small figure considering the size of the crop.

An Interim Honey Marketing Committee has been set up, the election for the members being based on the regulations gazetted on the 8th September, 1948. These regulations provide for three producer representatives and two Government nominees. The functions of the Committee are mainly to advise the Minister of Marketing on honey marketing matters generally, and to assist and advise the Department in directing, controlling, and distributing honey received by the Department.

The members of the Committee will be gazetted, but in the meantime an Interim Committee comprising one producer member from the New Zealand Honey Control Board, one from the National Beekeepers' Association, and one from the New Zealand Honey Suppliers' Association has been established.

IMPORTED FRUITS SECTION

BANANAS

The quantity of bananas imported is governed by the availability of shipping space, and, apart from the possibility of overseas vessels making occasional calls at island ports, New Zealand must rely mainly on shipments landed by the "Matua." This vessel continues to carry capacity loads, and, although the islands are not at present producing bananas that are going to waste, production will be increased as soon as some definite indication can be given regarding regular additional shipping space. From information now to hand it does not appear likely that the new steamer ordered for this trade will be completed before 1951.

Bananas continue to be landed at Auckland, which makes speedy distribution for the South Island difficult. When an additional steamer is placed on the island run fruit will probably be landed direct at South Island ports. In the meantime advantage is taken of vessels leaving Auckland for South Island ports direct, providing they sail reasonably soon after the arrival of the "Matua."

Investigations as to the possibility of importing bananas from Australia showed that the Commonwealth would only be interested in this market when there were surplus stocks in Australia, which does not happen often. Moreover, Australian bananas would be considerably more expensive than those from the islands.

This year's importations show an increase when compared with last year's. For comparison purposes 1947 and 1948 figures are shown below.

Source of Supply.	Year Ended 30th September, 1947.		Year Ended 30th September, 1948.	
	Cases.	Per- centage.	Cases.	Per- centage.
Fiji	107,303	42.3	131,612	45.75
Tonga	49,830	19.6	44,097	15.33
Samoa	96,977	38.1	111,952	38.92
	254,110	100.0	287,661	100.00

ORANGES

With the exception of the Cook Islands, all sources of supply shipped larger quantities of oranges than for some years past, and the total imported has almost reached the pre-war figure.

Australia.—The trans-Tasman shipping position has improved, but oranges from Australia continue to be transported in unsuitable cargo space, and the uncertainty of the final dates of departure from Australian ports makes it very difficult for shippers to pack oranges for any particular vessel. This uncertainty works against receiving fruit in the freshest possible condition. However, the landed condition of Australian oranges has been better than during the past few years and should continue to improve.

The Department is now permitted to import, subject to certain safeguards, from the coastal areas of New South Wales, where fruit-fly may affect oranges. However sufficient quantities to fill the shipping space available were obtained from the fly-free irrigation areas.

The adjustment on the exchange rate and lower f. o. b. prices have made it possible to reduce the cost of Australian oranges to New Zealand consumers from 11d. to 9d. per pound. Supplies from Australia next year should at least be equal to this year's quantities.

Jamaica.—The quantity of oranges received from Jamaica was larger than for a number of years, and although the landed condition of one shipment was poor the fruit was generally acceptable to consumers. These oranges fill the gap between the end of the Australian Valencia season and the beginning of the island season in April or May.

Except for occasional short periods, imported oranges should be available all the year round as the various producing areas normally ship during the following periods:—

Cook Islands : April/May to August/September.

Australia : June to December, while small quantities of late fruit are sometimes available until March.

Jamaica : December to April.

Oranges received this year and last were as under :—

Source of Supply.	Year Ended 30th September, 1947.		Year Ended 30th September, 1948.	
	Cases.	Per-centage.	Cases.	Per-centage.
Australia	237,422	78·6	345,072	80·1
Cook Islands ..	50,005	16·5	35,612	8·3
Fiji	45	..	1,791	0·4
Jamaica	14,740	4·9	48,321	11·2
	302,212	100·0	430,796	100·0

GRAPEFRUIT

To obtain space on overseas vessels calling at Kingston, Jamaica, it is necessary to give a dead-freight guarantee. During the year the Jamaican Government was unable to fill all the space that had been booked for oranges, owing to a breakdown in condition, and shipped grapefruit instead. This mainly accounts for the larger quantities imported this year when compared with last year. Jamaican grapefruit is of excellent quality and meets a ready demand from consumers.

Importations for the past two years were as follows :—

Source of Supply.	Year Ended 30th September, 1947.		Year Ended 30th September, 1948.	
	Cases.	Per-centage.	Cases.	Per-centage.
Australia	9,988	74·4	450	1·6
Cook Islands ..	2,722	20·3	1,223	4·5
Samoa	710	5·3	763	2·8
Jamaica .. ..	..	..	24,740	90·7
Fiji .. ..	..	..	112	0·4
	13,420	100·0	27,288	100·0

PINEAPPLES

The Department has resumed importing pineapples from Australia, and shipments are arriving in better condition than last year. Shippers are experimenting with various methods of strengthening the cases in which the fruit is packed in order to avoid bruising.

Pineapples are imported from the Pacific Islands also.

The following figures show importation for years ending 30th September, 1947 and 1948 :—

Source of Supply.	Year Ended 30th September, 1947.		Year Ended 30th September, 1948.	
	Cases.	Per-centage.	Cases.	Per-centage.
Australia	6,118	40·8	6,871	37·6
Tonga	2,067	13·8	3,597	19·7
Fiji	6,821	45·4	7,009	38·3
Cook Islands ..	..	..	808	4·4
	15,006	100·0	18,285	100·0

LEMONS

The lemon season in New Zealand covers the period 1st April in one year to the 31st March of the next year. The departmental report covers the period 1st October in one year to the 30th September in the next.

The figures set out below therefore cover half of one season and half of the next.

Packing-plants at Kerikeri, Auckland, and Tauranga were again operated during the period under review, whilst in Tauranga a picking team is provided for growers who are unable to recruit the necessary labour for this purpose.

The total lemon sales for this year and for the same period last year were :—

Source of Supply.	Year Ended 30th September, 1947.		Year Ended 30th September, 1948.	
	Three-quarter- bushel Cases.	Per- centage.	Three-quarter- bushel Cases.	Per- centage.
New Zealand ..	60,557	72·9	74,338	86·3
Cook Islands ..	462	0·6	1,397	1·6
Australia ..	22,004	26·5	10,453	12·1
	83,023	100·0	86,188	100·0

The following is a summary of marketable grades received by each packing house for the period under review :—

Auckland.		Tauranga.		Kerikeri.		Gisborne.	
Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.	Preferred.	Commercial.
12,994 ⁴ _{57·60%}	9,563 ⁷ _{42·40%}	47,867 ⁵ _{70·57%}	19,958 ⁵ _{29·43%}	5,266 ⁷ _{63·00%}	3,092 ⁷ _{37·00%}	2,443 ⁵ _{56·67%}	1,868 _{43·33%}

				£	s.	d.
Total preferred ..	..	..	68,572 ⁵ ₈	35,403	14	1
Total commercial ..	..	..	34,483 ³ ₈	15,020	1	10
			103,056	£50,423	15	11

Total Receipts (Including Rejects), All Grades for Each Shed

					Cases.
Tauranga ..	..	..	..	..	84,180 ³ ₈
Auckland ..	..	..	..	..	27,890 ² ₈
Kerikeri ..	..	..	..	..	10,023
Gisborne ..	..	..	..	..	4,906 ² ₈
					126,999 ⁷ ₈

By-products

Receipt figures as under :—

		£	s.	d.
First peel lemons : 16336 ⁴ ₈ cases at 5s. 6d. case	..	4,492	10	9
Second peel lemons : 156 ³ ₈ cases at 4s. case	..	31	5	6
Juice lemons : 5505 ⁴ ₈ cases at 2s. case	..	550	11	0

Processed

129¹₂ tons peel : 9,641 gallons juice.

The Tauranga packing-house was destroyed by fire in October, 1946. During the period under review a new packing-house was erected. This is equipped with the latest American machinery for treating lemons and has a cool store and better handling facilities.

MILK DIVISION

NATIONAL MILK SCHEME

The Department has continued to operate the National Milk Scheme, which aims to ensure an adequate supply of good-quality milk every day of the year in all areas of consumption throughout the Dominion. Under the scheme a guaranteed farm-gate price is paid to town milk producers, and various margins are paid for services performed from farm gate to consumer, while the selling-prices are fixed by Price Orders. The difference between the guaranteed price plus margins and the selling-prices to the public is met by way of subsidy. The guaranteed farm-gate price is paid to producers who guarantee the area's requirements every day of the year; to allow for seasonal variations in production, the price is also paid on percentages of surplus above the guaranteed nominated quantity. These are, in accordance with the agreement with the Town Milk Producers' Federation, 17 per cent. in the five summer months and 10 per cent. for the remainder of the year.

FIXATION OF NATIONAL TOWN MILK PRODUCER PRICE, 1947/48 MILK YEAR

For the milk year commencing 1st September, 1947, and terminating on 31st August, 1948, the national town milk price was fixed at 19·1352d. per gallon, which represented an increase of 3·5052d. per gallon on the previous year's price of 15·63d.

This increase was mainly in line with the increases awarded to the butter and cheese industry. The average price of 19·1352d. was, in consultation with the Town Milk Producers' Federation of New Zealand, divided into the following seasonal differentials:—

North Island—

	Pence per Gallon.
September, 1947, to January, 1948, inclusive	.. 15·75
February to April, 1948, inclusive .. ..	.. 19·5
May to August, 1948, inclusive	23·785

South Island—

October, 1947, to February, 1948, inclusive .. ..	.. 15·75
September, 1947, March and April, 1948 .. ..	.. 19·00
May to August, 1948, inclusive .. ..	.. 24·1975

TERMS OF AGREEMENT BETWEEN THE MINISTER OF MARKETING AND THE TOWN MILK PRODUCERS' FEDERATION OF NEW ZEALAND

The terms of the agreement entered into between the Minister of Marketing and the Town Milk Producer's Federation of New Zealand covering the operation of the National Milk Scheme for the 1947-48 year were the subject of major alterations in that the guaranteed price was not accepted as the basis for fixing the town milk price.

Instead the price was based on the weighted average pay-out (including farm-costs allowance) per pound of butterfat to cheese-suppliers in five districts—Auckland, New Plymouth, Wanganui-Patea, Wellington, and Southland.

It was agreed that such pay-out for any year should be arrived at by taking the basic figure for that year, adding thereto the difference between the basic figure for the previous year and the actual weighted average pay-out (including farm-cost allowances) during the same year of the cheese-factories in the above districts and to such pay-out adding 0·75d. as compensation for loss of whey.

The above pay-out with such additions was to be multiplied by 12,000, this being considered the number of pounds of butterfat produced on the standard dairy-farm under the guaranteed price.

As in previous years, two further additions were made to this figure—

- (1) £105 6s. (to cover the extra labour reward to producer and hired workers as recommended by the Town Milk Commission).
- (2) £36 (to cover the interest on the town milk producers' extra capital as recommended by the Town Milk Commission).

The final result was to be divided by 20,000 to determine the national town milk price per gallon. This figure of 20,000 was taken by the Town Milk Commission as the production, in gallons of milk, of a standard town milk farm.

The application of the above formula to the 1947-48 milk year is as follows :—

Basic pay-out for cheese, 1947-48	..	..	d.	27·907
			d.	
Pay-out of five districts in 1946-47	..	..	24·084	
Basic pay-out for cheese in 1946-47	..	..	23·675	
Difference to be added	..	..	0·409	0·409
Assumed average pay-out for 1947-48	..	..	28·316	
Compensation for loss of whey	..	..	0·75	
				29·066
			£	s. d.
29·066d. × 12,000 =	..	..	..	1,453 6 0
Extra labour reward	..	..	..	105 6 0
Interest on extra capital	..	..	..	36 0 0
				£1,594 12 0

£1,594 12s. divided by 20,000 = 19·1352d. per gallon

There was no change in the agreement in regard to payment of a surplus factor of 10 per cent. in the autumn-winter periods and 17 per cent. in the summer period, other than a proviso that the question of surpluses was to be subject to review if cream-rationing should be cancelled or modified before the 31st August, 1950.

The agreement is for a three-year period ending 31st August, 1950, but it has a clause that it should not preclude the introduction of an agreed method of payment for milk on a quality basis if it should become practicable before that date.

BASIS OF REALIZATION FOR SURPLUS MILK DIVERTED FOR CHEESE OR BUTTER MANUFACTURE

After consultation with the Town Milk Producers' Federation it was agreed that for the 1947-48 milk year the credits on surplus milk to be given to the Government on quantities diverted to cheese or butter manufacture were to be on the following basis:—

	Per Gallon. d.
For cheese	10·625
For butter	9·725

All prices to be credited as at the farm gate.

LIST OF TOWN MILK PRODUCER ORGANIZATIONS, TOGETHER WITH DAILY NOMINATED QUANTITIES APPROVED BY THE MINISTER OF MARKETING IN RESPECT OF THE 1947-48 MILK YEAR

District.	Name of Association.	Nominated Quantity.
		Gallons.
Ashburton ..	Ashburton Town Milk Producers' Co-operative, Ltd. ..	640
Auckland ..	North Shore Milk Producers' Association, Ltd. ..	3,244
Auckland ..	New Zealand Co-operative Dairy Co., Ltd. ..	16,279
Auckland ..	Auckland Co-operative Milk Producers' Association, Ltd. ..	13,824
Balclutha ..	Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	425
Bay of Islands ..	Bay of Islands Milk Producers' Association ..	125
Blenheim ..	Blenheim Co-operative Milk Supply Co., Ltd. ..	896
Cambridge ..	St. Peter's School, Cambridge ..	72
Christchurch ..	Canterbury Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	15,455
Christchurch ..	Christchurch Metropolitan Milk Suppliers' Co-operative Association, Ltd. ..	4,515
Dannevirke ..	Maharashtra Co-operative Dairy Co., Ltd. ..	880
Dargaville ..	Dargaville Milk Producers' Association ..	230
Dunedin ..	Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	7,250
Dunedin ..	Town Milk (Dunedin), Ltd. ..	3,000
Eltham ..	Eltham Producers' Co-operative Milk Organization ..	126
Fairlie ..	South Canterbury Co-operative Milk Supply Co., Ltd. ..	65
Feilding ..	Feilding Milk Producers' Supply Association ..	435
Foxton ..	Foxton Milk Producers' Supply Association ..	202
Geraldine ..	South Canterbury Co-operative Milk Supply Co., Ltd. ..	90
Gisborne ..	Gisborne Co-operative Milk Producers' Association, Ltd. ..	2,000
Greymouth ..	Grey District Milk Producers' Association, Ltd. ..	1,133
Hamilton ..	Hamilton Milk Producers' Co., Ltd. ..	3,520
Hamilton ..	New Zealand Co-operative Dairy Co., Ltd. ..	1,150
Hawera-Patea ..	Hawera Co-operative Milk Supply Association, Ltd. ..	720
Napier and Hastings ..	Hawkes Bay Raw Milk Producers' Co-operative, Ltd. ..	4,000
Inglewood ..	New Plymouth Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	95
Invercargill ..	Southland Co-operative Milk Supply ..	3,200
Kaikohe ..	Kaikohe Milk Producers' Association ..	120
Kaitaia ..	Kaitaia Milk Producers' Association ..	130
Kaitangata ..	Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	100
Kaikoura ..	Kaikoura Milk Supply Association ..	90
Kaponga ..	A. M. Wickham ..	27
Katikati ..	Katikati Milk Producers' Group ..	35
Levin ..	Levin Co-operative Dairy Co., Ltd. ..	380
Matamata ..	Matamata Milk Producers' Association ..	125
Marton ..	Marton Milk Producers' Association ..	304
Masterton ..	Masterton Town Milk Producers' Association (Inc.) ..	820
Milton ..	Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	175
Morrinsville ..	J. H. Finn ..	60

LIST OF TOWN MILK PRODUCER ORGANIZATIONS, TOGETHER WITH DAILY NOMINATED QUANTITIES APPROVED BY THE MINISTER OF MARKETING IN RESPECT OF THE 1947-48 MILK YEAR—*continued*

District.	Name of Association.	Nominated Quantity.
		Gallons.
Mount Maunganui	Mount Maunganui Milk Producers' Association	88
Nelson	Nelson Co-operative Milk Producers' Association, Ltd. ..	2,200
New Plymouth ..	New Plymouth Dairy Farmers' Co-operative Milk Supply Association, Ltd. ..	2,350
Oamaru	North Otago Milk Producers' Association	980
Opotiki	Opotiki Milk Producers' Association	170
Otorohanga ..	Otorohanga Milk Producers' Association	125
Palmerston North ..	Manawatu Co-operative Milk Producers' Co., Ltd. ..	3,250
Pieton	Pieton Milk Producers' Association	210
Pukekohe	Franklin Milk Producers' Association	280
Raglan	S. Hampton	80
Rotorua	Rotorua Co-operative Milk Supply Co., Ltd.	1,010
Raetihi-Ohakune ..	Ruapehu Milk Producers' Association	400
Stratford	Stratford Co-operative Milk Supply Association	645
Taihape	Taihape Milk Producers' Association	170
Taumarunui	Taumarunui Milk Producers' Association	366
Tauranga	Tauranga Milk Producers' Association	800
Te Aroha	Te Aroha Milk Producers' Association	230
Te Kuiti	Te Kuiti Milk Producers' Association	190
Temuka	South Canterbury Co-operative Milk Supply Co., Ltd. ..	100
Thames Valley ..	Thames Valley Milk Producers' Association	970
Timaru	South Canterbury Co-operative Milk Supply Co., Ltd. ..	2,600
Waikanae	Waikanae Milk Producers' Association	70
Waimate	South Canterbury Co-operative Milk Supply Co., Ltd. ..	295
Waipukurau	Waipukurau Milk Producers' Association	150
Wairoa	Wairoa Milk Producers' Association	300
Waitara	New Plymouth Dairy Farmers' Co-operative Milk Supply Association, Ltd. ..	210
Wanganui	Wanganui Co-operative Milk Supply Co., Ltd.	2,450
Waverley	Waverley Milk Producers' Association	45
Wellington	The Nearby Farmers' Association (Inc.)	2,200
Westport	Westport United Dairies, Ltd.	609
Whakatane	Whakatane Milk Producers' Association	520
Whangarei	Whangarei Co-operative Milk Marketing Co., Ltd. ..	1,375
	Total	111,375

WELLINGTON CITY COUNCIL PRICE STRUCTURE AND RECONCILIATION WITH HUTT VALLEY TRADE

The supply of milk to the Wellington metropolitan area, which includes the Hutt Valley, is not handled under the National Milk Scheme, and a totally different price structure is provided for the purchase of milk from town milk producers. Following upon the increase under the National Milk Scheme of 3·5052d. per gallon, consultations were held between the Wellington Dairy Farmers' Co-operative Association, Ltd., the Wellington City Council, and the Department, and resulted in the following price schedules being determined upon for the 1947-48 milk year:—

Summer period	.. ..	17·75d. per pound butterfat, plus 8·39d. per gallon added value.
Autumn period	.. ..	17·75d. per pound butterfat, plus 11·79d. per gallon added value.
Winter period	.. ..	17·75d. per pound butterfat, plus 85 per cent. of 17·75d., plus. 11·7608d. per gallon added value.

SUPPLIES OF MILK

The period proved to be one of expanding milk-supplies: a guaranteed supply of milk was available on an organized basis in a number of additional areas, the number of associations guaranteeing supplies being increased by 32 to 71 and the gallonage guaranteed from 87,876 gallons to 111,375 gallons.

The increase in gallonage has resulted in a problem in areas where impingement on their supplies by town milk producer associations has led some dairy companies to report the problem to the Dairy Board. The differences have been resolved, but there is no doubt that with the natural increase in town milk requirements it will be necessary to find a solution to what must eventually be a really live problem affecting principally the operation of dairy factories adjacent to areas of population by way of reducing their throughput to the stage where they become uneconomic and in some instances redundant.

TREATMENT OF MILK

The Department has continued to carry out the policy of public treatment of milk in the greater consuming areas and in smaller areas where treating house proprietors have offered their business for sale.

The Department, in carrying out this policy, is taking the opportunity of modernizing several of the existing treatment houses, and in some areas arrangements are being made to build new ones.

An endeavour is made to obtain local interest in the setting-up of some form of public utility organization to take over the control of the treatment plant purchased; the usual type of organization has been in the form of a milk treatment corporation with directors representing producers and consumers of town milk, and one Government representative. In two districts, Whangarei and Balclutha, control has been taken over by the local Borough Council.

In any rebuilding or re-equipping programme the Department plans with a view to satisfying the needs of the district for the next ten years.

In Auckland two milk treatment houses representing half the treating-capacity of the Auckland Metropolitan Milk District are being operated by the Auckland Milk Treatment Corporation, and plans are being prepared for a complete new building and plant which will eventually supersede these two treatment houses.

Extensive alterations are being made to Palmerston North, Wanganui, and Nelson treatment houses. During the year the new Dunedin Milk Station was completed, and as a result three obsolete treatment houses were closed down. Progress has been made in the handling of a new treatment house at Hastings.

In Napier, Palmerston North, Blenheim, and Dunedin the milk treatment plants are being operated by the Department pending a decision as to the form of local organization to control and operate the plants; milk treatment corporations have been set up at Wanganui, Nelson, and Timaru, and on the 31st August, 1948, the existing treating house at Hamilton was purchased and transferred to the control of the Hamilton Milk Treatment Corporation. This Corporation also took over control of the milk depot in Frankton Junction which had up to that date been operated by the Department.

PAYMENTS MADE IN RESPECT OF MILK SUPPLIED FOR HUMAN CONSUMPTION FOR THE
PERIOD 1ST SEPTEMBER, 1947, TO 31ST AUGUST, 1948

(a) Payments made under National Milk Scheme to producers, treating houses, and vendors	£
(b) Cost of surplus milk scheme	1,130,256
(c) Payment of winter feed allowances	148,729
(d) Payment of administration levy to producer associations	14,188
(e) Payment of levies to local milk authorities	7,931
	12,143

£1,313,247

BRANCHES

AUCKLAND

Apples and Pears.—Receipts of these fruits in the Auckland district were approximately 50 per cent. above those of the previous year, a total of 292,099 cases being received, as against 146,040 cases for the previous year. In view of the large crop, double the quantity of apples and pears were *cool stored*, the total being 338,381 cases. *Distribution* was maintained on the quota system, a total of 376,000 cases of apples and 115,000 cases of pears being sold in this district.

Agar Agar Seaweed.—Although collectors were asked to increase the quantities sent in to the Branch, the results were disappointing, receipts being only 60 tons, as against 78 tons for the previous year.

Butter.—As from the 1st May, 1948, the Dairy Products Marketing Commission took over the operations of *patting, tinning*, and butterfat-drying. The Branch, however, continued to carry out these operations on behalf of the Commission. The following table shows the operations of this section under two headings, before and after the Dairy Products Marketing Commission took over control:—

	1st October, 1947, to 30th April, 1948.	1st May, 1948, to 30th September, 1948.	Total.
	Boxes.	Boxes.	Boxes.
Butter sales	51,386	36,933	88,319
Tinned butter	12,246 (48's)	..	12,246
	63 (60's)	..	63
Butterfat sales	629 (.78)	140	769
Purchases	61,614	37,366	98,980

Eggs.—Deliveries once a week on a zoned area basis was continued by merchants during the year. The *intake* of eggs through the Auckland floors was 2,997,122 dozen, a decrease of 8.92 per cent. over last year, when the intake of eggs received was 3,290,649 dozen.

During the flush period 90,095 dozen eggs were *chilled* and were placed on the market during April, May, and June. *Egg-pulp* manufactured locally was 396,200 lb.

Honey.—The honey-blending plant is run by the Auckland Branch, and, as mentioned earlier in this report, 178 tons were received.

Imported Fruits.—The supply of these fruits, bananas excepted, is almost sufficient to meet the demand. However, the elimination of dollar buying has made an even distribution of supplies throughout the year more difficult.

Storage.—During the apple season the store was used almost exclusively for the handling of apples and pears, but during the off season dry goods were stored on behalf of private firms.

Lemons.—The lemon-packing plants at Kerikeri, Tauranga, and Auckland are under the control of this Branch. During the period covered by this report 129½ tons of lemon-peel and 9,641 gallons of lemon-juice were processed.

Milk.—As from April, 1948, the Branch carried out certain duties on behalf of the Milk Division, including the checking of subsidy claims and vendors' records.

Pukekohe Processing Factory

Canning.—The factory processed 689,814, 16 oz. peas; 253,391, 30 oz. peas; 150,393, 16 oz. beans.

Casein.—On behalf of the associated casein companies, a total of 2,566 tons of green curd was dried, producing 1,127 tons of dried casein. The casein-factories are installing their own drying facilities, so that in future Pukekohe will handle only their surplus.

Storage.—As has been the case during the past few years, the factory stored *onions* during the season. This entailed sorting, casing, packing, cool storing, and dry storage of growers' onions. Altogether 32,500 bags and crates were handled. Approximately 60,000 cases of *apples* passed through the factory's cool stores. In addition, approximately 100 tons of *potatoes* were coolstored.

Pickled Onions.—During June and July the female staff at the factory were engaged in preparing 5,600, 22 oz. bottles of pickled onions.

Tomato Puree.—The factory also processed tomato puree under contract. Altogether 252,705, 16 oz. cans and 411,133, 22 oz. cans of this product were processed, packed, labelled and shipped.

HASTINGS

This year has been the busiest for the Branch since the end of the war, a record crop of apples and pears being handled. Although the assembly of apples and pears is the main function of the Branch, other activities recently undertaken and set out have materially increased the work performed.

Apples and Pears.—Receipts of apples and pears at the assembly depot amounted to 1,009,644 cases. The handling of this crop, which, together with an estimate of 20,000 cases still to come to hand, is a record, taxed the capacity of the assembly shed and cool stores. A total of 295,733 cases passed through the *cool stores*, and of this quantity the total wastage was 2,597 cases, equal to 0.25 per cent., or 4 cases out of every 1,000 handled.

Eggs.—The branch continued to supervise the activities of the local egg floor, 569,628 dozen eggs passing through the floor, as against 559,305 dozen last year. Since 1945 the number of eggs per year passing through this floor has increased by 98,198 dozen.

Agar Agar Seaweed.—Interest in the collection of this seaweed has been well maintained, and the quantity handled shows a marked increase over the previous year, 89 tons 18 cwt. being received, as against 36 tons 14 cwt. for the previous period.

Milk.—Supervision of the clerical work in connection with the milk treatment station at Napier was carried out by the Branch Accountant. In addition, the Branch's engineering staff assisted in carrying out repairs and minor improvements to the treatment station's plant.

Dry Storage.—As fruit occupied the storage floor for a longer period than usual, storage on behalf of local merchants was not on the same scale as last year. Nevertheless, some 253½ tons of goods were stored.

GISBORNE

Apples and Pears.—Once again the receipts of apples and pears by this Branch showed a marked increase, a total of 47,422 cases being received, as against 28,200 cases for the previous year. One of Gisborne's main functions is the *assembly* and *cool-storing* and distribution of these pip-fruits.

Lemons.—The lemon-packing shed, which is under the supervision of this Branch, recorded a large increase in receipts, 5,070 cases being received, as against 3,080 cases last year.

Eggs.—The quantities of eggs received at the local egg floor increased to 375,401 dozen, as against 336,564 dozen for the same period during the previous year.

Maize.—Being in the centre of the main maize-growing area of the country, the Branch takes an active interest in this product, the local Manager being Secretary of the Maize Marketing Committee.

Problems and inquiries relating to *agar agar seaweed*, *honey*, *potatoes*, and *citrus fruits* were also dealt with.

NELSON

Apples and Pears.—Dealing as it did with a record crop of 1,347,055 cases during the year, as against the previous record of 1,302,153 cases in 1941, this Branch experienced a very busy year. In handling this record crop the Branch was handicapped by the inadequacy of the storage and cool-storage space available in the Nelson district.

Eggs.—Receipts of eggs at the local egg floor were 61,158 dozen. This is a decrease of 34,842 dozen as against receipts for the previous year.

Milk.—By arrangement with the Nelson Milk Treatment Corporation, the Accountant of Nelson acts as Secretary to the Corporation, and all the secretarial, accounting, and stock-recording work is performed by the Nelson Branch.

DUNEDIN

Apples and Pears.—Although the crop in the Otago area was for the second year in succession severely damaged by frost, the receipts were well in excess of the previous year's receipts, 77,543 cases being received, as against 16,939 cases last year.

Eggs.—A steady and sustained increase was again recorded in the receipts of eggs through the local floors, a total of 1,428,050 dozen being received, as against 1,294,585 dozen for the same period last year.

Milk.—During the period under review this Branch has acted for the Milk Marketing Division in the Otago District.

Allocation of fertilizers and the supervision of imported fruits were also carried out.

CHRISTCHURCH

Produce Section.—Although the number of potato contracts made during the period under review was less than the previous year—869, as against 939—the total acreage was greater, being 8,287 acres, compared with 8,150 acres. The checking of the areas and contracts was carried out by Field Officers of the Branch, and it was estimated a further 1,200 to 1,500 acres were planted without contracts.

Contracts for onions were made for the last time, and indications are that the surplus will be very small, as 248 tons were purchased for dehydrating for the local market. This tonnage produced 33,192 lb. of processed onion flakes. Carrots were also dehydrated, 827,687 lb. yielding 57,750 lb. of the processed article, for the local market, and 303,730 lb. yielding 37,275 lb. for rabbit-destruction. Because of the factory operations, only limited space for storage was available. However, grain and seed were stored to the extent of 24,780 sacks; wool, 1,788 bales; oil in drums, 338; and general goods approximately 150 tons.

Apples and Pears.—Although the number of cases of these fruits received, 88,266 cases, was the largest since 1944, no difficulty was experienced in handling this crop in view of the excellent assembly facilities available at the Branch. The loss of two cool stores in Christchurch affected the cool storage of apples in the district materially, and this problem will not be alleviated until such time as adequate cool-storage space is available.

Eggs.—The production of eggs has this year increased considerably in the Canterbury area, the intake for the three licensed floors being 2,836,947 dozen, as against 2,581,909 dozen for the previous year, an increase of 255,038 dozen.

As the west coast of the South Island produces only 10 per cent. of local requirements, the bulk of its supplies are railed from the Ashburton area, a total of 149,116 dozen being forwarded during the year.

Imported Fruits.—The distribution and supervision of imported fruits for the district were also carried out.

Milk.—This Branch undertook work on behalf of the Milk Marketing Division. This work included checking of milk subsidy claims and general investigations of milk problems in the Canterbury and West Coast areas.

MARKETING DEPARTMENT INTERNAL MARKETING DIVISION

TRADING ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1948

<i>Dr.</i>		<i>Cr.</i>	
Stock, 1st October, 1947	£		£
Purchases	.. ..	202,026	.. ..
Wages, processing charges, storage, freight, and distribution	.. ..	2,390,275	.. ..
expenses	.. ..	278,885	.. ..
Gross profit	.. ..	43,841	.. ..
		<u>£2,915,027</u>	<u>£2,915,027</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1948

<i>Dr.</i>		<i>Cr.</i>	
Salaries, wages, and overtime	£		£
Advertising	.. ..	51,777	.. ..
Audit fees	.. ..	178	.. ..
Bank interest and exchange	.. ..	1,268	.. ..
Depreciation of assets	.. ..	774	.. ..
Expenses of Marketing Advisory Committees	.. ..	2,305	.. ..
Expenses of officers travelling overseas	.. ..	67	.. ..
General expenses	.. ..	474	.. ..
Insurance	.. ..	3,145	.. ..
Light, heat, and power	.. ..	617	.. ..
Maintenance of—		299	
Buildings	.. ..	449	
Furniture and fittings	.. ..	72	
Office machines	.. ..	177	
Plant	.. ..	633	
Motor expenses	.. ..	2,623	
Postages and telephone services	.. ..	5,417	
Printing and stationery	.. ..	1,811	
Public Service superannuation subsidy	.. ..	497	
Rent and rates	.. ..	2,362	
Transfer and removal expenses	.. ..	26	
Writings-off Reserve	.. ..	103	
Travelling allowances and expenses	.. ..	3,581	
Balance, to Profit and Loss Appropriation Account	.. ..	2,429	
		<u>£81,084</u>	<u>£81,084</u>

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

<i>Dr.</i>	£	<i>Cr.</i>	£
Balance forward from last year ..	113,065	Recovery from War Expenses Account of wartime losses on apples and pears ..	668,063
Provision for taxation ..	330,000	Net profit for year ended 30th September, 1948 ..	2,429
Balance forward to next year ..	227,427		
	<u>£670,492</u>		<u>£670,492</u>

BUTTER EQUALIZATION ACCOUNT FOR THE SEVEN MONTHS ENDED 30TH APRIL, 1948

<i>Dr.</i>	£	<i>Cr.</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—		Balance recoverable from the New Zealand Dairy Products Marketing Commission ..	44,284
Interest and insurance ..	1		
Reworking and defrosting ..	6		
Storing and freezing ..	56		
	<u>63</u>		
(b) Servicing-allowances to authorized distributors and patting depots ..	14,654		
(c) Grading fees ..	758		
Payments under section 11, Marketing Amendment Act, 1937—			
Agency and wharfage ..	25		
Freight and cartage ..	283		
Storing and freezing ..	1,299		
	<u>1,607</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 patting, &c.), and the amount paid for purchase at the f.o.b. guaranteed price as follows—

	£	£
Purchases at the guaranteed f.o.b. prices ..	458,462	
Plus stock on hand, 1st October, 1947		
(valued at f.o.b. guaranteed price) ..	4,524	462,986
Less—		
Sales at the regulated local and guaranteed price ..	61,865	
Stock (sold to, New Zealand Dairy Products Marketing Commission in July, 1948) ..	377,002	
		438,867
Administration expenses .. ..	..	24,119
Balance, representing surplus as at 31st July, 1942 ..	..	3,083
		664,296
		<u>£708,580</u>

NOTE.—Under the Butter and Cheese Marketing Regulations 1948, responsibility for the marketing of local butter was assumed by the New Zealand Dairy Products Marketing Commission on 1st May, 1948, and the above surplus was transferred to the Dairy Industry Account in October, 1948.

£708,580

HONEY SECTION
LOCAL AND EXPORT POOL ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	£	%	£
Stock on hand, 1st October, 1947—				
Local	2,165		.. .. .	10,317
Export	2		.. .. .	546
Honey purchases		2,167	Balance from last year	9,771
Administration expenses		18,527	Less profit on Australian Honey (erroneously included in Pool)	
Local Pool Account expenses—		2,819	Sales—	
Blending and packing	1,941		London	5,188
Freight and cartage	263		New Zealand	7,077
Export Pool Account expenses—		2,204	Sales second-hand tins and cases	12,265
London Depot	453		Stock on hand, 30th September, 1948—	53
Handling and freight	997		London	2
Selling-expenses	827		New Zealand	10,583
Expenses and allowances of Honey Control Board and Honey Marketing Committee		2,277		
Grants—		363		
National Beekeepers' Association	100			
Honey Suppliers' Association	100			
		200		
Balance forward to next year		4,117		
		<u>£32,674</u>		<u>£32,674</u>

HONEY SEALS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	£	%	£
Expenses of printing and franking	239		Balance from last year	22,054
Balance forward to next year	25,418		Levy under the Honey Marketing Regulations 1938	3,803
		<u>£25,657</u>		<u>£25,657</u>

APPLE AND PEAR SECTION

GROWERS' POOL ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1948

(In accordance with an agreement between the Minister of Marketing and the New Zealand Fruitgrowers' Federation, Ltd., dated 10th December, 1947)

<i>Dr.</i>		£	<i>Cr.</i>	£
Purchases .. ..	..	1,677,516	Balance brought forward ..	14,656
Assembly .. ..	..	44,802	Sales	2,093,994
Freight and cartage ..	..	225,861	Subsidy	20,000
Wharfage .. ..	..	22,640		
Cool storage .. ..	..	130,115		
Insurance .. ..	..	1,808		
Balance carried down ..	..	25,908		
		<u>£2,128,650</u>		<u>£2,128,650</u>
<i>Dr.</i>		£	<i>Cr.</i>	£
Advertising .. ..	..	1,054	Balance brought down ..	25,908
Advisory Committee expenses ..	..	1,244	Balance (owing to Marketing Department) ..	9,722
Audit fees .. ..	..	405		
Bank charges and exchange ..	..	813		
Cables, telegrams, and postages ..	..	2,512		
Printing and stationery .. ..	..	986		
Rent, light, and heat .. ..	..	1,519		
Salaries .. ..	..	23,240		
Travelling-expenses .. ..	..	2,882		
General expenses .. ..	..	975		
		<u>£35,630</u>		<u>£35,630</u>
<i>Dr.</i>		£	<i>Cr.</i>	£
Assistance to uneconomic orchards and compensation for hail and frost damage .. ..	..	15,147	Balance brought forward ..	56,862
Balance (held by Marketing Department) ..	..	41,715		
		<u>£56,862</u>		<u>£56,862</u>

I hereby 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.
 L. C. WEBB, Director.
 W. LAWSON, Accountant.

MARKETING DEPARTMENT—continued
MILK MARKETING DIVISION
Milk Treatment Stations

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST SEPTEMBER, 1946, TO 31ST MARCH, 1948

<i>Dr.</i>	<i>Cr.</i>		
Loss, including interest and depreciation incurred in operating milk-treatment stations at—	£	£	£
Dunedin	9,083		
Timaru	1,743		195
Napier	6,105		105
Blenheim	6,612		
Palmerston North	1,689		
Nelson	3,916		
			300
			36,724
Interest on capital invested in Auckland Milk-treatment Station operated by Auckland Milk-treatment Corporation on behalf of the Department	4,207		
Interest on capital invested at Whangarei pending purchase by Whangarei Borough Council	933		
Interest on capital equipment at other milk-treatment stations	968		
		6,108	
Loss on realization of assets—			
Dunedin : Horses and carts	242		
Palmerston North : Motor-vehicles	220		
		462	
Less surplus on realization of assets—Dunedin : Motor-vehicles	145	317	
		1,451	
Provision for bad and doubtful debts			
		£37,024	

NOTES.—(1) Administration expenses of the Division have been borne by Consolidated Fund and are not included in the Profit and Loss Account; (2) this account does not reflect results of operation of the Nelson Milk-treatment Corporation or Auckland Milk-treatment Corporation, which assumed responsibility for management on 1st September, 1947, and 1st April, 1947, respectively.

The following reports and accounts are appended to this Department's annual report :

- (1) *Meat*.—The administration of the day-to-day export marketing of meat is now vested in the New Zealand Meat Producers' Board. The Meat Industry Account, however, is still administered by Marketing.
- (2) *Tallow*. The administration of tallow has also been transferred to the New Zealand Meat Producers' Board, with a similar arrangement to meat, for the Industry Account.
- (3) *Sheep and Lamb Pelts*.—The Sheep-skin Emergency Regulations 1947 and the Pickled Sheep and Lamb Pelt Emergency Regulations 1947 have now been placed under the Economic Stabilization Act, 1948.
- (4) *Hides*.—Administered by the Hides Committee.

ACKNOWLEDGMENT

On behalf of the Minister of Marketing, I take this opportunity of recording the Government's appreciation of the co-operation and assistance given by the Dairy Products Marketing Commission and the New Zealand Meat Producers' Board, together with the respective staffs of both organizations, in effecting a smooth transfer in the reallocation of functions previously vested in the Marketing Department (Export Division).

MEAT

LONG-TERM CONTRACTS, 1944-48, BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR PURCHASE OF THE EXPORTABLE SURPLUS OF MEAT FOR THE PRODUCTION PERIOD 1ST OCTOBER, 1944, TO 30TH SEPTEMBER, 1948, AND ITS EXTENSION TO 30TH SEPTEMBER, 1950. FOLLOWING NEGOTIATIONS HELD IN LONDON IN JULY, 1948, THE CONTRACT PERIOD WAS FURTHER EXTENDED TO SEPTEMBER, 1955, EXCEPT IN THE CASE OF PIG-MEATS, WHERE THE PERIOD WAS EXTENDED TO 1952.

The outstanding feature of the agreement is the fact that the United Kingdom Government has agreed to purchase all the Dominion's exportable surplus of meat for a period of seven years from the end of last season, with the exception of pig-meats, where the term is for four years.

The basis of this season's prices represents an increase of 76 per cent. for pig-meats and 70 per cent. for all other meats over the original 1939-40 sterling contract prices. Prices are subject to annual review, with a maximum variation up or down of 7½ per cent. in any one year. The contract terms for the various items are as follows :—

Pig-meat.—The United Kingdom to purchase New Zealand's exportable surplus of pig-meat up to 30th September, 1952.

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

Boning of Beef.—All beef normally shipped as quarter beef must now be shipped bone-in.

Canning. (1) *Beef*: It was agreed to purchase the same quantity of canned corned beef in 1948 as in 1947, at the same price as that paid to Australia.

(2) *Tongues*: The Ministry of Food's preference is for frozen tongues, and they desire that the canning of tongues be kept to a minimum.

The fat-stock schedule and f.o.b. prices for the 1947-48 season were quoted in the last report of Export Division of the Marketing Department at pages 28, 29, 30, and 31.

PURCHASE AND SALE PROCEDURE AND PRICES PAID FOR 1947-48 SEASON'S MEAT PURCHASED BY MARKETING DEPARTMENT FOR EXPORT

The arrangements regarding the purchase and sale procedure were the same as those operating during the previous season.

EXPORTS TO COUNTRIES OTHER THAN THE UNITED KINGDOM

The exports to countries other than the United Kingdom were continued on the same basis as the previous year.

SURVEY OF SEASON

The killings of meat returned to the Department during the 1947-48 season as available for export totalled 347,036 tons. Average weights of lamb and mutton for the three seasons 1945-46, 1946-47, and 1947-48 are as follows:—

	North Island.			South Island.			Dominion.		
	1945-46.	1946-47.	1947-48.	1945-46.	1946-47.	1947-48.	1945-46.	1946-47.	1947-48.
	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.
Lambs ..	31·39	35·15	33·4	34·61	35·58	34·9	32·81	35·35	34·1
Wethers ..	54·32	60·18	59·6	49·67	52·41	51·1	53·86	59·42	58·8
Ewes ..	52·51	57·23	56·9	52·83	54·01	55·1	52·61	56·05	56·2

Details of killings for export month by month throughout the season, with the 1946-47 season's totals for comparison, are shown in the following table:—

Frozen Meat Killings for Export, Season 1947-48

	Lamb.	Wether Mutton.	Ewe Mutton.	Quarter Beef.	Veal.	Boneless Bobby Veal.	Boneless Bull Beef.	Boneless Cow and Ox Beef.	Baconers.	Porkers.	Choppers.	Edible Offal.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1947													
October ..	22	123	169	285	1	1,078	179	253	673	45	32	258	3,118
November ..	5,639	972	627	829	3	465	305	295	1,025	63	26	413	10,662
December ..	26,749	1,247	1,437	1,212	5	129	370	254	1,409	60	16	1,143	34,031
1948													
January ..	47,576	2,107	6,640	3,331	7	72	576	314	2,039	190	43	2,066	64,961
February ..	31,341	3,129	15,376	6,507	34	46	921	794	1,433	493	40	1,949	62,064
March ..	30,725	4,369	14,771	11,636	120	41	765	1,356	1,452	1,296	29	2,411	68,970
April ..	20,535	1,466	6,703	11,617	241	54	752	2,260	728	1,053	10	1,698	47,117
May ..	12,477	797	3,086	8,449	210	59	531	1,975	245	640	14	1,105	29,588
June ..	6,282	429	1,419	4,843	81	119	356	1,082	39	96	..	651	15,397
July ..	546	66	242	814	7	1,216	110	311	26	32	2	360	3,732
August ..	65	15	46	230	4	2,883	43	104	8	29	..	441	3,868
September ..	18	12	32	396	2	2,150	87	99	148	215	..	369	3,528
Totals ..	181,975	14,732	50,548	50,149	715	8,312	4,995	9,097	9,225	4,212	212	12,864	347,036
1946-47 season	179,908	20,358	57,213	50,728	544	7,469	5,124	9,121	7,769	3,736	245	12,609	354,824

SHIPPING AND STORAGE

Frozen-meat shipments to the United Kingdom Ministry of Food were a record for any season's exports to the United Kingdom. The following table shows particulars month by month during the twelve months ended 30th September, 1948, and the totals for each of the previous five years, together with the canned-meat exports and the over-all distribution of both frozen and canned meats:—

Record of Frozen-meat Shipments to United Kingdom Ministry of Food (during Each Twelve Months Ending 30th September)

—	Lamb.	Mutton.	Beef.	Boneless Beef.	Boneless Veal.	Pork.	Offal.
	Carcasses.	Carcasses.	Quarters.	Bags.	Bags.	Carcasses.	Packages.
October ..	860,095	303,740	112,838	24,223	11,344	19,192	33,589
November ..	506,395	141,615	130,159	33,473	42,502	13,334	17,198
December ..	527,266	183,466	72,158	21,307	98,272	13,902	36,180
January ..	792,682	33,003	21,958	9,295	8,738	15,910	26,040
February ..	1,651,172	145,224	27,630	11,702	7,259	7,302	55,679
March ..	1,421,847	361,870	58,178	25,784	5,717	32,941	78,899
April ..	1,032,744	344,365	129,922	31,718	660	14,468	48,789
May ..	1,307,353	338,702	112,436	24,670	994	16,313	51,731
June ..	1,104,183	271,963	116,216	26,912	919	21,098	50,106
July ..	1,186,863	198,340	66,976	19,600	..	13,781	41,107
August ..	877,261	293,492	74,901	30,054	1,840	6,108	21,130
September ..	1,261,351	362,191	141,704	34,243	22,927	22,503	19,374
Totals ..	12,529,212	2,977,971	1,065,076	292,981	201,172	199,752	479,822

—	Lamb.	Mutton.	Quarter Beef.	Boneless Beef.	Boneless Veal.	Pork.	Offal.	Total.	Total F.C.S.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	
October ..	13,561	7,542	5,460	1,008	473	903	683	29,630	1,106,161
November ..	8,063	3,640	6,688	1,254	1,707	723	512	22,587	843,254
December ..	8,307	4,520	3,529	842	3,897	886	988	22,969	857,475
January ..	12,441	907	1,117	417	288	994	626	16,790	626,888
February ..	25,583	3,631	1,505	177	486	432	1,297	33,111	1,236,133
March ..	21,624	9,394	3,587	1,088	279	1,924	2,005	39,901	1,489,643
April ..	15,466	8,876	7,819	1,271	28	750	1,242	35,452	1,323,551
May ..	19,770	8,388	6,553	1,012	42	755	1,255	37,775	1,410,249
June ..	16,541	6,703	6,589	1,094	38	896	1,242	33,103	1,235,814
July ..	18,204	4,797	3,737	676	..	626	1,065	29,105	1,086,581
August ..	13,169	7,192	4,044	1,244	96	252	516	26,513	989,774
September ..	19,179	8,685	7,577	1,317	899	1,251	375	39,483	1,474,050
	191,908	74,275	58,205	11,400	8,233	10,392	12,006	366,419	13,679,573
Total tonnage ..	175,278	73,148	39,795	12,536	5,563	6,817	11,126	324,263	..
1946-47 ..	156,894	70,523	46,574	12,801	6,624	13,351	11,702	318,469	..
1944-45 ..	171,203	76,111	7,747	4,527	7,747	3,278	6,936	277,549	..
1943-44 ..	141,553	57,334	2,316	266	4,036	948	6,164	212,617	..
1942-43 ..	155,159	22,640	22,815	2,248	5,579	728	8,474	217,632	..

CANNED MEATS

—	Corned Beef.	Corned Mutton.	Ox Tongue.	Sheep/Lamb Tongue.	Calf Tongue.	Pig Tongue.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
October ..	369	..	49	42	106	..	566
November ..	173	..	7	105	23	..	308
December ..	69	..	..	..	..	..	69
January ..	336	..	12	43	9	1	401
February ..	169	..	23	..	29	..	221
March ..	..	..	14	..	..	..	14
April ..	160	9	..	74	..	..	243
May ..	231	27	..	..	..	..	258
June ..	277	..	..	58	51	..	386
July ..	609	..	..	203	11	..	823
August ..	129	..	..	32	..	..	161
September ..	221	..	11	196	..	..	428
Totals ..	2,743	36	116	753	229	1	3,878

DISTRIBUTION

	London.	Avon.	Liverpool.	Glasgow.	Hull.	Cardiff.	Jamaica.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Frozen ..	203,019	27,360	85,782	23,584	10,409	16,205	60	366,419
Canned ..	2,193	571	649	24	154	287	..	3,878
Totals ..	205,212	27,931	86,431	23,608	10,563	16,492	60	370,297

IMPORTS OF MEAT INTO THE UNITED KINGDOM

A summary of meat imports into the United Kingdom for the year ended 31st December, 1948, shows that for the first time New Zealand supplied a greater tonnage of meat than any other country.

The following table illustrates the gap between 1938 imports and the 1948 figure :—

Country	Year Ended 31st December.	
	1938.	1948.
	Cwt.	Cwt.
Eire	808,826	357,718
India, Pakistan. &c. .. .	3	20,618
Australia	4,888,598	3,818,762
New Zealand	5,488,747	7,303,347
Canada	1,606,724	2,437,700
Other British countries .. .	140,470	191,589
Sweden	255,207	43,059
Iceland	35,210	13,230
Denmark	3,476,298	731,271
Poland	556,171	269,149
Netherlands	553,714	141,500
Hungary	188,875	140,753
Yugoslavia	56,361	..
United States of America .. .	729,809	6,854
Chile	202,685	209,494
Brazil	724,028	64,739
Uruguay	1,122,636	434,702
Argentine Republic	9,644,568	6,193,242
Paraguay	30,092	97,850
Other Foreign countries .. .	454,120	72,854
Totals	30,963,142	22,548,431
New Zealand percentage	17·7	32·3

It will be noted that New Zealand has now reached the position of being the main exporter of meat to the United Kingdom.

TALLOW

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

A contract was completed between the United Kingdom and the New Zealand Governments for the purchase by the United Kingdom Ministry of Food of the exportable surplus, and details of the prices payable were published in the last report of Marketing Department (Export Division) at page 39. For the period ended 30th September, 1948, 30,962 tons were exported. Of this total, 29,860 tons went to the United Kingdom. In addition, 1,047 tons went to India and 55 tons to Fiji.

The prices payable for the 1948-49 season's surplus have also been negotiated, and represent an increase over the previous year of approximately 10 per cent. The following table sets out the purchase and sales prices of the various grades of tallow purchased for export to the United Kingdom.

Grade.	Purchase-price Per Ton, f.o.b. New Zealand.		United Kingdom Government. Purchase-price Per Ton, f.o.b. New Zealand : Casks and Drums.	
	Casks	Barrels.	Drums.	
	£	s. d.	£	s. d.
First beef	48	0 0	45	10 0
First mutton	45	0 0	42	10 0
Good bright prime, mixed ..	39	0 0	36	10 0
Good colour, mixed ..	38	0 0	35	10 0
Fair to good colour, mixed ..	37	0 0	34	10 0
Fair colour, mixed ..	35	0 0	32	10 0
Good gut	33	0 0	30	10 0
Medium gut	31	0 0	28	10 0
Low and no colour gut ..	25	0 0	22	10 0
Stearine, superior	51	0 0	48	10 0
Stearine, medium	44	0 0	41	10 0
Lard, edible	80	0 0	77	10 0
Edible mixed tallow ..	43	0 0	40	10 0
Hog grease/pig fat L.S.R.—				
F.F.A. under 1 per cent. ..	51	0 0	48	10 0
F.F.A. 1 per cent. to 2 per cent. ..	49	0 0	46	10 0
F.F.A. 2 per cent. to 3 per cent. ..	46	0 0	43	10 0
F.F.A. 3 per cent. to 4 per cent. ..	44	0 0	41	10 0
F.F.A. 4 per cent. to 5 per cent. ..	42	0 0	39	10 0
F.F.A. 5 per cent. to 6 per cent. ..	40	0 0	37	10 0
F.F.A. 6 per cent. to 7 per cent. ..	37	0 0	34	10 0
F.F.A. 7 per cent. to 8 per cent. ..	35	0 0	32	10 0
F.F.A. 8 per cent. to 9 per cent. ..	33	0 0	30	10 0
F.F.A. 9 per cent. to 10 per cent. ..	31	0 0	28	10 0
Hide grease, good colour—				
F.F.A. under 1 per cent. ..	35	0 0	32	10 0
F.F.A. 1 per cent. to 15 per cent. ..	33	0 0	30	10 0
Over 15 per cent. ..	32	0 0	29	10 0
				The above plus 5s. per ton for barrels.

SHEEP AND LAMB PELTS

The Pelt Regulations have been re-enacted and provide for a continuation of the sale of pelts by public auction under the control of the Pelt Controller, Mr. J. J. Evans.

The following table gives full details of the disposition of the 1947-48 season's pelts :—

Sales of Pickled Pelts, 1947-48 Season

Method of Disposal.	Sheep.			Lambs.			Total Value.	Destination.
	Number of Dozen.	Value.	Average per Dozen.	Number of Dozen.	Value.	Average per Dozen.		
		£	s. d.		£	s. d.	£	
Auction ..	114,959 ⁴ / ₁₂	560,589	99 1	626,298 ² / ₁₂	2,006,577	66 11	2,666,166	U.S.A.
Auction ..	91,454 ³ / ₁₂	506,046	110 8	292,479 ⁶ / ₁₂	1,005,701	68 9	1,511,747	U.K.
Auction ..	4,852 ⁶ / ₁₂	28,578	117 9	16,528 ⁷ / ₁₂	58,537	70 10	87,115	Sweden.
Auction ..	20,237 ¹ / ₁₂	123,399	121 11	13,165 ³ / ₁₂	40,561	61 7	163,960	Belgium.
Auction ..	3,775 ⁷ / ₁₂	25,470	134 11	5,135 ⁶ / ₁₂	22,907	89 3	48,377	France.
Auction ..	724 ³ / ₁₂	2,440	67 5	17,764 ⁵ / ₁₂	47,766	53 9	50,206	Australia.
Auction ..	7,460 ⁹ / ₁₂	43,483	116 7	6,906 ⁶ / ₁₂	21,991	63 8	65,474	Holland.
Auction ..	3,509 ⁶ / ₁₂	15,747	89 9	4,145 ¹ / ₁₂	11,783	56 10	11,783	Denmark.
Auction ..	143	71	100 0	3,996 ³ / ₁₂	5,675	28 5	5,746	Canada.
Totals—								
Auction	247,116 ⁵ / ₁₂	1,314,823	106 5	986,482 ⁷ / ₁₂	3,311,523	67 2	4,626,346	..
Allocated to local tanners	32,844 ² / ₁₂	72,222	44 0	15,517 ⁶ / ₁₂	24,812	32 0	97,034	Local tanners.
	279,960 ⁷ / ₁₂	1,387,045	99 1	1,002,000 ¹ / ₁₂	3,336,335	66 7	4,723,380	..

Of the total realizations of £4,723,380, £2,274,814 was paid to vendors or producers and £2,448,566 credited to Meat Industry Stabilization Account.

From the results of the first four sales of this season there is every reason to believe that we have seen the last of the strong sellers' market which we have enjoyed for some time. Prices have receded considerably on those of the previous season, the percentage recession being more marked in the case of lamb pelts, which comprise the bulk of our offerings. Demand from the United States of America, our chief market in previous seasons, has been dulled by the drop in commodity prices recently experienced in that country, and other buyers' limits have also been restricted.

Surplus proceeds to be credited to the Meat Industry Account this season will, by comparison with previous years, be negligible.

The following table shows the average prices per dozen realized for the first four sales, and with last season's figures in parentheses :—

Auction Sales

Description.			First.		Second.		Third.		Fourth.	
			s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Sheep ..	..	..	80 1	(134 8)	92 3	(128 3)	78 1	(106 2)	76 6	(107 10)
Lambs ..	..	..	46 0	(87 6)	45 5	(65 8)	39 1	(57 9)	43 10	(68 6)

The four sales realized a total of £2,538,185, of which £2,418,597 was paid to producers through the fat stock schedule price and the balance of £119,588 to Meat Industry Account.

Pelt values used in assessing this year's schedule prices are set out below, with those of last season in parentheses :—

Works or Freezing-works.	Amounts to be Paid to Vendors of Pelts.			
	Lambs (Per Dozen).		Sheep (Per Dozen).	
	s. d.	s. d.	s. d.	s. d.
Wairoa, Kaiti, Tokomaru Bay	42 1	(29 7)	61 2	(48 8)
Moerewa, Southdown, Horotiu				
Westfield, Hellabys, Waitara				
Patea, Imlay, Feilding, Longburn	44 4	(31 10)	64 2	(51 8)
Ngahauranga, Petone, Waingawa				
Whakatu, Tomoana				
Pieton, Nelson, Kaiapoi				
Belfast (C.F.M.), Belfast (T.B.S.)				
Islington, Fairfield, Pareora	44 9	(32 3)	54 0	(41 6)
Balclutha, Makarewa, Gore (Wallis)				
Ocean Beach				

WOOLLY SHEEP-SKINS

The regulations governing the sale of woolly sheep-skins continue in force under the control of the Sheep-skin Committee, consisting of one representative each of the Meat and Wool Boards and one representative of the Government.

HIDES

REPORT OF HIDES COMMITTEE ON OPERATIONS FOR YEAR ENDED 31ST MARCH, 1948

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

I have pleasure in submitting the eighth annual report and statement of the Equalization Fund for the year 1st April, 1947, to 31st March, 1948 :—

Export Levy.—The following fluctuations to the export levy occurred during the past twelve months :—

Effective as from	Ox A/W.	Cow A/W.	Bull A/W.	Ylg. A/W.	Calf A/W.	
1/4/47	16	16	10	17	26	
22/4/47	15	15	9	17	26	
8/5/47	14	14	8	16	25	
1/6/47	11	11	7	15	25	
		40Up.	U/40.			Fmsr. Ox and Cow.
17/11/47	13	13	15	20	35	11
1/12/47	13	13	19	20	35	11
1/2/48	16	16	19	27	45	11
8/3/48	13½	13½	16½	21	30	6

Towards the end of 1947 overseas buyers were paying a premium for light-weight cow-hides, and as the percentage of under 40 lb. hides offered for sale was considerably in excess of the heavier weights, the over-all levy basis was altered on 17th November, 1947, as shown above.

Minimum Floor Prices.—During the first quarter of 1947 the over-all levy operative on all grades of ox and cow hides brought about a return on the lower-grade hides to a figure below that which the Government considered the producer was entitled to under stabilization.

A sub-committee was appointed to meet the Economic Stabilization Commission to discuss the following points :—

- (1) That the present arrangements are not achieving the purpose for which the Hides Regulations were drawn up ; and
- (2) That overseas markets are getting weaker every day, making the levy system difficult to operate to conform to stabilization ; and
- (3) That the existing Regulations are not the basis of the present operations, therefore the Hides Committee recommends to the Minister of Marketing a complete revision of the regulations to conform to present requirements.

Arising out of the subsequent meeting the suggested scheme of minimum floor prices for abattoir, country butcher, and farmers' hides was agreed to, subject to the approval of the Minister of Marketing.

The following letter was received from the Acting Director of Stabilization :—

"Hides Equalization Fund"

" I have to advise that Government has approved of—

" (a) The Hides Committee being given discretion to fix ' floor ' prices for all classes of hides covered by the Hides Emergency Regulations 1940 (No. 2) which will have regard to the prices paid for hides during the six months ended 30th June, 1946 ; and

" (b) The Hides Committee being authorized to make payments from the Hides Equalization Fund to the seller of hides to bring his return up to the ' floor ' prices in cases where the tender or auction price is below the ' floor ' price.

" The necessary amendments to the regulations will be made at the first available opportunity."

The schedule below sets out the minimum return to the producer on all classes of hides, including freezers, which are covered by the meat export schedule. Operative as from 15th May, 1947 :—

Range.	Freezers f.o.b.		Abattoirs' Loose.		Country Butchers' Loose.		Farmers' Loose.		
	1st.	2nd.	1st.	2nd.	1st.	2nd.	1st.	2nd.	3rd.
Ox—									
70/up	10 $\frac{1}{4}$	9 $\frac{3}{4}$	10	9 $\frac{1}{2}$	9	8 $\frac{1}{2}$	7 $\frac{3}{4}$	6 $\frac{3}{4}$	5 $\frac{3}{4}$
59/69	10 $\frac{1}{4}$	9 $\frac{3}{4}$	10	9 $\frac{1}{2}$	9	8 $\frac{1}{2}$	7 $\frac{3}{4}$	6 $\frac{3}{4}$	5 $\frac{3}{4}$
53/58	10 $\frac{1}{4}$	9 $\frac{3}{4}$	10	9 $\frac{1}{2}$	9	8 $\frac{1}{2}$	7 $\frac{3}{4}$	6 $\frac{3}{4}$	5 $\frac{3}{4}$
45/52	10 $\frac{1}{4}$	9 $\frac{3}{4}$	10	9 $\frac{1}{2}$	9	8 $\frac{1}{2}$	7 $\frac{3}{4}$	6 $\frac{3}{4}$	5 $\frac{3}{4}$
UN/45 .. ..	..	..	..	..	..	..	..	..	..
Cow—									
51/up	10	9 $\frac{1}{2}$	9 $\frac{3}{4}$	9 $\frac{1}{4}$	8 $\frac{3}{4}$	8 $\frac{1}{4}$	7 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$
40/50	10	9 $\frac{1}{2}$	9 $\frac{3}{4}$	9 $\frac{1}{4}$	8 $\frac{3}{4}$	8 $\frac{1}{4}$	7 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$
30/39	10	9 $\frac{1}{2}$	9 $\frac{3}{4}$	9 $\frac{1}{4}$	8 $\frac{3}{4}$	8 $\frac{1}{4}$	7 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$
UN/30	10	9 $\frac{1}{2}$	9 $\frac{3}{4}$	9 $\frac{1}{4}$	8 $\frac{3}{4}$	8 $\frac{1}{4}$	7 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$
Bull—									
A/W	7	6 $\frac{1}{2}$	6	5 $\frac{1}{2}$	5	4 $\frac{1}{2}$	4	3	2
Yearlings—									
25/30	12	11 $\frac{1}{2}$	11	10 $\frac{1}{2}$	10	9 $\frac{1}{2}$	8	7	6
17/24	13	12 $\frac{1}{2}$	12	11 $\frac{1}{2}$	11	10 $\frac{1}{2}$	9	8	7
9/16	14	13 $\frac{1}{2}$	13	12 $\frac{1}{2}$	12	11 $\frac{1}{2}$	10	9	8

Statistics.—Hides " freed for export " during the year, and the estimated levy recoverable, were as follows :—

Ox.	Cow.	Bull.	Yearlings.	Calf.	Levy.
119,792	278,039	27,387	15,922	42,728	£969,500

The following table shows :—

- (1) The number of hides claimed by the tanners.
- (2) The number of hides " freed for export " under the Hides Emergency Regulations 1940 (No. 2) during the year 1st April, 1947, to 31st March, 1948.

	1947-48.	Ox.	Cow.	Bull.	Yearling.	Calf.
Tanners	112,785	244,997	1,552	28,650	22,369	
Export	119,792	278,039	27,387	15,922	42,728	
Totals	232,577	523,036	28,939	44,572	65,097	

As compared with the previous year :—

	1946-47.	Ox.	Cow.	Bull.	Yearling.	Calf.
Tanners	133,535	254,791	2,265	38,309	31,871	
Export	60,886	274,588	32,254	24,386	38,135	
Totals	194,421	529,379	34,519	62,695	70,006	

Financial Report.—This is set out in detail in Schedule A and, based on the number of hides handled in terms of the regulation, the administration cost is 0.39d. per hide.

The overdraft of £110,367 10s. 8d. as at 31st March, 1947, has now become a credit balance at the Bank of New Zealand amounting to £674,565 13s. 3d., with a further £200,000 of estimated levy on hides " freed for export " prior to 31st March, 1948, still to be received.

The Customs Department have received as revenue the following commission for the collection of export levy on hides :—

Year.	£	s.	d.	Year.	£	s.	d.
1941	342	15	4	1945	1,233	14	10
1942	1,142	6	1	1946	1,627	7	5
1943	2,027	17	6	1947	2,394	15	0
1944	1,727	15	5	1948	10,666	17	9

The rate of commission charged as from the inception of the Hides Scheme in 1940 to August, 1946, was 2 per cent., and since that date the rate has been on the basis of 1 per cent.

During the year Mr. W. V. Watson retired as President of the New Zealand Hide and Skin Buyers' and Exporters' Association, and his resignation as a member of the Committee was accepted with regret. Mr. Watson, who was a foundation member of the Committee, rendered excellent service not only during the formulation of the scheme, but also during the early stages and right up to his retirement in October, 1947. The thanks of all parties connected with the Hides Equalization Scheme are due to Mr. Watson.

Mr. L. M. Wallace, of Messrs. Wm. Haughton and Co. Pty., Ltd., was appointed to succeed Mr. Watson as a member of the Committee.

Obituary.—I regret to report the death of Mr. S. L. Wright, who died on the 20th March, 1948. I would like to place on record my appreciation of the great service rendered by the late Mr. Wright to the Equalization Scheme, which would not have functioned nearly so smoothly in its early stages but for his great knowledge and helpfulness, which were always at the disposal of the Committee. I cannot express adequately the regret which the Committee felt at Mr. Wright's untimely passing, and I feel sure that they will agree with me that no praise could be too high for the efforts which Mr. Wright made to ensure the successful functioning of the scheme.

General.—I desire to again express my thanks to the members of the Committee, Government Departments concerned, and to all sections of the trade for their willing assistance at all times.

On the eve of my retirement as Chairman of the Committee I wish particularly to express my own personal appreciation of the work of the Secretary, Mr. H. G. Andrews. The inauguration of the scheme of minimum floor prices has resulted in additional duties which have been carried out with conspicuous ability.

The Committee is indebted to Mr. Andrews for his continued help and assistance during another most difficult year.

A. P. O'SHEA, Chairman.

SCHEDULE A—HIDES EQUALIZATION FUND AS AT 31ST MARCH, 1948

<i>Receipts</i>			<i>Payments</i>		
	£	s. d.		£	s. d.
Levy on hides ..	1,070,192	0 4	Overdraft at Bank of New Zealand, 1st April, 1947 ..	110,367	10 11
Less cost of collection ..	10,666	17 9	Claims paid to freezing companies, tanners, and brokers ..	281,214	0 5
Levy on leather ..			Interest on overdraft ..	1,174	7 0
			Expenses—		
			Salaries ..	1,043	13 9
			Rent and telephones ..	66	11 8
			Telegrams, stamps, and petty expenses ..	67	10 6
			London cables ..	33	2 7
			Stationery ..	49	6 10
			Typewriter ..	71	10 0
			Audit fee ..	20	0 0
			Bank fee and cheque-book ..	4	10 0
			Travelling-expenses ..	73	3 0
			Bureau fees ..	24	0 10
				1,453	9 2
			Bank balance as at 31st March, 1948 ..	674,565	13 3
				£1,068,775	1 1

ESTIMATED POSITION WHEN ALL HIDES "FREED FOR EXPORT" TO 31ST MARCH, 1948, HAVE BEEN SHIPPED

	£	s. d.		£	s. d.
Credit balance as above ..	674,565	13 3	Claims unpaid at 31st March, 1948 ..	22,565	13 3
Outstanding levy at 31st March, 1948 ..	200,000	0 0	Estimated credit balance ..	852,000	0 6
	£874,565	13 3		£874,565	13 3

MARKETING DEPARTMENT EXPORT DIVISION

Meat Industry Account

ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE PERIOD 1ST AUGUST, 1947, TO 30TH APRIL, 1948

NOTE.—Since 30th April, 1948, the New Zealand Meat-producers Board, acting on behalf of the Marketing Department, has carried out certain functions previously performed by that Department, and has borne the administration and general expenses relating to those functions.

Dr.	£	Cr.	£
Salaries	5,900	Allowance for administration on sales of 1946-47 season's meat after 31st July, 1947	27,913
Office rent, maintenance, cleaning, telephones, and sundry expenses	1,201	Allowance for administration on sales of 1947-48 season's meat up to 30th April, 1948	28,635
Postages, cables, printing and stationery	598	Allowance for administration on sales of bobby veal up to 30th April, 1948	1,851
Travelling-expenses	63		
Shipping inspection and refrigeration supervision	1,125		
Audit fees	316		
Depreciation (office and departmental equipment)	121		
Payment to New Zealand Meat-producers Board in lieu of levy for nine months ended 30th April, 1948 (section 42 (3), Statutes Amendment Act, 1947)	30,000		
Exchange on remittances	2,468		
Subsidy, Public Service Superannuation Fund	40		
Balance to Meat Account	16,567		
	<u>458,399</u>		<u>458,399</u>

FINAL PURCHASE AND SALE ACCOUNT, 1946-47 SEASON'S KILLINGS

Dr.	£	£	Cr.	£	£
Stock on hand and loadings not departed at 31st July, 1947	8,711,036		Sales: Shipments to United Kingdom after 31st July, 1947—		
Less preserved meat transferred to 1947-48	64,645		Lamb	5,794,621	
Purchase and Sale Account			Wether mutton	427,396	
			Ewe mutton	1,019,086	
			Beef and veal	1,750,228	
			Boner bull beef	107,053	
			Boner cow beef	182,586	
			Pig-meat	415,270	
			Offals	310,632	
Less meat withdrawn from stock for local use	306,581	8,339,810			10,006,872
Purchases after 31st July, 1947—					
Lamb	26,977				
Wether mutton	8,486				
Ewe mutton	14,813				
Beef and veal	35,296				
Boner bull beef	6,195				
Boner cow beef	18,898				
Pig-meat	19,262				
Offals	15,613	145,540			
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on sales of £7,443,470), carried to Administration and General Expenses Account		27,913			
Transfer to Meat Industry Stabilization Account—					
Proceeds of increases in sale-prices of meat after 15th December, 1942	2,563,402				
Less amount of increases in purchase-prices of meat after 15th December, 1942	1,524,201	1,039,201			
Surplus on transactions after 31st July, 1947, carried to Meat Pool Account		454,408			
		<u>£10,006,872</u>			<u>£10,006,872</u>

MEAT POOL ACCOUNT FROM 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	<i>Cr.</i>	£
Insurance on frozen and preserved meat	11,379	Balance as at 31st July, 1947	11,162,172
Refund to War Expenses Account in respect of amounts charged to that account for supplies to the United States Joint Purchasing Board in 1943, 1944, and 1945—		Surplus on 1946–47 season's killings sold after 31st July, 1947	454,408
Expenses for which Meat Industry Account £		Surplus on 1947–48 season's killings sold up to 30th September, 1948	1,130,094
received an additional 4d. a pound	570,905	Surplus on tallow sales	338,635
Portion of profit on vegetable content of meat and		Kakariki Freezing-works (being surplus on transactions)	3,577
vegetable rations credited to Meat Pool Account	72,574	Interest	515,193
		Payment by Ministry of Food for storage on stocks in store beyond agreed period	32,877
Balance, being surplus to 30th September, 1948	12,982,098		
	<u>£13,636,956</u>		<u>£13,636,956</u>

<i>Dr.</i>	£	<i>Cr.</i>	£
Payment to War Expenses Account (section 19, Finance Act (No. 2), 1942)	43,486	Balance as at 31st July, 1947	26,919
		Surplus from Administration and General Expenses Account to 30th April, 1948	16,567
	<u>£43,486</u>		<u>£43,486</u>

MARKETING DEPARTMENT—continued

EXPORT DIVISION—continued

Meat Industry Account—continued

MEAT INDUSTRY STABILIZATION ACCOUNT: TRANSACTIONS DURING THE PERIOD 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	<i>Cr.</i>	£
Background advertising in United Kingdom	..	Balance as at 31st July, 1947	..
Subsidies on fertilizers and stock-food	..	Transfer from 1946-47 Purchase and Sale Account—	..
Freezing-costs subsidy (being additional costs due to forty-hour week, 1946-47 season)	..	Proceeds of increases in sale-prices of meat	2,563,402
Refund to War Expenses Account in respect of amounts charged to that account for supplies to the United States	..	Less amount of increases in purchase-prices of meat after 15th December, 1942	..
Joint Purchasing Board in 1943, 1944, and 1945: Portion of profit on vegetable content of meat and vegetable rations credited to Meat Industry Stabilization Account	..	1,524,201	1,039,201
Preserved meat: Adjustment of price by Ministry of Food in respect of 1945-46 season's preserved meat	..	Transfer from Tallow Purchase and Sale Account—	..
Grant to National Pig Industry Council for administration expenses	..	Proceeds of increases in sale-price of tallow after 15th December, 1942	2,811,835
Transfer to 1947-48 Purchase and Sale Account—	..	Less amount of increases in purchase-prices of tallow after 15th December, 1942	..
Amount of increases in purchase prices of meat after 15th December, 1942	£	612,026	2,199,809
Less proceeds of increases in sale-prices of meat after 15th December, 1942	5,784,668	Pickled pelts (being surplus on transactions from auction sales) (Pickled Sheep and Lamb Pelts Emergency Regulations 1947, Regulation 14)	..
Balance as at 30th September, 1948	5,632,163	Freezing-costs subsidy (being refund of 1946-47 season's costs due to wage increases)	..
		Sheep-skin Committee (being levy collected on sheep-skins) (Sheep-skin Emergency Regulations 1947, Regulation 15 (2))	562
			209,662
			<u>£13,493,597</u>
			<u>£13,493,597</u>

BOBBY CALF POOL ACCOUNT FROM 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand and loadings not departed as at 31st July, 1947	57,304	Balance as at 31st July, 1947	.. .. 387,886
Purchases—		Sales—	
Season 1946-47 240,993		Shipments to United Kingdom of 1946-47 season's meat after 31st July, 1947	467,689
Season 1947-48 489,890	730,883	Shipments to United Kingdom of 1947-48 season's meat up to 30th September, 1948	286,876
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on sales to 30th April, 1948, £493,513) carried to Administration and General Expenses Account	1,851	Interest	8,116
Transfer to Bobby Calf Stabilization Account, (being proceeds of increases in sale-prices after 15th December, 1942)—		Stock on hand and loadings not departed at 30th September, 1948	272,135
Season 1946-47 108,115			
Season 1947-48 60,663	168,778		
Less amount of increase in purchase-price of meat after 15th December, 1942	12,301		
Balance as at 30th September, 1948	156,477		
	476,207		
	£1,422,722		£1,422,722

BOBBY CALF STABILIZATION ACCOUNT: TRANSACTIONS DURING THE PERIOD 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	<i>Cr.</i>	£
Freezing-costs subsidy (being additional costs from wages increases, season 1946-47)	625	Balance as at 31st July, 1947	423,684
Freezing-costs subsidy (being additional costs due to the forty-hour week, season 1946-47)	6,150	Bobby-calf skins—	
Balance as at 30th September, 1948	6,775	Export levy	238,644
	606,989	Less subsidy on skins used in local manufacture	205,041
		Transfer from Bobby Calf Pool Account	33,603
			156,477
			£613,764

Sundry Products Account

TALLOW

PURCHASE AND SALE ACCOUNT FOR THE PERIOD 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases .. .. .	..	Sales to United Kingdom .. .. .	..
Allowance for administration and handling .. .. .	..	Sales to India .. .. .	..
Marketing-expenses .. .. .	..	Sales to other destinations .. .. .	..
Transfer to Meat Industry Stabilization Account—	..	Surcharge on soap exports .. .. .	..
Proceeds of increases in sale-prices of	£		
tallow after 15th December, 1942	2,811,835		
Less amount of increases in purchase-			
prices of tallow after 15th December,	612,026		
1942 .. .. .	..	
Surplus, carried to Meat Pool Account .. .. .	..	
	2,199,809		
	338,635		
	<u>£3,937,826</u>		<u>£3,937,826</u>

REVENUE ACCOUNT FOR THE PERIOD 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>	£	<i>Cr.</i>	£
Salaries .. .. .	..	Allowance for administration and handling .. .. .	..
Office rent, maintenance, cleaning, telephones, and sundry	..		
expenses	2,089		
Postages, cables, printing, and stationery	262		
Travelling-expenses	443		
Audit fees	187		
Cost of remittances to manufacturers and others	72		
Balance to Tallow Account .. .. .	..	
	782		
	<u>5,448</u>		<u>£9,283</u>
	£9,283		£9,283

TALLOW ACCOUNT

<i>Dr.</i>	£	<i>Cr.</i>	£
Payment to War Expenses Account (section 19, Finance Act	..	Balance as at 31st July, 1947 .. .. .	..
(No. 2.) 1942) .. .. .	..	Surplus from Revenue Account to 30th September, 1948	..
Balance as at 30th September, 1948 .. .. .	..	
	..		
	3,546		3,546
	5,448		5,448
	<u>£8,994</u>		<u>£8,994</u>

MARKETING DEPARTMENT—*continued*
EXPORT DIVISION—*continued*

Sundry Products Account—continued

WAR OFFICE CONTRACTS

PURCHASE AND SALE ACCOUNT FOR THE PERIOD 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>		£	
		<i>Cr.</i>	
Purchases ..	..	37,922	£ 37,922
		Sales ..	..

REVENUE ACCOUNT FOR THE PERIOD 1ST AUGUST, 1947, TO 30TH SEPTEMBER, 1948

<i>Dr.</i>		£	
		<i>Cr.</i>	
Salaries ..	..	233	150
Postages, cables, printing, and stationery ..	..	51	193
Telephones, rent, and sundry expenses ..	..	59	..
		£343	£343
		Balance as at 31st July, 1947 ..	..
		Net deficit ..	..

BALANCE-SHEET AS AT 30TH SEPTEMBER, 1948

		£	
		<i>Liabilities</i>	<i>Assets</i>
Sundry creditors ..	..	2,539,234	..
Sheep-skin Control Account ..	..	446,077	..
Net surplus on administration allowance : Tallow ..	£ 5,448	..	..
Less net deficit on administration allowance : War Office contracts ..	193	..	..
		5,255	..
		£2,990,566	£2,990,566

L. C. WEBB, Director.
G. C. JUPP, Accountant.

I hereby certify that the Balance-sheet as at 30th September, 1948, and supporting accounts in respect of the Sundry Products Account have been examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. P. RUTHERFORD, Controller and Auditor-General.

New Zealand Sheep-skin Control
PURCHASE, SALE, AND REVENUE ACCOUNT FOR THE PERIOD 1st JULY, 1946, TO 13th AUGUST, 1948 (END OF CONTROL)

<i>Dr.</i>		<i>Cr.</i>	
	£		£
Stocks 30th June, 1946	237,646	Sales	817,495
Purchases	406,756	Stocks, 13th August, 1948	Nil
Working charges and trading expenses	86,174		
Gross surplus carried down	86,919		
	<u>£817,495</u>		<u>£817,495</u>
Administration expenses—		Gross surplus brought down	
Salaries	6,640	Payments by British Wool Control—	£
Travelling-expenses	502	New Zealand Government's share of profits during period of	86,919
Postages and telegrams	179	control for resales of sheep-skins by British Wool Control ..	247,134
Telephones	476	Slipie wool bonuses, 1942-46	18,314
Stationery	22	Surplus on sale of car	214
Exchange	20	Interest	663
General expenses	319		
Insurance	23		
Rent	290		
Net surplus	<u>344,773</u>		
	<u>£353,244</u>		<u>£353,244</u>
BALANCE-SHEET AS AT 13th AUGUST, 1948		BALANCE-SHEET AS AT 13th AUGUST, 1948	
	£		£
Reserve Account, 30th June, 1946	96,644	<i>Assets</i>	
Plus—		Sundry Products Account, Reserve Bank of New Zealand ..	446,077
Pool surplus for present period..	344,773		
5 per cent. wool retentions	<u>4,660</u>		
	<u>446,077</u>		
	<u>£446,077</u>		<u>£446,077</u>

I hereby certify that the Revenue Account and the Balance-sheet have been examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—C. J. M. GAIR, Deputy Controller and Auditor-General.

MARKETING DEPARTMENT—*continued*EXPORT DIVISION—*continued**Sheep-skin Committee*

INCOME AND EXPENDITURE ACCOUNT FROM 1ST NOVEMBER, 1946, TO 31ST MARCH, 1948

	<i>Expenditure</i>		<i>Income</i>	
	£	£	Levy—	£
First distribution of levies collected—			1. Period ended 1st April, 1947 ..	61,554
Wool Disposal Commission	13,618	2. Period ended 16th December, 1947 ..	182,135
Meat industry stabilization	40,451	3. Period ended 18th March, 1948 ..	49,193
Salaries	3,867	4. Fellmongers' levy ..	292,882
Travelling-expenses	670		75,572
Postages and telegrams	119		..
Telephones and tolls	307		..
Stationery	28		..
Rent	358		..
General expenses	60		..
Exchange	2		..
Excess of income over expenditure to be distributed	5,411		..
		308,974		..
		£368,454		£368,454

