

1943  
NEW ZEALAND

MARKETING DEPARTMENT  
(EXPORT DIVISION)

ANNUAL REPORT (SEVENTH) AND ACCOUNTS FOR THE YEAR ENDED 31st JULY, 1943

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

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## REPORT

I HAVE the honour to submit the annual report and statement of accounts of the Marketing Department (Export Division) for the year ended 31st July, 1943.

This report relates to the 1942-43 production season (the fourth year of war), and the transactions in respect of dairy-produce, meat, wool, tallow, woolly sheep-skins, hides, linen flax, and scheelite are reviewed under the appropriate headings.

### CONTRACTS BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR THE FOURTH YEAR OF WAR, 1942-43

The contracts of purchase of wool and woolly sheep-skins by the United Kingdom Government run for the period of the war, and include the following season's wool-clip and production of woolly sheep-skins. There is provision in the contracts for review of prices, and in May, 1942, the United Kingdom Government announced an increase of 15 per cent. in the ex-store price of wool, not including the additions for storage and handling charges which enter into the total price paid. Details of the increased prices which applied for the 1942-43 season are shown in the wool section of this report.

In the case of dairy-produce, meat, tallow, linen flax, and scheelite discussions on details of the contracts for the 1942-43 season were necessary, and the results of these discussions are revealed in the appropriate sections of this report.

In the report for the 1941-42 season (page 3) reference was made to the accumulation by the end of May, 1941, of somewhat embarrassing stocks of butter, cheese, and meat awaiting shipment, and to the consequent agreement entered into with the United Kingdom Government covering the handling of such surplus stocks. It is pleasing to record that improved liftings of products by overseas ships, and action taken in New Zealand in the canning of certain classes of meat and in the dehydration of butter and meat, relieved the situation and avoided any serious difficulty. In May, 1943, meat storage was fully taxed, but again improved liftings by steamers quickly changed the situation, and at this date (September, 1943) quantities of meat and dairy-produce awaiting shipment are well below normal.

### ECONOMIC STABILIZATION IN NEW ZEALAND

In view of the relationship between prices paid by the Marketing Department for food and other products, and the economic stabilization policy of the Government, it is considered appropriate to record in this report the principles of the policy, and the agreement reached with representatives of the farming industries in regard to its application to farm products. Accordingly a statement made by the Right Hon. the Prime Minister on 15th December, 1942, and correspondence with the Farmers' Federation are quoted as follows:—

BROADCAST ADDRESS BY THE RIGHT HON. THE PRIME MINISTER ON 15TH DECEMBER, 1942

#### *"Economic Stabilization"*

"Seven years ago the Government of this country pledged itself to the ideal of social security, to the ideal of a society in which the fear of poverty should be banished from every home. That ideal is well on the way to being realized. Under our social-security legislation the destitution which used to come with sickness, unemployment, and widowhood is a thing of the past. And lately we have become conscious that we are not marching alone along this road. The ideal of social security is accepted in Great Britain and the United States, and has, indeed, passed into the post-war programme of the United Nations.

"Now social security implies something much more than a system of money benefits for people who have suffered unemployment or some other economic misfortune. It implies an order of society in which every citizen—wage-earner, trader, professional man, or pensioner—is safeguarded against economic fluctuations.

"It is my plain duty to tell you to-night that social security in this wider sense of the term is in danger. It is not in danger because it is opposed now by any large part of the community, for I think I can say that social security has now become a national policy. It is in danger because the impact of war has let loose forces which, if they are not firmly checked, will throw our economic system into disorder.

"It should be unnecessary for me to tell you that if social security is not built on a stable currency it is built on sand. If the wage-earner is not sure that his wages will buy approximately the same amount of goods a month or a year hence as they buy to-day, there is no real social security.

"The Social Security Act and the minimum wage are only one side of social security in this country. The other side is the measures we have taken, particularly since the outbreak of war, to control the cost of living. Let me remind you of some of those measures. In September, 1939, all prices were brought under control through the Price Tribunal. In September, 1941, thirty-eight of the more important commodities entering into the cost of living were stabilized. Meat, bread, and butter, for instance, have not increased in price since the beginning of the war. But perhaps the most important factor in controlling our cost of living has been the control of farm prices.

"The Government soon saw that these measures ought to be crystallized into a plan, and in September, 1940, referred the whole matter to the most representative conference of economic interests ever held in this country. This Economic Stabilization Conference unanimously urged the Government—

"To stabilize prices, wages, and costs so that the cost of the war is not thrown unfairly on one group to the benefit of another."

"The Government made this proposal its policy and appointed a committee to carry on the work thus begun. The present stabilization plan has emerged from this committee's day-to-day grappling with the practical problems involved.

"So far the result of this work is one of which we can be proud. In no country now at war has there been less economic dislocation through changes in the value of money.

" But the Government has for some months been anxiously aware that its control measures are no longer adequate. Pressure by economic interests for increases in the prices of their products is becoming more and more insistent. Hitherto manufacturers and traders have been absorbing much of the increase in their costs, but their profit margins are narrowing and the process cannot go on much longer. Effective price-control is becoming difficult; and already the phenomenon of the 'black market,' with all its demoralizing consequences, has begun to appear.

" Why are these things happening? The answer is simple. Our people are working harder and earning more money, but the supply of things they can buy is not increasing. It is growing less because of the inexorable needs of war. Since 1939 the national income has increased by about £50,000,000, but the supply of goods people can buy has decreased by more than £40,000,000—that is, the gap between the supply of goods and purchasing-power is of the order of £100,000,000. This excess of purchasing-power has begun to swamp our price-controls. The inescapable alternatives before the Government are to turn off the stream at its source or to let events take their course—and the course will be inflation and the destruction of all that we have attained in the way of social security. For inflation means economic insecurity for every one except the small minority of wealthy persons who have the means to make profits out of any monetary upheaval. The duty of the Government is plain, and it will not flinch.

" We are going to do two things, each of which will depend for its success on the other. We are going to extend the policy of stabilizing the prices of a large group of the essentials of living and we are going to stabilize individual rates of pay. You will recall that, in addition to the general measures that were brought into force on the very night war was declared to restrain any undue rise in prices, there have been a number of commodities and services which have been fixed in price. There are at present thirty-eight of them, and by various means their prices have been kept fixed. The only exception was that a rise of 2d. was allowed in the price of eggs. Now the list of stabilized commodities is to be greatly increased. There will be 110 items in all, and the purpose of the Government—indeed, the determination of the Government—is that the prices of these taken as a whole shall remain stable. If there are any variations—and we shall do our utmost to prevent any—then a rise in one will be offset by a fall in another. The whole purpose of this is to ensure that over this range of commodities and services, and they are all very important in every family, the pound will buy the same next month as this month and the same next December as this December. I will not read the full list of commodities that will now be covered, but it includes a wide range of groceries, dairy products, meat, some fresh fruit and vegetables, fuel and lighting, clothing, footwear, drapery, furniture, and a large number of miscellaneous articles which all of us have to buy. I think that when you see the list you will agree that it is surprisingly large and comprehensive. There are no luxuries in it, but it is not the business of our Government to make it easier for people to buy luxuries in wartime.

" We are also taking care to ensure that the purpose of the plan is not frustrated by 'profiteering' and 'black marketing.' The penalties for these offences have been made very severe, with minimum fines as well as maximum for both individuals and companies, and provision for imprisonment as well as fines and confiscation of the goods concerned.

" The great majority of those commodities which will be fixed in price are made in New Zealand. They are produced with the skill and labour of New Zealand workers using New Zealand materials, power, and transport. The cost of labour and materials, and also the rents of business premises and land, determine prices; therefore when we wish to keep the prices fixed we cannot do it without fixing within narrow limits the price of labour, which is wages, and also the level of rents. The one cannot be kept stable if the other is unstable. Therefore we must stabilize wages and rents. This is the main part of the decision of the War Cabinet and the Government, which I am announcing to-night. There will be detailed explanations published in the newspapers to-morrow by the Hon. D. G. Sullivan, the Minister in Charge of Stabilization. My purpose is to tell you the nature of the decisions and to explain their importance.

" You will be thinking why should wages be stabilized? Isn't everybody in this?

" Yes, ladies and gentlemen, everybody is in this. Stabilization applies to all rates of remuneration, including time and piece wages and overtime, allowances, fees, commissions, travelling-expenses, and directors' fees. Not only wages and salaries, but all incomes have been or are to be stabilized by one means or another. The price the farmer receives for all the main farm products, many of them stabilized now, will not be increased. This means, in effect, internal prices divorced from export parity and any excess will be paid into pool accounts. The major items of farmers' costs will correspondingly be held and the cost of holding them will be debited to the appropriate accounts. The incomes of companies and individuals are held down through the combined operation of income tax, excess-profits tax, and price orders. No classes of persons are able to say truly that the war measures of the Government leave them untouched, and no classes of persons should be able to say it.

" But, you may ask, why is all this necessary now? Why cannot we go on doing without it? The reasons are all round you. We have a small country making a great war effort. That is acknowledged by everybody.

" We are making a great effort for the war militarily and economically. Vast supplies of commodities are required for the armed services. We therefore have less with which to provide for ourselves. There is no escape from that; but what we can do is to ensure that what we have left after war requirements have been met is equitably distributed; that labour and materials are used, first of all to produce essentials, and that nobody goes short of those essentials. That is the purpose, and the sole purpose, of the measures I have announced. They are war-time measures, made necessary by the war and essential if we are to continue to play our full part in the war.

" I wish to stress again the interdependence of these two measures. It will not be possible to hold down the prices of essentials in the shops unless rents and incomes of all kinds, including wages, are held down, too. It would not be possible, and if it were possible it would not be fair, for the object, let me say again, is to fix the purchasing-power of the pound in so far as it is spent on buying essentials. The plan might be called a collective bargain which the community is to make with itself. If the prices do not rise, then wages will not. If prices of essentials rise, then wages must rise also. The two are to be tied together. If, therefore, there is a marked fluctuation in prices after a period of three months, provision has been made to offset it. In general, what has been decided is that if the average prices of the whole group of essentials rise by more than 2½ per cent., then the Arbitration Court will

issue a general order raising wages. After that there will be no adjustment of wages up or down unless prices rise or fall by more than 5 per cent. The farmer will be treated in the same way. In the event of a general order affecting other forms of remuneration the farmer also will receive an adjustment in his price. But the whole purpose of the plan is to avoid any such marked fluctuation, and the Government is confident that with your co-operation and good will it can be avoided.

"The success of this great enterprise—for it is a great enterprise—depends on all of us pulling together. It would be quite easy to obstruct it. It would be quite easy for any section of the people to decide selfishly or blindly that they should have special treatment, that the plan might be good enough for the community, sound enough in principle, but would not suit them. What would be the effect of that? The effect would be, and could only be, that the attempt to stabilize prices for all would fail. Everybody would suffer for the selfishness or blindness of a few. That would be the position, and if this is clearly understood by all, as I hope it will be, then we shall have no miserable sabotage of the collective effort.

"The War Cabinet and the Government are in this matter looking forward. They are looking to the end of the war and beyond it. All of you are doing the same. There is no single one among us who does not think, and think often, of New Zealand after the war. What kind of country do we want it to be? What kind of New Zealand do we want our soldiers, sailors, and airmen to come back to?

"First of all, we want it to be a New Zealand unsullied by enemy hands—that is the first purpose of our war effort, and it will continue to be until the end of the war. That is why our men fight abroad. That is why other men, and women too, stand ready in New Zealand. That is our first objective.

"Our men abroad are doing their part—how well they are doing it you know—and to the best of our ability the people of New Zealand are supporting them. But it is not enough to ensure the safety of this country from the enemy. We must also preserve its economic stability. What a poor reward it would be if our men, returning eagerly to New Zealand after their war service, found their homeland economically deranged: if they found that, through our failure to pull together, our failure to do what we expect them to do every day, their wives and families, their next-of-kin, were suffering all the hardship and deprivations that come about inevitably first through an uncontrolled rise in prices, and then through financial and economic collapse and depression. They could say truly that we had let them down. They could say that they had incomparably the harder part and had done it: and we had the easier part and had failed.

"This shall not happen. So far we have averted all serious danger of its happening. Now we must do more. The war effort is not going to be easier because the United Nations have lately won great successes. It is going to be harder. The necessity for sacrifice is not going to grow less. It is going to increase. But sacrifices can and will be borne if they are equitably distributed and shared. The measures I have outlined impose sacrifices of some kind on every one with a definite object in view, an object which all of us desire and which all of us can reach, if we pull together.

"Let me say in conclusion that it is not in this country alone that drastic measures of economic stabilization are being found necessary to avert inflation. President Roosevelt has already said bluntly to the American people: 'You will have to forgo higher incomes for the duration of the war.' In Canada also there is now a ceiling on wages, salaries, and profits. And I could not finish better than by repeating to you some words used by President Roosevelt when he presented his stabilization programme to the Congress of the United States, for the President said—

"Next to a military and naval victory, a victory along this economic front is of paramount importance. Without it our war-production programme will be hindered. Without it we would be allowing our young men, now risking their lives in the air, on land, and on the sea, to return to an economic mess of our own making."

"The Government of New Zealand sees this terrible danger equally with the great President of the United States, and we are determined to do our utmost to avert it, to save our fine young men who are risking their lives and enduring untold hardship, sickness, and wounds for us, from its destructive efforts, and please God, with your help, we shall succeed."

Letter dated 18th June, 1943, addressed by the Hon. the Minister of Industries and Commerce to the Secretary, the Farmers' Federation:—

Office of the Minister of Industries and Commerce  
(Board of Trade),

Wellington, 18th June, 1943.

The Secretary,  
The Farmers' Federation,  
P.O. Box 715, Wellington C. 1.

DEAR SIR,—

#### FARM PRODUCTS STABILIZATION ACCOUNTS

Referring to your letter of the 31st May and to discussions that have taken place between representatives of your Federation and of the stabilization organization, I understand that agreement has been reached on the points involved subject to my approval. The form in which the arrangement now stands is as follows:—

1. A separate account will be kept in respect of each product or group of products as may be determined by the Government after consultation with the industry.
2. Stabilization accounts will be kept in the Marketing Accounts with the Reserve Bank, but will be recorded separately from existing pool and other accounts.
3. Into the stabilization account for any product will be paid any increase in price received from sales overseas for that product after the determined date unless the increase, although related to a specific product or products, has been paid for a general national purpose, in which case it will be applied as provided in clause 5 below.
4. If any increase in price is paid to meet increased costs in respect of more than one product the increase will, after consultation with the particular organizations dealing with the products involved, be allocated among the respective stabilization accounts in proportions related to the cost increases.
5. If any increase paid from overseas on any product is paid for any general national purpose such as to maintain sterling balances, to offset general import price increases, or Government expenditure in holding costs, that increase will be applied as follows:—
  - (1) If it includes compensation for any cost increase held by subsidy which is charged against a stabilization account, a credit equivalent to the amount of the subsidy will be made to the appropriate stabilization account.
  - (2) The balance of the payment will be credited as the Government determines.
6. Where a subsidy is required to keep costs of production of any product down to the level existing on the determined date, the amount of that subsidy, excluding the continuation at the level on the determined date of any subsidy paid or payable prior to that date, will be debited to the appropriate stabilization account subject to the provisions in 7.

7. If any increase credited to a stabilization account is paid specifically to cover increases in costs, including increase in costs held by subsidy paid or payable before the determined date, the account will also be debited with any part of that earlier subsidy which relates to increases specifically covered.
8. Any debit still remaining in a stabilization account on the closing of the account will be transferred to War Expenses Account.
9. Any credit still remaining in a stabilization account on the closing of the account will be used for the benefit of the appropriate industry after consultation with representatives of that industry, and no payment will be paid out of the account pursuant to this clause except with the consent of the producers' organization dealing with any products concerned; it being understood (i) that this shall not be construed as an undertaking that credits will be used at the time the scheme of stabilization ends; and (ii) that such credits will not be paid out in respect of produce sold during the period when the scheme of economic stabilization was in operation, (iii) that agreement will be reached within twelve months of the closing of the account.
10. Reasonable information concerning stabilization accounts will be made available to the producers organization dealing with the particular product. Reasonable information concerning the basis on which any increases under clause 5 have been arranged will be furnished from time to time to the Farmers' Federation.
11. The "determined date" will be 15th December, 1942, unless by agreement between the producers' organizations and the Government a different date is fixed to meet particular circumstances.
12. While this stabilization policy continues, prices for farm products be not allowed to fall below the level of prices ruling at the date that stabilization became effective (15th December, 1942), irrespective of the effect of internal or external markets.

I am pleased that agreement has been reached in these terms, which I formally approve, and I would be grateful to have your confirmation as early as possible.

Yours faithfully,  
(Sgd.) D. G. SULLIVAN,  
Minister of Industries and Commerce.

Letter dated 18th June, 1943, addressed by the Chairman of the Farmers' Federation to the Hon. the Minister of Industries and Commerce:

The Farmers' Federation,  
Box 715, Wellington C. 1, 18th June, 1943.

The Honourable the Minister in Charge of Stabilization, Wellington.  
Sir,—

I acknowledge receipt of your memorandum of the 18th June *re* Farm Products Stabilization Accounts, and I have to say that I have discussed the proposals contained therein with members of my Federation and am now in a position to agree to all of them as now set out.

Would you please accept this letter as confirmation of the acceptance by the Farmers' Federation of the terms, which I observe you have formally approved.

I am pleased, with you, that this agreement has been satisfactorily arrived at.

I have the honour to be,  
Sir,  
Your obedient servant,  
(Sgd.) W. W. MULHOLLAND, Chairman.

Attention is directed to the Economic Stabilization Emergency Regulations 1942, and amendments to these regulations.

## DAIRY-PRODUCE

### REVIEW OF COMPLETED FINANCIAL OPERATIONS FOR THE 1941-42 SEASON

The accounts presented with the report for the 1941-42 season covered purchases and sales of butter, cheese, and processed milk by the Department up to 31st July, 1942. These purchase and sale transactions showed a surplus of £186,846.

The final results of the operations for the complete 1941-42 season were:—

|                                                             | £       | £ |
|-------------------------------------------------------------|---------|---|
| Surplus on creamery butter .. .. .                          | 26,668  |   |
| Surplus on cheese .. .. .                                   | 204,461 |   |
| Surplus on processed milk .. .. .                           | 1,973   |   |
|                                                             | 233,102 |   |
| Balance of Cheese "Change-over" Account, 31st July, 1942 .. | 539,897 |   |
| Recoveries from manufacturers of special milk products ..   | 253     |   |
| Net surplus for 1941-42 season .. .. .                      | 773,252 |   |

NOTE.—By agreement with representatives of the dairy industry the Cheese "Change-over" Account was discontinued and the balance at 31st July, 1942, transferred to the Dairy Industry Account. The final accounts for the 1941-42 season are shown in detail on page 29 of this report.

### BULK PURCHASE OF 1942-43 SEASON'S BUTTER AND CHEESE BY UNITED KINGDOM GOVERNMENT

The outstanding feature of the negotiations between the New Zealand and the United Kingdom Governments in regard to details of the arrangements for export of butter and cheese for the 1942-43 season was the request of the United Kingdom Government that butter-supplies should be increased and cheese-supplies decreased. This request represented a reversal of the previously expressed desire of the United Kingdom Government that New Zealand should "change-over" from butter-manufacture to cheese-manufacture, and it necessitated arrangements with the dairy industry for a "change-back" from cheese-manufacture to butter-manufacture. In making the request the United Kingdom Ministry of Food explained that the "vicissitudes of war have fundamentally changed our dairy-produce position. Since we requested you to increase cheese-supplies at the expense of butter our fat position has been prejudiced by the loss of raw materials for margarine . . . while unexpectedly heavy quantities of cheese are now available on short haul from North America."

The Government and the dairy industry responded to the request, and a "change-back" from cheese-manufacture to butter-manufacture was made, details of which are given later in this report, page 11.

The short details of the contracts for purchase and sale of butter and cheese for export during the 1942-43 season are as follows:—

## BUTTER

- (1) New Zealand, to readjust production, to secure as far as possible from 115,000 to 120,000 tons.  
 (2) Purchase-prices to be paid by the United Kingdom Ministry of Food :  
     Creamery Finest Grade, 93 points and over : 117s. sterling per hundredweight delivered f.o.b. ocean steamer.  
     Creamery First Grade, 90 to 92½ points : 115s. 9d. sterling per hundredweight f.o.b.  
     Creamery Second Grade : 112s. sterling per hundredweight f.o.b.

NOTE.—These prices represent an increase of 4s. 6d. sterling per hundredweight over the prices payable for the 1941-42 season.

(3) Payment to be made in London as to 90 per cent. on shipment and 10 per cent. within twenty-eight days after arrival or estimated due date of arrival.

(4) The New Zealand Government to be responsible for storing butter and for placing butter on board steamers. In the event of storage capacity being in danger of becoming full, the two Governments to consult on measures best adapted to meet the situation.

## CHEESE

- (1) New Zealand to readjust production to secure approximately 90,000 tons.  
 (2) Purchase-prices to be paid by the United Kingdom Ministry of Food :  
     Finest and First Grade, 91 points and over : 73s. sterling per hundredweight delivered f.o.b. ocean steamer.  
     Second Grade : 71s. sterling per hundredweight f.o.b.  
 (All cheese to be white and unwaxed.)

NOTE.—These prices represent an increase of 3s. sterling per hundredweight over the prices payable for the 1941-42 season.

(3) Payment to be made in London as to 90 per cent. on shipment and 10 per cent. within twenty-eight days after arrival or estimated due date of arrival. In the event of delay in shipment the Ministry of Food undertakes to make payment amounting to 50 per cent. of the value of any cheese which has had to remain in store one month longer than would have been required by the agreed shipping schedules, and to make a further payment amounting to 40 per cent. of the value of any cheese which has had to remain in store three months longer than would have been required by the shipping schedule.

Other details of the contracts for purchase and sale of creamery butter and cheese covering grading, storage, insurance, and weights are in accordance with the contracts for the 1941-42 season. It should be noted that the Ministry of Food excluded whey butter from the contract of purchase, with a view to the processing of this butter into dehydrated butterfat in New Zealand for export to the United Kingdom. The development of the export of dehydrated butterfat is dealt with later in this report, and details are given of the contract with the Ministry of Food for the purchase of 10,000 tons in the period ended 31st July, 1943.

## GUARANTEED PRICES, 1942-43 SEASON

The guaranteed purchase-prices paid to dairy companies by the Marketing Department for butter and cheese manufactured during the 1942-43 season and exported were :

*Creamery Butter—**Finest Grade—*

|                                |    |    |    |    |          |
|--------------------------------|----|----|----|----|----------|
| 94 points and over             | .. | .. | .. | .. | 15·515d. |
| 93 to 93½ points (basic price) | .. | .. | .. | .. | 15·39d.  |

*First Grade—*

|                  |    |    |    |    |           |
|------------------|----|----|----|----|-----------|
| 92 to 92½ points | .. | .. | .. | .. | 15·3275d. |
| 90 to 91½ points | .. | .. | .. | .. | 15·14d.   |

|              |    |    |    |    |         |
|--------------|----|----|----|----|---------|
| Second Grade | .. | .. | .. | .. | 14·64d. |
|--------------|----|----|----|----|---------|

*Whey Butter --*

|              |    |    |    |    |         |
|--------------|----|----|----|----|---------|
| First Grade  | .. | .. | .. | .. | 13·89d. |
| Second Grade | .. | .. | .. | .. | 13·39d. |

*Cheese—**Finest Grade—*

|                    |    |    |    |    |           |
|--------------------|----|----|----|----|-----------|
| 94 points and over | .. | .. | .. | .. | 8·88625d. |
| 93 to 93½ points   | .. | .. | .. | .. | 8·855d.   |

*First Grade—*

|                                |    |    |    |    |          |
|--------------------------------|----|----|----|----|----------|
| 92 to 92½ points (basic price) | .. | .. | .. | .. | 8·73d.   |
| 91 to 91½ points               | .. | .. | .. | .. | 8·6675d. |

|              |    |    |    |    |        |
|--------------|----|----|----|----|--------|
| Second Grade | .. | .. | .. | .. | 8·48d. |
|--------------|----|----|----|----|--------|

NOTES.—(1) These purchase-prices represent increases for creamery butter of 0·5d. per pound and for cheese of 0·31d. per pound over the prices payable for the 1941-42 season, and they raise the standard resulting average payments by dairy companies to their suppliers for butterfat for the 1942-43 season to 16·49d. per pound of butterfat for butter-manufacture and to 18·49d. per pound of butterfat for cheese-manufacture. The increase in the 1942-43 season guaranteed prices which have been referred to were granted as a war-cost allowance on the following bases :

(a) *Butter.* ½d. per pound on creamery butter represents 0·61d. per pound of butterfat, of which 0·44d. per pound butterfat is 5 per cent. on the labour-reward factor (8·84d. in the guaranteed-price compilation), leaving 0·17d. per pound butterfat to offset other costs incurred.

(b) *Cheese.* 0·31d. per pound on cheese represents 0·76d. per pound of butterfat, of which 0·44d. per pound butterfat is 5 per cent. on the labour-reward as in the case of butter, and 0·17d. per pound butterfat is allowed for other costs incurred. The remaining amount of 0·15d. per pound butterfat represents an increase in the allowance for cheese-factory costs from 3·5d. to 3·65d. per pound butterfat. This adjustment has been made to maintain the 2d. differential payment on a butterfat basis between butter and cheese suppliers.

The conversion formulae used in the determination of the 1942-43 season prices as shown above are :—

*Butter.*—Overrun, 21·75 per cent.; costs of manufacture and delivery to f.o.b., 2·25d. per pound butterfat.

*Cheese.*—Yield, 2·51 gross, 2·45 net; return from whey butter 0·75d. per pound butterfat; costs of manufacture and delivery to f.o.b., 3·65d. per pound butterfat.

(2) *Guaranteed Prices 1943-44 Season and Payment of certain Dairy-factory and Farm-costs Allowances.*—For convenience of reference the following arrangements for the 1943-44 season settled before publication of this report are recorded :—

(i) *Guaranteed Prices, 1943-44 Season* : The guaranteed purchase-prices to be paid to dairy companies by the Marketing Department for butter and cheese manufactured during the 1943-44 season and exported are the same as the prices quoted above as applying for the 1942-43 season.

(ii) *Dairy-factory and Farm-costs Allowances payable for the 1943-44 Season* : The circumstances surrounding the decision to pay these allowances, and the details of the payments which will be made, are as follows :—

In May, 1943, the Dominion Dairy Conference considered the Government policy of stabilization as affecting the dairy industry, and passed the following resolution, which was conveyed to the Minister of Marketing in a letter from the Dairy Board dated 21st May, 1943 :—

“ Conference supports the plan of holding wages, costs, and prices as a practical contribution towards arresting inflation and ensuring that any sacrifices involved will be spread evenly over the community as a whole. In view of the fact that the dairy-farmer's position is relative worse than it was when the price was fixed at 1st August, 1938, the application of the Government's plan would not be equitable and could not be accepted by the industry unless, while the present price is maintained, the Government agrees to a reduction, to operate as from the beginning of the 1943-44 season, in the costs of dairy-farm and dairy-factory operations so that, as far as practicable, these may be adjusted to the 1938 level ; further, that the Government should agree to a committee from the industry being associated with its stabilization organization for the purpose of giving effect to this proposal, and that Conference agrees that any surpluses which accrue in the Dairy Industry Account from sales of produce at present price levels may be properly appropriated towards such expenditure.”

The response of the Government to this resolution was conveyed to the Dairy Board in a letter from the Minister of Marketing, dated 9th June, 1943. In this letter the Minister said that on the assumption that the industry accepts the war-cost allowance of 0.61d. per pound butterfat granted from the beginning of the 1942-43 season (see page 7) as covering increased labour reward, the Government is prepared to accept the general principle that in respect of butter and cheese production, dairy farm and factory requisites, and other agreed costs should, commencing at the 1943-44 season, as far as practicable be taken back to the 1938-39 level. The Minister also stated in this letter that the Government accepts the suggestion that credits in the Dairy Industry Account should be used towards the expenditure involved in holding those costs. In furtherance of the objective outlined above the Government set up a Committee of six representatives of the dairy industry and the Government to advise regarding cost-adjustments in respect of production and processing of cream and milk supplied to dairy factories for manufacture into butter and cheese, necessary to ensure that as far as practicable such agreed costs should, commencing at the 1943-44 season (1st August, 1943), be taken back to the 1938-39 level. The findings of this Committee, which were accepted by the Government, were announced to the dairy industry as follows :—

“ The following is a summary of the allowances which will be paid for the 1943-44 season (1st August, 1943, to 31st July, 1944) to give effect to the decision that prices of dairy-farm and factory requisites and other agreed costs be taken back to the 1938-39 level :—

“ *To Butter-manufacturing Companies for Period 1st August, 1943, to 31st July, 1944—*

“ *A Farm-costs Allowance of—*

“ 0.767d. per pound of butterfat contained in cream or milk supplied to a butter-factory and manufactured into butter. (NOTE.—(a) That the allowance cannot be claimed in respect of cream or milk used for any purpose other than butter-manufacture, (b) in the case of supply of cream to a butter company by a whole-milk powder or processed-milk company, the butter company should *not* claim the farm-costs allowance on such supply but should claim for the butter company costs allowance, and (c) that the allowance is claimed by dairy companies on behalf of suppliers to whom they are required to pass on the payment.)

“ *A Factory-costs Allowance of—*

“ 0.269d. per pound of butterfat contained in cream or milk supplied to a butter-factory and manufactured into butter *in that factory*. (NOTE.—This allowance is also payable on butterfat contained in whey cream used in manufacture of whey butter, and the claim for payment is to be made by the dairy company which manufactures the whey butter.)

“ 1.036d.

“ *To Cheese-manufacturing Companies for Period 1st August, 1943, to 31st July, 1944—*

“ *A Farm-costs Allowance of—*

“ 0.767d. per pound of butterfat contained in milk received over the factory stage for cheese-making (no deduction for loss in whey) and manufactured into cheese. (NOTE.—(a) That the allowance cannot be claimed in respect of milk used for any purpose other than cheese-manufacture, (b) that in the case of a cheese company which separated milk and supplied the resultant cream to a butter company, the cheese company should make the claim for the farm-costs allowance on the butterfat contained in the milk as received over the factory stage, and the butter company should make the claim for the butter company costs allowances, and (c) that the allowance is claimed by dairy companies on behalf of suppliers to whom they are required to pass on the payment.)

“ *A Factory-costs Allowance of—*

“ 0.299d. per pound of butterfat contained in milk received over the factory stage for cheese-making (no deduction for loss in whey) and manufactured into cheese *in that factory*.

“ 1.066d.”

(iii) *Recompense to Dairy Companies for Increased Wages paid to Dairy-factory Employees in Terms of Arbitration Court Award dated 29th May, 1943*: In addition to the foregoing dairy-factory and farm-costs allowances, the Government agreed that butter- and cheese-manufacturing companies should be recompensed for the increase in wages of dairy-factory employees granted by the Arbitration Court. This increase in wages applied from 22nd February, 1943, and the method of recompense was that dairy companies should claim on the Marketing Department for the arrears of wages paid in terms of the award covering the period 22nd February, 1943, to 28th May, 1943, and that from 29th May, 1943, the recompense should be by allowances to butter-manufacturing companies of 0·022d. per pound butterfat and to cheese-manufacturing companies of 0·076d. per pound butterfat.

(iv) *Effect of Payment of Dairy-factory and Farm-costs Allowances on Standard Average Payments by Dairy Companies to Suppliers for Butterfat for 1943-44 Season*: The standard resulting average payments by dairy companies to suppliers for butterfat for the 1943-44 season are estimated to be 17·5d. per pound of butterfat for butter-manufacture and 19·5d. per pound of butterfat for cheese-manufacture. The composition of these figures is as follows:—

|                                                             | d.     |                                                   |
|-------------------------------------------------------------|--------|---------------------------------------------------|
| Working and maintenance costs .. ..                         | 6·107  | (includes allowance of 0·767d.)                   |
| Capital charges (interest) .. ..                            | 3·24   |                                                   |
| Labour reward .. ..                                         | 9·45   | (includes increase in guaranteed price of 0·61d.) |
|                                                             | 18·797 |                                                   |
| Less return from pigs .. ..                                 | 1·54   | (1938 assessment)                                 |
|                                                             | 17·257 |                                                   |
| Plus butter-factory costs allowance .. ..                   | 0·269  |                                                   |
| Standard payment for butterfat for butter-manufacture .. .. | 17·526 |                                                   |

The corresponding standard payment for butterfat for cheese-manufacture is 19·556d., made up as follows: 17·257d. (as above) plus differential margin 2d., and plus cheese-factory costs allowance 0·299d., equals 19·556d.

The purchase and payment procedure for dairy-produce was varied from the commencement of the 1941-42 season: the new arrangements provided for payment to be made by the Marketing Department "in store" instead of at the point of f.o.b. ocean steamer as formerly. The terms of this new arrangement are set out on page 5 of the annual report for the year ended 31st July, 1942.

#### PREMIUMS FOR QUALITY, AND QUANTITIES OF BUTTER AND CHEESE PAID FOR (OR TO BE PAID FOR) AT DIFFERENTIAL PRICES

Under the Dairy-produce Export Prices Order 1939 provision is made for additions to or deductions from the basic purchase-prices for butter and cheese according to quality as disclosed by the grading-points awarded to the dairy-produce. This system of price differentials provides a stimulus to the production of dairy-produce of higher quality.

The following tables show for the 1942-43 season the quantities of butter and cheese purchased and to be purchased and paid for at the respective differential prices. For comparison purposes the totals for the previous two seasons are also shown:—

#### CREAMERY BUTTER (IN TONS): QUANTITIES PURCHASED OR TO BE PURCHASED AND PAID FOR AT DIFFERENTIAL PRICES

|                           | Total.  | Finest Grade.       |                                  | First Grade.      |                   | Second Grade. |
|---------------------------|---------|---------------------|----------------------------------|-------------------|-------------------|---------------|
|                           |         | 94 Points and over. | 93 to 93½ Points. (Basic Price.) | 92 to 92½ Points. | 90 to 91½ Points. |               |
|                           | Tons.   | Tons.               | Tons.                            | Tons.             | Tons.             | Tons.         |
| 1942-43 .. ..             | 101,696 | 35,046              | 47,417                           | 11,464            | 7,426             | 343           |
| 1941-42 .. ..             | 100,432 | 40,497              | 40,106                           | 9,507             | 9,043             | 1,279         |
| 1940-41 .. ..             | 133,337 | 43,569              | 63,470                           | 14,828            | 10,757            | 713           |
| 1939-40 .. ..             | 128,274 | 51,624              | 51,004                           | 15,437            | 9,570             | 639           |
| Percentages of qualities— |         |                     |                                  |                   |                   |               |
| 1942-43 .. ..             | 100     | 34·47               | 46·63                            | 11·27             | 7·30              | 0·33          |
| 1941-42 .. ..             | 100     | 40·32               | 39·93                            | 9·47              | 9·00              | 1·28          |
| 1940-41 .. ..             | 100     | 32·67               | 47·60                            | 11·12             | 8·07              | 0·54          |
| 1939-40 .. ..             | 100     | 40·25               | 39·76                            | 12·03             | 7·46              | 0·50          |

WHEY BUTTER (IN TONS): QUANTITIES PURCHASED OR TO BE PURCHASED AND PAID FOR AT DIFFERENTIAL PRICES

|                          |    |    |    | Total. | First Grade. | Second Grade. |
|--------------------------|----|----|----|--------|--------------|---------------|
|                          |    |    |    | Tons.  | Tons.        | Tons.         |
| 1942-43                  | .. | .. | .. | 2,257  | 2,095        | 162           |
| 1941-42                  | .. | .. | .. | 3,123  | 2,974        | 149           |
| 1940-41                  | .. | .. | .. | 2,855  | 2,695        | 160           |
| 1939-40                  | .. | .. | .. | 2,095  | 2,063        | 32            |
| Percentage of qualities— |    |    |    |        |              |               |
| 1942-43                  | .. | .. | .. | 100    | 92·82        | 7·18          |
| 1941-42                  | .. | .. | .. | 100    | 95·23        | 4·77          |
| 1940-41                  | .. | .. | .. | 100    | 94·39        | 5·61          |
| 1939-40                  | .. | .. | .. | 100    | 98·47        | 1·53          |

Butter figures calculated at 40 boxes to a ton.

CHEESE (IN TONS): QUANTITIES PURCHASED OR TO BE PURCHASED AND PAID FOR AT DIFFERENTIAL PRICES

|                          |    |    |    | Total.  | Finest Grade.       |                   | First Grade.                     |                   | Second Grade. |
|--------------------------|----|----|----|---------|---------------------|-------------------|----------------------------------|-------------------|---------------|
|                          |    |    |    |         | 94 Points and over. | 93 to 93½ Points. | 92 to 92½ Points. (Basic Price.) | 91 to 91½ Points. |               |
|                          |    |    |    | Tons.   | Tons.               | Tons.             | Tons.                            | Tons.             | Tons.         |
| 1942-43                  | .. | .. | .. | 93,638  | 660                 | 18,997            | 56,378                           | 15,274            | 2,329         |
| 1941-42                  | .. | .. | .. | 150,127 | 1,051               | 28,097            | 69,703                           | 38,676            | 12,600        |
| 1940-41                  | .. | .. | .. | 117,798 | 901                 | 22,901            | 67,125                           | 21,278            | 5,593         |
| 1939-40                  | .. | .. | .. | 92,508  | 951                 | 16,820            | 56,071                           | 15,274            | 3,392         |
| Percentage of qualities— |    |    |    |         |                     |                   |                                  |                   |               |
| 1942-43                  | .. | .. | .. | 100     | 0·70                | 20·29             | 60·21                            | 16·31             | 2·49          |
| 1941-42                  | .. | .. | .. | 100     | 0·70                | 18·72             | 46·43                            | 25·76             | 8·39          |
| 1940-41                  | .. | .. | .. | 100     | 0·76                | 19·45             | 56·98                            | 18·06             | 4·75          |
| 1939-40                  | .. | .. | .. | 100     | 1·03                | 18·18             | 60·61                            | 16·51             | 3·67          |

Cheese figures calculated at fourteen crates to a ton.

BUTTER AND CHEESE GRADINGS

|         |    |    |    | Butter. |                                        | Cheese. |                                        |
|---------|----|----|----|---------|----------------------------------------|---------|----------------------------------------|
|         |    |    |    | Tons.   | Increase or Decrease on Previous Year. | Tons.   | Increase or Decrease on Previous Year. |
|         |    |    |    |         | Per Cent.                              |         | Per Cent.                              |
| 1942-43 | .. | .. | .. | 106,947 | 3·504 (increase)                       | 96,837  | 36·738 (decrease)                      |
| 1941-42 | .. | .. | .. | 103,326 | 25·90 (decrease)                       | 153,074 | 28·74 (increase)                       |
| 1940-41 | .. | .. | .. | 139,444 | 4·61 (increase)                        | 118,899 | 26·90 (increase)                       |
| 1939-40 | .. | .. | .. | 133,303 | 9·02 (increase)                        | 93,696  | 14·96 (increase)                       |

NOTE.—Owing to the diversion of supplies of butter and cheese in 1942-43 season to the Allied Forces in Pacific Area a correct comparison between gradings for the 1942-43 season and gradings in previous seasons is not possible.

QUANTITIES OF BUTTER AND CHEESE EXPORTED

The quantities of butter and cheese exported from the various grading ports of the Dominion are shown in the following tabulation:—

BUTTER AND CHEESE EXPORTS FROM 1ST AUGUST, 1942, TO 31ST JULY, 1943

|                 | Great Britain. |           | Other Destinations. |         | Total.    |           | Percentage. |         |
|-----------------|----------------|-----------|---------------------|---------|-----------|-----------|-------------|---------|
|                 | Butter.        | Cheese.   | Butter.             | Cheese. | Butter.   | Cheese.   | Butter.     | Cheese. |
|                 | Boxes.         | Crates.   | Boxes.              | Crates. | Boxes.    | Crates.   |             |         |
| North Island    | 4,174,201      | 1,291,497 | 9,975               | 31,365  | 1,181,176 | 1,322,862 | 99·04       | 86·37   |
| South Island    | 40,661         | 205,894   | ..                  | 2,832   | 40,661    | 208,726   | 00·96       | 13·63   |
| Dominion totals | 4,214,862      | 1,497,391 | 9,975               | 34,197  | 4,224,837 | 1,531,588 | 100·00      | 100·00  |

## INCREASED PRODUCTION OF BUTTER FOR SHIPMENT TO UNITED KINGDOM, AND "CHANGE-BACK" IN NEW ZEALAND FROM CHEESE-MANUFACTURE TO BUTTER-MANUFACTURE

In June, 1942, the United Kingdom Ministry of Food notified the New Zealand Government of the necessity for an increase in butter-production and a corresponding decrease in cheese-production. This notification was a reversal of the former request made in April, 1941, for maximum cheese-production, and it is necessitated a "change-back" of suppliers from cheese-factories to butter-factories. The reasons behind this change in policy on the part of the United Kingdom Ministry of Food are stated shortly in the following cablegram from the Ministry received by the New Zealand Government in June, 1942 :—

Vicissitudes of war have fundamentally changed our dairy-produce position. Since we requested you to increase cheese supplies at expense of butter our fat position has been prejudiced by loss of raw materials margarine from India and Far East while unexpectedly heavy quantities cheese are now available on short haul from North America. Would you consider whether in the interests of our two countries it might be possible to increase your butter and decrease your cheese supplies. Not only would this assist our fat position but it would also be advantageous to you should shipping position further deteriorate in that you would find surplus butter easier to handle than surplus cheese. Please consider this as a suggestion and let us have your frank comment taking into account your own problem well as our need. In the event of your being able to contemplate such a change would you consider whether it would be possible to increase your butter by 20,000 to 30,000 tons and reduce cheese supplies by 40,000 to 60,000 tons. Grateful if you will cable your reaction earliest so that we can consider your position before examining problem further.

In reply to this cablegram the New Zealand Government intimated that immediate steps would be taken in conjunction with the dairy industry to effect the "change-back" from cheese to butter production. Following discussions with dairy industry representatives it was decided that a compensation payment of 1½d. per pound of butterfat should be made to dairy-factory suppliers affected. This compensation payment was made to suppliers who since the 1939-40 season had changed over to cheese-supply and had, during the 1942-43 season, reverted to butter-supply. The payment was intended to be compensation for inevitable losses incurred and sacrifices made in the change-over to cheese-supply and in the reversion to butter-supply, including reduced returns from pigs during the 1942-43 season.

The method adopted for the determination of the amount of the compensation payment in each case was as follows :—

- "(1) Where a supplier delivered butterfat for cheesemaking during the 1941-42 season from its commencement, the special payment shall be made on butterfat supplied for buttermaking during the 1942-43 season up to the volume (plus 10 per cent.) of butterfat delivered for cheesemaking during the 1941-42 season.
- "(2) Where a supplier delivered butterfat for cheesemaking during part only of the 1941-42 season (having supplied butterfat for buttermaking during the earlier part of that season), the special payment shall be made on butterfat supplied for buttermaking during the 1942-43 season, up to the combined volume (plus 10 per cent.) of—
  - "(a) Butterfat supplied for buttermaking during the 1941-42 season previous to the date of his commencing to supply butterfat for cheesemaking; and
  - "(b) Butterfat delivered for cheesemaking during the remainder of that season.

"NOTE. In order to provide a uniform basis for all suppliers and thereby to avoid confusion, it has been decided to adopt the 1941-42 season's supply with the addition of 10 per cent. The additional percentage has been allowed because production for the 1941-42 season was below average."

The immediate response of the dairy industry to the request that butter-production should be increased and cheese-production decreased was recognized by the United Kingdom Ministry of Food, and increases in the Ministry's purchase-prices for butter and cheese (see page 7 of this report) were announced by the Minister of Marketing in the following statement which was made in July, 1942 :—

"The United Kingdom Ministry of Food has agreed to meet the costs arising from the change-back of dairy-factory suppliers from cheese to butter by increasing the purchase-prices for creamery butter and cheese by 4s. 6d. sterling per hundredweight for creamery butter and 3s. sterling per hundredweight for cheese. These increases bring the United Kingdom f.o.b. sterling purchase-prices to 117s. per hundredweight for butter and to 73s. per hundredweight for cheese.

"The decision to reduce cheese-production from 160,000 tons to 90,000 tons per annum had reduced the income from dairy-produce, and the New Zealand Government had agreed to compensate suppliers now to be changed back to butter-manufacture by payment to them of 1½d. per pound of butterfat on next season's supply sent to butter-factories. The increases in purchase-prices of butter and cheese now notified by the United Kingdom Ministry of Food were given specifically to meet change-over costs referred to, and were a prompt recognition by the Ministry of Food of the helpful attitude of dairy-farmers in again meeting the United Kingdom wartime needs in dairy-produce production."

## MANUFACTURE OF DEHYDRATED BUTTERFAT AND CONTRACT WITH MINISTRY OF FOOD

In the annual report for the 1941-42 season reference was made to the need for finding a means of disposal of whey butter and second-grade creamery butter, owing to their exclusion from the contract with the United Kingdom Ministry of Food for shipment of frozen butter, and to the establishment of a commercial plant for the manufacture into dehydrated butterfat of the foregoing classes of butter. Details of the contract of sale of dehydrated butterfat to the United Kingdom Ministry of Food were also given.

The commercial plant under the direction of the Internal Marketing Division was in operation for the greater part of the 1942-43 season, and was able to treat the accumulated stocks of whey butter of the 1941-42 production season, and also whey butter and second-grade creamery butter produced in the 1942-43 season.

The quantity of butterfat manufactured for export to the United Kingdom during the twelve months ended 31st July, 1943, was 86,940 cases (weighing 2,989 tons), and of this, 85,614 cases (weighing 2,943 tons) were exported to the United Kingdom, leaving stocks of 1,326 cases (weighing 46 tons) unshipped at 31st July, 1943.

During the year the United Kingdom Ministry of Food, in contemplation of the possibility of shipping difficulties, requested the New Zealand Government to equip "shadow" factories for production of butterfat, up to a total potential output of from 35,000 tons to 40,000 tons inclusive of the output of the plant then in operation. In return the United Kingdom Government agreed to contribute half of the net capital cost of the additional plant and equipment necessary to manufacture the foregoing output, with a maximum liability of £15,000 sterling.

The New Zealand Government agreed to the request on the terms stated, and steps were taken to provide the "shadow" factories and plant and equipment necessary.

Further, the United Kingdom Ministry of Food agreed to increase the purchase-price of Grade I butterfat from 150s. sterling per hundredweight to 156s. 6d. sterling per hundredweight.

NOTE.—Owing to the marked improvement in the shipping situation and the urgent need by the United Kingdom for butter of all qualities, whey butter and second-grade creamery butter have now been included in the United Kingdom Ministry of Food purchase of frozen butter for the 1943-44 season. The commercial plant already established will therefore be inoperative meantime, but will be available for any emergency and for the manufacture of such butterfat-supplies as may be required for New Zealand military needs in the Middle East and Pacific areas.

PROCESSED MILK

For the 1942-43 season contracts were concluded with the United Kingdom Ministry of Food for New Zealand's normal export of skim-milk powder and evaporated milk. Sale prices were: Skim-milk powder, £36 5s. per ton sterling f.o.b.; evaporated milk, 19s. 9d. per case sterling f.o.b.

The equivalent of these prices in New Zealand currency was paid to manufacturers, less ½ per cent. to cover the Department's administrative expenses.

The quantities and values exported by the Department for the twelve months ended 31st July, 1943, were —

|                  |    |    | Cases.  | Weight. | Value.  |
|------------------|----|----|---------|---------|---------|
|                  |    |    |         | Tons.   | £       |
| Skim-milk powder | .. | .. | 99,415  | 4,971   | 222,980 |
| Evaporated milk  | .. | .. | 60,821  | 1,303   | 74,133  |
| Total            | .. | .. | 160,236 | 6,274   | 297,113 |

During the 1942-43 season, under agreement with the United Kingdom Ministry of Food, the balance of the exportable surplus of evaporated milk was released for use of the Allied Forces in the South Pacific area. It will be seen that this release has considerably reduced the quantity exported by the Department.

PAYMENTS MADE BY DAIRY-FACTORY COMPANIES FOR BUTTERFAT-SUPPLIES

The following tabulation shows the average butterfat-prices paid to suppliers of butter- and cheese-manufacturing companies.

It should be borne in mind that when making comparison of butterfat payouts of companies it is necessary to take into consideration the location of the factories and special circumstances pertaining to individual companies, as those factors reflect appreciably on manufacturing and transport costs :

PAYMENTS BY DAIRY COMPANIES FOR BUTTERFAT-SUPPLIES  
(In pence per pound of butterfat)

|                        | Season 1936-37. |         | Season 1937-38. |         | Season 1938-39. |         | Season 1939-40. |         |
|------------------------|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|---------|
|                        | Butter.         | Cheese. | Butter.         | Cheese. | Butter.         | Cheese. | Butter.         | Cheese. |
| New Zealand average .. | 13·558          | 15·176  | 14·812          | 16·389  | 16·087          | 18·060  | 16·179          | 18·091  |

|                        | Season 1940-41. |         | Season 1941-42. |         | Season 1942-43. |         |
|------------------------|-----------------|---------|-----------------|---------|-----------------|---------|
|                        | Butter.         | Cheese. | Butter.         | Cheese. | Butter.         | Cheese. |
| New Zealand average .. | 16·106          | 18·043  | 16·017          | 18·025  | 16·569          | 18·577  |

The following tabulation shows the average costs of butter and cheese-manufacturing companies for the 1942-43 season. The New Zealand averages for the five previous seasons are also shown:—

**SEASON 1942-43: COSTS IN MANUFACTURE AND DELIVERY OF BUTTER TO F.O.B. OVERSEAS STEAMERS**  
(In pence per pound of butterfat)

|                        | Cream-collection. | Manufacturing Charges. | Depreciation. | Repairs and Maintenance. | Charges: Factory to f.o.b. | Overhead Charges. | Total Charges. |
|------------------------|-------------------|------------------------|---------------|--------------------------|----------------------------|-------------------|----------------|
| New Zealand average—   |                   |                        |               |                          |                            |                   |                |
| 1942-43 season .. .. . | 0.440             | 1.100                  | 0.089         | 0.068                    | 0.398                      | 0.206             | 2.301          |
| 1941-42 season .. .. . | 0.438             | 1.091                  | 0.091         | 0.064                    | 0.409                      | 0.213             | 2.306*         |
| 1940-41 season .. .. . | 0.405             | 1.023                  | 0.077         | 0.063                    | 0.437                      | 0.192             | 2.197          |
| 1939-40 season .. .. . | 0.398             | 0.977                  | 0.081         | 0.063                    | 0.418                      | 0.187             | 2.127          |
| 1938-39 season .. .. . | 0.402             | 1.019                  | 0.085         | 0.098                    | 0.394                      | 0.208             | 2.206          |
| 1937-38 season .. .. . | 0.381             | 0.953                  | 0.075         | 0.076                    | 0.384                      | 0.178             | 2.047          |
| 1936-37 season .. .. . | 0.352             | 0.927                  | 0.072         | 0.088                    | 0.398                      | 0.147             | 1.984          |

\* Butter-manufacturing costs for the 1941-42 season were increased owing to diversion of milk-supply from butter-manufacture to cheese-manufacture. Compensation payments were made to dairy companies on this account.

**SEASON 1942-43: COSTS IN MANUFACTURE AND DELIVERY OF CHEESE TO F.O.B. OVERSEAS STEAMERS**  
(In pence per pound of butterfat.)

|                        | Manu-facturing Charges. | Depreciation. | Repairs and Maintenance. | Charges: Factory to f.o.b. | Overhead Charges. | Total Charges. |
|------------------------|-------------------------|---------------|--------------------------|----------------------------|-------------------|----------------|
| New Zealand average—   |                         |               |                          |                            |                   |                |
| 1942-43 season .. .. . | 2.576                   | 0.166         | 0.216                    | 0.634                      | 0.325             | 3.917          |
| 1941-42 season .. .. . | 2.372                   | 0.141         | 0.170                    | 0.647                      | 0.270             | 3.600          |
| 1940-41 season .. .. . | 2.323                   | 0.144         | 0.184                    | 0.620                      | 0.258             | 3.529          |
| 1939-40 season .. .. . | 2.259                   | 0.148         | 0.180                    | 0.624                      | 0.299             | 3.510          |
| 1938-39 season .. .. . | 2.289                   | 0.157         | 0.203                    | 0.617                      | 0.326             | 3.592          |
| 1937-38 season .. .. . | 2.151                   | 0.141         | 0.166                    | 0.589                      | 0.290             | 3.337          |
| 1936-37 season .. .. . | 2.056                   | 0.134         | 0.146                    | 0.577                      | 0.226             | 3.139          |

**PUBLICITY IN THE UNITED KINGDOM**

The Department's annual report for the year ended 31st July, 1941, mentioned the necessary cessation during the war of the extensive advertising of New Zealand dairy-produce, which was an important item in pre-war marketing policy, and referred to the retention by the Department of the Advertising Manager and two assistants, to follow the distribution of dairy products and to keep contacts throughout the United Kingdom with traders and selling organizations. Whilst New Zealand marks and brands continue on our products as formerly, an essential feature of the United Kingdom distribution during wartime is that sale of products is made without distinction as to brand or country of origin. New Zealand could not fairly have objected to this feature, so necessary from the United Kingdom point of view, and it follows that a vigorous campaign during wartime of advertising New Zealand products against other products imported into the United Kingdom would have been embarrassing to the Ministry of Food, and accordingly out of place.

The maintenance of the nucleus of the advertising section in the manner indicated assists in the preservation of the goodwill New Zealand has for its products.

**ACCOUNTS**

The dairy-produce accounts covering the completed operations for the 1941-42 season and the operations for the 1942-43 season are shown in the accounts section at the end of this report, pages 29 and 30.

The completed operations for the 1941-42 season are referred to on page 6 of this report. After sale of the balance of the 1941-42 season's dairy-produce which was in store at 31st July, 1942, the final result of the operations for the complete 1941-42 season is a surplus of £773,252.

The accounts now presented for the 1942-43 season cover purchases of butter and cheese by the Department up to 31st July, 1943. The following table shows the quantities so purchased, the total season's production for export, and the stocks in store awaiting purchase at 31st July, 1943:—

|                 | Shipped and paid to 31st July, 1943. | In Store and paid, 31st July, 1943.    | In Store and not paid, 31st July, 1943. | Total Production for Export Season 1942-43. |
|-----------------|--------------------------------------|----------------------------------------|-----------------------------------------|---------------------------------------------|
| Creamery butter | Boxes.<br>3,832,560                  | Boxes.<br>212,099                      | Boxes.<br>37,117                        | Boxes.<br>4,081,776                         |
|                 | Shipped and paid to 31st July, 1943. | Shipped and not paid, 31st July, 1943. | In Store and not paid, 31st July, 1943. | Total Production for Export Season 1942-43. |
| Cheese ..       | Crates.<br>1,238,284                 | Crates.<br>35,151                      | Crates.<br>28,505                       | Crates.<br>1,301,940                        |

NOTE.—The season's production of whey butter amounting to 90,280 boxes was also purchased by the Department "in store" for manufacture into dehydrated butterfat.

The accounts for the 1942–43 season comprise Purchase and Sale and Revenue Accounts, Administration and General Expenses Account, and Dairy Produce Account.

It will be observed from the accounts that the Purchase and Sale and Revenue Accounts show a surplus at 31st July, 1943, of £709,724. The Dairy Produce Account at 31st July, 1943, shows a deficit of £240,837, subject to contingent liabilities (see page 30) of £230,000.

## MEAT

### REVIEW OF COMPLETED OPERATIONS FOR THE 1941–42 SEASON

The contract between the United Kingdom and the New Zealand Governments for the 1941–42 season (the third year of war) provided for the purchase of 190,000 tons of frozen meat shipped or unshipped and 37,150 tons of canned meats. The equivalent in carcass meat of 37,150 tons of canned meat is 111,500 tons, so that the contract for purchase of frozen and canned meats for the 1941–42 season represented a total quantity of 301,500 tons of carcass meat.

It was provided that if the Dominion should not succeed in canning the contract quantity of 37,150 tons, the surplus carcass meat would fall to be dealt with under the terms of the paper issued by the United Kingdom Government, "Statement of Policy in regard to New Zealand Surpluses." Briefly, the terms of this Surpluses Agreement provided for a production objective for New Zealand for the 1941–42 season of 301,500 tons of meat, made up, as stated above, of 190,000 tons of frozen meat plus 111,500 tons of carcass meat for canning. The United Kingdom Government agreed to share equally with the New Zealand Government in the liability for the production of this 301,500 tons of meat, but any production in excess of this figure would be the entire responsibility of the New Zealand Government. The United Kingdom Government undertook to lift additional quantities of frozen meat if freight became available.

It is pleasing to record that owing to the extremely satisfactory clearances of frozen meat during the year, the Surpluses Formula did not become operative. Actually the production objective of 301,500 tons was considerably exceeded, as shown by the following figures:—

|                                                         | Season 1941–42. |
|---------------------------------------------------------|-----------------|
|                                                         | Tons.           |
| Production for export (gross) .. .. .                   | 359,955         |
| Less boning and trimming, &c. .. .. .                   | 23,648          |
| Production for export (net) .. .. .                     | 336,307         |
| Less canning (carcass equivalent) .. .. .               | 63,086          |
| Balance for export, frozen .. .. .                      | 273,221         |
| Actual shipments of frozen meat, 1941–42 season .. .. . | 297,866         |

As stated above, the shipments of frozen meat for the 1941–42 season ended 30th September, 1942, totalled 297,866 tons, which left a carry-over in store at the end of September, 1942, of 40,567 tons of export meat. This figure compares very favourably with the carry-over position in the previous year, when at the end of September, 1941, meat in store for export totalled 77,902 tons. The whole of this "carry-over" meat was shipped well before the end of 1942. Contributing to this excellent clearance were the deliveries of frozen meat to the United States Joint Purchasing Board in the latter part of 1942, amounting to approximately 5,892 tons.

### BULK PURCHASE OF 1942–43 SEASON'S MEAT BY UNITED KINGDOM GOVERNMENT

In October, 1942, the United Kingdom Ministry of Food undertook to purchase meat for the calendar year 1943 up to a total quantity of 328,000 tons. By April, 1943, the general shipping situation had improved to such an extent that the Minister of Food notified the New Zealand Government that the Ministry was prepared to buy the whole of the New Zealand exportable surplus without any limitation as to quantity.

The increase in prices which took effect from the 1st October, 1941, remained in operation unchanged throughout the 1942–43 season. (See page 10 of annual report for year ended 31st July, 1942.)

Frozen meat shipments during the early part of 1943 were very limited, but later improved substantially, with the result that it is now anticipated that the total quantity of frozen meat which will be shipped for the twelve months ended 30th September, 1943, will be approximately 217,632 tons, which, with deliveries of frozen meat to the United States Joint Purchasing Board, amounting to a further 28,205 tons, will result in a "carry-over" of meat for export at 30th September, 1943, of 32,631 tons, the smallest "carry-over" since the commencement of the war.

### PURCHASE AND SALE PROCEDURE, 1942–43 SEASON

For the 1942–43 season the New Zealand Government again agreed to purchase the normal exportable surplus of meat under an arrangement similar to that which obtained for the previous season.

The opening schedules for fat stock were, in the main, the same as for the 1941–42 season, and the Marketing Department's f.o.b. buying prices were fixed accordingly to enable meat operators to pay these prices to farmers. This necessitated an increase in the Department's f.o.b. prices to compensate for lower pelt values.

The opening schedule prices were arranged as above, subject to any addition to last season's value of slipé wool. Later, 10 per cent. out of the 15 per cent. increase received by the New Zealand Government for slipé wool was reflected in the schedule prices from the commencement of the season. The remaining 5 per cent. of this increase is being paid into the Meat Pool Account. The f.o.b. (New Zealand currency) purchase-prices payable to freezing companies and meat exporters for the 1942–43 season are set out in the Meat Marketing Order 1942, Amendment No. 1.

The general agreement in respect of the 1942–43 season, which was concluded between the Government and the Meat Board on behalf of the producers of meat for export, is set out in the following letter from the Hon. the Minister of Marketing to the Chairman of the Meat Board:—

1. The Government agree to purchase the normal exportable surplus for the 1942–43 production year subject to any restrictions on killing that may be rendered necessary by shipping, marketing, or other difficulties. Any restrictions will be made only after full consultation with your Board.

2. The procedure by which this undertaking will be implemented is as follows: For the period commencing 1st October, 1942, until the 30th September, 1943, the Marketing Department will purchase export meat products at the f.o.b. prices which have been determined after agreement with your Board and representatives of the meat operators, and details of which are set out in the schedule attached. After the opening schedule (which has also been determined by agreement between your Board and the meat operators) has been established, any rise or fall in the prices received by freezing companies for pelts and hides and the increments on wool are to be reflected in the schedule price in the usual way now common to the trade.

3. The trade to provide the Department of Agriculture with returns showing the prices paid to farmers and what deductions have been made to cover the intervening charges from farm to f.o.b., together with any further information required in order to enable the Department in consultation with the Meat Board to decide whether the prices being paid to growers are fair and reasonable.

4. The "open door" to farmers to be maintained, subject to any conditions which may be laid down by the Marketing Department involving the possible pooling of farmers' individual consignments. It is understood that whilst the "open door" remains operative, meat operators may approach me for a general revision if at any time it is proved that undue advantage is being taken by producers in the direction of killing on own account for the purpose of obtaining returns from wool above the average allowed in fixing the schedule.

5. It is further agreed that the Government will consult the Board in regard to the administration of the Special Account created from the proceeds secured from the additional prices granted by the United Kingdom Government and the agreed reductions in the Marketing Department's f.o.b. price schedule. Against this Special Account will be debited the assessed costs and liabilities incurred by the Government in respect of the purchase of export meat products, both frozen and canned, and the erection and operation of emergency cool storage and canning plants. If at the end of the emergency period there is a surplus remaining in the account, the Government and the Board will consult to determine ways and means by which such amount can be utilized for the benefit of the industry. Should there be a deficit in the Special Account at the end of the emergency period such deficit will remain the responsibility of the New Zealand Government. The termination of the emergency period shall be determined by the New Zealand Government.

6. It is further agreed that the operations of freezing companies and buying operators shall again be subject to an audit by the Government in association with the New Zealand Meat Producers Board, either by the Auditor-General or by a private firm of auditors or by the Auditor-General and a private firm of auditors approved by the Government and reporting to it. The audit shall be for the purpose of a general survey as a basis for future discussions on the variations, if any, to be effected in freezing and slaughtering charges and in buying expenses.

7. It is understood between us that the overhead expenses of the Marketing Department and the Department of Agriculture will continue to be a first charge on the f.o.b. price schedules already determined, and that in addition the estimated expenses of your Board will continue to be paid to your Board by the Marketing Department.

8. It is further agreed that the Government will continue to maintain close collaboration with the Board on all matters vital to the export meat trade of the Dominion.

The terms of the agreement subsequently concluded between the Government and the freezing companies and meat operators, covering the purchase of export meat products for the 1942-43 season, were recorded in a letter addressed by the Hon. the Minister of Marketing to the Chairman of the North and South Island Freezing Companies' Association, reading as follows:

1. The Government agrees to purchase all meat and edible offals killed and passed for export during the 1942-43 season ending on 30th September, 1943, of the types, at the prices, and on the conditions contained in the now current Marketing Department Prices Orders and circular letters of instructions. Payment will be made as follows:—

(a) At the expiration of thirteen weeks from the date of killing (based on the weekly killing returns of each freezing company) the Government will effect purchase and make the appropriate payment to the owners, irrespective of whether such meat remains in store or has in fact been shipped. The payment by the Government of the full purchase-price thirteen weeks after killing is a compounding of an alternative payment procedure of 50 per cent. in two months and the balance in four months after killing. If any meat is destroyed or damaged otherwise than by ordinary depreciation through long storage before the expiration of seventeen weeks after killing, or before placement to f.o.b. within that period, then the responsibility shall lie with the freezing company to the extent of its warranty as set out below, or with the owner, as the case may be.

(b) Payment will be made on weights in accordance with the normal custom of the trade as determined by the Primary Industries Controller. Companies will be responsible for condition and quality of all meat in store at any time whether before or after the date of purchase of the meat by the Government in accordance with the warranty given by the companies as follows:—

*Warranty.*—"The companies will exercise all reasonable care and diligence in treating, freezing, handling, and taking care of the meat entrusted to them and in maintaining in good working-order the premises and plant used for that purpose. It is understood that goods held in refrigerated stores become stale as a result of lengthy storage and this factor must be recognized as an unavoidable source of deterioration of goods so stored for which the freezing companies cannot be held responsible. If any damage occurs or any defect arises as a result of a breach of this warranty, the freezing companies will pay to the Government the loss arising from that damage or defect."

2. The Government will assume responsibility for all insurance risk, including war risk, on meat in store after the expiration of seventeen weeks from date of killing.

3. Storage on meat suitable for export within the terms of the now current Price Orders which remains in store shall be payable by the Government after the expiration of seventeen weeks after the date of killing at a rate of 1/48d. per pound, per calendar month.

4. In consideration of the Government undertaking to purchase export meat products in terms of this agreement, all freezing companies and meat operators will agree jointly and individually to maintain buying schedules at the fullest possible rate, and to consult the Government before making any alteration in any existing price schedule payable to producers for export stock. In addition, freezing companies and meat operators agree to provide the Department of Agriculture with returns showing the prices paid to farmers and what deductions have been made to cover intervening charges from farm to f.o.b., together with any further information required in order to enable the Department, in consultation with the Meat Producers Board, to decide whether the prices being paid to growers are fair and reasonable.

5. The "open door" to farmers at all freezing-works to be maintained, subject to any conditions that may be laid down by the Marketing Department involving the possible pooling of farmers' individual consignments. It will be understood that whilst the "open door" remains operative meat operators may approach me for a general revision if at any time it is proved that undue advantage is being taken by producers in the direction of killing on own account for the purpose of obtaining returns from wool above the average allowed in fixing the schedule.

6. It is further agreed that the operations of freezing companies and buying operators shall again be subject to an audit by the Government in association with the New Zealand Meat Producers Board, either by the Auditor-General or by a private firm of auditors or by the Auditor-General and a private firm of auditors approved by the Government and reporting to it. The audit shall be for the purpose of a general survey as a basis for future discussions on the variations, if any, to be effected in freezing and slaughtering charges and in buying expenses.

7. It is understood that the details of procedure in terms of this agreement will be settled by the Primary Industries Controller in consultation with the New Zealand Meat Producers Board and the Marketing Department.

8. Any question to be settled or dispute arising under this arrangement will, if no other provision is made above, and if the parties cannot agree, be settled by arbitration under the Arbitration Act.

The object of this agreement is to enable buyers of export meat to continue to purchase in the usual way and to enable freezing companies to continue to slaughter and freeze for export. This is made without prejudice to freezing charges. The export buyers and freezing companies therefore agree to give to the Government the earliest possible notice if changing conditions in any way prejudice the attainment of this objective.

The Government also reserve the right to apply any restrictions on the killing of export stock that may be rendered necessary by shipping, marketing, or other difficulties. Any such restrictions will be made only after full consultation with the New Zealand Meat Producers Board.

The Fat-stock Disposal Order 1941 is being replaced by the Fat-stock Disposal Order 1942.

## PRICES FOR 1942-43 SEASON'S MEAT PURCHASED BY MARKETING DEPARTMENT FOR EXPORT

The f.o.b. New Zealand currency purchase-prices payable to freezing companies and meat exporters or the various classes and grades of frozen meat are set out in the Meat Marketing Order 1942, Amendment No. 1. The purchases made by the Department from freezing companies and exporters for the twelve months ended 31st July, 1943, total £19,303,374 (New Zealand currency). Debits to the United Kingdom Ministry of Food total £17,924,559 (New Zealand currency) for the same period. The total weight of frozen meat purchased was 293,659 tons, giving an average payout to freezing companies and meat exporters of 6·20d. per pound for all descriptions of frozen meat and edible offals.

The following table shows particulars of meat purchased during the twelve months ended 31st July, 1943, classified under main descriptions of meat purchased :

| Class of Meat.                   |    |    |    |    |    | Tons.   | Purchase Value<br>(N.Z. Currency). | Average Price,<br>per Pound<br>(N.Z. Currency). |
|----------------------------------|----|----|----|----|----|---------|------------------------------------|-------------------------------------------------|
| Frozen—                          |    |    |    |    |    |         | £                                  | d.                                              |
| Lamb                             | .. | .. | .. | .. | .. | 166,060 | 11,600,058                         | 7·48                                            |
| Mutton                           | .. | .. | .. | .. | .. | 52,719  | 1,525,920                          | 3·10                                            |
| Beef and veal                    | .. | .. | .. | .. | .. | 55,880  | 2,491,236                          | 4·78                                            |
| Pig-meats                        | .. | .. | .. | .. | .. | 8,913   | 682,749                            | 8·21                                            |
| Sundries                         | .. | .. | .. | .. | .. | 10,087  | 704,536                            | 7·48                                            |
| Total, frozen meat               |    |    |    |    |    | 293,659 | 17,004,499                         | 6·20                                            |
| Preserved—                       |    |    |    |    |    |         |                                    |                                                 |
| Corned beef and mutton           | .. | .. | .. | .. | .. | 20,214  | 2,017,621                          | ..                                              |
| Tongues, &c.                     | .. | .. | .. | .. | .. | 1,228   | 281,254                            | ..                                              |
| Total, preserved meat            |    |    |    |    |    | 21,442  | 2,298,875                          | ..                                              |
| Total, frozen and preserved meat |    |    |    |    |    | 315,101 | 19,303,374                         | ..                                              |

### MEAT POOL ACCOUNT

The circumstances and discussions which led up to the establishment of the Meat Pool Account at the commencement of the 1941-42 season were fully detailed in last year's annual report. These arrangements provided that the producers would receive substantially the same opening schedule prices as they did in the previous season, but they would forgo any increased prices which may have been available as the result of the increases granted by the United Kingdom Government, or by increases at that time in the value of pelts, in order to provide a fund for the main purpose of maintaining the value of ewe mutton at a reasonable level.

The Government, on its part, agreed to purchase the normal exportable kill, which at the time involved a considerable contingent liability because of possible surplus production, having regard to the arrangements made with the United Kingdom Government and the then shipping prospects.

The principal credits to the Meat Pool Account arose from the increases in prices and pelt values referred to above. The account was also credited with the increase in price obtained by the New Zealand Government from the United Kingdom Government from the sale of tallow, and with 5 per cent. of the 15 per cent. increase in the price received by the New Zealand Government for slipe wool (see page 20 of this report).

The Meat Pool Account is debited with the assessed costs and liabilities incurred by the Government in respect of the purchase of export meat products—both frozen and canned—and with the capital liability on emergency cannery plant and buildings and cool stores. Against the last-named item it is expected that at the end of the emergency period these plants and buildings will have a residual value which will be credited to the Meat Pool Account.

It will be noted that provision is made in the Government's agreement with the Meat-producers Board that, if at the end of the emergency period there is a surplus remaining in the Meat Pool Account, the Government and the Board will consult to determine how any such surplus can be utilized for the benefit of the industry. Should there be a deficit in the account at the end of the emergency period such deficit will remain the responsibility of the New Zealand Government.

The Hon. the Minister of Marketing agreed (1st September, 1942) with the Meat-producers Board that the General Manager of the Board, the Primary Industries Controller, and the Director of the Export Division, Marketing Department (or their deputies), should constitute a committee for discussion of matters of policy (as distinct from matters of routine) affecting the sale of meat and meat by-products not already determined in the arrangements now existing between the Government and the Meat Board. This Committee has met on a number of occasions during the year under review.

The accounts presented with the report for the 1941-42 season showed the transactions in the Meat Pool Account to 31st July, 1942. At that date there was a surplus in the account of £794,801. On page 31 of this report will be found the financial results of the Meat Pool Account to 31st July, 1943, the surplus at that date being £1,883,547.

## SURVEY OF SEASON

The killings of export-quality meat during the season totalled 315,468 tons net, being a decline of 6 per cent. on the previous year. From a fattening point of view the season was less favourable than any of the three preceding war years; this is reflected in lower average weights of lambs, wethers, and ewes, and in a greater percentage of second-quality meat.

Lamb killings at 10,970,041 carcasses showed a reduction of 79,731 carcasses on last season, and killings of pigs, sheep, and prime cattle all showed appreciable decreases. The entire exportable kill of ewes was again purchased by the Marketing Department on a carcass-weight basis, and the bulk of these ewes was boned out for canning purposes, but, as in the case of last season, an improvement in the shipping position enabled approximately 25 per cent. of the ewes killed to be shipped to the United Kingdom in frozen telescoped form. The Meat Pool Account has therefore again benefited to the extent of the increased return from ewes exported in frozen form, compared with their use for canning.

Last season's arrangement in regard to the purchase of boner cows was continued this season, the cows being purchased by the meat operators on the basis of 20s. per 100 lb. delivered at nearest port works. The operators sold the resultant boned meat to the canneries at a price fixed by consent of the Primary Industries Controller.

In regard to bull beef, instead of the subsidy payment of 6s. per 100 lb. dressed carcass-weight which operated last year, bull beef killed on and after the 1st December, 1942, was purchased outright by the Marketing Department at a price which enabled a payment to producers of 20s. per 100 lb. The bull beef was saved and for a short time was exported to the United Kingdom in frozen form, but subsequently it was reserved for dehydration.

The Government subsidy of 2s. per head on passed "bobby calves" was continued during the 1942-43 season. As mentioned in the last annual report, the improved shipping position has enabled bobby-calf meat to be saved for export since July, 1942. The proceeds of the sale of this bobby-calf meat were used in the first instance to recover the cost of the above-mentioned subsidy payment of 2s. per head, and the processing and freezing charges attendant upon the packing of this meat for export. By agreement between the Hon. the Minister of Marketing and the New Zealand Bobby Calf Pools Executive, out of the balance remaining in the Bobby Calf Pool Account a bonus of 1s. 9d. per head was paid to producers on all "passed" calves slaughtered during the twelve months ended 31st May, 1943. It was further agreed that, within the general framework of the Government's stabilization policy, similar arrangements would be made in respect of the twelve months ending 31st May, 1944.

The balance standing to the credit of the Bobby Calf Pool Account as at 31st July, 1943, is shown on page 32 of this report to be £91,782.

During the season shipping and storage space was again conserved to the maximum extent by telescoping, deboning, trimming, and packaging of export meat in accordance with standards established earlier in the war.

The Department wishes to record that at all times it has found the practical advice and co-operation of the associated freezing companies very helpful in adapting freezing-works practice to wartime conditions.

## SHIPPING

During the earlier months of the killing season the amount of shipping space available was extremely limited, and as a result the storage position in some districts in the latter part of the season threatened to become very acute.

However, it was found possible to allocate shipping tonnage in such a way that no freezing-works had to cease killing owing to congestion of freezing-works' stores. Full use of the emergency cool-stores was made during this critical period.

From May onwards the liftings of meat were extremely satisfactory and, as already recorded, have resulted in a very small "carry-over" at the end of the season.

The Department again records its thanks to the Overseas Shipowners' Allotment Committee for its co-operation in arranging loadings, and to the New Zealand Railways Department for its continued assistance in organizing rail transport arrangements, especially in the direction of providing main port loadings of ships.

## CANNED MEAT

The canning agreement with the United Kingdom Government for the 1942-43 season provided for purchases of the following quantities of canned meat for the production year ended 30th September, 1943:—

|                                  | Tons. |    |    |    |    |    |        |
|----------------------------------|-------|----|----|----|----|----|--------|
| Corned beef .. .. .              | ..    | .. | .. | .. | .. | .. | 12,000 |
| Corned and boiled mutton .. .. . | ..    | .. | .. | .. | .. | .. | 10,500 |
| Canned brisket beef .. .. .      | ..    | .. | .. | .. | .. | .. | 200    |
| Ox-tongues .. .. .               | ..    | .. | .. | .. | .. | .. | 400    |
| Bobby-calf tongues .. .. .       | ..    | .. | .. | .. | .. | .. | 200    |
| Sheep and lamb tongues .. .. .   | ..    | .. | .. | .. | .. | .. | 1,200  |
| Pig-tongues .. .. .              | ..    | .. | .. | .. | .. | .. | 400    |

Canning contracts covering these quantities were allocated amongst the various canning companies in proportion to their production capacity.

Prices and conditions were the same as for the preceding season. The full range of prices payable by the Marketing Department for canned meats purchased under the current (1942-43) season contracts is as follows:—

|                                        | Per Dozen f.o.b.<br>(N.Z. Currency). |    |    |                               | Per Dozen f.o.b.<br>(N.Z. Currency). |    |    |
|----------------------------------------|--------------------------------------|----|----|-------------------------------|--------------------------------------|----|----|
|                                        | £                                    | s. | d. |                               | £                                    | s. | d. |
| Corned beef—                           |                                      |    |    | Brisket beef—                 |                                      |    |    |
| First-quality taper soldered 6's ..    | 3                                    | 3  | 3½ | First-quality soldered 6's .. | 5                                    | 17 | 7  |
| Second-quality taper soldered 6's ..   | 3                                    | 0  | 2  | First-quality soldered 4's .. | 4                                    | 3  | 1  |
| First-quality round soldered 6's ..    | 3                                    | 3  | 3½ | Canned tongues—               |                                      |    |    |
| First-quality taper soldered 12 oz. .. | 0                                    | 10 | 6½ | Ox and calf—                  |                                      |    |    |
| First-quality round sanitary 12 oz. .. | 0                                    | 10 | 4  | First-grade 6's ..            | 10                                   | 5  | 0  |
| Corned mutton—                         |                                      |    |    | Second-grade 6's ..           | 9                                    | 7  | 9  |
| First-quality taper soldered 6's ..    | 2                                    | 13 | 10 | Sheep and lamb—               |                                      |    |    |
| Second-quality taper soldered 6's ..   | 2                                    | 10 | 8½ | 12 oz. ..                     | 0                                    | 16 | 8  |
| Boiled mutton—                         |                                      |    |    | 1 lb. ..                      | 1                                    | 0  | 9  |
| First-quality round soldered 6's ..    | 2                                    | 13 | 10 | Pig 6's ..                    | 7                                    | 1  | 7  |
|                                        |                                      |    |    | Bobby calf 12 oz. ..          | 0                                    | 19 | 1  |

During the season under review considerable quantities of meat have been canned for the United States Joint Purchasing Board, for supply to American Armed Forces in the South Pacific Area. Details of such canned meat-supplies will be found in the paragraph entitled, "Supplies of Meat to the United States Armed Forces."

## MANUFACTURE OF DEHYDRATED MEAT AND CONTRACT WITH MINISTRY OF FOOD

Further progress has been made in the manufacture of dehydrated meat. At the request of the United Kingdom Ministry of Food a large-scale dehydration plant was erected and came into operation in March, 1943. The plant has a production capacity of about 5,000 tons of dried meat per annum, when working to full capacity.

The New Zealand Government has contracted with the United Kingdom Government to supply a minimum quantity of 2,500 tons of dehydrated meat during the calendar year 1943. At the request of the United Kingdom Ministry of Food New Zealand undertook to be in a position to increase this quantity to at least 5,000 tons in 1944. Advice has now been received that the quantity of dehydrated meat actually required from New Zealand for 1944 is 2,500 tons.

The contract arrangements with the United Kingdom Ministry of Food provide that the prices to be paid by the Ministry are to be based on the frozen schedule prices for export meat, plus costs of processing, and a contribution towards the capital cost of the plant at the rate of 20 per cent. per annum spread over the period of the contract viz., three years. It has been agreed that if at any time before the expiration of three years New Zealand is asked to cease production, the United Kingdom will make up its capital contribution to what would have accrued under the three-year contract—viz., 60 per cent. This contribution is, however, not necessarily limited to 60 per cent., since the Ministry would continue to contribute a further 20 per cent. in the event of a contract having to be made for 1946.

It is estimated that the contract quantity of 2,500 tons of dehydrated meat is equal to 10,000 tons of boneless frozen meat and that shipment in the form of dehydrated meat will save a corresponding amount of refrigerated space. Like canned meat, dehydrated meat is shipped in unrefrigerated space and it has the advantage over canned meat that, being more concentrated, it effects a considerable saving in tinplate.

The classes of meat as present being dehydrated are bull and cow beef, but experiments have been made in the dehydration of veal mixed with beef and mutton, and the out-turn reports on trial shipments to the United Kingdom are at present being awaited with interest.

## PIG INDUSTRY

The Pig Marketing Emergency Regulations 1943 were gazetted on the 1st April, 1943, and are administered by this Department. The regulations fix maximum prices at which pigs may be purchased by operators for slaughter, and prescribe the scale of basic values of frozen pig-meats acquired by the Department.

Pursuant to these regulations, the Marketing Department on the 16th April, 1943, gave notice of its intention to acquire all frozen pig-meats, the object being to ensure that the available supplies of such pig-meats were distributed in an equitable manner amongst the trade, having regard to the requirements of the Armed Forces and of the local civilian trade.

As from the 20th May, 1943, the consumption of pork in New Zealand was prohibited by the Government, and the Marketing Department became the sole buyer of pork.

With the object of encouraging producers to carry their pigs through the winter in order to obtain the maximum weight of pig-meats, special winter prices applicable from 1st June, 1943, were fixed by notice dated 29th July, 1943, under the regulations. These winter prices extended to the 30th September in the case of porkers and to the 31st October in the case of baconers. The Marketing Department's purchase-prices for frozen pig-meats were advanced proportionately to the increase in the "hooks" price of pigs during the winter period.

A Pig-meats Advisory Committee, comprising representatives of the producers, operators, and bacon-curers, was set up by the Government in March, 1943, to advise the Marketing Department in connection with pig-meat supplies and allocations, having regard to the policy laid down by the Supply Council in regard to priorities.

The Pig Marketing Regulations already referred to are applicable in the North Island only. In the South Island, resulting from the prohibition of the consumption of pork in New Zealand, a special arrangement was made in May fixing the "on hooks" prices payable to producers for porker and baconer pigs. The Marketing Department buys the resultant frozen pig-meats from freezing companies for supply to the Armed Forces.

### DISPOSAL OF THE 1942-43 SEASON'S KILL

In view of the diversified nature of the outlets for export meat resulting from the development of canning, dehydration, supplies to the United States Armed Forces, to the New Zealand Forces, and the local civilian market, the following statement of production and disposal of each class of meat for the 1942-43 season may be of interest:—

#### PRODUCTION AND DISPOSAL OF FROZEN MEAT KILLED FOR EXPORT (IN TONS), 1942-43 SEASON

|                    | Pro-<br>duction: | Disposal. |                   |                                                   |                         |                  |                                                             | Total.  |
|--------------------|------------------|-----------|-------------------|---------------------------------------------------|-------------------------|------------------|-------------------------------------------------------------|---------|
|                    | Net<br>Weight.   | Canning.  | Dehydra-<br>tion. | United<br>States<br>Joint<br>Purchasing<br>Board. | New<br>Zealand<br>Army. | Local<br>Market. | Shipments<br>to United<br>Kingdom<br>and<br>Middle<br>East. |         |
|                    | Tons.            | Tons.     | Tons.             | Tons.                                             | Tons.                   | Tons.            | Tons.                                                       | Tons.   |
| Lambs .. ..        | 164,027          | ..        | ..                | 5,231                                             | 750                     | 345              | 157,701                                                     | 164,027 |
| Wethers .. ..      | 14,780           | ..        | ..                | 2,843                                             | 1,000                   | 793              | 10,144                                                      | 14,780  |
| Ewes .. ..         | 42,019           | 30,925    | 224               | ..                                                | ..                      | 500              | 10,370                                                      | 42,019  |
| Quarter beef .. .. | 31,611           | ..        | ..                | 16,729                                            | 1,000                   | 493              | 13,389                                                      | 31,611  |
| Boneless—          |                  |           |                   |                                                   |                         |                  |                                                             |         |
| Cow and ox .. ..   | 27,310           | 25,080    | 1,863             | ..                                                | ..                      | ..               | 367                                                         | 27,310  |
| Bull .. ..         | 6,558            | ..        | 5,928             | ..                                                | ..                      | ..               | 630                                                         | 6,558   |
| Veal .. ..         | 7,351            | ..        | 871               | ..                                                | ..                      | ..               | 6,480                                                       | 7,351   |
| Veal sides .. ..   | 1,027            | ..        | ..                | 1,010                                             | ..                      | ..               | 17                                                          | 1,027   |
| Baconers .. ..     | 6,067            | ..        | ..                | 5,309                                             | ..                      | 500              | 258                                                         | 6,067   |
| Porkers .. ..      | 4,585            | ..        | ..                | 3,635                                             | 500                     | 200              | 250                                                         | 4,585   |
| Offal .. ..        | 10,133           | ..        | ..                | 1,403                                             | 100                     | ..               | 8,630                                                       | 10,133  |
|                    | 315,468          | 56,005    | 8,886             | 36,160                                            | 3,350                   | 2,831            | 208,236                                                     | 315,468 |

NOTE.—The above table shows only the disposal of frozen meat ex freezing-works through the Export Division, Marketing Department, channels, and thus is not a complete statement of quantities of meat supplied to the United States or the New Zealand Armed Forces.

### SUPPLIES OF MEAT TO THE UNITED STATES ARMED FORCES

During the year under review substantial quantities of frozen and canned meats have been supplied to the United States Armed Forces. As the entire exportable surplus for the 1942-43 season was under contract to the United Kingdom Government the approval of the United Kingdom Ministry of Food was sought and obtained for release of the quantities and kinds of meat required by the United States authorities. The arrangements for the purchase of the American Armed Forces' requirements are in the hands of the United States Joint Purchasing Board.

Delivery of goods is made to the order of the United States Joint Purchasing Board; the bulk of the frozen and canned meat supplied is delivered to central refrigerated and dry stores leased by the Board for the purpose at Auckland and Wellington.

The Meat Pool Account receives a credit for the value of the goods supplied for shipment overseas, in the same way as if they had been shipped to the United Kingdom.

During the year many discussions have taken place with officers of the Joint Purchasing Board relative to the availability of particular classes of meat desired by the Board, and to the technique of processing, packaging, and delivery, in accordance with its particular requirements.

At the request of the Board, experiments have been made in the processing of beef in a form differing materially from standard practice as laid down by the United Kingdom Ministry of Food, whose consent has now been given to the proposal, and as a result all ox, heifer, and g.a.q. cow beef will be processed in the 1943-44 season in accordance with the American specifications.

The Admiralty pack of moulded carton-packaged ox beef as supplied to the United Kingdom Ministry of Food for the past two years has found favour also with the United States authorities, who have placed a regular order for this product.

It is pleasing to record that the relations between the Department and executive officers of the Joint Purchasing Board during the year have been harmonious and cordial, and that there has been a ready appreciation by the Board's officers of the difficulties involved in meeting abnormal requirements for particular classes of meats and in adapting to American standards trade practices which have characterized our trade with the United Kingdom over a long period.

### ACCOUNTS

The Meat Account covering the completed operations for the 1941-42 season is shown in the accounts section at the end of this report, page 31. The surplus on transactions after 31st July, 1942—namely, £826,505—is transferred to the Meat Pool Account. The completed operations for the 1941-42 season are referred to on page 14 of this report.

The accounts for the 1942-43 season (see pages 31 and 32) comprise :—

- (a) Purchase and Sale Account, 1942-43 season's killings sold up to 31st July, 1943. This account shows the transfer to the Meat Pool Account of £988,829, being the surplus on these transactions, after allowance to the Department for administration and general expenses of  $\frac{1}{2}$  per cent. on sales.
- (b) Administration and General Expenses Account.
- (c) Meat Pool Account to 31st July, 1943 (see page 31 of this report). This account shows a surplus at 31st July, 1943, of £1,883,547.
- (d) Bobby Calf Pool Account to 31st July, 1943 (see page 32 of this report). This account shows a surplus at 31st July, 1943, of £91,782.
- (e) Meat Account, which shows a credit balance at 31st July, 1943, of £53,567.

## WOOL

### BULK PURCHASE OF WOOL BY THE UNITED KINGDOM GOVERNMENT

The annual report of the Department for the 1939-40 season gives details of the bulk purchase arrangements between the United Kingdom and the New Zealand Governments for greasy and slipe wool, and of the agreements between the New Zealand Government and the woolbrokers, wool-buyers, and wool-scourers covering services to be performed by them respectively in the preparation of wool for appraisal, the appraisal of wool, and the scouring of wool selected for that purpose.

The United Kingdom Government announced (May, 1942) an increase of 15 per cent. in the ex-store purchase-price of greasy wool and the f.o.b. purchase-price of slipe wool. This increase does not apply to storage and handling charges, which are also paid by the United Kingdom Government, and which remain unaltered. The result is that the purchase-prices which applied for the 1942-43 season were as follows, the previous prices being shown in parentheses :—

|                                                       |    | Greasy Wool, per Pound. |           |
|-------------------------------------------------------|----|-------------------------|-----------|
|                                                       |    | 1942-43.                | 1941-42.  |
|                                                       |    | d.                      | d.        |
| Ex-store overall average price (New Zealand currency) | .. | 14.0875                 | (12.25)   |
|                                                       |    | Slipe Wool, per Pound.  |           |
|                                                       |    | 1942-43.                | 1941-42.  |
|                                                       |    | d.                      | d.        |
| F.o.b. overall average price (New Zealand currency)   | .. | 19.523                  | (16.9766) |

NOTE.—In addition to the prices quoted above, the United Kingdom Government pays on greasy wool 0.872d. per pound, being brokers' charges 0.625d., transport and other charges to f.o.b. 0.125d., and Marketing Department costs, including appraisal, 0.122d. On slipe wool the additional amount payable is 0.125d. per pound, being Marketing Department costs, including appraisal.

### METHOD OF PAYMENT FOR GREASY AND SLIPE WOOL SOLD TO THE UNITED KINGDOM GOVERNMENT

Payment for greasy and slipe wool is made by the United Kingdom Government on the following basis :—

- (1) On appraisal, payment is made at appraisal prices plus the allowances for handling, &c., referred to above—viz., greasy wool 0.872d. per pound, and slipe wool 0.125d. per pound.
- (2) At the end of the wool year, the Marketing Department ascertains—
  - (a) The value of the total wool-clip (wool exported and used locally) at the purchase-prices quoted above ;
  - (b) The difference between that value and the appraisal value ; and
  - (c) The percentage which that difference represents of the appraisal value.

The United Kingdom Government then makes an additional payment of the sum which results from the application of the percentage figure referred to in (c) above to the appraisal value of the wool which it has purchased.

### PURCHASE OF 1942-43 SEASON'S GREASY AND SLIPE WOOL BY NEW ZEALAND GOVERNMENT

The following decisions were announced covering purchase by the New Zealand Government from producers of the 1942-43 season's greasy and slipe wool :—

- (1) Local manufacturers of woollen goods to be supplied with their requirements of greasy and slipe wool at the 1941-42 season's level of prices.
- (2) Owners of greasy wool to receive 5 per cent. of the appraisal values of their wool in Government bonds or stock, and the balance of the proceeds of sale in cash.
- (3) Owners of slipe wool to receive payment on the basis of the 1941-42 season level of prices plus 10 per cent., the balance of the increase in price granted by the United Kingdom Government viz., £134,591 to be transferred to the Meat Industry Account to the credit of the Meat Pool Account (see page 16 of this report).

The Marketing Department procedure in the carrying-out of the foregoing decisions was as follows :—

- (a) Local manufacturers were supplied with wool during the 1942-43 season on the basis mentioned above, and they paid the standard handling charges in addition to the price for wool. The overall average price of the wool supplied to local manufacturers was 12·645d. per pound for greasy wool and 15·576d. per pound for slipe wool.
- (b) Payment to owners of greasy wool was made as to 90 per cent. of the appraisal values on appraisal ; at the end of the wool year 5 per cent. of the appraisal values was paid in Government bonds or stock ; the balance of the purchase-price was distributed in cash as a percentage (8·82183 per cent.) on the appraisal values. The effect of the purchase basis outlined is that woolgrowers received (in cash and bonds) for their total 1942-43 season's greasy wool the overall average price of 13·966d. per pound, which represents an increase of 14·008 per cent. on the overall average price for their total clip for the 1941-42 season. The total amount paid to owners of greasy wool for the 1942-43 season was £16,723,585, comprising payment in cash £15,991,827, and payment in Government bonds and stock and to credit of National Savings Accounts £731,758.
- (c) Payment to owners of slipe wool was made as to 95·6522 per cent. of the appraisal values on appraisal ; at the end of the wool year a further payment was made of 1·29959 per cent. on the amounts already paid to owners. This further payment brought the overall average purchase-price up to 18·6742d. per pound, being the 1941-42 season overall average purchase-price (16·9766d.) plus 10 per cent. The total amount paid to owners of slipe wool for the 1942-43 season was £2,980,030.

NOTE.—The purchase and payment arrangements outlined above are covered by the Purchase of Wool Emergency Regulations 1939, with Amendment Nos. 1 and 2. These regulations provided for appeal by owners of greasy wool for payment in full in cash instead of payment in part in Government bonds or stock. Payment for greasy wool is made to woolbrokers on behalf of woolgrowers, and for slipe wool to freezing companies and exporters.

For both greasy and slipe wool payment is made fourteen days after date of appraisal. Appraisal values are calculated after allowance for actual tare.

### APPRAISAL PROCEDURE

The procedure for appraisal of wool outlined in the report for the year ended 31st July, 1941, was followed during the 1942-43 season.

The following tables show the quantities and values of wool appraised during the years ended 30th June, 1942, and 1943 :—

#### GREASY WOOL

| Year ended.     | Purchased for Sale to United Kingdom Ministry of Supply. |             |               |             | Purchased for Sale to Local Mills. |            | Total Appraisals. |             |              |            |
|-----------------|----------------------------------------------------------|-------------|---------------|-------------|------------------------------------|------------|-------------------|-------------|--------------|------------|
|                 | For Shipment in the Grease.                              |             | For Scouring. |             |                                    |            |                   |             |              |            |
|                 | Bales.                                                   | Net Pounds. | Bales.        | Net Pounds. |                                    |            |                   |             |              |            |
| 30th June, 1943 | 582,102                                                  | 199,739,970 | 194,854       | 70,270,009  | 56,835                             | 18,682,659 | 833,791           | 288,692,638 | £ 16,804,827 | s. d. 12 4 |
| 30th June, 1942 | 595,195                                                  | 202,213,475 | 176,548       | 63,638,627  | 55,159                             | 18,098,195 | 826,902           | 283,950,297 | 14,493,296   | 8 2        |

#### SLIPE WOOL

| Year ended.     | Purchased for Sale to<br>United Kingdom Ministry<br>of Supply. |             | Purchased for Sale to<br>Local Mills. |             | Total Appraisals. |             |                  |  |
|-----------------|----------------------------------------------------------------|-------------|---------------------------------------|-------------|-------------------|-------------|------------------|--|
|                 | Bales.                                                         | Net Pounds. | Bales.                                | Net Pounds. | Bales.            | Net Pounds. | Value.           |  |
| 30th June, 1943 | 115,738                                                        | 38,232,570  | 217                                   | 70,312      | 115,955           | 38,302,882  | £ 3,115,103 16 7 |  |
| 30th June, 1942 | 157,875                                                        | 51,716,786  | 716                                   | 225,828     | 158,591           | 51,942,614  | 3,674,195 19 5   |  |

### SCOURING AND CARBONIZING OF WOOL

For the year ended 30th June, 1943, 192,982 bales of wool (approximately 69,608,643 lb.) were allocated for scouring for United Kingdom and Russia. The terms and conditions of the scouring contract remained the same as for the 1941-42 season. The quantity of wool allotted for carbonizing up to 30th June, 1943 (1942-43 season), was 1,554 bales (560,949 lb.).

### SHIPPING ARRANGEMENTS AND DESTINATION OF WOOL EXPORTS

The United Kingdom Wool Control released quantities of wool for shipment to the United States of America, Canada, India, Australia, and Russia.

The following tabulation shows the quantities of wool shipped during the year ended 30th June, 1943, and the destinations :

| Destination.                                                                     |  | Greasy. | Scoured. | Slips. | Total.            |
|----------------------------------------------------------------------------------|--|---------|----------|--------|-------------------|
|                                                                                  |  | Bales.  | Bales.   | Bales. | Bales.            |
| United Kingdom .. ..                                                             |  | 160,627 | 41,646   | 65,256 | 267,529           |
| Canada .. ..                                                                     |  | 160,835 | 15,842   | 8,136  | 184,813           |
| Australia .. ..                                                                  |  | 3,837   | ..       | ..     | 3,837             |
| India .. ..                                                                      |  | 25,482  | 15,542   | ..     | 41,024            |
| Russia .. ..                                                                     |  | 43,792  | 23,870   | ..     | 67,662            |
| U.S.A. .. ..                                                                     |  | 23,463  | 890      | 17,747 | 42,100            |
| Total, 1942-43 .. ..                                                             |  | 418,036 | 97,790   | 91,139 | 606,965           |
| Total, 1941-42 .. ..                                                             |  | 460,931 | 56,624   | 82,771 | 600,326           |
| Quantity unshipped or held for scouring and carbonizing at 30th June, 1943 .. .. |  |         |          |        | Bales.<br>583,850 |
| Quantity unshipped or held for scouring at 30th June, 1942 .. ..                 |  |         |          |        | 284,567           |

### ACCOUNTS

The wool accounts are shown in the accounts section at the end of this report, page 32. The accounts cover appraisals of wool up to the close of the wool year (30th June, 1943), and they comprise Purchase and Sale Account, and Charges, Expenses, and Administration Account.

It will be observed from the accounts that the purchase and sale transactions for the year ended 30th June, 1943, show a surplus of £86,006, after allowance has been made for expenses and charges, and for the agreed contribution by the United Kingdom Wool Control for abnormal storage and insurance on wool whilst awaiting shipment from New Zealand.

The Wool Account shows the transfer to War Expenses Account of £133,607. This sum represents the balance of the allowance made by the United Kingdom Wool Control for the 1941-42 season to the Marketing Department to cover expenses and charges, plus a special allowance on account of abnormal storage and insurance during the 1940-41 season.

### WOOLLY SHEEP-SKINS

The terms of sale to the United Kingdom Ministry of Supply of the exportable surplus of woolly sheep-skins remained as stated in last year's annual report, page 16. The period of the agreement extends to, and terminates on, the date of termination of the Wool Purchase Agreement—namely, the period of the war and the following season's clip.

### REPORT OF CONTROLLER

“ The Hon. the Minister of Marketing :

“ I beg to report to you on the operations of the Sheep-skin Control for the twelve months ended 30th June, 1943.

“ *Accounts.* The results for the year show a reduction of £8,488 in the Pool Trading Account, leaving a balance of £4,613. The details are as follows :—

|                                 |    |    |    |    |    |    |              |
|---------------------------------|----|----|----|----|----|----|--------------|
|                                 |    |    |    |    |    |    | £            |
| “ Balance 30th June, 1942 .. .. | .. | .. | .. | .. | .. | .. | 13,101       |
| “ Deficit .. ..                 | .. | .. | .. | .. | .. | .. | 8,488        |
| “ Balance 30th June, 1943 .. .. | .. | .. | .. | .. | .. | .. | <u>4,613</u> |

“ The ‘ working-charges ’ shown in the Purchase and Sale and Revenue Account include provision for a loss on the disposal of 150 tons of sodium sulphide purchased from the United States of America, to safeguard fellmongering operations, when it was unprocurable elsewhere. Supplies from the United Kingdom are now assured, and the necessity for reserve stocks no longer exists.

“ *Return to Producer.* The Buying Schedule has not been altered since March, 1942. This schedule returns more to the producer than the realization value of the skins, based on the United States ceiling values for pickled pelts, and the Marketing Department prices for slips wool. The schedule was so fixed in order that the reserve created from valuations of stocks might be reduced to a lower figure consequent on the fixing in the United States of ceiling prices for pickled pelts.

“*Statistics.*—The following table shows the quantities and values of woolly sheep-skins exported to various destinations on behalf of the United Kingdom Wool Control for the twelve months ended 31st July, 1943 :—

| Destination.           | Number of<br>Dumps. | Number of<br>Skins. | Net Weight. | Value<br>(New Zealand<br>Currency). |
|------------------------|---------------------|---------------------|-------------|-------------------------------------|
|                        |                     |                     | lb.         | £                                   |
| Canada .. .. .         | 8,102               | 595,865             | 4,732,106   | 229,231                             |
| U.S.A. .. .. .         | 3,927               | 322,179             | 2,315,441   | 97,442                              |
| United Kingdom .. .. . | 1,421               | 78,191              | 793,762     | 42,609                              |
|                        | 13,450              | 996,235             | 7,841,319   | 369,282                             |

“In addition to its usual activities, the Sheep-skin Control has arranged the purchase of freezer pickled pelts to be used by New Zealand tanners, and has administered the payment of the subsidy on these pelts.

“ R. C. BURGESS,  
“Controller.”

### ACCOUNTS

The accounts of the Sheep-skin Control for the year ended 30th June, 1943, are shown in the accounts section at the end of this report, page 34.

### TALLOW

#### PURCHASES BY UNITED KINGDOM GOVERNMENT OF 1942-43 SEASON'S TALLOW

The 1942-43 season production of tallow for export was purchased by the United Kingdom Ministry of Food at a range of c. and f. sterling prices which averaged approximately £8 10s. sterling per ton in excess of the 1940-41 season prices.

The total quantity exported was 44,505 tons, representing 23,074 tons shipped to United Kingdom, 20,988 tons shipped to Canada and the United States of America, 254 tons shipped on permit to India, and 189 tons shipped on permit to Suva.

#### PURCHASES BY NEW ZEALAND GOVERNMENT OF TALLOW FROM NEW ZEALAND MANUFACTURERS

The f.o.b. (New Zealand currency) purchase-prices payable to manufacturers remained as set out in the schedule attached to the Purchase of Tallow Order 1940, with the exception of minor alterations relating to the grades “Stearine Medium” and “Pig Fat (Inedible),” and the addition of the grades “Edible Mixed Tallow” and “Hide Grease.”

After allowing for an increase in ocean freight, the surplus or difference between the United Kingdom purchase-prices and the prices paid by the New Zealand Government is approximately £8 (New Zealand currency) per ton.

### STATISTICS

The following table shows the quantities of tallow purchased and shipped from 1st August, 1942, to 31st July, 1943 :—

|                             | Shipped to<br>United Kingdom.<br>Tons (Net). | Shipped to<br>Canada and U.S.A.<br>Tons (Net). |
|-----------------------------|----------------------------------------------|------------------------------------------------|
| First beef .. .. .          | 517                                          | 770                                            |
| First mutton .. .. .        | 5,824                                        | 5,494                                          |
| Good bright, mixed .. .. .  | 2,319                                        | 1,651                                          |
| Good colour, mixed .. .. .  | 4,337                                        | 3,991                                          |
| Fair to good, mixed .. .. . | 1,388                                        | 1,831                                          |
| Fair mixed .. .. .          | 1,128                                        | 623                                            |
| Good gut .. .. .            | 3,802                                        | 3,667                                          |
| Medium gut .. .. .          | 1,327                                        | 1,579                                          |
| Low gut .. .. .             | 793                                          | 793                                            |
| Superior stearine .. .. .   | 284                                          | 252                                            |
| Inedible lard .. .. .       | 284                                          | ..                                             |
| Hog grease .. .. .          | 224                                          | ..                                             |
| Edible mixed .. .. .        | 534                                          | 334                                            |
| Hide grease .. .. .         | 66                                           | ..                                             |
| Edible lard .. .. .         | 247                                          | ..                                             |
|                             | 23,074                                       | 20,988                                         |

Permits were granted to shippers to overseas countries from 1st August, 1942, to 31st July, 1943, as follows :—

|               | Tons. |
|---------------|-------|
| India .. .. . | 254   |
| Suva .. .. .  | 189   |
| Total .. .. . | 443   |

ACCOUNTS

The tallow accounts are shown in the accounts section at the end of this report, page 32 and 33. They comprise Purchase and Sale Account, Revenue Account, and Tallow Account, and cover the purchase and sale of tallow for the year ended 31st July, 1943. After providing £11,127 for administration and handling expenses, the surplus of £368,897, which represents the difference between the purchase-prices and sale-prices, has been transferred to the credit of the Meat Pool Account (page 16). The credit balance of £9,657 in the Tallow Account represents the difference between the Department's administration and handling allowance and the actual charges incurred by the Marketing Department.

HIDES

The report for the 1939-40 season gave details of the action taken by the Government in regard to control of export of hides, and stabilization of prices of hides for local requirements, and equalization of value of hides for local use and for export, by a levy on exports to even up the difference between local "standard domestic values" fixed at 1st September, 1939, prices, plus 25 per cent., and export values. This procedure is embodied in the Hides Emergency Regulations 1940, and the administration of the regulations is entrusted to a Hides Committee, which operates under authority conferred on it by the Minister of Marketing.

SALE OF HIDES TO AUSTRALIA

In October, 1941, arrangements were made between the New Zealand and the Australian Governments for sale to the Australian Hide Board, for military manufacturing purposes, of ox and cow hides of specified weights which were surplus to New Zealand requirements. This arrangement has been continued during the 1942-43 season, the grades of hides concerned being ox and cow hides 40 lb. and up. The Marketing Department has purchased these hides on the terms set out in the report of the Hides Committee which follows, and sale is made to the Australian Hide Board at New Zealand standard domestic values. The number of hides shipped to Australia during the 1942-43 season was 109,137.

The accounts covering the foregoing transactions are shown in the accounts section at the end of this report, page 33. It will be seen that the deficit for the 1942-43 season was £51,441.

REPORT OF HIDES COMMITTEE ON OPERATIONS FOR YEAR ENDED 31st MARCH, 1943

The following report 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 third annual report and statement of Equalization Fund for the year ended 31st March, 1943.

" The work of the Committee during the year has been carried on smoothly as in the past.

" *Export Levy.*—The following table sets out the particulars of the various changes in the rate of levy during the year :—

| Dates of Changes :<br>Effective on and after | Rates of Levy, per Pound. |                |               |                |                                         |
|----------------------------------------------|---------------------------|----------------|---------------|----------------|-----------------------------------------|
|                                              | Ox-hides.                 | Cow-hides.     | Bull-hides.   | Yearlings.     | Calf-skins<br>(other than<br>Freezers). |
| 1942.                                        | d.                        | d.             | d.            | d.             | d.                                      |
| 9th February ..                              | 1                         | 1              | $\frac{1}{8}$ | $\frac{3}{4}$  | 6                                       |
| 5th June ..                                  | $2\frac{1}{4}$            | $2\frac{1}{4}$ | $\frac{1}{8}$ | $\frac{3}{4}$  | 6                                       |
| 15th September ..                            | $1\frac{1}{2}$            | $1\frac{1}{2}$ | $\frac{1}{2}$ | $\frac{3}{4}$  | 3                                       |
| 24th October ..                              | $1\frac{1}{4}$            | $1\frac{1}{4}$ | 1             | $1\frac{1}{4}$ | 3                                       |

" The amount of levy payable is calculated on the weights invoiced to overseas buyers, and such weights are declared on the Customs' export entries :

" During the period April and May, 1942, the tanners claimed very heavily of both ox-hides and cow-hides, and it became necessary to make a substantial increase in the rates of levy on the 5th June, 1942, as shown above.

" On the 16th September, 1942, the Committee revised the levy rates and again on the 24th October, 1942. It was agreed by the Committee that, unless special emergency conditions arose, every endeavour be made to retain these rates for a period of twelve months.

" *Sale of Hides to Australia.*—The arrangement made between the Governments of New Zealand and Australia continued during the current twelve months. This meant that, as before, there was no overseas sale and it was necessary to assess a price payable under export conditions. This duty was delegated to a sub-committee consisting of Messrs. J. Fraser (Chairman), W. V. Watson, J. P. Mackay, and G. A. Duncan, with the secretary *ex officio*. The sub-committee continued to function and met on the first of each month.

" The ruling price schedule for April, 1942, was as follows :—

|                                     | Freezers.        | Abattoirs.       | Country Butchers. | First Country.   | Second Country.  | Third Country.   |
|-------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Ox: 48 lb. up—                      | d.               | d.               | d.                | d.               | d.               | d.               |
| Average weight 52 to 54 lb. ..      | $10\frac{3}{16}$ | $9\frac{11}{16}$ | $9\frac{3}{16}$   | $8\frac{11}{16}$ | $8\frac{3}{16}$  | $7\frac{11}{16}$ |
| Average weight over 54 to 56 lb. .. | $10\frac{1}{4}$  | $9\frac{3}{4}$   | $9\frac{1}{4}$    | $8\frac{3}{4}$   | $8\frac{1}{4}$   | $7\frac{3}{4}$   |
| Average weight over 56 to 58 lb. .. | $10\frac{5}{16}$ | $9\frac{13}{16}$ | $9\frac{5}{16}$   | $8\frac{13}{16}$ | $8\frac{5}{16}$  | $7\frac{13}{16}$ |
| Average weight over 58 to 59 lb. .. | $10\frac{3}{8}$  | $9\frac{7}{8}$   | $9\frac{3}{8}$    | $8\frac{7}{8}$   | $8\frac{3}{8}$   | $7\frac{7}{8}$   |
| Average weight over 59 to 61 lb. .. | $10\frac{7}{16}$ | $9\frac{15}{16}$ | $9\frac{7}{16}$   | $8\frac{15}{16}$ | $8\frac{7}{16}$  | $7\frac{15}{16}$ |
| Average weight 61 lb. up ..         | $10\frac{1}{2}$  | 10               | $9\frac{1}{2}$    | 9                | $8\frac{1}{2}$   | 8                |
| Cows 50 lb. and up ..               | $9\frac{15}{16}$ | $9\frac{7}{16}$  | $8\frac{15}{16}$  | $8\frac{7}{16}$  | $7\frac{15}{16}$ | $7\frac{7}{16}$  |

"The prices were unaltered during May, 1942, but for June the prices were increased by  $\frac{1}{2}$ d. per pound. There was no alteration for July, 1942. On the 1st of August, 1942, the contract for shipments of hides to Australia was renewed. The new contract included, in addition to the present grades for shipment to Australia, cow-hides 40/50 lb. and 40/47 lb. ox-hides.

"The prices for August, 1942, were  $\frac{3}{16}$ d. per pound lower, and the new schedule included the additional grades mentioned above.

|                                     | Freezers.          | Abattoirs.        | Country Butchers. | First Country.   | Second Country.   | Third Country.   |
|-------------------------------------|--------------------|-------------------|-------------------|------------------|-------------------|------------------|
|                                     | d.                 | d.                | d.                | d.               | d.                | d.               |
| Ox-hides 40/47 lb.                  | 10 $\frac{1}{4}$   | 9 $\frac{3}{8}$   | 9 $\frac{1}{4}$   | 8 $\frac{3}{4}$  | 8 $\frac{1}{4}$   | 7 $\frac{3}{4}$  |
| Ox: 48 lb. up—                      |                    |                   |                   |                  |                   |                  |
| Average weight 52 to 54 lb. ..      | 10 $\frac{1}{2}$   | 10                | 9 $\frac{1}{2}$   | 9                | 8 $\frac{1}{2}$   | 8                |
| Average weight over 54 to 56 lb. .. | 10 $\frac{9}{16}$  | 10 $\frac{1}{16}$ | 9 $\frac{9}{16}$  | 9 $\frac{1}{16}$ | 8 $\frac{9}{16}$  | 8 $\frac{1}{16}$ |
| Average weight over 56 to 58 lb. .. | 10 $\frac{5}{8}$   | 10 $\frac{1}{8}$  | 9 $\frac{5}{8}$   | 9 $\frac{1}{8}$  | 8 $\frac{5}{8}$   | 8 $\frac{1}{8}$  |
| Average weight over 58 to 59 lb. .. | 10 $\frac{11}{16}$ | 10 $\frac{3}{16}$ | 9 $\frac{11}{16}$ | 9 $\frac{3}{16}$ | 8 $\frac{11}{16}$ | 8 $\frac{3}{16}$ |
| Average weight over 59 to 61 lb. .. | 10 $\frac{3}{4}$   | 10 $\frac{1}{4}$  | 9 $\frac{3}{4}$   | 9 $\frac{1}{4}$  | 8 $\frac{3}{4}$   | 8 $\frac{1}{4}$  |
| Average weight 61 lb. up ..         | 10 $\frac{13}{16}$ | 10 $\frac{5}{16}$ | 9 $\frac{13}{16}$ | 9 $\frac{5}{16}$ | 8 $\frac{13}{16}$ | 8 $\frac{5}{16}$ |
| Cow-hides: 51 lb. up ..             | 10 $\frac{1}{4}$   | 9 $\frac{3}{4}$   | 9 $\frac{1}{4}$   | 8 $\frac{3}{4}$  | 8 $\frac{1}{4}$   | 7 $\frac{3}{4}$  |
| Cow-hides 40 to 50 lb. ..           | 10 $\frac{1}{4}$   | 9 $\frac{3}{4}$   | 9 $\frac{1}{4}$   | 8 $\frac{3}{4}$  | 8 $\frac{1}{4}$   | 7 $\frac{3}{4}$  |

"September, 1942, prices remained unchanged, and October, 1942, prices were increased by  $\frac{3}{16}$ d. per pound. The prices remained unchanged for the months of November, 1942, to March, 1943, inclusive.

"*Market Prices.*—Early in 1942 ceiling prices were fixed in the United Kingdom, the United States, and Canada. From April to June, 1942, the prices for freezer cow-hides for shipment to United Kingdom were 8 $\frac{7}{8}$ d. per pound c. and f., and from July onwards were 8 $\frac{15}{16}$ d. c. and f. The ceiling prices for the United States and Canada are equivalent to the United Kingdom prices.

"*Claiming of Yearlings by Tanners.*—On the 26th June, 1941, the Committee agreed that it was desirable that up to 100 per cent. of yearlings, all weights and grades, be made available to tanners for military leather, and this was approved by the Hon. the Minister of Marketing. As there was no export competition for yearlings the Committee set up a sub-committee to agree upon the export price of yearlings for all grades, this price to be regarded as the equivalent of the present export bid price at auctions and for tenders.

"This export price continued until 24th October, 1942, when the price schedule was reviewed by the Committee in line with the then export parity. This schedule is still in force.

"*Financial Report.*—The following summary shows the position of the Equalization Fund as at the 31st March, 1943:—

|                                                                                                                                                                          | £       | s. | d. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----|----|
| "Cash in hand on 1st April, 1942 .. ..                                                                                                                                   | 9,755   | 16 | 4  |
| "Receipts from levy .. ..                                                                                                                                                | 100,367 | 19 | 8  |
|                                                                                                                                                                          | 110,123 | 16 | 0  |
| "Less claims paid to tanners, freezing companies, and exporters .. ..                                                                                                    | 71,087  | 12 | 6  |
|                                                                                                                                                                          | 39,036  | 3  | 6  |
| "Expenses to 31st March, 1943 .. ..                                                                                                                                      | £       | s. | d. |
| "Salaries .. ..                                                                                                                                                          | 875     | 0  | 0  |
| "Telegrams, stamps, and petty expenses .. ..                                                                                                                             | 22      | 19 | 6  |
| "Travelling-expenses .. ..                                                                                                                                               | 32      | 13 | 10 |
| "Sundries (rent, phone, cleaning, &c.) .. ..                                                                                                                             | 56      | 18 | 2  |
| "Audit fees .. ..                                                                                                                                                        | 56      | 1  | 8  |
| "Bank charge and cheque-books .. ..                                                                                                                                      | 4       | 10 | 0  |
|                                                                                                                                                                          | 1,048   | 3  | 2  |
| "Cash in hand .. ..                                                                                                                                                      | 37,988  | 0  | 4  |
| "From this must be deducted claims which were finalized but not paid at 31st March, 1943 .. ..                                                                           | 10,343  | 10 | 0  |
|                                                                                                                                                                          | 27,644  | 10 | 4  |
| "To this must be added estimated levy due on hides which have not been shipped or for which payment has not been received from H.M. Customs as at 31st March, 1943 .. .. | 10,010  | 0  | 0  |
| "Leaving an estimated surplus in hand of .. ..                                                                                                                           | £37,654 | 10 | 4  |

"The amount of surplus funds shown (£37,654 10s. 4d.) may appear large, but it is necessary as the tanners have been claiming very freely while hides are available, and the proportion of hides required by tanners continues gradually to increase. In any case it is impossible to achieve anything approaching an unchanging levy for a twelve-monthly period unless there is an adequate reserve.

“*Statistics.*—The following table shows the number of hides claimed by tanners and the number freed for export under the regulations :—

|                        | Ox.     | Cow.    | Bulls. | Yearlings. | Calf-skins. |
|------------------------|---------|---------|--------|------------|-------------|
| Tanners' claims ..     | 148,558 | 257,328 | 1,692  | 51,363     | 20,068      |
| Hides freed for export | 71,698  | 280,021 | 33,425 | 1,578      | 68,333      |
| Totals ..              | 220,256 | 537,349 | 35,117 | 52,941     | 88,401      |

|                   |    |          |                               |
|-------------------|----|----------|-------------------------------|
| “ Grand totals—   |    | 1941–42. | 1942–43.                      |
| “ Tanners .. ..   | .. | 414,620  | 479,009 hides and calf-skins. |
| “ Exporters .. .. | .. | 420,954  | 455,055 hides and calf-skins. |
|                   |    | 835,576  | 934,064                       |

“*Cost of Administration.*—The total cost of administering the Hides Equalization Fund for the twelve months ended 31st March, 1943, is £1,048 3s. 2d., compared with £1,104 6s. 5d. for the period 31st March, 1942, and £1,106 7s. 4d. for the period ended 31st March, 1941.

“Based on the quantity of hides handled in terms of the regulations, the cost is again under one-third of a penny per hide.

“*Audit of Exporters' Books.* The Committee at its meeting of the 15th September, 1942, agreed that an audit or inspection of exporters' documents relating to the Committee be made and that it be left with the Chairman and Mr. G. A. Duncan to discuss with the Hon. the Minister of Marketing the proposal and that this audit be made by the Government Audit Department.

“This proposal was adopted and audits were made by Government auditors at Wellington and Auckland simultaneously. The auditors were accompanied by Mr. F. Richardson and the Secretary respectively.

“Thorough inspections were made, and it was found that all the inspections with the exception of one were satisfactory. This was due to a misunderstanding, and the company concerned immediately rectified their mistake.

“*Mr. A. H. Cockayne.* Towards the end of the year Mr. Cockayne retired and Mr. E. J. Fawcett took his place. The Committee desires me to place on record Mr. Cockayne's helpfulness at all times and trust that he will enjoy good health and happiness in his retirement.

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

LINEN FLAX

The annual report for 1941 set out the terms of sale to the United Kingdom Ministry of Supply of New Zealand's export production of linen-flax fibre, this covering the period of hostilities between the British Empire and Germany.

|                                                                       |           |
|-----------------------------------------------------------------------|-----------|
| Shipments from 1st August, 1942, to 31st July, 1943, were as under :— | Tons cwt. |
| Linen-flax fibre and reiss. . . . .                                   | 1,501 5   |
| Tow and pluckings . . . . .                                           | 885 18    |
|                                                                       | 2,387 3   |

The total value f.o.b. (New Zealand currency) of these exports is £389,069.

SCHEELITE

The present agreement with the United Kingdom Government continues until 31st March, 1944, and the purchase-price payable remains at 120s. sterling per unit per ton.

The quantity and provisional value of ore purchased by the Department for sale and shipment to the United Kingdom Ministry of Supply during the past four years are shown in the following table :—

| Year ended 31st July. | Weight.   | Value. |
|-----------------------|-----------|--------|
|                       | Tons cwt. | £      |
| 1940 .. .. .          | 37 6      | 8,026  |
| 1941 .. .. .          | 71 1      | 14,663 |
| 1942 .. .. .          | 77 16     | 26,767 |
| 1943 .. .. .          | 86 8      | 43,559 |

MEDICINAL PLANTS

Following upon arrangements made by the Department of Scientific and Industrial Research and the Department of Agriculture for the production of medicinal plants in New Zealand for supply to the United Kingdom, the Marketing Department arranged for the sale and shipment, up to 31st July, 1943, of the following dried medicinal plants :—

|                                   |        |
|-----------------------------------|--------|
| Digitalis, fox-glove leaf .. .. . | 31,776 |
| Stramonium .. .. .                | 4,758  |
| Datura .. .. .                    | 608    |
| Ergot .. .. .                     | 2,238  |

In respect of the above, the sum of £8,272 was received up to 31st July, 1943, the accounts showing a deficit of £127.

### SHIPMENTS TO TAHITI

Since January, 1942, the Department has been purchasing and shipping to Tahiti on behalf of the Tahiti Administration sundry goods, mainly canned meats, processed milk, butter, and cheese.

The total value c.i.f. Papeete of such goods purchased and shipped up to 31st July, 1943, was £107,091 (New Zealand currency).

### SUNDRY SUPPLIES FOR WAR OFFICE

During the year increased supplies of food products, including mainly service biscuits, oatmeal, and processed cheese, have been shipped under contract to the War Office.

The value of the products shipped during the twelve months ended 31st July, 1943, is £2,104,578 (New Zealand currency).

The accounts covering the purchase and sale transactions of the Department in connection with these United Kingdom War Office supplies are shown in the accounts section at the end of this report, page 33. The surplus for the year ended 31st July, 1943, is £4,940.

### SHIPPING

The aim of the Department, in conjunction with other interests associated in the handling of produce and the loading of ships, has continued to be the reduction to the minimum of the number of ports of loading, in order to give the quickest "turn-round" for overseas vessels. In this regard it is appropriate to mention particularly the work of a Traffic Committee, formed in 1941 to assist the inland transit of cargo to facilitate the concentration of loadings at main ports. This Committee is an excellent example of co-operation between the New Zealand Railways, the Wellington Harbour Board, the overseas shipping lines, and the Marketing Department to overcome the difficulties attendant on this policy of quick despatch of overseas ships. This Department is represented on the Committee by its Shipping Officer.

A further important factor in the success of the arrangements referred to above has been the co-operation and assistance on all occasions of the representative in New Zealand of the British Ministry of War Transport.

It is fitting that reference should be made to the death of Mr. F. W. Grainger, the Department's Chief Inspector of Shipping and Cold Storage.

During his many years of service with the dairy industry, Mr. Grainger established the present system of supervision and inspection of the methods of handling, transport, and storage of dairy products, which has contributed very substantially to the maintenance of the high quality of our export products. Upon the outbreak of war, Mr. Grainger, who was about to retire, continued in office at the request of the Government, and assumed additional responsibilities associated with New Zealand's war effort.

I desire to record the Government's appreciation of Mr. Grainger's outstanding service.

### SUMMARY OF VOLUME AND VALUE OF SALES BY THE DEPARTMENT OF PRODUCTS FOR EXPORT FOR THE TWELVE MONTHS ENDED 31st JULY, 1943.

| Product.                     | Volume.          | Equivalent Net Weight (in Tons). | Value f.o.b. (N.Z. Currency). |
|------------------------------|------------------|----------------------------------|-------------------------------|
|                              |                  |                                  | £                             |
| Butter .. .. .               | 4,094,032 boxes  | 102,351                          | 14,894,247                    |
| Butterfat .. .. .            | 85,614 cases     | 2,943                            | 553,364                       |
| Cheese .. .. .               | 1,302,233 crates | 93,017                           | 8,793,999                     |
| Frozen meat .. .. .          | ..               | 299,977                          | 17,334,540                    |
| Canned meat .. .. .          | ..               | 21,442                           | 2,298,875                     |
| Wool* .. .. .                | 892,694 bales    | 137,608                          | 20,568,860                    |
| Woolly sheep-skins .. .. .   | 996,235 skins    | 3,501                            | 369,282                       |
| Tallow .. .. .               | ..               | 44,505                           | 1,342,897                     |
| Skim-milk powder .. .. .     | 99,415 cases     | 4,971                            | 222,980                       |
| Evaporated milk .. .. .      | 60,821 cases     | 1,303                            | 74,133                        |
| Linen-flax fibre .. .. .     | ..               | 2,387                            | 389,069                       |
| Scheelite .. .. .            | ..               | 86                               | 43,559                        |
| War Office contracts .. .. . | ..               | ..                               | 2,104,578                     |
| Hides .. .. .                | 109,137 number   | ..                               | 184,943                       |
| Drugs .. .. .                | ..               | 18                               | 8,272                         |
| Totals .. .. .               | ..               | 714,109                          | 69,183,598                    |

\* Totals of wool appraised for twelve months to 30th June, 1943, at f.o.b. value.

NOTE. The volume and value of butter, cheese, frozen and canned meats includes produce paid for but not shipped at 31st July, 1943.

**GENERAL**

In presenting this report covering the operations of the Export Division of the Department for the year ended 31st July, 1943, it is pleasing to record that the arrangements of the 1942-43 season in respect of production, handling, payment, and shipment of the various products have proceeded smoothly, and all interests concerned have co-operated in meeting the difficulties inherent in the present war situation.

I wish to tender the thanks of the Government to the farming industry, the manufacturing interests, the storage and transport interests, the handling and loading interests, and the shipping interests for maintaining so satisfactorily their respective services.

I desire again to pay tribute to the officers and men of the Mercantile Marine and the Royal Navy who have been responsible for the transport of the large volume of exports from New Zealand and for the very satisfactory clearances of all export products which have been made.

Finally, I wish to mention Government representatives in the United Kingdom and the New Zealand staff of the Export Division of the Marketing Department. They have carried out their increased duties most efficiently, notwithstanding the staff and other difficulties of the present situation.

B. ROBERTS,

Minister of Marketing.

# DAIRY PRODUCE

## ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                                                 | United Kingdom. | New Zealand. | Total.  | <i>Cr.</i>                                                |         |
|----------------------------------------------------------------------------|-----------------|--------------|---------|-----------------------------------------------------------|---------|
| Salaries .. .. .                                                           | 9,221           | 7,588        | 16,809  | Miscellaneous recoveries .. .. .                          | .. .. . |
| Office rent, maintenance, cleaning, telephone, and sundry expenses .. .. . | 862             | 1,746        | 2,608   | Allocation of net expenses to Purchase and Sale Accounts— | .. .. . |
| Postages, cables, printing, and stationery .. .. .                         | 142             | 1,195        | 1,337   | 1941-42 season's produce—                                 | .. .. . |
| Travelling expenses .. .. .                                                | 3               | 90           | 93      | Creamery butter .. .. .                                   | 417     |
| Subscriptions, donations, and entertainment .. .. .                        | 50              | .. .. .      | 50      | Whey butter .. .. .                                       | 18      |
| Shipping inspection .. .. .                                                | 1,601           | 454          | 2,055   | Cheese .. .. .                                            | 929     |
| Agency expenses : Lyttelton .. .. .                                        | .. .. .         | 225          | 225     | Processed milk .. .. .                                    | 77      |
| Audit fees .. .. .                                                         | .. .. .         | 207          | 207     | 1942-43 season's produce—                                 | .. .. . |
| Depreciation .. .. .                                                       | 290             | 244          | 534     | Creamery butter .. .. .                                   | 32,665  |
|                                                                            | £12,169         | £11,749      | 23,918  | Whey butter .. .. .                                       | 778     |
| Advertising in United Kingdom .. .. .                                      | .. .. .         | .. .. .      | .. .. . | Cheese .. .. .                                            | 16,761  |
| Miscellaneous expenses .. .. .                                             | .. .. .         | .. .. .      | 2,352   | Processed milk .. .. .                                    | 741     |
|                                                                            | .. .. .         | .. .. .      | 212     |                                                           | .. .. . |
| Cost of remittances to dairy companies .. .. .                             | .. .. .         | £            | .. .. . |                                                           | .. .. . |
| Interest on overdraft at Reserve Bank .. .. .                              | .. .. .         | 4,242        | .. .. . |                                                           | .. .. . |
|                                                                            | .. .. .         | 21,610       | 25,852  |                                                           | .. .. . |
| Subsidy, Public Service Superannuation Fund .. .. .                        | .. .. .         | .. .. .      | 289     |                                                           | 50,945  |
|                                                                            | .. .. .         | .. .. .      | .. .. . |                                                           | .. .. . |
|                                                                            | .. .. .         | .. .. .      | £52,623 |                                                           | .. .. . |

## FINAL PURCHASE AND SALE AND REVENUE ACCOUNTS, 1941-42 SEASON'S DAIRY-PRODUCE

|                                                                                                                           | Creamery Butter. | Cheese.    | Processed Milk. | Total.     | Creamery Butter.                                                                                                  | Cheese.    | Processed Milk. | Total.     |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------|-----------------|------------|-------------------------------------------------------------------------------------------------------------------|------------|-----------------|------------|
| Stocks in store at 31st July, 1942 .. .. .                                                                                | 1,109,638        | 1,201,150  | .. .. .         | 2,310,788  | Sales net f.o.b. after 31st July, 1942, to United Kingdom .. .. .                                                 | 1,321,854  | 39,006          | 3,030,051  |
| Purchases on basis net f.o.b. after 31st July, 1942 .. .. .                                                               | 209,428          | 466,538    | 38,809          | 714,775    | Sales net f.o.b. after 31st July, 1942, to other destinations .. .. .                                             | 608        | .. .. .         | 43,190     |
| Gross surpluses on transactions after 31st July, 1942, carried down .. .. .                                               | 3,396            | 44,085     | 197             | 47,678     |                                                                                                                   | 42,582     | .. .. .         | .. .. .    |
|                                                                                                                           | £1,322,462       | £1,711,773 | £39,006         | £3,073,241 |                                                                                                                   | £1,711,773 | £39,006         | £3,073,241 |
| Administration and general expenses .. .. .                                                                               | 416              | 929        | 77              | 1,422      | Gross surpluses on transactions after 31st July, 1942, brought down .. .. .                                       | 3,396      | 197             | 47,678     |
| Net surpluses on transactions after 31st July, 1942 .. .. .                                                               | 2,980            | 43,156     | 120             | 46,256     |                                                                                                                   | 44,085     | .. .. .         | .. .. .    |
|                                                                                                                           | £3,396           | £44,085    | £197            | £47,678    |                                                                                                                   | £44,085    | £197            | £47,678    |
| Balance, being final surplus on purchase and sale of 1941-42 season's production carried to Dairy-produce Account .. .. . | .. .. .          | .. .. .    | .. .. .         | 773,252    | Net surpluses on transactions after 31st July, 1942, brought down .. .. .                                         | 2,980      | 120             | 46,256     |
|                                                                                                                           | .. .. .          | .. .. .    | .. .. .         | .. .. .    | Net surpluses on transactions up to 31st July, 1942 (as shown in accounts for year ended 31st July, 1942) .. .. . | 23,688     | 1,853           | 186,846    |
|                                                                                                                           | .. .. .          | .. .. .    | .. .. .         | .. .. .    |                                                                                                                   | 161,305    | .. .. .         | .. .. .    |
|                                                                                                                           | .. .. .          | .. .. .    | .. .. .         | .. .. .    | Net surplus on 1941-42 production .. .. .                                                                         | £204,461   | £1,973          | 233,102    |
|                                                                                                                           | .. .. .          | .. .. .    | .. .. .         | .. .. .    | Recoveries from manufacturers of special milk products .. .. .                                                    | .. .. .    | .. .. .         | 253        |
|                                                                                                                           | .. .. .          | .. .. .    | .. .. .         | .. .. .    | Surplus on Cheese "Change-over" Account as at 31st July, 1942 .. .. .                                             | .. .. .    | .. .. .         | 539,897    |
|                                                                                                                           | .. .. .          | .. .. .    | .. .. .         | £773,252   |                                                                                                                   | .. .. .    | .. .. .         | £773,252   |

PURCHASE AND SALE AND REVENUE ACCOUNTS, 1942-43 SEASON'S DAIRY-PRODUCE PURCHASED UP TO 31ST JULY, 1943

DAIRY PRODUCE—continued

Creamery Butter, Cheese, and Processed Milk

| Dr.                                   | Creamery Butter.<br>£ | Cheese.<br>£ | Processed Milk.<br>£ | Total.<br>£ | Cr.                                | Creamery Butter.<br>£ | Cheese.<br>£ | Processed Milk.<br>£ | Total.<br>£ |
|---------------------------------------|-----------------------|--------------|----------------------|-------------|------------------------------------|-----------------------|--------------|----------------------|-------------|
|                                       |                       |              |                      |             |                                    |                       |              |                      |             |
| Purchases on basis net f.o.b.         | ..                    | 14,519,746   | 7,450,355            | 22,299,387  | Sales net f.o.b. to United Kingdom | ..                    | 13,902,713   | 7,971,900            | 22,206,977  |
| Gross surpluses carried down          | ..                    | 146,042      | 833,021              | 981,241     | To other destinations              | ..                    | 12,841       | 86,926               | 99,767      |
|                                       |                       |              |                      |             | Stocks in store awaiting shipment  | ..                    | 750,234      | 224,550              | 974,784     |
|                                       | £14,665,788           | £8,283,376   | £331,464             | £23,280,628 |                                    | £14,665,788           | £8,283,376   | £331,464             | £23,280,628 |
| Administrative and general expenses.. | ..                    | 32,665       | 16,761               | 50,167      |                                    |                       |              |                      |             |
| Surplus carried down                  | ..                    | 113,377      | 816,260              | 931,074     | Gross surplus brought down         | ..                    | 146,042      | 833,021              | 981,241     |
|                                       | £146,042              | £833,021     | £2,178               | £981,241    |                                    | £146,042              | £833,021     | £2,178               | £981,241    |

| Whsey Butter<br>£                  | Total.<br>£ |
|------------------------------------|-------------|
|                                    |             |
| Stocks in store at 31st July, 1942 | .. 176,085  |
| Purchases of whey butter           | .. 354,809  |
| Administration                     | .. 796      |
| Surplus carried down               | .. 43,115   |
|                                    | £574,805    |

NET REVENUE ACCOUNT

Payments to dairy companies and suppliers in connection with the "change-over" of supply from butter to cheese manufacture and change back to butter-manufacture—

|                                                                  | £          |
|------------------------------------------------------------------|------------|
| Suppliers' capital costs                                         | 551        |
| Suppliers' recurring costs                                       | 7,078      |
| Dairy-factory recurring costs                                    | 35,584     |
| Government recurring costs—                                      |            |
| Cheese-crate stabilization                                       | 16,470     |
| Storage, railage, interest, and insurance                        | 13,348     |
| Suppliers' costs on change back to supply for butter-manufacture | 291,434    |
| Net surplus carried to Dairy-produce Account                     | 709,724    |
|                                                                  | £1,074,189 |

DAIRY-PRODUCE ACCOUNT

| Dr.                                 | £  | Cr.       | £          |
|-------------------------------------|----|-----------|------------|
| Deficit on 1936-37 season's produce | .. | 276,850   |            |
| Less payment from Consolidated Fund | .. | 276,850   |            |
| Deficit on 1938-39 season's produce | .. | 2,514,889 |            |
|                                     |    |           | 2,791,739  |
|                                     |    |           | 2,274,052  |
|                                     |    |           | 240,837*   |
|                                     |    |           | £2,514,889 |

\* Subject to contingent liabilities in respect of capital expenditure incurred in the 1941-42 season, "change-over" from buttermaking to cheese-making, estimated as under: Dairy company capital costs, £50,000; Government capital costs, £130,000; total, £230,000.

## MEAT

## ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                                                  | £              | <i>Cr.</i>                                                                              | £      | £              |
|-----------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------|--------|----------------|
| Salaries .. .. .                                                            | 6,795          | Allowance for administration on sales of 1941-42 season's meat after 31st July, 1942 .. | 38,398 |                |
| Office rent, maintenance, cleaning, telephones, and sundry expenses .. .. . | 875            | Allowance for administration on sales of 1942-43 season's meat up to 31st July, 1943 .. | 59,457 |                |
| Postages, cables, printing, and stationery .. .. .                          | 1,293          | Allowance for administration on sales of bobby veal .. .. .                             | 1,723  |                |
| Travelling-expenses .. .. .                                                 | 82             |                                                                                         |        | 99,578         |
| Shipping inspection and refrigeration supervision .. .. .                   | 1,500          |                                                                                         |        |                |
| Audit fees .. .. .                                                          | 447            |                                                                                         |        |                |
| Depreciation (office and departmental equipment) .. .. .                    | 92             |                                                                                         |        |                |
| Exchange on remittances .. .. .                                             | 4,762          |                                                                                         |        |                |
| Payment to New Zealand Meat-producers Board .. .. .                         | 30,000         |                                                                                         |        |                |
| Subsidy, Public Service Superannuation Fund .. .. .                         | 36             |                                                                                         |        |                |
| Miscellaneous expenses .. .. .                                              | 129            |                                                                                         |        |                |
|                                                                             | <u>46,011</u>  |                                                                                         |        |                |
| Balance to Meat Account .. .. .                                             | 53,567         |                                                                                         |        |                |
|                                                                             | <u>£99,578</u> |                                                                                         |        | <u>£99,578</u> |

## FINAL PURCHASE AND SALE ACCOUNT, 1941-42 SEASON'S KILLINGS

| <i>Dr.</i>                                                                                                                                                        | £                 | <i>Cr.</i>                                                                     | £         | £                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------------------------------------------------|-----------|-------------------|
| Purchase value—                                                                                                                                                   |                   | Sale value—                                                                    |           |                   |
| Shipments to United Kingdom after 31st July, 1942—                                                                                                                |                   | Shipments to United Kingdom after 31st July, 1942—                             |           |                   |
| Lamb .. .. .                                                                                                                                                      | 5,070,460         | Lamb .. .. .                                                                   | 5,679,285 |                   |
| Wether mutton .. .. .                                                                                                                                             | 414,335           | Wether mutton .. .. .                                                          | 466,369   |                   |
| Beef .. .. .                                                                                                                                                      | 949,331           | Beef .. .. .                                                                   | 1,098,217 |                   |
| Pig-meats .. .. .                                                                                                                                                 | 72,216            | Pig-meats .. .. .                                                              | 74,559    |                   |
| Offals .. .. .                                                                                                                                                    | 105,133           | Offals .. .. .                                                                 | 109,971   |                   |
|                                                                                                                                                                   | 6,611,475         |                                                                                |           | 7,428,401         |
| Local deliveries (including supplies to U.S.A. Armed Forces), all meat .. .. .                                                                                    | 203,319           | Local deliveries (including supplies to U.S.A. Armed Forces), all meat .. .. . |           | 251,296           |
|                                                                                                                                                                   | <u>6,814,794</u>  |                                                                                |           | <u>7,679,697</u>  |
| Allowance for administration and general expenses ( $\frac{1}{2}$ per cent. on sales, £7,679,697), carried to Administration and General Expenses Account .. .. . | 38,398            |                                                                                |           |                   |
| Surplus on transactions after 31st July, 1942, carried to Meat Pool Account .. .. .                                                                               | 826,505           |                                                                                |           |                   |
|                                                                                                                                                                   | <u>£7,679,697</u> |                                                                                |           | <u>£7,679,697</u> |

## PURCHASE AND SALE ACCOUNT, 1942-43 SEASON'S KILLINGS SOLD UP TO 31ST JULY, 1943

| <i>Dr.</i>                                                                                                                                                         | £                  | <i>Cr.</i>                                                                     | £         | £                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------|-----------|--------------------|
| Purchase value—                                                                                                                                                    |                    | Sale value—                                                                    |           |                    |
| Shipments to United Kingdom to 31st July, 1943—                                                                                                                    |                    | Shipments to United Kingdom to 31st July, 1943—                                |           |                    |
| Lamb .. .. .                                                                                                                                                       | 6,131,040          | Lamb .. .. .                                                                   | 6,664,749 |                    |
| Wether mutton .. .. .                                                                                                                                              | 60,806             | Wether mutton .. .. .                                                          | 66,617    |                    |
| Beef .. .. .                                                                                                                                                       | 655,033            | Beef .. .. .                                                                   | 751,046   |                    |
| Pig-meats .. .. .                                                                                                                                                  | 24,232             | Pig-meats .. .. .                                                              | 25,650    |                    |
| Offals .. .. .                                                                                                                                                     | 470,085            | Offals .. .. .                                                                 | 500,682   |                    |
| Preserved meat .. .. .                                                                                                                                             | 1,539,839          | Preserved meat .. .. .                                                         | 1,656,550 |                    |
|                                                                                                                                                                    | 8,881,035          |                                                                                |           | 9,665,294          |
| Local deliveries (including supplies to U.S.A. Armed Forces), all meat .. .. .                                                                                     | 1,962,126          | Local deliveries (including supplies to U.S.A. Armed Forces), all meat .. .. . |           | 2,226,153          |
|                                                                                                                                                                    | <u>10,843,161</u>  |                                                                                |           | <u>11,891,447</u>  |
| Allowance for administration and general expenses ( $\frac{1}{2}$ per cent. on sales, £11,891,447), carried to Administration and General Expenses Account .. .. . | 59,457             |                                                                                |           |                    |
| Surplus on transactions up to 31st July, 1943, carried to Meat Pool Account .. .. .                                                                                | 988,829            |                                                                                |           |                    |
|                                                                                                                                                                    | <u>£11,891,447</u> |                                                                                |           | <u>£11,891,447</u> |

## MEAT POOL ACCOUNT TO 31ST JULY, 1943

| <i>Dr.</i>                                                                                                                                   | £                 | <i>Cr.</i>                                                                        | £                 |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------|-------------------|
| Loss on 1941-42 season's ewe mutton after 31st July, 1942 .. .. .                                                                            | 539,351           | Balance at 31st July, 1942 .. .. .                                                | 794,801           |
| Loss on 1942-43 season's ewe mutton killed up to 31st July, 1943 .. .. .                                                                     | 537,580           | Surplus from sale of meat, 1940-41 season (transferred from Meat Account) .. .. . | 111,264           |
| Interest .. .. .                                                                                                                             | 14,351            | Surplus on 1941-42 season's killings sold after 31st July, 1942 .. .. .           | 826,505           |
|                                                                                                                                              | £                 | Surplus on 1942-43 season's killings sold up to 31st July, 1943 .. .. .           | 988,829           |
| Insurance on frozen and preserved meat .. .. .                                                                                               | 8,373             |                                                                                   |                   |
| Storage on frozen and preserved meat .. .. .                                                                                                 | 70,370            |                                                                                   |                   |
|                                                                                                                                              | 78,743            |                                                                                   |                   |
| Amount written off capital cost of emergency cool stores, canning-plant, and buildings, being one-third of estimated cost (£575,000) .. .. . | 191,666           | F.o.b. charges not incurred .. .. .                                               | 131,487           |
|                                                                                                                                              | <u>1,361,691</u>  | Less railage and sundry expenses .. .. .                                          | 111,136           |
| Balance, being surplus to 31st July, 1943 .. .. .                                                                                            | 1,883,547         |                                                                                   | 20,351            |
|                                                                                                                                              | <u>£3,245,238</u> | Surplus on tallow sales .. .. .                                                   | 368,897           |
|                                                                                                                                              |                   | Surplus on slipc wool .. .. .                                                     | 134,591           |
|                                                                                                                                              |                   |                                                                                   | <u>£3,245,238</u> |

## MEAT—continued

## MEAT ACCOUNT

| <i>Dr.</i>                                                                                              | £       | £               | <i>Cr.</i>                                                       | £               |
|---------------------------------------------------------------------------------------------------------|---------|-----------------|------------------------------------------------------------------|-----------------|
| Surplus on sale of meat, 1940-41 season, transferred to Meat Pool Account ..                            | 111,264 |                 | Balance at 31st July, 1942 .. .. .                               | 150,599         |
| Payment to War Expenses Account of balance of allowance for administration and general expenses .. .. . | 39,335  |                 | Surplus from Administration and General Expenses Account .. .. . | 53,567          |
|                                                                                                         |         | 150,599         |                                                                  |                 |
| Balance as at 31st July, 1943 .. .. .                                                                   |         | 53,567          |                                                                  |                 |
|                                                                                                         |         | <u>£204,166</u> |                                                                  | <u>£204,166</u> |

## BOBBY CALF POOL ACCOUNT TO 31ST JULY, 1943

| <i>Dr.</i>                                                                                                                                                      | £               | <i>Cr.</i>                                        | £               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------|-----------------|
| Payment of 2s. per calf on passed calves killed 1st June, 1942, to 30th June, 1943 .. .. .                                                                      | 93,613          | Local sales of bobby veal .. .. .                 | 14,558          |
| Further payment of 1s. 9d. per calf on passed calves killed 1st June, 1942, to 31st May, 1943 .. .. .                                                           | 80,956          | Less charges .. .. .                              | 1,643           |
|                                                                                                                                                                 | 174,569         |                                                   | 12,915          |
| Allowance for administration and general expenses ( $\frac{1}{2}$ per cent. on sales, £344,599), carried to Administration and General Expenses Account .. .. . | 1,723           | Shipments of bobby veal to United Kingdom .. .. . | 330,041         |
| Balance at 31st July, 1943 .. .. .                                                                                                                              | 91,782          | Less freezing and f.o.b. charges .. .. .          | 77,858          |
|                                                                                                                                                                 | <u>£268,074</u> |                                                   | 252,183         |
|                                                                                                                                                                 |                 | Surplus on sales of export vells .. .. .          | 2,976           |
|                                                                                                                                                                 |                 |                                                   | <u>£268,074</u> |

## WOOL

## PURCHASE AND SALE ACCOUNT FOR THE WOOL YEAR ENDED 30TH JUNE, 1943

| <i>Dr.</i>         | Greasy Wool.<br>£  | Slip Wool.<br>£   | Total.<br>£         | <i>Cr.</i>                   | Greasy Wool.<br>£  | Slip Wool.<br>£   | Total.<br>£        |
|--------------------|--------------------|-------------------|---------------------|------------------------------|--------------------|-------------------|--------------------|
| Purchases—         |                    |                   |                     | Sales—                       |                    |                   |                    |
| Appraisal value .. | 16,181,428         | 3,075,830         | 19,257,258          | To United Kingdom .. .. .    |                    |                   |                    |
| Final payment ..   | 623,399            | 39,273            | 662,672             | Wool Control .. .. .         | 15,813,566         | 3,110,539         | 18,924,105         |
|                    |                    |                   |                     | To New Zealand mills .. .. . | 991,261            | 4,564             | 995,825            |
|                    | <u>£16,804,827</u> | <u>£3,115,103</u> | <u>£19,919,930*</u> |                              | <u>£16,804,827</u> | <u>£3,115,103</u> | <u>£19,919,930</u> |

\* Includes 1941-42 season's wool to the value of £81,724.

## CHARGES, EXPENSES, AND ADMINISTRATION ACCOUNT FOR THE WOOL YEAR ENDED 30TH JUNE, 1943

| <i>Dr.</i>                                                                  | £                 | <i>Cr.</i>                                                                                             | £                 |
|-----------------------------------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------|-------------------|
| Brokers' charges .. .. .                                                    | 752,254           | Allowance in sale price for charges and expenses and recoveries, including amount of wool levy .. .. . | 1,477,270         |
| Appraisal costs .. .. .                                                     | 72,566            | Special allowance by United Kingdom towards cost of abnormal storage and insurance .. .. .             | 225,903           |
| Wool levy paid on behalf of growers .. .. .                                 | 23,307            |                                                                                                        |                   |
| Charges and expenses to f.o.b. .. .. .                                      | 352,704           |                                                                                                        |                   |
| Scouring charges .. .. .                                                    | 410,671           |                                                                                                        |                   |
|                                                                             | 1,611,502         |                                                                                                        |                   |
| Balance carried down .. .. .                                                | 91,671            |                                                                                                        |                   |
|                                                                             | <u>£1,703,173</u> |                                                                                                        | <u>£1,703,173</u> |
|                                                                             | £                 |                                                                                                        | £                 |
| Salaries .. .. .                                                            | 6,955             | Balance brought down .. .. .                                                                           | 91,671            |
| Office rent, maintenance, cleaning, telephones, and sundry expenses .. .. . | 1,176             | Interest .. .. .                                                                                       | 8,023             |
| Postages, cables, printing, and stationery .. .. .                          | 2,924             |                                                                                                        |                   |
| Travelling expenses .. .. .                                                 | 231               |                                                                                                        |                   |
| Audit fees .. .. .                                                          | 200               |                                                                                                        |                   |
| Depreciation .. .. .                                                        | 92                |                                                                                                        |                   |
| Cost of remittances to brokers and others .. .. .                           | 2,074             |                                                                                                        |                   |
| Subsidy, Public Service Superannuation Fund .. .. .                         | 36                |                                                                                                        |                   |
|                                                                             | 13,688            |                                                                                                        |                   |
| Net surplus for year .. .. .                                                | 86,006            |                                                                                                        |                   |
|                                                                             | <u>£99,694</u>    |                                                                                                        | <u>£99,694</u>    |

## WOOL ACCOUNT

| <i>Dr.</i>                                  | £               | <i>Cr.</i>                             | £               |
|---------------------------------------------|-----------------|----------------------------------------|-----------------|
| Transferred to War Expenses Account .. .. . | 133,607         | Balance at 31st July, 1942 .. .. .     | 133,607         |
| Balance as at 31st July, 1943 .. .. .       | 86,006          | Net surplus for 1942-43 season .. .. . | 86,006          |
|                                             | <u>£219,613</u> |                                        | <u>£219,613</u> |

## TALLOW

## PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                         | £                 | <i>Cr.</i>                          | £                 |
|----------------------------------------------------|-------------------|-------------------------------------|-------------------|
| Purchases .. .. .                                  | 962,873           | Sales to United Kingdom .. .. .     | 696,466           |
| Allowances for administration and handling .. .. . | 11,127            | Sales to U.S.A. and Canada .. .. .  | 630,841           |
| Meat Pool Account .. .. .                          | 368,897           | Sales to other destinations .. .. . | 15,590            |
|                                                    | <u>£1,342,897</u> |                                     | <u>£1,342,897</u> |

## TALLOW—continued

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                                                     | £              | <i>Cr.</i>                                        | £              |
|--------------------------------------------------------------------------------|----------------|---------------------------------------------------|----------------|
| Salaries .. .. .                                                               | 1,000          | Allowance for administration and handling .. .. . | 11,127         |
| Office rent, maintenance, cleaning, telephones, and<br>sundry expenses .. .. . | 330            | Interest .. .. .                                  | 945            |
| Postage, cables, printing, and stationery .. .. .                              | 481            |                                                   |                |
| Travelling expenses .. .. .                                                    | 58             |                                                   |                |
| Audit fees .. .. .                                                             | 75             |                                                   |                |
| Cost of remittances to manufacturers and others .. .. .                        | 571            |                                                   |                |
| Net surplus .. .. .                                                            | 9,657          |                                                   |                |
|                                                                                | <u>£12,072</u> |                                                   | <u>£12,072</u> |

## TALLOW ACCOUNT

| <i>Dr.</i>                                  | £              | <i>Cr.</i>                                      | £              |
|---------------------------------------------|----------------|-------------------------------------------------|----------------|
| Transferred to War Expenses Account .. .. . | 8,488          | Net surplus, year ended 31st July, 1942 .. .. . | 8,488          |
| Balance as at 31st July, 1943 .. .. .       | 9,657          | Net surplus, year ended 31st July, 1943 .. .. . | 9,657          |
|                                             | <u>£18,145</u> |                                                 | <u>£18,145</u> |

## SCHEELITE

## PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                     | £              | <i>Cr.</i>    | £              |
|--------------------------------|----------------|---------------|----------------|
| Purchases .. .. .              | 42,470         | Sales .. .. . | 43,559         |
| Cost of administration .. .. . | 1,089          |               |                |
|                                | <u>£43,559</u> |               | <u>£43,559</u> |

## WAR OFFICE CONTRACTS

## PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                         | £                 | <i>Cr.</i>    | £                 |
|------------------------------------|-------------------|---------------|-------------------|
| Purchases .. .. .                  | 2,102,490         | Sales .. .. . | 2,104,578         |
| Gross surplus carried down .. .. . | 2,088             |               |                   |
|                                    | <u>£2,104,578</u> |               | <u>£2,104,578</u> |

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                              | £             | <i>Cr.</i>                         | £             |
|---------------------------------------------------------|---------------|------------------------------------|---------------|
| Salaries .. .. .                                        | 250           | Gross surplus brought down .. .. . | 2,088         |
| Postages, cables, printing, and stationery .. .. .      | 714           | Interest .. .. .                   | 3,982         |
| Telephones, rents, sundry expenses .. .. .              | 132           |                                    |               |
| Cost of remittances to manufacturers and others .. .. . | 34            |                                    |               |
| Net surplus .. .. .                                     | 4,940         |                                    |               |
|                                                         | <u>£6,070</u> |                                    | <u>£6,070</u> |

## HIDES

## PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                                              | £               | <i>Cr.</i>                                                                        | £               |
|-------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------|-----------------|
| Purchases at market prices for sale to Australian Hide<br>Board .. .. . | 235,514         | Sales to Australian Hide Board at New Zealand standard<br>domestic values .. .. . | 184,943         |
|                                                                         |                 | Balance carried down .. .. .                                                      | 50,571          |
|                                                                         | <u>£235,514</u> |                                                                                   | <u>£235,514</u> |

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                                         | £              | <i>Cr.</i>                                     | £              |
|----------------------------------------------------|----------------|------------------------------------------------|----------------|
| Balance brought down .. .. .                       | 50,571         | Deficit for year ended 31st July, 1943 .. .. . | 51,441         |
| Salaries .. .. .                                   | 150            |                                                |                |
| Postages, cables, printing, and stationery .. .. . | 22             |                                                |                |
| Travelling expenses .. .. .                        | 19             |                                                |                |
| Telephones, rents, and sundry expenses .. .. .     | 65             |                                                |                |
| Interest on overdraft at Reserve Bank .. .. .      | 516            |                                                |                |
| Cost of remittances to brokers .. .. .             | 98             |                                                |                |
|                                                    | <u>£51,441</u> |                                                | <u>£51,441</u> |

## DRUGS

## PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>        | £             | <i>Cr.</i>                   | £             |
|-------------------|---------------|------------------------------|---------------|
| Purchases .. .. . | 8,294         | Sales .. .. .                | 8,272         |
|                   |               | Balance carried down .. .. . | 22            |
|                   | <u>£8,294</u> |                              | <u>£8,294</u> |

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1943

| <i>Dr.</i>                   | £           | <i>Cr.</i>                                     | £           |
|------------------------------|-------------|------------------------------------------------|-------------|
| Balance brought down .. .. . | 22          | Deficit for year ended 31st July, 1943 .. .. . | 127         |
| F.o.b. charges .. .. .       | 81          |                                                |             |
| Marketing expenses .. .. .   | 22          |                                                |             |
| Interest .. .. .             | 2           |                                                |             |
|                              | <u>£127</u> |                                                | <u>£127</u> |

## NEW ZEALAND SHEEP-SKIN CONTROL

## PURCHASE AND SALE AND REVENUE ACCOUNT FOR TWELVE MONTHS TO 30TH JUNE, 1943

| <i>Dr.</i>                           |    |    |    |    | £               | <i>Cr.</i>              |    |    |    |    | £               |
|--------------------------------------|----|----|----|----|-----------------|-------------------------|----|----|----|----|-----------------|
| Stocks, 30th June, 1942              | .. | .. | .. | .. | 66,989          | Sales                   | .. | .. | .. | .. | 758,603         |
| Purchases                            | .. | .. | .. | .. | 675,928         | Stocks, 30th June, 1943 | .. | .. | .. | .. | 125,598         |
| Working-charges and trading-expenses | .. | .. | .. | .. | 134,621         |                         |    |    |    |    |                 |
| Gross surplus                        | .. | .. | .. | .. | 6,663           |                         |    |    |    |    |                 |
|                                      |    |    |    |    | <u>£884,201</u> |                         |    |    |    |    | <u>£884,201</u> |
| Administration expenses—             |    |    |    |    | £               |                         |    |    |    |    | £               |
| Salaries                             | .. | .. | .. | .. | 9,018           | Gross surplus           | .. | .. | .. | .. | 6,663           |
| Travelling-expenses                  | .. | .. | .. | .. | 1,345           | Net deficit             | .. | .. | .. | .. | 8,488           |
| Postage and telegrams                | .. | .. | .. | .. | 344             |                         |    |    |    |    |                 |
| Telephones                           | .. | .. | .. | .. | 722             |                         |    |    |    |    |                 |
| Stationery                           | .. | .. | .. | .. | 541             |                         |    |    |    |    |                 |
| Exchange                             | .. | .. | .. | .. | 61              |                         |    |    |    |    |                 |
| Interest                             | .. | .. | .. | .. | 1,872           |                         |    |    |    |    |                 |
| Sundry                               | .. | .. | .. | .. | 472             |                         |    |    |    |    |                 |
| Rent                                 | .. | .. | .. | .. | 740             |                         |    |    |    |    |                 |
| Advertising                          | .. | .. | .. | .. | 36              |                         |    |    |    |    |                 |
|                                      |    |    |    |    | <u>15,151</u>   |                         |    |    |    |    |                 |
|                                      |    |    |    |    | <u>£15,151</u>  |                         |    |    |    |    | <u>£15,151</u>  |

## BALANCE-SHEET AS AT 30TH JUNE, 1943

| <i>Liabilities</i>       |    |    |    |    | £               | <i>Assets</i>          |    |    |    |    | £               |
|--------------------------|----|----|----|----|-----------------|------------------------|----|----|----|----|-----------------|
| Sundry Products Account  | .. | .. | .. | .. | 196,670         | Furniture and fittings | .. | .. | .. | .. | 562             |
| Sundry creditors         | .. | .. | .. | .. | 31,619          | Motor-car              | .. | .. | .. | .. | 158             |
| Pool Account—            |    |    |    |    | £               |                        |    |    |    |    | 720             |
| Balance, 30th June, 1942 | .. | .. | .. | .. | 13,101          | Sundry debtors         | .. | .. | .. | .. | 100,869         |
| Less deficit for year    | .. | .. | .. | .. | 8,488           | Stocks—                |    |    |    |    | £               |
|                          |    |    |    |    | <u>4,613</u>    | Skins, wool, pelts     | .. | .. | .. | .. | 125,598         |
|                          |    |    |    |    |                 | Fellmongers' material  | .. | .. | .. | .. | 5,495           |
|                          |    |    |    |    |                 |                        |    |    |    |    | 131,093         |
|                          |    |    |    |    |                 | Cash                   | .. | .. | .. | .. | 220             |
|                          |    |    |    |    | <u>£232,902</u> |                        |    |    |    |    | <u>£232,902</u> |

R. C. BURGESS, Controller.

## MARKETING DEPARTMENT (EXPORT DIVISION)

## BALANCE-SHEET AS AT 31ST JULY, 1943

| <i>Liabilities</i>                          |    |    |    |    | £                  | <i>Assets</i>                                      |    |    |    |    | £                  |
|---------------------------------------------|----|----|----|----|--------------------|----------------------------------------------------|----|----|----|----|--------------------|
| Reserve Bank of New Zealand—                |    |    |    |    | £                  | Sundry debtors for produce and amounts accrued due | .. | .. | .. | .. | 4,154,275          |
| Dairy Industry Account                      | .. | .. | .. | .. | 1,842,805          | Stocks                                             | .. | .. | .. | .. | 5,953,739          |
| Meat Industry Account                       | .. | .. | .. | .. | 4,663,506          | Office and departmental equipment                  | .. | .. | .. | .. | 4,162              |
|                                             |    |    |    |    | <u>6,506,311</u>   | Advances to Sheep-skin Controller                  | .. | .. | .. | .. | 221,778            |
| Less—                                       |    |    |    |    | £                  | Advances on produce                                | .. | .. | .. | .. | 299                |
| Wool Industry Account                       | .. | .. | .. | .. | 1,411,523          | Dairy-produce Account                              | .. | .. | .. | .. | 240,837            |
| Sundry Products Account                     | .. | .. | .. | .. | 479,680            |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>1,891,203</u>   |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>4,615,108</u>   |                                                    |    |    |    |    |                    |
| Less cash held in London                    | .. | .. | .. | .. | 23,908             |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>4,591,200</u>   |                                                    |    |    |    |    |                    |
| Sundry creditors for accrued charges and    |    |    |    |    |                    |                                                    |    |    |    |    |                    |
| sundry credit balances                      | .. | .. | .. | .. | 3,905,959          |                                                    |    |    |    |    |                    |
| Meat Pool Account                           | .. | .. | .. | .. | 1,883,547          |                                                    |    |    |    |    |                    |
| Bobby Calf Pool Account                     | .. | .. | .. | .. | 91,782             |                                                    |    |    |    |    |                    |
| Net surpluses on administration allowances— |    |    |    |    | £                  |                                                    |    |    |    |    |                    |
| Meat Account                                | .. | .. | .. | .. | 53,567             |                                                    |    |    |    |    |                    |
| Wool Account                                | .. | .. | .. | .. | 86,006             |                                                    |    |    |    |    |                    |
| Tallow Account                              | .. | .. | .. | .. | 9,657              |                                                    |    |    |    |    |                    |
| War Office Contracts                        | .. | .. | .. | .. | 4,940              |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>154,170</u>     |                                                    |    |    |    |    |                    |
| Less deficits—                              |    |    |    |    | £                  |                                                    |    |    |    |    |                    |
| Hides Account                               | .. | .. | .. | .. | 51,441             |                                                    |    |    |    |    |                    |
| Drugs Account                               | .. | .. | .. | .. | 127                |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>51,568</u>      |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>102,602</u>     |                                                    |    |    |    |    |                    |
|                                             |    |    |    |    | <u>£10,575,090</u> |                                                    |    |    |    |    | <u>£10,575,090</u> |

G. A. DUNCAN, Director.

W. J. PRATLEY, Accountant.

I hereby certify that the several Purchase and Sale and Revenue Accounts, Administration and General Expenses Accounts, together with the Balance-sheet as at 31st July, 1943, have been examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the following remarks relating to the separate Sheepskin Control Accounts: (a) The value of the stocks has been accepted at a figure fixed by the Sheepskin Controller; (b) the Control has taken into account the trading for only eleven months, and has treated the purchases for the month of June as stock on hand valued at cost.—J. P. RUTHERFORD, Deputy Controller and Auditor-General.

*Approximate Cost of Paper.*—Preparation, not given; printing (1,400 copies), £70

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