

1930.  
NEW ZEALAND.

# INDUSTRIES AND COMMERCE COMMITTEE

(REPORTS OF THE).

(MR. G. C. MUNNS, CHAIRMAN.)

*Presented to the House of Representatives, and ordered to be printed.*

## ORDERS OF REFERENCE.

*Extracts from the Journals of the House of Representatives.*

WEDNESDAY, THE 23RD DAY OF JULY, 1930.

*Ordered*, "That a Select Committee be appointed, consisting of ten members, to deal with all matters in connection with Industries and Commerce; with power to call for persons, papers, and records; three to be a quorum: the Committee to consist of Mr. Fletcher, Mr. Munns, Hon. Mr. Cobbe, Mr. Ansell, Mr. Harris, Mr. H. Holland, Mr. Savage, Mr. Sullivan, Mr. Wilkinson, and the mover."—(Hon. Mr. DE LA PERRELLE.)

WEDNESDAY, THE 30TH DAY OF JULY, 1930.

*Ordered*, "That it be an instruction to the Industries and Commerce Committee to investigate the marketing methods used in the sale of fresh fruit and vegetables, New-Zealand-grown and imported from islands and other overseas countries, through the various channels of distribution from grower to consumer; the methods of packing, grading, standardization, and transport to markets; the rates of commission, receiving and delivery charges, cool-storage charges, &c., at present being made by auctioneers, merchants, and others, and system of accounting to growers; the various methods of selling and displaying products in wholesale and auction marts, the margin of profits obtained by the various wholesale and retail distributors, and the method of displaying and selling to the public in retail shops; such other relative matters as the Committee may deem desirable; and, generally, to report whether present marketing methods with respect to the sale of fresh fruit and vegetables are in the best interests of grower and consumer; and, if not, what recommendations can be submitted by the Committee, the general adoption of which would result in more economical distribution, assuring satisfactory returns to grower and reasonable prices to consumer."—(Hon. Mr. DE LA PERRELLE.)

TUESDAY, THE 5TH DAY OF AUGUST, 1930.

*Ordered*, "That the proceedings of the Industries and Commerce Committee during the taking of evidence on the inquiry into marketing methods used in the sale of fresh fruit and vegetables be open to accredited representatives of the press."—(Mr. MUNNS.)

WEDNESDAY, THE 27TH DAY OF AUGUST, 1930.

*Ordered*, "That the petition of W. A. Tate and others be referred to the Industries and Commerce Committee."—(Mr. LYE.)

TUESDAY, THE 2nd DAY OF SEPTEMBER, 1930.

*Ordered*, "That the Industries and Commerce Committee have leave to sit this day during the sitting of the House."—(Mr. MUNNS.)

THURSDAY, THE 16TH DAY OF OCTOBER, 1930.

*Ordered*, "That the Industries and Commerce Committee have leave to sit this day during the sitting of the House."—(Mr. MUNNS.)

## REPORTS

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### RETAIL FRUIT-MARKETING INQUIRY.

I HAVE the honour to report that the Industries and Commerce Committee has passed the following resolution :—

“ That the proceedings of the Committee during the taking of evidence on the inquiry into the marketing methods used in the sale of fresh fruit and vegetables be open to accredited representatives of the press. And that the Chairman do report this resolution to the House, and move the adoption thereof by the House.”

5th August, 1930.

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#### No. 67.—Petition of W. A. TATE, of Greytown, and 32 Others.

PRAYING for amendment of the Fruit Control Act, 1924.

I am directed to report that in the opinion of the Committee the prayer of the petition, so far as it refers to voting, should be referred to the Government for favourable consideration.

10th October, 1930.

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#### No. 138.—Petition of C. H. MACKAY, of Upper Moutere, and 48 Others.

PRAYING that all fruitgrowers' containers be exempt from the increased tariff.

I am directed to report that the issue raised, being one of policy, the Committee has no recommendation to make.

10th October, 1930.

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### INQUIRY INTO THE MARKETING METHODS USED IN THE SALE OF FRESH FRUIT AND VEGETABLES IN NEW ZEALAND.

REPORT in obedience to an order of the House of Representatives dated the 30th day of July, 1930,—

That it be an instruction to the Industries and Commerce Committee to investigate the marketing methods used in the sale of fresh fruit and vegetables, New-Zealand-grown and imported from islands and other overseas countries, through the various channels of distribution from the grower to consumer ; the methods of packing, grading, standardization, and transport to markets ; the rates of commission, receiving and delivery charges, cool-storage charges, &c., at present being made by auctioneers, merchants, and others, and system of accounting to growers ; the various methods of selling and displaying products in wholesale and auction marts, the margin of profits obtained by the various wholesale and retail distributors, and the method of displaying and selling to the public in retail shops ; such other relative matters as the Committee may deem desirable ; and, generally, to report whether present marketing methods with respect to the sale of fresh fruit and vegetables are in the best interests of grower and consumer ; and, if not, what recommendations can be submitted by the Committee, the general adoption of which would result in more economical distribution, assuring satisfactory returns to grower and reasonable prices to consumer.

I have the honour to report that the Committee has made exhaustive inquiries as far as time and circumstances would permit.

It heard evidence from forty-four witnesses representing, as growers, auctioneers, merchants, and retailers, the following cities and towns : Wellington, Auckland, Christchurch, Dunedin, Hastings, Palmerston North, Nelson, Greytown, Lower Hutt, Canterbury Province, Otago Province, Te Kauhata, and Papakura.

The evidence submitted to the Committee during the inquiry with respect to wholesale and retail practices obtaining in connection with the marketing of fruit and vegetables has amply confirmed the contentions frequently put forward in the past by both the producer and the consumer that the disparity between the wholesale and retail prices is abnormally great. The evidence has also confirmed to the satisfaction of the Committee the complaints made by the Fruit Retailers' Association, of Wellington and elsewhere, that unreliable packing—which sometimes amounts to fraudulent practices—is common with respect to fruit and vegetables offered for sale throughout New Zealand, and that such packing has hampered free trading to the detriment of the producer, retailer, and consumer.

While it is realized that the prevailing disparity between the wholesale and retail price of fruit and vegetables is affected by other factors, such as high rents, the perishable nature of the commodity, &c., the Committee is forced to the conclusion that faulty packing has an extremely detrimental effect; and, consequently, in the interest of all concerned in the industry, this should be remedied with as little delay as possible.

The remedies generally advocated by witnesses representing the different interests concerned in the industry—namely, producers, auctioneers, and retailers—were those of compulsory standardization of all fruit and vegetables offered for sale, both wholesale and retail, and the entire elimination of all low-grade fruit.

Standardization means the classification of the produce according to quality, size, and appearance into several distinct grades, and the subsequent packing and sale of such produce according to grade.

While appreciating the possible advantages to the industry that would result from the adoption of a general system of standardization, the Committee, having regard to the drastic changes in the present marketing system that the general standardization of all fruit and vegetables would entail, and, having regard to the innumerable difficulties that would beset the establishment of such a system, if attempted, feels that it cannot follow the advice tendered in this connection in its entirety. Nevertheless, as a Committee, we do recommend the adoption of a restricted system of standardization—restricted both in its application and in regard to the produce to which it should apply.

It is appreciated that to be effective in the direction intended—*i.e.*, to give confidence to the buyer—standardization must be reliably carried out. To ensure this, a considerable amount of supervision on the part of Government Inspectors will be essential, hence the advisability of keeping any system of standardization introduced within such bounds as will ensure reasonably economic control and the maximum assurance of success. In the opinion of the Committee the successful operation of a restricted system of standardization that may be extended from time to time would, probably, result in general standardization becoming an accomplished fact more readily and satisfactorily than were the larger scheme now attempted.

The Committee recommends that any standardization introduced should apply to the retailer as well as the producer, so that any advantages to be derived from standardization would be shared in by the consumer by his being placed in a position to purchase from the retailer standardized commodities according to grade.

The restricted system of standardization recommended by the Committee is as follows:—

That compulsory standardization be made to apply to all apples, pears, lemons, onions, and potatoes offered for sale through the recognized commercial channels obtaining in the cities and larger towns. "Commercial channels" to be defined as meaning all public auction-marts, retail fruit and vegetable shops, and other stores selling fruit, and public fruit-stalls.

It will be seen from the foregoing that the proposed standardization is restricted in the following directions:—

- (1) To apples, pears, lemons, onions, and potatoes, such standardization to include, in each case, all produce free of disease and fit for human consumption.
- (2) To the sale of these commodities through ordinary commercial channels.
- (3) To such channels as they exist in such of our leading cities and towns as are prescribed.

(1) In amplification, the Committee would point out with respect to this that the produce referred to therein not only represents important commercial lines, but are such as lend themselves more readily to standardization than do soft fruits and other classes of vegetables, &c. The Committee believes that the benefits of standardization would be more quickly recognized if, in the meantime, it were applied only to these classes of produce.

(2) This proposal should meet all the principal commercial requirements of the industry, at the same time leaving the producer as unhampered as possible in the disposal of his produce by private treaty either to the consumer or to the fruit and produce trader, and the latter in the disposal of unstandardized produce in any manner other than through the commercial channels referred to.

(3) Perfection in this cannot be expected, nor will anything like this state of perfection obtain unless the packing of produce presented to the various markets under any standardization scheme is strictly inspected and checked by competent Government officers, and faults on the part of packers brought to their notice, and correct practices enforced by more drastic action, if persisted in.

It is evident that the services of additional Inspectors will be necessary for this, consequently the wider the scope of standardization the greater will be the number of additional officers required, hence the proposal to confine the standardization scheme to certain of our larger towns. The Committee recommends that the additional cost of inspection, which will be unavoidable if adequate marketing improvements are to obtain, should be borne by the industry; and, to this end, would recommend the imposition of a levy not to exceed 1d. per package, such levy to be collected per medium of a duty stamp of the required value, one such stamp to be affixed by the producer to each original package of standardized produce.

The Committee recommends that the Minister be empowered to extend the operations of this Act to other boroughs and towns, and to include other kinds of fruit and vegetables, as circumstances warrant from time to time.

In the meantime the Committee is of opinion that the marketing methods with respect to fruit, vegetables, and root crops, apart from apples, pears, lemons, onions, and potatoes, could be improved by the introduction of what are known elsewhere as "Fair marketing organizations," and recommends that, if producers cannot be prevailed upon to form such organizations, the Department of Agriculture should consider the advisability of instituting a similar scheme for the whole of the Dominion.

The principal requirement under this scheme is that of fair and honest packing.

The working of the scheme by the Department of Agriculture would be, briefly, as follows :—

The Department would issue a registered mark to all market-gardeners and others, wishing to join the scheme. A producer's registered mark would be withdrawable in accordance with the rules.

The rules would provide for fair and honest packing, and the suspension of the use of his registered mark on the part of any producer whose pack was found on inspection to be contrary to requirements—namely, that the fruits or vegetables, as the case might be, of any exposed portion of the package are a true indication of the contents.

The suspension of the use on the part of a producer of the registered brand allotted to him on account of faulty packing to be for any period not exceeding twelve months.

All fruit or vegetables, &c., packed under this scheme would be exposed for sale in auction-rooms in lots separate from other produce of a similar class offered for sale at the same time, such lots to include only those bearing a registered brand issued under the scheme. In all auction-rooms where this scheme is operating the Department of Agriculture to maintain a reasonably consistent scheme of inspection.

The penalty for a breach of the rules of this scheme to be more of a moral nature, consisting of the stigma that would apply to a producer being publicly debarred from further submitting his produce for sale along with that of honest packers.

Together with this scheme would run, of course, the present Fair Marketing Regulations, under which dishonest packing, when discovered, leads to prosecution.

*Standardization of Containers.*—It is evident from the evidence submitted that there are a variety of containers of different sizes and shapes in use in the fruit and vegetable trade. Many of these have no particular merit, and serve no useful purpose that would not be as well served by a lesser number. Not only is the present number of containers unnecessary, but it is actually harmful in so far as it leads to confusion both to the buyer and producer.

The Committee is strongly of the opinion that a range of containers of shapes and capacities suitable for all phases of the trade should be selected and brought into universal use by regulations under the Orchard and Garden Diseases Act, 1928. When selected, such containers should be known respectively to the trade by some distinguishing indication which should be quoted in all important market reports.

The Committee recommends that the officers of the Departments of Agriculture and Industries and Commerce go into this matter, and, in consultation with the interests concerned determine upon a range of containers suitable for universal use.

Power already exists in the Orchard and Garden Diseases Act, 1928, to give effect to the whole of the foregoing proposals, excepting those having to do with the retail sale of standardized fruit. This could also be provided for by means of a simple amendment to the same Act. As this represents one of the principal features of the suggested market-improvements, the Committee recommends an amendment on the following lines being enacted during the present session of Parliament :—

A BILL INTITULED AN ACT to amend the Orchard and Garden Diseases Act, 1928.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Orchard and Garden Diseases Amendment Act, 1930, and shall be read together with and deemed part of the Orchard and Garden Diseases Act, 1928 (hereinafter referred to as the principal Act).

2. Section twenty-three of the principal Act is hereby amended by inserting after paragraph (d) the following paragraph :—

“(dd) Prescribing the channels through which and the conditions subject to which fruit shall be sold for consumption in New Zealand or in any specified portion or portions of New Zealand, and generally regulating the marketing of such fruit in New Zealand, or in any specified portion or portions thereof.”

As regards imported fruit, the evidence tendered to the Committee is so conflicting that it is unable to make any definite recommendations. It is clear, however, that further exhaustive investigations should be made by the two Departments concerned. Particular attention should be paid to the carriage of fruit from the Pacific islands, to its repacking in this country by the auctioneers (which at present seems to be done without sufficient discrimination), and to the serious losses incurred by the shipment of fruit in non-insulated vessels. Apparently, some of the ships now being used for this purpose are quite unfitted for the work. As a consequence, considerable sums of money are lost every year by exporters and importers, thereby increasing the cost to consumers.

Little evidence was put before the Committee on the subject of cool-storage. It recommends, therefore, that the Department of Agriculture, in conjunction with the Department of Industries and Commerce, should investigate the possibilities of developing the cool-storage of fruit in New Zealand. It especially recommends this suggestion to the Unemployment Board, as a means of fostering the development of the fruit trade in the direction of reducing unemployment.

In conclusion, the Committee desires to state that the present report does not claim to be entirely complete. The subject-matter is too large and involved for a sessional Committee to deal with in all its ramifications. It is not even clear that a parliamentary Committee has all the powers that are needed to clear up important doubtful points. In the opinion of the Committee, either it should be appointed as a recess Committee with enlarged powers, or alternately, the inquiry should be continued in the four centres by the Department of Industries and Commerce (which already has all needed powers) and the Department of Agriculture, with whom should be associated one or more members of Parliament.

14th October, 1930.

No. 230.—Petition of A. E. RANKIN, of Wanganui, and 346 Others.

PRAYING for investigation into overseas contracts respecting the Port of Wanganui.

I am directed to report that, as the Dairy Control Board has by statute the sole power of making contracts with overseas shipping companies for the carriage of dairy produce overseas, the Committee has no recommendation to make.

25th October, 1930.

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SPECIAL REPORT.

I HAVE the honour to report that the Industries and Commerce Committee desires to express its great appreciation of the tact, courtesy, and ability with which the Chairman, Mr. Munns, has presided over the business of the Committee during the session. It further desires that this resolution shall be recorded in the minutes of the Committee, and be reported to the House.

A. HARRIS,  
A Member of the Committee.

25th October, 1930.

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SPECIAL REPORT.

I HAVE the honour to report that the Industries and Commerce Committee wishes to express its high appreciation of the ability and courtesy shown by the Clerk, Mr. Fox, during the session. It also desires that this resolution shall be recorded on the minutes of the Committee, and be reported to the House.

25th October, 1930.

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FINAL REPORT.

I HAVE the honour to report that the Industries and Commerce Committee, consisting of ten members, has held eighteen meetings during the session, with an average attendance of seven members. The main work of the Committee has centred in a lengthy inquiry into existing methods of marketing fresh fruit and vegetables. And its report, based on the evidence of many witnesses drawn from the ranks of growers, auctioneers, merchants, and retailers throughout the Dominion, was duly presented to the House. It is hoped that it may lead to marked improvement in conditions that for long have been most unsatisfactory. Three petitions were also considered and reported on.

G. C. MUNNS, Chairman.

25th October, 1930.

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