

1931.
NEW ZEALAND.

FLOUR-MILLING INDUSTRY IN NEW ZEALAND.

Laid on the Table of the House of Representatives by Leave.

REPORT.

The Hon. the Minister of Industries and Commerce.

Department of Industries and Commerce (Board of Trade),
Wellington, 16th April, 1931.

SIR,—

The report of the Wheat Industry Committee submitted to Parliament on the 1st November, 1929, contained, as item 4, the following :—

Whether protection (if any) is required for the flour-milling industry ?—

“The answer to this question is covered by the answers to the preceding questions, but the Committee unanimously recommends that the Department of Industries and Commerce be asked to investigate the operations of the milling industry with the object of ascertaining whether or not the cost of the production of flour can be reduced.”

There are forty-six flour-mills operating in the Dominion. The output for the year ended 31st March, 1930, was 136,918 tons of flour, 18,921 tons of bran, and 33,090 tons of pollard. The importations during the year 1929 were 9,774½ tons of flour, 171 tons of bran, and 3,456 tons of pollard. The Dominion millers are able to secure upwards of 90 per cent. of the total trade in flour, bran, and pollard.

I have the honour to submit this report on an investigation carried out during 1930 into the cost of manufacture of flour under the following headings :—

- (1) Distributors Ltd.
- (2) Cost of Manufacture of Flour.
- (3) Financial Returns to Millers.
- (4) Selling-prices.
- (5) Comment.

(1) DISTRIBUTORS LTD.

Distributors Ltd., with headquarters at Christchurch, is a company engaged in the sale and distribution of flour, bran, and pollard. The shareholders of the company are flour-millers and flour-milling companies operating in New Zealand. Of the forty-six flour-milling concerns in the Dominion forty-one are associated with Distributors Ltd.

Three milling companies in the North Island and two in the South Island do not sell through Distributors Ltd., but, nevertheless, generally maintain the same level of prices.

Approximately 70 per cent. of the sales of Dominion-made flour are effected through Distributors Ltd., and the output of each mill which is a party to the arrangement is determined upon its agreed share of the total business available. This predetermined limitation of output is an important factor in relation to selling-costs.

It should be noted that Distributors Ltd. is concerned only with the sale of products of the associated mills. The manufacturing aspect of the industry is not a concern of the selling organization. Selling through Distributors Ltd. has eliminated bad debts (at least so far as these would otherwise fall directly upon the mills), and has resulted in a saving, to a certain extent, in office expenses at the mills. The cost of this service, however, averages approximately 10s. per ton of flour (and resultant by-products) sold. In view of the large turnover the cost appears high.

The great advantage from the millers' viewpoint of Distributors organization is the elimination of local price competition.