

1942.

NEW ZEALAND.

INTERNAL MARKETING DIVISION.

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1942.

Presented to both Houses of the General Assembly pursuant to the Provisions of the Primary Products Marketing Act, 1936.

INTRODUCTION.

IN common with other Government Departments and administrative bodies throughout New Zealand, the Division has felt the burden of the second and third years of war. Increased responsibilities in relation to the essential food-supplies handled by or regulated under the Division's powers have coincided with the general experience of decreasing competent staff. While this has had the effect of increasing the load carried by senior members of the Division, it has given opportunity to younger executive officers to take some of the strain.

In March, 1941, Mr. F. R. Picot, Director of the Division, was appointed New Zealand member of the Eastern Group Supply Council, situated at New Delhi, India, and on his departure the responsibilities were divided into two sections—Food Control under Mr. J. E. Thomas, appointed Food Controller, and Marketing Activities under Mr. R. P. Fraser, appointed Acting-Director.

The existence of an established Government marketing organization has proved invaluable during the past two years in meeting some of the very difficult food situations which arise as a result of war conditions. Increasing supplies for armed forces, combined with limitations of shipping and other transport supplies, automatically create shortages of certain types of foods, and the Division, where possible, has sought to buffer these shortages by way of rationing and organizing supplies at points where they are most needed. The Trading Section of the Division has progressed well, and further in this report are details of its amalgamation with egg and butter distributive units in the City of Wellington for the purpose of conserving man-power, petrol, and tires.

Vast improvements in the handling of food-supplies have been made possible by the erection of a splendid food-processing building in Auckland and a large fruit-assembly and cool-storage building in Hastings. A temporary cool store has also been established in Nelson, using one of the Harbour Board's sheds.

Another development of interest and importance is the drying of butterfat, to which a further section of this report relates, and which is more fully elaborated in the report of the Department of Scientific and Industrial Research.

The Division, standing as it does between the producer and the consumer, is subject to criticism from both sides of the economic set up. Much criticism is ill-founded even if some is justified, and producers and consumers would do well seriously to consider the value of the Internal Marketing Division in maintaining some degree of stability in New Zealand and as far as practicable effecting equitable distribution of the available foodstuffs controlled by it.

The accounts and balance-sheet of the Division are to be found at the back of this report and reveal a satisfactory financial position. The Fruit Industry Account, from which the Apple and Pear Section has been operated, must, of course, be looked upon as a form of assistance to the apple and pear industry and not a normal trading result.

BUTTER.

The Butter Marketing Regulations are now well established and are proving a competent means of stabilization of the local market and a boon to an industry which for many years had been prey to speculative ups and downs.

The main work of collecting differentials on local butter-sales has continued, and with the recent rise in the export guaranteed price of $\frac{1}{2}$ d. per pound the local Equalization Account has been able to absorb the increase, reducing the differential by this amount and avoiding an increase in consumer prices.

Full details of the Equalization Account are provided in the annual accounts attached to this report.

The Division has continued to take the responsibility for transfer and storage of winter supplies of butter throughout New Zealand and to reimburse manufacturers for costs incurred in this work. The work of supplying Army, Naval, and Allied Forces in New Zealand has vastly increased and is taxing the capacity of the Division's patting plants to the utmost. All supplies, however, have been made available as required.

A table herein supplied shows an interesting increase in local butter-consumption, a result, no doubt, of increased spending-power, stabilized prices, and generally increased demand for camps and armed forces.

When, at the request of the British Ministry of Food, New Zealand producers changed over to cheese-production, the consequent increased whey butter created a real problem. Britain was not willing to accept whey butter and New Zealand was faced with a loss of around £500,000.