

1946
NEW ZEALAND

MARKETING DEPARTMENT

(EXPORT DIVISION)

ANNUAL REPORT (TENTH) AND ACCOUNTS FOR THE YEAR ENDED 31ST JULY, 1946

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, 1946.

This report relates to the 1945-46 production season (the first post-war year), 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 FIRST POST-WAR YEAR, 1945-46

In last year's annual report reference was made to the contracts of purchase of wool and woolly sheep-skins by the United Kingdom Government terminating with the sale of the 1945-46 season's wool and woolly sheep-skins and to the decision to form a Joint Organization to take over the marketing of unsold wool stocks. The steps in the necessary procedure as it affected New Zealand are referred to later in this report under the respective headings.

Details of the four-year contracts (1944 to 1948) for butter, cheese, and meat were given in last year's annual report. These contracts provided for agreed prices and terms for the 1944-45 and 1945-46 seasons, and that these prices and terms should continue for the balance of the term of the contracts unless before 1st May, 1946, either Government should require reconsideration on substantial grounds, "and in particular on the grounds of substantial changes in the cost of production in New Zealand or in the export prices then current in other supplying countries, or such substantial changes in conditions as may necessitate modifications in the conditions of this agreement" (refer clause 3 of Heads of Agreement).

Due notice was given that the New Zealand Government desired reconsideration of the prices and terms, and discussions were held with the Milk Products Division and Imported Meat Division of the United Kingdom Ministry of Food. In these discussions the Right Honourable Walter Nash, Minister of Finance, was assisted by Mr. B. C. Ashwin, Secretary to the Treasury, Mr. H. E. Davis and Mr. N. S. McClumpha, of the New Zealand Marketing Department (Export Division), London; and Messrs. G. A. Duncan (Director) and G. M. Pottinger (Deputy Director), of the Export Division of the Marketing Department. The New Zealand Government had agreed that representatives of the meat and dairy industries should be included in the discussions. Mr. G. H. Grigg, Chairman of the New Zealand Meat-producers Board, and Mr. W. E. Hale, Chairman of the New Zealand Dairy Board, ably represented the respective industries, and the Government is indebted to these gentlemen for their co-operation and assistance.

Details of the amended prices and terms agreed upon for the 1946-47 season are given in the appropriate sections of this report, as are also the contract prices and terms for tallow and other products handled by the Department.

SETTLEMENT WITH DAIRY AND MEAT INDUSTRY REPRESENTATIVES REGARDING DISPOSAL OF ADDITIONAL RECEIPTS FOR FARM-PRODUCE IN TERMS OF THE STABILIZATION AGREEMENT.

In last year's annual report a full report was given of the agreement reached with the dairy and meat industry representatives in respect of the disposal of additional receipts for farm-produce in terms of the stabilization agreement for the year ending 31st July, 1945.

ARBITRATION IN RESPECT OF DAIRY INDUSTRY LOCAL MARKET COSTS

In the agreement referred to in the foregoing paragraph the question of whether the costs above the price realized incurred in holding the retail price of butter and cheese in New Zealand can be debited to the Dairy Industry Stabilization Account under the provisions of the agreement between the Government and the Farmers' Federation was agreed to be decided by arbitration. It was later agreed that the matter should be referred to a Commission of Inquiry, and the following Commission was appointed by the Governor-General: the Chief Justice the Right Honourable Sir Michael Myers, G.C.M.G., with the Honourable Mr. Justice Robert Kennedy, and the Honourable Mr. Justice H. F. Johnston.

The result of the Commission's findings is set out in a report entitled "Commission of Inquiry to determine whether certain Costs could be debited to the Dairy Industry Stabilization Account" which was printed and presented to Parliament as paper H. 30B, and dated 29th July, 1946. In a majority report signed by the Chief Justice and Mr. Justice Kennedy the Commission reported:—

Our answer to the question put by the Commission may be summed up by saying that the Government is entitled by the agreement to debit to the Dairy Industry Stabilization Account the amount represented by both the subsidies and the allowances.

Prior to making its final report the Commission had questioned whether the agreement between the Government and the Farmers' Federation was *intra vires* the Government, and suggested the agreement be validated by Parliament. This validation was duly carried out in section 4 of the Finance Act, 1946.

AGREEMENT WITH DAIRY AND MEAT INDUSTRIES FOR YEAR ENDING 31st JULY, 1946

As a result of a meeting between the Economic Stabilization Commission and a joint committee of the Dairy and Meat Boards, an agreement was reached in respect of the disposal of the increased prices received for the 1946-47 season, as recorded in the following letters:—

E.S.C. 2/10.

The Chairman,
New Zealand Dairy Board,
Wellington.

30th January, 1947.
The Chairman,
New Zealand Meat Producers' Bd.,
Wellington.

DEAR SIR,

I attach hereto the agreement on debits to be made to the Dairy and Meat Industry Stabilization Accounts for the period ending 31st July, 1947, together with Schedules giving details of the debits to be made against the respective accounts for the year ended 31st July, 1946. I have to inform you that the agreement has been approved by Government.

I also wish to confirm our agreement that for the 1946/47 season debits to the stabilization accounts in respect of the item "Road Cartage of Fertilizer" will be limited to the equivalent of subsidy by rail plus 50 per cent. of the excess charge above the rail subsidy.

In the penultimate paragraph you will note that Government have agreed to include the term "full information." In accordance with my discussions with representatives of the Dairy Industry I desire to record our understanding that no change in the existing procedure is contemplated.

I should be glad if you would convey as soon as may be possible your Board's concurrence in the attached agreement.

Yours faithfully,
(Sgd.) B. C. ASHWIN,
Chairman.

DAIRY AND MEAT INDUSTRY STABILIZATION AGREEMENT

The Agreement covering Dairy and Meat Stabilization Accounts, which was negotiated on 24th March, 1945, between the Economic Stabilization Commission and the Joint Committee of the New Zealand Meat and Dairy Boards, expired on 31st July, 1946. For the year ending 31st July, 1946, debits may be made to the Meat and Dairy Industry Stabilization Accounts as set out in Schedules A and B attached. It is agreed that the following principles will apply for the 1946/47 period:

DAIRY INDUSTRY STABILIZATION ACCOUNT

It is agreed that each year the balance of the Dairy Produce Account will be transferred to the Dairy Industry Stabilization Account and all credits for produce sold to the United Kingdom and to other purchasers above the level of 117/- per cwt. of butter and 73/- per cwt. of cheese (sterling) will be paid to this Account.

It is further agreed that for the 1946/47 season the Dairy Industry Stabilization Account will not be charged with dairy cost allowances and subsidies in respect of butter and cheese sold on the local market. It is agreed that the credit for the 1946/47 season in the Butter Equalisation Account will be applied in abatement of the State's liability on account of dairy cost allowances and subsidies in respect of butter and cheese sold on the local market.

MEAT INDUSTRY STABILIZATION ACCOUNT

The arrangements respecting the Meat Pool and Meat Stabilization Accounts will conform to the principles, set out in the letter addressed by the Right Hon. the Prime Minister to the Chairman of the Meat Board on 20th November, 1944, the appropriate quotation being as follows:—

"It is considered desirable that both the Meat Pool Account and the Meat Stabilization Account should remain within the Meat Industry Account as at present, but the whole of the proceeds from the recent increase in the prices of meat to be paid by the United Kingdom Government will be credited to the Meat Industry Stabilization Account and will be conserved exclusively for the Industry, subject of course to such debits against the account as are contemplated in the Government's agreement with the Farmers' Federation of the 18th June, 1943. All accretions to the Meat Pool Account will continue as in the past and no charges other than those already operative will be made against it except in agreement with the New Zealand Meat Producers' Board. This arrangement would have to be subject to review, in the event of the resources of the Meat Industry Stabilization Account being insufficient to meet charges against that account. I would stress again that the balance finally remaining in the Meat Pool Account and the Meat Industry Stabilization Account belong to and shall be held for the benefit of the Industry."

It is understood that these principles will also apply to increases granted by the United Kingdom Government for the 1946/47 season, and it is further agreed that no payments will be made out of the Meat Pool Account and Meat Industry Stabilization Account, except in agreement with the New Zealand Meat Producers' Board.

It is agreed that for the 1946/47 season the Meat Industry Stabilization Account will not be charged with any allocation in respect of the subsidy paid to retail butchers. Credits arising from the sale of offals, hides, pelts, etc. in respect of meat used for local consumption shall not accrue to the benefit of Meat Industry funds.

DEBITS BELOW THE "LEVEL EXISTING ON THE DETERMINED DATE"

It is agreed that costs incurred under stabilization below "the level existing on the determined date" are debitable to both Meat and Dairy Industry Stabilization Accounts in appropriate amounts as agreed upon in the detailed schedules attached hereto as from 1st August, 1946, to 31st July, 1947.

INCREASES IN DEBITS ABOVE THE UNIT RATE

It is agreed that no debits for increases in costs above the unit rate existing at 1st March, 1945, should be charged to the Dairy Industry Stabilization Account except:—

- (a) Increased allowances to cover increases in farm wages or labour reward to the extent of 1.664 pence per pound butterfat.
- (b) Increased allowances for increases in factory costs to the extent of 0.297 pence per pound butterfat unless eligible under (d) and in respect of cheese a figure per pound butterfat which corresponds to the figure of 0.297 pence per pound butterfat for butter.
- (c) Any increase in dairy costs allowance adjustment for interest on capital.
- (d) Increases in subsidies or allowances arising out of increased import costs or increased usage of fertilizer or other materials used on farms or factories.
- (e) Generally, any increase in agreed upon items up to the aggregate amount specifically included in the United Kingdom costs structure.

In respect of the Meat Industry Stabilization Account, it is agreed that no debits for increases in costs above the unit rate existing at 1st October, 1946, should be charged to the Meat Industry Stabilization Account, except:—

- (1) Any increase in allowance for interest on capital.
- (2) Increases in subsidies or allowances arising out of increased import costs, or increased usage, of fertilizer or other materials used on farms or in factories.
- (3) Generally, any increases in agreed upon items (including wage increases in New Zealand since 1st October, 1946) chargeable under the agreement with the Farmers' Federation up to an amount not exceeding £625,000.

DAIRY-PRODUCE

REVIEW OF COMPLETED FINANCIAL OPERATIONS FOR THE 1944-45 SEASON

The accounts presented with the report for the 1944-45 season covered purchases and sales of butter, cheese, and processed milk by the Department up to 31st July, 1945. These purchase and sale transactions showed a surplus of £1,132,426.

The final results of the operations for the complete 1944-45 season were—

	£	£
Surplus on creamery butter	136,312	
Surplus on cheese	822,346	
Surplus on whey butter	15,923	
Surplus on processed milk	3,209	
		977,790
Less excess storage charges		3,742
		974,048
Add—		
Interest on investments	79,963	
Transfer from Internal Marketing Division (Butter Equalization Account) ..	100,000	179,963
Net surplus for 1944-45 season ..	..	£1,154,011

LONG-TERM CONTRACTS, 1944-48, BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR PURCHASE OF THE EXPORTABLE SURPLUSES OF BUTTER AND CHEESE FOR THE PRODUCTION PERIOD 1st AUGUST, 1944, TO 31st JULY, 1948, AND THEIR EXTENSION TO 31st JULY, 1950

In last year's annual report particulars were given of the agreements for the purchase by the United Kingdom Government of the exportable surpluses of butter and cheese for the seasons 1944-48. In that agreement prices and terms after 31st July, 1946, could be subject to reconsideration. As a result of the discussions in London in June and July, 1946, as referred to on page 3, an agreement in respect of prices and conditions for the season 1946-47 and in respect of an extension of the agreements until 31st July, 1950, was reached in terms of the following letters exchanged between the New Zealand Government and the Ministry of Food:—

Letter dated 2nd August, 1946, from United Kingdom Minister of Food to the High Commissioner for New Zealand reads as follows—

I am very pleased that the contract negotiations for the purchase of butter and cheese from New Zealand have been satisfactorily concluded.

It has been agreed, I understand, that the existing Heads of Agreement should remain in force subject to an exchange of letters between us setting out certain modifications which are to be taken in conjunction with these Heads of Agreement and which I now outline:—

1. *Price*.—It is agreed that in respect of all shipments from the production season commencing on 1st August 1946 and ending on 31st July 1947 the following prices shall be substituted for those in Schedules I and II of the Heads of Agreement:—

					Sterling per Hundredweight delivered f.o.b. Ocean Steamer.
(a) <i>Butter</i> —					
	Creamery Finest Grade 93 points and over	..	..	..	175s. -d.
	Creamery First Grade 90-92½ points	..	..	..	173s. 9d.
	Creamery Second Grade	..	..	..	170s. -d.
	Whey First Grade	..	..	..	167s. -d.
	Whey Second Grade	..	..	..	163s. -d.
(b) <i>Cheese</i> —					
	Finest and First Grade 91 points and over	..	..	..	102s. 6d.
	Second Grade	..	..	..	100s. 6d.

and that consequential amendments to the Schedules arising from these revised prices will be arranged between our respective officers.

2. *Period of Contract.*—It is understood that the period of the contract shall be extended to 31st July 1950, subject to either party having the continuing right of an annual review for these two years and that we shall confer in 1948 on the desirability of extending the contract for a further period of two years to cover production in New Zealand to 31st July 1952.

3. *Reservation of commodities for markets other than the United Kingdom.*—It is agreed that New Zealand may sell in 1946/47 butter and cheese to countries other than the United Kingdom, including sales for relief, within the allocation programme, and we undertake to review this question again one year from now.

4. *Restoration of brands.*—We have noted New Zealand's desire for the abolition of the present regulations regarding National butter and for the resumption of sale by origin. The difficulties of taking immediate steps to bring this about have been explained to you, but we are prepared nevertheless to meet your wishes at a date to be agreed between your officials and ours and hope to be able to give effect to the arrangement early in 1947.

5. *Change in volume of production of butter and cheese.*—Although under the terms of the contract the proportions of butter and cheese to be shipped from the production of each season are to be as nearly as possible in accordance with our requirements, we agree that the maximum notice of change will be given and we accept that no important change in the proportions can be made without a reasonable period of notice. We agree that the respective proportions of butter and cheese made available to us in the 1944/45 season will be the objective for the 1946/47 season.

6. *The resumption of distribution through normal channels.*—For reasons which we have explained to you, we cannot contemplate now any important departure from the present distributive arrangements. Similarly, our rationing machinery does not permit us to bind ourselves to supply certain organisations with a choice of butter nor to distribute regularly definite proportions of New Zealand butter. We are, however, prepared to look at both of these subjects again one year from now.

7. *Cessation of margarine rationing.*—We are willing to give such notice as is practicable about the prospects of discontinuance of margarine rationing and to discuss with you the consequences in so far as they may affect butter when that time comes.

I understand that further consultations will be held on the arrangements to apply to evaporated milk and skim milk powder purchases; these will be the subject of a separate letter.

In the meantime please accept my personal thanks for the helpful and understanding way in which you have approached our common problems.

Reply from High Commissioner for New Zealand dated 8th August, 1946, was as follows,—

Thank you for your letter of the 2nd August summarising the agreement between us relating to the price to be paid for New Zealand butter and cheese exported to you from the production season 1st August 1946 to 31st July 1947, and to the extension of the contract, subject to right of either party to an annual review of prices and conditions, to the end of the 1949/50 production season. It is noted that we shall confer with you in 1948 on the desirability of extending the contract for a further period of two years to cover production in New Zealand to 31st July, 1952.

Your letter correctly records the intention of both parties and I should like to express to you the appreciation of my Government of the courtesy and assistance extended to us during our negotiations.

SHIPMENTS OF DAIRY PRODUCTS TO MARKETS OUTSIDE THE UNITED KINGDOM

In the last year's annual report reference was made to the agreement by the United Kingdom Minister of Food that New Zealand should sell up to 2½ per cent. of the exportable surplus of butter and cheese in re-establishing other markets. This was later made subject to the qualification that such quantities would be subject to the allocation procedure of the Combined Food Board, later succeeded by the International Emergency Food Council.

In pursuance of this arrangement, allocations of global quantities of butter, cheese, and processed milk, in the supply of which New Zealand could share, were made to the following countries: British Caribbean Area, Ceylon, Falkland Islands, Fiji, Gambia, Gold Coast, Gilbert Islands, India, Malta, Mauritius, Aden, Cyprus, Cyrenaica, Egypt, French Somaliland, Iraq, Palestine, Saudi Arabia, Sudan, New Hebrides, Nyasaland, Nigeria, Northern Rhodesia, Seychelles, Sierra Leone, Solomon Islands, South Africa, Southern Rhodesia, Tanganyika, Tonga, Zanzibar, Reunion, Madagascar, French Camerouns, French Equatorial Africa, Belgian Congo, French West Africa, Philippines, British Borneo, Malaya, Shanghai, Hong Kong, Burma.

The qualification for shipment to these countries was that a duly authenticated import licence should be issued by the importing country before an export licence was issued by the supplying country.

Under these conditions, increasing quantities of butter and cheese have been exported from New Zealand to some of the foregoing countries. The allocation of dairy products by the International Emergency Food Council has now ceased, but, under the Heads of Agreement of the bulk contracts with the United Kingdom Ministry of Food, global quantities that may be imported by the countries mentioned in the foregoing list have been agreed upon, and may be supplied by New Zealand up to the total quantities agreed upon.

The limitation of the supply by New Zealand to 2½ per cent. of her exportable surplus has now been removed, and New Zealand may supply up to the total quantities approved of for export into the named countries, subject to the duly substantiated import licences.

GUARANTEED PRICES, 1945-46 SEASON

The guaranteed purchase-prices paid to dairy companies by the Marketing Department for butter and cheese manufactured during the 1945-46 season and exported were :—

<i>Creamery Butter—</i>					Pence per Pound.
Finest Grade—					
94 points and over	..	..	..	..	15·515
93 to 93½ points (basic price)			..	..	15·39
First Grade—					
92 to 92½ points	..	..	..	..	15·3275
90 to 91½ points	..	..	..	..	15·14
Second Grade	..	..	..	..	14·64
<i>Whey Butter—</i>					
First Grade	..	..	..	..	13·89
Second Grade	..	..	..	..	13·39
<i>Cheese—</i>					
Finest Grade—					
94 points and over	..	..	..	..	8·88625
93 to 93½ points	..	..	..	..	8·855
First Grade—					
92 to 92½ points (basic price)			..	..	8·73
91 to 91½ points	..	..	..	..	8·6675
Second Grade	..	..	..	..	8·48

NOTE.—These purchase-prices for butter and cheese are the same as those applying for the previous (1944-45) season.

DAIRY-FACTORY AND FARM-COSTS ALLOWANCES PAYABLE FOR THE 1945-46 SEASON

The report of the Department for last year (ended 31st July, 1945) shows on pages 9 and 10 the costs allowances agreed to be paid (in terms of the stabilization procedure) for the 1945-46 season, after negotiations between the representatives of the dairy industry and the Economic Stabilization Commission. Full details of the allowances were shown in the previous year's report just referred to, but for ready reference the short details are repeated hereunder :—

<i>To butter-manufacturing companies for period 1st August, 1945, to 31st July, 1946 :—</i>					Pence per Pound of Butterfat.
A farm-costs allowance of	..	..	..	..	1·914
A farm-labour allowance of	..	..	..	..	1·990
A factory-costs allowance of	..	..	..	..	0·411
Total	..	..	..	..	4·315

<i>To cheese-manufacturing companies for period 1st August, 1945, to 31st July, 1946 :—</i>					Pence per Pound of Butterfat.
A farm-costs allowance of	..	..	..	..	1·914
A farm-labour allowance of	..	..	..	..	1·990
A factory-costs allowance of	..	..	..	..	0·745
Total	..	..	..	..	<u>4·649</u>

In the previous year's report the standard resulting average payments by dairy companies to suppliers for butterfat for the 1945-46 season were estimated to be 20·6d. per pound of butterfat for butter-manufacture and 22·6d. per pound of butterfat for cheese-manufacture.

The actual resulting average payments were as follows :—

<i>Butter-manufacture—</i>					Pence per Pound of Butterfat.
Payment for butterfat supplies	..	..	..	..	16·664
Add farm-costs allowance	..	..	..	..	3·904
Total	..	..	..	..	<u>20·568</u>
<i>Cheese-manufacture—</i>					
Payment for butterfat supplies	..	..	..	..	18·980
Add farm-costs allowance	..	..	..	..	3·904
Total	..	..	..	..	<u>22·884</u>

NOTE.—*Guaranteed Prices for 1946-47 Season and Payment of Dairy-factory and Farm-costs Allowances.*—For convenience of reference, the following arrangements for the 1946-47 season settled before publication of this report are recorded :—

(1) *Guaranteed Prices, 1946-47 Season :* The guaranteed purchase-prices to be paid to dairy companies by the Marketing Department for butter and cheese manufactured during the 1946-47 season and exported are the same as the prices quoted above as applying for the 1945-46 season.

(2) *Dairy-factory and Farm-costs Allowances payable for the 1946-47 Season (1st August, 1946, to 31st July, 1947) :* The following notification was made to the dairy industry of allowances payable for the 1946-47 season (1st August, 1946, to 31st July, 1947) agreed upon after negotiations between industry representatives and the Economic Stabilization Commission :—

Details of the allowances which will be paid for the 1946-47 season (1st August 1946 to 31st July 1947) are as follows :—

<i>To Butter Manufacturing Companies</i>					d.	d.
Farm Costs Allowance, 1943-44	..	..	..	..	0·767	
Additional Farm Costs Allowance, 1944-45	..	..	..	..	0·650	
" 1945-46	..	..	..	..	0·497	
" 1946-47	..	..	..	..	0·761	
					<u>2·675</u>	
Farm Labour Allowance, 1944-45	..	..	..	..	1·470	
Additional Farm Labour Allowance, 1945-46	..	..	..	..	0·520	
" 1946-47	..	..	..	..	0·520	
					<u>2·510</u>	
Making Total Farm Allowances (for 1946/47 season)	..	..	..	..	5·185	per lb.
of butterfat in cream or milk supplied to a butter factory and manufactured into butter.					<u>=====</u>	

To Butter Manufacturing Companies—continued

	d.	d.
Factory Costs Allowance, 1943-44	0.269	
Additional Factory Costs Allowance, 1945-46	0.047	
		0.316
Factory Wages Allowance, 1943-44	0.022	
Additional Factory Wages Allowance, 1944-45-46	0.073	
		0.095
Making Total Factory Allowances (for 1946/47 season)		0.411 per lb.
of butterfat in milk or cream supplied to a butter factory and manufactured into butter in that factory.		

NOTE.—(a) The allowances cannot be claimed in respect of cream or milk used for any purpose other than butter-making.

(b) The farm costs allowance is claimed by dairy companies on behalf of suppliers to whom they are required to pass on the payment.

(c) The factory costs allowance is also payable on whey cream used in the manufacture of whey butter.

(d) In the case of supply of cream to a butter company by a milk powder, a processed milk, or a cheese company, the butter company should *not* claim the farm costs allowance on such supply, but should claim for the butter company factory costs allowance.

To Cheese Manufacturing Companies

	d.	d.
Farm Costs Allowance, 1943-44	0.767	
Additional Farm Costs Allowance, 1944-45	0.650	
1945-46	0.497	
1946-47	0.761	
		2.675
Farm Labour Allowance, 1944-45	1.470	
Additional Farm Labour Allowance, 1945-46	0.520	
1946-47	0.520	
		2.510
Making Total Farm Allowances (for 1946/47 season)		5.185 per lb.
of butterfat in milk received over the factory stage for cheese- making (no deduction for loss in whey) and manufactured into cheese.		
Factory Costs Allowance, 1943-44	0.299	
Additional Factory Costs Allowance, 1945-46	0.020	
		0.319
Factory Wages Allowance, 1943-44	0.076	
Additional Factory Wages Allowances, 1944-45-46	0.350	
		0.426
Making Total Factory Allowances (for 1946/47 season) of		0.745 per lb.
butterfat contained in milk received over the factory stage for cheesemaking (no deduction for loss in whey) and manufactured into cheese in that factory.		

NOTE.—(a) The allowances cannot be claimed in respect of milk used for any purpose other than cheesemaking.

(b) The farm costs allowance is claimed by dairy companies on behalf of suppliers to whom they are required to pass on the payment.

(c) In the case of a cheese company which separates milk and supplies 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 factory costs allowance.

Additional Wages Allowance for Small Companies.—In order to compensate the smaller companies for the loss of certain concessions previously enjoyed by them an extra wages cost allowance of .1d. per lb. butterfat will be paid to any company whose output for the season is less than 250 tons of butter or 200 tons of cheese. Thus in the case of these small butter companies the total wages allowance is .195d. per lb. butterfat, and in the case of these small cheese companies the total wages allowance is .526d. per lb. of butterfat.

(3) *Suppliers' Position for 1946-47 Season in respect of Guaranteed Prices and Farm-costs Allowances*: The following summary shows (a) the items (working and maintenance costs, capital charges, and labour reward) which, less return from pigs, comprise the butter-fat equivalent of the guaranteed price for butter; (b) the farm-costs allowances granted in 1943-44, 1944-45, 1945-46, and 1946-47 and (c) the farm-labour allowances granted in 1944-45, 1945-46 and 1946-47:—

	Per Pound of Butterfat.	
	d.	d.
Working and maintenance costs	5.34	
Farm-costs allowance, 1943-44	0.767	
Farm-costs allowance, 1944-45	0.650	
Farm-costs allowance, 1945-46	0.497	
Farm-costs allowance, 1946-47	0.761	
	2.675	
		8.015
Capital charges (interest)		3.240
Labour reward	9.45	
Farm-labour allowance, 1944-45	1.47	
Farm-labour allowance, 1945-46	0.52	
Farm-labour allowance, 1946-47	0.52	
	2.51	
		11.960
		23.215
Less return from pigs		1.540
Standard average "payout" to suppliers for butterfat for butter-manufacture*		21.675

PREMIUMS FOR QUALITY, AND QUANTITIES OF BUTTER AND CHEESE 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 1945-46 season the quantities of butter and cheese purchased for export and paid for at the respective differential prices. For comparison purposes the totals for the previous five seasons are also shown.

* In assessing the *actual* estimated average "total payout" (including farm-costs allowances) to be received by suppliers for the 1945-46 season, regard should be had to the fact that the dairy-factory-costs allowances granted in 1943-44 of 0.269d. per pound of butterfat for butter and 0.299d. per pound of butterfat for cheese were in recognition of increases in costs which had already taken place between the 1938-39 and the 1943-44 seasons. Consequently, these payments are reflected in corresponding increases in "payout" to suppliers for the 1943-44 and subsequent seasons. Allowing for this factor, it is estimated that the average total "payout" (including farm-costs allowances) to be received by suppliers for the 1946-47 season will be: for butter-manufacture, 21.8d. per pound of butterfat; and for cheese-manufacture, 23.8d. per pound of butterfat.

CREAMERY BUTTER (IN TONS): QUANTITIES PURCHASED FOR EXPORT AND PAID FOR AT DIFFERENTIAL PRICES

Grading Ports.	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.
Auckland	74,526	23,338	34,163	10,098	6,658	269
Bluff	43	..	..	13	22	8
Dunedin	64	..	19	37	8	..
Gisborne	1,065	573	372	114	6	..
Lyttelton	1,280	629	527	96	28	..
Napier	509	116	343	30	20	..
New Plymouth	8,439	3,427	4,003	628	375	6
Patea	551	100	169	111	170	1
Timaru	405	..	366	30	8	1
Wanganui	1,605	492	891	182	40	..
Wellington	11,803	4,709	4,805	1,700	584	5
Grand totals—						
1945-46	100,290	33,384	45,658	13,039	7,919	290
1944-45	119,807	47,906	52,319	12,810	6,654	118
1943-44	98,648	38,821	43,659	9,666	6,320	182
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
Percentage of qualities						
1945-46	100	33·29	45·52	13·00	7·90	0·29
1944-45	100	39·99	43·67	10·69	5·55	0·10
1943-44	100	39·35	44·26	9·80	6·41	0·18
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

WHEY BUTTER (IN TONS): QUANTITIES PURCHASED FOR EXPORT AND PAID FOR AT DIFFERENTIAL PRICES

Grading Ports.				Total.	First Grade.	Second Grade.
				Tons.	Tons.	Tons.
Auckland	..	..	..	631	371	260
Bluff	..	..	..	168	167	1
Dunedin	..	..	..	35	6	29
Lyttelton	..	..	..	25	24	1
New Plymouth	..	..	..	505	496	9
Patea	..	..	..	788	785	3
Timaru	..	..	..	..	..	..
Wellington	..	..	..	406	335	71
Grand totals—						
1945-46	..	..	..	2,558	2,184	374
1944-45	..	..	..	2,783	2,582	201
1943-44	..	..	..	2,420	2,256	164
1942-43	..	..	..	2,257	2,095	162
1941-42	..	..	..	3,123	2,974	149
1940-41	..	..	..	2,855	2,695	160
Percentage of qualities—						
1945-46	..	..	..	100	85·38	14·62
1944-45	..	..	..	100	92·78	7·22
1943-44	..	..	..	100	93·22	6·78
1942-43	..	..	..	100	92·82	7·18
1941-42	..	..	..	100	95·23	4·77
1940-41	..	..	..	100	94·39	5·61

Butter figures calculated at forty boxes to a ton.

CHEESE (IN TONS): QUANTITIES PURCHASED FOR EXPORT AND PAID FOR AT DIFFERENTIAL PRICES

Grading Ports.	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.
Auckland	18,814	58	1,402	9,008	5,274	3,072
Bluff	9,421	426	3,653	5,022	236	84
Dunedin	1,007	39	228	538	199	3
Gisborne	100	1	12	52	29	6
Lyttelton	890	15	366	487	21	1
Napier	43	..	1	38	4	..
New Plymouth	19,031	247	6,164	9,518	2,841	261
Patea	22,777	195	5,150	15,147	2,051	234
Timaru	618	13	339	264	2	..
Wanganui	2,341	..	226	1,484	592	39
Wellington	11,743	146	3,290	5,944	2,043	320
Grand totals—						
1945-46	86,785	1,140	20,831	47,502	13,292	4,020
1944-45	90,429	1,272	21,840	48,412	14,694	4,211
1943-44	81,544	820	17,768	45,966	13,150	3,840
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
Percentage of qualities—						
1945-46	100	1.31	24.00	54.74	15.32	4.63
1944-45	100	1.40	24.15	53.54	16.25	4.66
1943-44	100	1.00	21.79	56.37	16.13	4.71
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

Cheese figures calculated at fourteen crates to a ton.

It should be noted that the following additional quantities were purchased for export during the 1945-46 season *ex* stocks from the United States Joint Purchasing Board: butter, 2,636 tons; cheese, 521 tons.

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, 1945, TO 31ST JULY, 1946

Grading Ports.	To Great Britain.		To other Destinations.		Total Exports.		Percentage.	
	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.
	Boxes.	Crates.	Boxes.	Crates.	Boxes.	Crates.		
Auckland	3,177,785	256,765	13,153	1,785	3,190,938	258,550	73.88	21.01
New Plymouth	355,885	258,648	..	..	355,885	258,648	8.24	21.02
Patea	52,136	337,913	..	..	52,136	337,913	1.21	27.46
Wanganui	64,026	32,617	..	..	64,026	32,617	1.48	2.65
Wellington	472,990	170,484	..	..	472,990	170,484	10.95	13.85
Gisborne	52,562	1,405	..	..	52,562	1,405	1.22	0.12
Napier	48,058	2,127	..	..	48,058	2,127	1.11	0.17
North Island totals ..	4,223,442	1,059,959	13,153	1,785	4,236,595	1,061,744	98.09	86.28
Lyttelton	57,730	11,581	..	..	57,730	11,581	1.34	0.94
Timaru	11,998	8,393	..	..	11,998	8,393	0.28	0.68
Dunedin	3,978	14,091	..	..	3,978	14,091	0.09	1.15
Bluff	8,605	134,795	..	..	8,605	134,795	0.20	10.95
South Island totals ..	82,311	168,860	..	..	82,311	168,860	1.91	13.72
Dominion totals ..	4,305,753	1,228,819	13,153	1,785	4,318,906	1,230,604	100.00	100.00

Butter: Forty boxes equals 1 ton.

Cheese: Fourteen crates equals 1 ton.

BUTTER AND CHEESE GRADINGS

					Butter (Creamery).		Cheese.	
					Tons.	Increase or Decrease on Previous Year.	Tons.	Increase or Decrease on Previous Year.
					Per Cent.		Per Cent.	
1945-46	..	..	..	..	103,977	16·93 (decrease)	88,185	14·048 (decrease)
1944-45	..	..	..	..	122,352	19·96 (increase)	95,548	11·787 (increase)
1943-44	..	..	..	..	101,992	4·60 (decrease)	85,473	11·735 (decrease)
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)

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

EFFECT OF THE RATIONING EMERGENCY REGULATIONS AS APPLIED TO BUTTER AND CHEESE

BUTTER

The butter ration has remained unchanged during the year ended 31st July, 1946, consumption being limited to 6 oz. per head per week. The estimated annual saving of 14,000 tons has proved of definite assistance to the people of Great Britain, where the consumption of all fats is still severely restricted by rationing.

CHEESE

Sales of cheese on the local market continue to be restricted to the levels of sales in the 1942-43 season.

PRODUCTION OF DAIRY PRODUCTS IN NEW ZEALAND DAIRY FACTORIES

The following figures are taken from the Census and Statistics Department's publications :—

TOTAL QUANTITIES OF BUTTER AND CHEESE PRODUCED IN NEW ZEALAND DAIRY FACTORIES (FACTORY WEIGHTS)

Season.					Creamery Butter.	Cheddar Cheese.	Whey Butter.
1945-46	..	..	..	..	123,972	94,530	2,737
1944-45	..	..	..	..	151,637	103,675	3,030
1943-44	..	..	..	..	133,650	92,149	2,747
1942-43	..	..	..	..	139,083	102,846	2,908
1941-42	..	..	..	..	129,854	157,659	3,910
1940-41	..	..	..	..	161,809	122,370	3,355

PROCESSED MILK

In last year's annual report reference was made to long-term contracts concluded with the United Kingdom Ministry of Food for the exportable surpluses of skim-milk powder and evaporated milk for the four years 1944-48. Prices were fixed for the two years 1944-45 and 1945-46, and thereafter subject to annual review.

Concurrently with the discussions in London in July, 1946, in respect of butter and cheese, prices and conditions were reviewed, and prices were fixed for the two remaining years of the contracts—namely, 1946–47 and 1947–48 as under:—

Skin-milk Powder : £66 10s. sterling per ton f.o.b., subject to the supply of a minimum of 8,000 tons during 1946–47 and 7,000 tons during 1947–48.

Evaporated Milk : 24s. sterling per case f.o.b. for American standard (each case to contain 48 x 1 lb. tins), subject to the supply of a minimum of 250,000 cases during each of 1946–47 and 1947–48 seasons.

The equivalent of the above prices in New Zealand currency is paid to manufacturers less $\frac{1}{2}$ per cent. to cover the Department's administrative expenses.

The quantities and values of purchases by the Department for the twelve months ended 31st July, 1946, were:—

		Cases.	Weight. Tons.	Value. £
Skin-milk powder	.. ..	159,903	7,225	440,846
Evaporated milk	.. ..	281,388	6,030	382,799

NOTE.—Over half of the skim-milk powder was shipped to India, with lesser quantities to United Kingdom, Egypt, Ceylon, and Italy. Of the evaporated milk, a considerable proportion was shipped to Malaya, with lesser quantities to India, Egypt, and to the British naval base in Australia.

The Food and Rationing Controller's Office gives the following figures of total production of processed milk in New Zealand factories for the calendar year 1945:—

					Tons.
Whole-milk powder	.. ..	.. ..	.. ..	.. ..	3,523
Skin-milk powder	.. ..	.. ..	.. ..	.. ..	9,989
Evaporated milk (unsweetened)	.. ..	.. ..	.. ..	.. ..	6,410
Condensed milk (sweetened)	.. ..	.. ..	.. ..	.. ..	2,814
Malted milk	.. ..	.. ..	.. ..	.. ..	330

CASEIN

The exportable surplus of lactic casein for the 1945–46 season was sold under contract to the United Kingdom Ministry of Supply, and the following were the quantities and value of shipments for the twelve months ended 31st July, 1946 : 8,480 sacks, weighing 552 tons, £39,395.

Negotiations have also been concluded for the sale to the United Kingdom Board of Trade of the total exportable surplus of lactic casein available from the seasons 1946–47, 1947–48, and 1948–49. The estimated quantities to be supplied under this contract are : 1946–47 season, 1,700 tons ; 1947–48 season, 1,900 tons ; 1948–49 season, 1,900 tons ; and the sale price is £100 sterling per ton f.o.b. for each of the three years.

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)

New Zealand average—				Butter.	Cheese.
1945-46 season	..	..	..	16·664 +3·904*	18·980 +3·904*
				20·568	22·884
1944-45 season	..	..	..	16·903 +2·887*	19·168 +2·887*
				19·790	22·055
1943-44 season	..	..	..	16·830 +0·767*	18·888 +0·767*
				17·597	19·655
1942-43 season	..	..	..	16·569	18·577
1941-42 season	..	..	..	16·017	18·025
1940-41 season	..	..	..	16·106	18·043
1939-40 season	..	..	..	16·179	18·091
1938-39 season	..	..	..	16·087	18·060
1937-38 season	..	..	..	14·812	16·389
1936-37 season	..	..	..	13·558	15·176

* Farm-costs allowances (see annual report 31st July, 1945, page 9).

COSTS OF BUTTER AND CHEESE MANUFACTURING COMPANIES

The following tabulation shows the average costs of butter- and cheese-manufacturing companies for the 1945-46 season. The averages for the nine previous seasons are also shown :—

COSTS IN MANUFACTURE AND DELIVERY OF BUTTER TO F.O.B. OVERSEAS STEAMERS

(In pence per pound of butterfat)

		Cream- collec- tion.	Manu- facturing (Charges.	Deprecia- tion.	Repairs and Main- tenance.	Charges Factory to F.O.B.	Overhead (Charges.	Total Charges.
New Zealand average—								
1945-46 season	..	0·504	1·163	0·095	0·097	0·409	0·235	2·503 -0·312*
								2·191
1944-45 season	..	0·460	1·042	0·090	0·079	0·397	0·188	2·256 -0·269*
								1·987
1943-44 season	..	0·472	1·109	0·093	0·078	0·391	0·210	2·353 -0·269*
								2·084
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	0·084	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

Factory-costs allowances of (1) 0·269d. per pound butterfat (from 1st August, 1943) in the two seasons 1943-44 and 1944-45; (2) 0·312d. per pound butterfat. † 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.

COSTS IN MANUFACTURE AND DELIVERY OF CHEESE TO F.O.B. OVERSEAS STEAMERS
(In pence per pound of butterfat)

		Manu- facturing Charges.	Deprecia- tion.	Repairs and Main- tenance.	Charges : Factory to F.o.b.	Overhead Charges.	Total Charges.
New Zealand average—							
1945-46 season ..	..	2·584	0·172	0·269	0·638	0·331	3·994 —0·323*
1944-45 season ..	..	2·454	0·163	0·226	0·626	0·300	3·769 —0·299*
1943-44 season ..	..	2·660	0·176	0·217	0·636	0·343	4·032 —0·299*
1942-43 season ..	..	2·576	0·166	0·216	0·634	0·325	3·733
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

* Factory-costs allowances of (1) 0·299d. per pound butterfat (from 1st August, 1943) in the two seasons 1943-44 and 1944-45; (2) 0·323d. per pound butterfat.

NOTE.—In comparing dairy company costs with previous years the following factory-wage allowances (see page 11), (not included in the figure shown for factory-costs allowances) should be added to the gross figures shown for the 1945-46 season: Butter-factory-wage allowance, 0·095d. per pound; cheese-factory-wage allowance, 0·426d. per pound.

PUBLICITY IN THE UNITED KINGDOM

As referred to in last year's annual report, steps were taken to resume advertising and publicity in the United Kingdom of New Zealand products.

A campaign was carried on from May to October, 1946, but, as rationing was still in operation, the campaign required to be of a "background" character whereby the stress laid was on New Zealand's contribution to the United Kingdom's needs in the field of food-production and on the maintenance of high-quality products.

It was considered that the nature of the campaign especially lent itself to a combined effort by interests representing all New Zealand food-farming interests—namely, meat and dairying and, to a lesser extent, fruit and honey interests.

A grant of £45,000 for financing the campaign was allotted from the following sources,—

	£
Meat Industry Stabilization Account	20,000
Dairy Industry Account	20,000
Tourist and Publicity Account	3,500
Fruit Account	1,000
Honey Account	500
	£45,000

while a committee to arrange the campaign was representative of the New Zealand Meat-producers' Board, Marketing Department, and High Commissioner's Office.

The committee agreed that the campaign should be carried out under the following main headings,—

- (1) Preparation of a booklet for selective distribution in United Kingdom :
- (2) Newspaper advertising, including women's publications and trade papers :
- (3) Posters :
- (4) Lantern slides in cinemas.

BOOKLET

It was considered essential that there should be a survey of the Dominion's development and outlook before and during the war, which would be a comprehensive source of interest and information if presented in the form of an illustrated booklet. Subject matter falls under the following heads :—

Historical and descriptive.

Response of community to demands of war.

The Dominion's contribution in fighting men.

The Dominion's contribution in food-production.

The maintenance of quality.

Identification of New Zealand with " Food for Peace."

The production of the booklet is now in hand and within the limited number of copies that will be printed, distribution will need to be strictly selective and confined to women's organizations, such as women's guilds, women's institutes, and the co-operative guild. Copies will also be available for distribution to representative trade bodies.

NEWSPAPER ADVERTISING

For background purposes it was necessary that the coverage through newspaper advertising should be as national in character as possible, hence all the following groups were used :—

- (a) National dailies.
- (b) Provincial evenings.
- (c) London evenings.
- (d) National Sundays.
- (e) Weekly periodicals.
- (f) Women's journals.
- (g) Trade press.

The total circulation of the above is in the neighbourhood of 45,000,000 copies. The background advertisements appeared four or five times in each.

The advertisements themselves were built around two main ideas—

- (1) Food for Britain

- (2) Your rations to-day—your choice in the future

both themes being used in each advertisement throughout the series, but presented in different ways. The scheme commenced early in May and continued until mid-October. With very few exceptions, the actual positioning of the advertisements in the newspapers has been highly satisfactory, giving the utmost advantage from the spaces obtainable. The trade has been kept informed of the advertising campaign and its purpose by advertisements in the respective trade papers.

POSTERS

Careful consideration was given to suitable designs for posters, the message of which linked up directly with the press advertisements. We were fortunate in obtaining suitable central sites for posters in London and in eighteen important provincial cities, and it is felt that the New Zealand message has been brought prominently before the British public.

LANTERN SLIDES IN CINEMAS

Effective close support was obtained by the exhibition of a lantern slide on two hundred cinema halls located in the provincial cities, where the sixteen-sheet posters referred to previously were on display. The lantern slide was a reproduction of the poster design, and thus an effective tie-up was obtained between press, poster, and lantern slide in these areas of concentrated population. The exhibition of lantern slides continued until the end of November.

WINDOW OF HIGH COMMISSIONER'S OFFICE, 415 STRAND

Effective use has been made of this window in making displays which have stressed the part played by New Zealand in producing butter, cheese, and meat in the war years and in providing a considerable share of the rationed foodstuffs of the United Kingdom.

PROGRAMME FOR 1947-48

The publicity programme for 1947-48 will, so far as background work is concerned, continue to be conducted as a combined effort by the meat and dairy interests and be on similar general lines to the 1946-47 programme. Advertising will, however, be more concentrated on the use of women's publications and suitable trade and technical press, where permissible spaces are larger and continuity of advertisement appearance can be relied on, and less on newspapers, where space is limited and very expensive and continuity cannot be guaranteed.

Poster publicity will be extended and arrangements will be made for joint displays at important exhibitions such as ideal homes, British Industries Fair, and others which are recommencing after the stoppage during the war.

SPECIAL DAIRY PUBLICITY

It is also proposed to spend certain sums specially on publicity of butter and cheese when the restorations of brands are permitted, and in re-establishing personal contacts with retail grocery and provision trades by means of the Department's representatives.

A visit to New Zealand by the Department's London Advertising Manager has been arranged so that he may procure up-to-date photographs of technical processes in the manufacture of our export foodstuffs and also plan for the later production of a first-class documentary film of these processes.

ANNUAL IMPORTS OF DAIRY PRODUCTS INTO UNITED KINGDOM DURING THE YEARS 1938 AND 1941 TO 1946 INCLUSIVE

The following tables are of interest, particularly the butter and cheese tables, which show the importance of New Zealand as a supplier to Britain during the vital war years, and compare the normal pre-war imports with those of the immediate post-war period.

Consigned from	1938.	1941.	1942.	1943.	1944.	1945.	1946.
ANNUAL IMPORTS OF BUTTER INTO UNITED KINGDOM (in tons)							
New Zealand	129,613	127,983	93,377	100,385	104,383	118,274	101,190
Australia	89,891	69,679	40,716	44,013	37,799	45,059	65,616
Irish Free State ..	16,330	6,122	225	142	28	..	..
Union of South Africa ..	1,266	2,500	..	5	..	1	..
Canada	1,501	20	12	3,175	..	1	3
South-west African Territory	1,294	230	6	..	..	1	3
Kenya	707						
Other Empire	37						
Total Empire ..	240,639	206,534	134,336	147,720	142,210	163,336	166,812
Denmark	118,240	..	..	..	..	26,114	43,537
Netherlands	35,595	..	..	..	..	..	..
Latvia	16,995	..	..	..	..	..	..
Sweden	15,038	..	..	..	..	..	..
Lithuania	11,404	..	..	..	..	..	..
Estonia	9,158	..	..	..	..	..	..
Finland	10,486	..	..	..	..	..	..
Poland	9,954	..	..	..	..	..	..
Argentina	4,494	11,569	18	3,498	10,522	614	1,102
Austria	749	..	..	..	..	..	..
Hungary	1,023	..	..	..	..	..	..
France	17	..	..	..	..	..	..
Belgium	249	..	..	..	..	..	..
Norway	620	..	..	..	..	..	..
Czechoslovakia ..	555	..	..	..	..	..	..
Japan	371	..	..	..	..	..	..
Uruguay	308	..	..	..	..	..	..
Other foreign	1	37	225	386	217	56	37
Total foreign ..	235,257	11,606	243	3,884	10,739	26,784	44,676
Grand total ..	475,896	218,140	134,579	151,604	152,949*	190,120	211,488
Less re-exports	3,952	39	48	78	109	179	786
Net imports	471,944	218,101	134,531	151,526	152,840	189,941	210,702

* The revised figures issued in 1946 show total imports for 1944 as 153,200 tons.

Consigned from	1938.	1941.	1942.	1943.	1944.	1945.	1946.
ANNUAL IMPORTS OF CHEESE INTO UNITED KINGDOM (In tons)							
New Zealand	81,970	116,440	132,131	91,686	82,299	83,842	82,124
Canada	33,887	39,767	55,855	55,655	55,355	58,509	52,628
Australia	11,864	11,604	4,906	7,518	3,597	3,563	17,933
Union of South Africa ..	1,135	..	..	..	..	..	..
Irish Free State ..	1,017	..	..	..	..	..	..
Other Empire	..	549	117	..	..	213	53
Total Empire ..	129,873	168,360	193,009	154,859	141,251	146,127	152,738
Netherlands	10,124	..	..	..	..	..	..
Italy	3,522	..	..	..	..	..	..
Switzerland	902	..	..	..	..	..	..
France	571	..	..	..	..	..	..
Denmark	969	..	..	..	..	..	..
Norway	63	..	..	..	..	..	..
Finland	168	..	..	..	..	..	..
Belgium	2	..	..	..	..	..	..
United States of America ..	..	34,262	122,181	54,779	110,582	44,755	47,525
Other foreign	172	742	3	1	77	361	3,769
Total foreign ..	16,493	35,004	122,184	54,780	110,659	45,116	51,294
Grand total ..	146,366	203,364	315,193	209,639*	251,910*	191,243	204,032
Less re-exports ..	856	38	15	243	321	1,331	1,589
Net imports ..	145,510	203,326	315,178	209,396	251,589	189,912	202,443

* The revised figures issued in 1946 show total imports for 1943 as 206,993 tons, and for 1944 as 251,918 tons.

ANNUAL IMPORTS OF UNSWEETENED MILK-POWDER INTO UNITED KINGDOM (In tons)							
New Zealand	6,589	8,834	7,348	8,310	4,464	2,974	3,530
Canada	871	372	322	232	..	106	2,229
Australia	2,216	3,850	2,251	2,587	1,059	826	1,867
Eire	562				1,267	1,189	933
Other Empire	..				1	2	..
United States of America ..	2,776	13,506	55,174	72,847	76,165	24,766	28,624
Other foreign	4,738	..	3	6	39	97	1
Totals—							
Whole-milk powder ..	4,602	5,039	5,403 (5,342)	5,501 (5,462)	4,656 (4,659)	8,168	5,738
Skimmed-milk powder ..	13,150	21,241 (21,171)	59,697 (59,576)	78,481 (75,629)	78,339 (78,315)	21,742	31,186
Buttermilk and whey powder	..	282	..	..	..	50	260
Grand total ..	17,752	26,562 (26,492)	65,098 (64,918)	83,891 (81,091)	82,995 (82,974)	29,960	37,184

NOTE.—Figures in parentheses are revised figures issued in 1945 and 1946.

ANNUAL IMPORTS OF UNSWEETENED CONDENSED MILK INTO UNITED KINGDOM (In tons)							
Canada	8,964	8,933	27	8	3	2	12,791
Other British	2,140	1,296	1,423	1,950	837	3,501	4,330
United States of America ..	4,716	124,109	184,677	129,653	86,072	56,674	69,150
Other foreign		..	1	..	..	..	..
Total	15,820 (15,315)	134,338	186,128	131,611	86,912 (86,915)	60,177	86,271

NOTE.—Figures in parentheses are revised figures issued in 1946.

ACCOUNTS

The dairy-produce accounts covering the completed operations for the 1944-45 season and the operations for the 1945-46 season are shown in the accounts section at the end of this report, pages 42 to 45.

The completed operations for the 1944-45 season are referred to on page 7 of this report. After sale of the balance of the 1944-45 season's dairy-produce which was in store at 31st July, 1945, the final result of the operations for the complete 1944-45 season is a surplus of £1,154,011.

The accounts now presented for the 1945-46 season cover purchases of butter and cheese by the Department up to 31st July, 1946. 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, 1946 :—

	Shipped and paid to 31st July, 1946.	In Store and paid to 31st July, 1946.	In Store and not paid to 31st July, 1946.	Total production for Export Season, 1945-46.
	Boxes.	Boxes.	Boxes.	Boxes.
Creamery butter	3,878,462	44,300	88,824	4,011,586
Whey butter	101,070	47	1,214	102,331
	Crates.	Crates.	Crates.	Crates.
Cheese	1,170,796	16,661	27,536	1,214,993

The accounts for the 1945-46 season comprise Administration and General Expenses Account, Purchase and Sale and Revenue Accounts, Dairy-produce Account, and Dairy Industry Stabilization Account. The circumstances of the establishment of the Dairy Industry Stabilization Account are referred to in a note at the foot of the accounts published with the 1944 annual report (page 30). There is a further reference to the Dairy Industry Stabilization Account on page 3 of last year's report, and on page 4 of this report. The account itself is shown on page 45.

It will be observed from the accounts that the Purchase and Sale and Revenue Accounts show a surplus at 31st July, 1946, of £1,091,761, which is transferred to the Dairy Industry Account. In terms of the arrangements settled with the industry in July, 1943, the net surplus in the Dairy-produce Account, £1,113,346 is transferred to the Dairy Industry Stabilization Account. The Dairy Industry Stabilization Account shows a credit balance of £4,703,240.

MEAT

LONG-TERM CONTRACTS, 1944-48, BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR PURCHASE OF THE EXPORTABLE SURPLUS OF MEAT FOR THE PRODUCTION PERIOD 1st OCTOBER, 1944, TO 30th SEPTEMBER, 1948, AND ITS EXTENSION TO 30th SEPTEMBER, 1950

Details of the long-term contract (1944-48) between the United Kingdom and New Zealand Governments for the purchase of the exportable surplus of meat for the production period 1st October, 1944, to 30th September, 1948, were given in last year's annual report. Payment by the United Kingdom Government was on the basis of 1939-40 prices plus 33½ per cent. The contracts provided for reconsideration, if desired, of prices and terms after 30th September, 1946. As a result of the discussions held in London in June and July, 1946, as referred to on page 3, an agreement in respect of prices and conditions for the season 1946-47 and in respect of an extension of the

contracts to 30th September, 1950, was reached in terms of the following extracts from letters exchanged between the New Zealand Government and the United Kingdom Minister of Food :—

Extract from letter from United Kingdom Minister of Food (dated 19th July, 1946) to the High Commissioner for New Zealand :—

Ministry of Food
Montagu House,
Whitehall.
London, S.W. 1.
19th July, 1946.

DEAR JORDAN,—

Following our talk with Mr. Nash on the 3rd June in connection with the review of the existing contracts for the supply of meat and dairy produce, Mr. H. E. Davis submitted on the 7th June your detailed proposals for meat and these were considered at meetings on 20th June and 3rd July between our respective officers.

As a result of the discussion that then took place, I am now able to make the following proposals; if they are agreeable to you, I think we may then regard the general principles and the more important details as having been settled between us, leaving the loose ends to be clewed up departmentally.

PRICES

You submitted data showing the movements in costs of meat production since 1939 and on the basis of that data asked for an increase of $43\frac{1}{2}$ per cent. on B.P. 1 prices as compared with the increase of $33\frac{1}{2}$ per cent. agreed for the first two years of the current contract. The figures submitted were very comprehensive and no doubt you will realize that without much more information about the conditions in New Zealand we were not able to examine them in any detail. We noted the paragraph at the end of the accountants' covering memorandum about the effect of increased wool prices on increased costs and also the explanation of your officers on this, which was developed further in Mr. H. E. Davis' letter of 1st July to the effect that the increased wool prices should not, for the purposes of our discussion, be regarded as an offset to the increased costs of meat production. We might wish to revert to this question in a subsequent review but for the purposes of the current review we will accept the submitted figures as they stand as evidence of your increased costs.

We note that in your submission you mention "a moderate addition to the costs shown in the survey is taken into account" to assist in the replacement, at higher than pre-war costs, of fertility reserves that have been run down during the war. In the discussion between officials, we pointed out that your published accounts showed that certain monies out of the prices we were paying were being retained by the New Zealand Government for the benefit of the industry and we suggested that this was inconsistent with the present claim that higher prices were required to meet increased costs. Mr. Ashwin explained that these monies were being held for payment to farmers at a later date so that they could undertake essential renewals without inflating prices. It seems to us that we should reserve the right to reconsider this particular aspect of the matter at any future price review.

All this notwithstanding, we accept your figures as a basis for the increase in the prices to be paid during the meat year, 1st October, 1946-30th September, 1947.

Either party is, of course, at liberty under the contract to raise the question again next year in respect of the price for supplies in the following meat year, but I would not like, at this stage, to agree that in future reviews we would necessarily follow any further increases in production costs. I think I made it clear at our talk that in my opinion prices must always be the subject of negotiation and that factors other than production costs may have to be taken into account at future price reviews. At the same time I readily agree that changes in the costs of production must always be regarded as an important factor and will always be taken into account.

Exceptionally, you asked for a further 5 per cent. increase for pig meat, making a total increase of $48\frac{1}{2}$ per cent. over B.P. 1. We were reluctant to agree to this in today's conditions, having regard to the fact that the pig is generally a competitor for grains which are so urgently needed for direct human consumption. We were told, however, that pigs in your country are fed mainly on dairy factory by-products, which cannot at present be processed for human consumption, and on green feed and roots, and that your request was based mainly on an exceptional increase in the costs of labour in what has proved difficult and uncongenial work. On your assurance that the increased price will not lead to any increase in the consumption by your pig herds of grain which otherwise would be available for human consumption, we are prepared to agree to the increase for which you ask.

As regards the prices to be paid for offals, including pig offals, it seemed to us that, as meat offals are a by-product only in the processing of meat, there should be no further increase in these prices and that the extra price to be paid for meat should be regarded as fully satisfying the need for covering your increased meat production costs. In view, however, of the discussion on the 3rd July with your officers on this point, we are agreeable to an increase of $43\frac{1}{2}$ per cent. over B.P. 1 prices for all offals, including pig offals, on the distinct understanding that you ship to us the whole of the offals arising from your meat exports. A formula to assess the quantity of offals we should receive under such an arrangement can be left for settlement between our officers.

PERIOD OF CONTRACT

At our talk on the 5th July I agreed to concede Mr. Nash's request for an extension of the Meat Contract for two further years to 30th September, 1950, and I assume that you would want these two years to be governed by the terms of the existing agreement subject to annual review as at present. This extension puts meat on all fours with Dairy Products but, as was pointed out in the talks between our officers, it is not yet clear that the shortage of meat will last so long as that for Dairy Products.

QUANTITIES TO BE SUPPLIED TO OTHER MARKETS

I understand you ask only for some latitude within the I.E.F.C. procedure and I hope that my officers, who are trying to work out some scheme, will be able to reach a solution that will be satisfactory to you and to us.

RESUMPTION OF SHIPMENTS OF BONE-IN BEEF, CHILLED BEEF AND CESSATION OF TELESCOPING MUTTON AND LAMB

We are as anxious to receive, as you are to send, meat in the more attractive forms that were usual in peacetime and you may rely on our utmost co-operation. We have explained that it is entirely a matter of the amount of freight available. In our present position any relief in this direction would be at the expense of such other products as apples. You have already been advised about the prospects for telescoping sheep and lambs next season and, as and when the freight position improves, we will consult with you as to the best method of reverting to more normal practice.

QUANTITIES OF PIG MEAT

We are prepared to take your exportable surplus of pig meat during the last two years of the current contract—i.e., up to 30th September, 1948. We do not, however, feel able to commit ourselves beyond that at present but in respect of each of the following two years we shall be prepared to fix the quantities twelve months ahead.

CANNED MEATS

You will appreciate our desire to taper off the production of these goods from the high wartime levels to more normal levels; I agree that prices and quantities for the forthcoming and succeeding years shall be discussed departmentally each year with a view to providing for the reasonable maintenance of this adjunct to your meat industry.

PAYMENTS FOR MEATS HELD IN STORE FOR EXCESS PERIODS

We are prepared to agree that the existing arrangements continue during the third year of the contract; either party has the right to raise the question again if there is any review next year.

GENERAL

If there are any minor modifications necessary in the Heads of Agreement these can, I suggest, be settled departmentally.

Letter from High Commissioner for New Zealand (dated 23rd July, 1946) to United Kingdom Minister of Food :—

July, 1946.

MY DEAR MINISTER,—

LONG-TERM CONTRACT FOR THE PURCHASE OF NEW ZEALAND MEAT

Thank you for your letter of the 19th July summarizing agreement between us relating to prices to be paid to us for New Zealand meat exported to you from the production season 1st October, 1946, to 30th September, 1947, and to the extension of the contract subject to right of either party to an annual review of prices and conditions—to the end of the 1949-1950 production season.

There is one point in your communication that I think requires elucidation. On page two the second paragraph reads :—

"We note that in your submission you mention 'a moderate addition to the costs shown in the survey is taken into account' to assist in the replacement, at higher than pre-war costs, of fertility reserves that have been run down during the war. In the discussion between officials we pointed out that your published accounts showed that certain monies out of the prices we were paying were being retained by the New Zealand Government for the benefit of the industry and we suggested that this was inconsistent with the present claim that higher prices were required to meet increased costs. Mr. Ashwin explained that these monies were being held for payment to farmers at a later date so that they could undertake essential renewals without inflating prices. It seems to us that we should reserve the right to reconsider this particular aspect of the matter at any future price review."

The precise purpose of the New Zealand Meat Stabilization Account is clearly stated in a letter dated 20th November, 1944, from the Prime Minister of New Zealand to the Chairman of the New Zealand Meat Producers' Board, the appropriate quotation being :—

"It is considered desirable that both the Meat Pool Account and the Meat Industry Stabilization Account should remain within the Meat Industry Account as at present, but the whole of the proceeds from the recent increase in the prices of meat to be paid by the U.K. Government will be credited

to the Meat Industry Stabilization Account and will be conserved exclusively for the industry, subject of course to such debits against the account as are contemplated in the Government's agreement with the Farmers' Federation on the 18th June, 1943. All accretions to the Meat Pool Account will continue as in the past and no charges other than those already operative will be made against it except in agreement with the New Zealand Meat Producers' Board. This arrangement would have to be subject to review, in the event of the resources of the Meat Industry Stabilization Account being insufficient to meet charges against that account. I would stress again that the balances finally remaining in the Meat Pool Account and the Meat Industry Stabilization Account belong to and shall be held for the benefit of the industry."

It will be noted that the funds in the account after providing for agreed debits belong to and are to be held for the benefit of the industry.

I shall be grateful if you will note and acknowledge receipt of this more verbally correct explanation of the point Mr. Ashwin referred to in the discussions.

With this exception your letter correctly records the intention of both parties and I should like to express to you the appreciation of my Government of the courtesy extended to us during our negotiations.

The sterling prices to which the increases of $43\frac{1}{3}$ per cent. for mutton, lamb, beef, and all offals and of $48\frac{1}{3}$ per cent. for pork are to apply are set out in the schedule of bulk purchase I (1939-40 season) prices printed on pages 20 and 21 of the 1944-45 report.

NOTE.—(1) *Meat-schedule Prices to be paid to Farmers by Freezing Companies and Meat operators at opening of 1946-47 Season*: For convenience of reference the following letter from the Hon. the Minister of Marketing to the New Zealand Meat Producers' Board, written before publication of this report, is quoted. This letter announces the meat-schedule prices to be paid to farmers by freezing companies and meat operators at the opening of the 1946-47 season—

4th October 1946

The Chairman, New Zealand Meat Producers' Board,
P.O. Box 121, Wellington.

DEAR SIR,—

MEAT EXPORT SCHEDULE, 1946/47

This will serve to confirm the agreement reached between Government and the Board that the opening schedule prices to be paid by freezing companies and operators for the 1946/47 season will be :—

Lambs (Woolly)—

Prime Down Cross and Prime Canterbury—

	d.
20/36	10
37/42	$9\frac{7}{8}$
43/50	$9\frac{3}{8}$
51/56	$8\frac{7}{8}$

Prime Cross-bred—

20/36	$9\frac{3}{4}$
37/42	$9\frac{3}{8}$
43/50	$9\frac{1}{8}$
51/56	$8\frac{3}{8}$

Seconds—

20/36	$9\frac{1}{4}$
37/42	$9\frac{1}{8}$
43/50	$8\frac{3}{8}$

Wethers—

Wethers : North Island—

Prime—

48U	$6\frac{1}{2}$
49/64	$6\frac{1}{4}$
65/90	As 64 lb. @ $6\frac{1}{4}$ d.—33s. 4d.

Seconds—

64U	$5\frac{3}{4}$
65/72	As 64 lb. @ $5\frac{3}{4}$ d.—30s. 8d.

Wethers : South Island—

Prime—

48U	$6\frac{1}{4}$
49/64	6
65/90	As 64 lb. @ 6d.—32s.

Seconds—

64U	$5\frac{1}{2}$
65/72	As 64 lb. @ $5\frac{1}{2}$ d.—29s. 4d.

Ewes—						d.
64U	..	..	..	..	..	4½
65/90	..	..	..	..	..	As 64lb. @ 4½d.—22s.
Quarter Beef—						
Ox—						
G.A.Q.—						
840/U	..	..	..	..	..	46s. per 100 lb.
0/840	..	..	..	..	..	45s. per 100 lb.
F.A.Q.; all weights	..	..	..	..	..	40s. per 100 lb.
Heifer—						
G.A.Q.—						
840/U	..	..	..	..	..	45s. per 100 lb.
0/840	..	..	..	..	..	44s. per 100 lb.
F.A.Q.; all weights	..	..	..	..	..	39s. per 100 lb.
Cow—						
G.A.Q., all weights	..	..	..	..	..	38s. 6d. per 100 lb.
F.A.Q., all weights	..	..	..	..	..	33s. 6d. per 100 lb.
Boner Beef—						
Ox	..	..	..	..	..	} 26s. per 100 lb.
Bull	..	..	..	..	..	
Cow	..	..	..	..	..	
Heifer	..	..	..	..	..	

The cost of the consequential increases in the Marketing Department purchase prices for meat will be debited to the Meat Industry Stabilization Account.

Government appreciates the good will shown by the Board in the course of the negotiations.

Yours faithfully,

B. ROBERTS,
Minister of Agriculture.

(2) *Purchase Prices payable to Freezing Companies and Meat Exporters for 1946–47 season*: In a letter dated 7th November, 1946, addressed to the North and South Island Freezing Companies' Association, the Hon. the Minister of Marketing announced the f.o.b. purchase prices for export meat payable by the Marketing Department to freezing companies and meat exporters for the 1946–47 season. The text of the letter is as follows:—

November 7th, 1946

The Chairman,
North and South Island Freezing Companies Assn.,
C/- Gear Meat Co. Ltd.,
Box 164, Wellington.

DEAR MR. MACKAY,

Consequent upon my recent announcement regarding the increased schedule prices to be paid to Producers for fat stock as from the commencement of the 1946–47 season, the following f.o.b. purchase prices, which I understand were agreed by you at a meeting held in the office of the Primary Industries Controller on Tuesday, 5th November, will be paid to freezing companies and meat exporters by the Marketing Department, Export Division, for killings on and after the 1st October 1946:—

				F.o.b. Price, Pence per Pound, N.Z. Currency.	
Lamb—					
Prime Down Cross	2's (20/36 lb.)	telescoped	..	..	9.25
	8's (37/42 lb.)	..	..	..	9.125
	4's (43/50 lb.)	..	..	..	8.625
	Tegs. (51/56 lb.)	..	..	..	8.125
Prime Canterbury	2's (20/36 lb.)	..	..	..	9.1875
	8's (37/42 lb.)	..	..	..	9.0625
	4's (43/50 lb.)	..	..	..	8.5625
	Tegs. (51/56 lb.)	..	..	..	8.0625
Prime Crossbred	2's (20/36 lb.)	..	..	..	9.00
	8's (37/42 lb.)	..	..	..	8.875
	4's (43/50 lb.)	..	..	..	8.375
	Tegs. (51/56 lb.)	..	..	..	7.875
Second Quality	(36 and under)	..	..	..	8.375
	(37/42 lb.)	..	..	..	8.375
	(43/50 lb.)	..	..	..	7.625
	(51/56 lb.)	..	(As 2nd Qual. Wethers 56/U)	..	5.625

Mutton—

				F.o.b. Price, Pence per Pound, N.Z. Currency.
Prime Wether and Maiden Ewe 1's (48 and under) telescoped			..	6·375
7's (49/56 lb.)	..	..	..	6·125
3's (57/64 lb.)	..	..	..	6·125
9's (65/72 lb.)	}	..	..	6·125 on 64 lb. only
5's (73/80 lb.)				
0's (81/90 lb.)				
Second Quality (56 and under)	..	..	..	5·625
(57/64 lb.)	..	..	..	5·625
(65/72 lb.)	..	..	..	5·625 on 64 lb. only
Ewes (64 and under)	..	..	..	4·1875
(65/72 lb.)	} Boned for Export	..	..	5·25
(73/80 lb.)				
(81/90 lb.)				
Allowance for telescoping lamb and mutton carcasses	..	..	..	0·0777

In the case of prime wethers 65/90, second wethers 65/72, and ewes 65/72, the Marketing Department will pay freezing charges on the excess weight over 64 lb.

Beef and Veal—

				F.o.b. Price, Pence per Pound, N.Z. Currency.	
G.A.Q. ox and heifer, ex bodies, 840/U—				Bone in.	Boned.
	Hinds	..	..	6·9035	8·9
	Fores	..	..	4·6535	6·65
G.A.Q. ox and heifer, ex bodies, 0/840—					
	Hinds	..	..	6·793	8·75
	Fores	..	..	4·543	6·5
F.A.Q. ox and heifer, all weights—					
	Hinds	..	..	5·5075	7·5425
	Fores	..	..	4·3825	6·355
G.A.Q. cow, all weights—					
	Hinds	..	..	5·2575	7·236
	Fores	..	..	4·2575	6·236
F.A.Q. cow, all weights—					
	Hinds	..	..	4·6575	6·5
	Fores	..	..	3·6575	5·5
Boneless ox, heifer, cow, and bull				..	4·75
Boneless bobby veal				..	4·5
Veal sides and quarters—					
	First quality	..	..	4·5	..
	Second quality	..	..	3·5	..

Pigmeats—

				North Island.	South Island, excluding Picton and Nelson.	Picton and Nelson.
Headless porker sides, ex carcasses, 60/120—						
	First quality, unsinged	..	..	10·75	10·677	10·765
	Second quality, unsinged	..	..	10·3125	10·265	10·353
Wiltshire sides—						
	Ex carcasses, 121/175—					
	First quality, singed	..	..	10·9375	11·127	11·219
	Second quality, singed	..	..	10·4375	10·697	10·789
	Ex carcasses, 176/185—					
	First quality, singed	..	..	10·00	10·00	10·00
	Second quality, singed	..	..	9·5625	9·5625	9·5625
Headless chopper, sides				4·25	4·307	4·395

Edible Offals :—

	Beef.	Sheep.	Lamb.	Pork.	Veal.	Bobby Veal.
Livers (in pails or rubber bags) ..	..	8.625	9.5625	7.6875	..	11.125
Livers (in cartons) ..	..	8.5	9.4375	7.5625	..	11.0
Livers (in bags or boxes) ..	6.8125	7.4375	8.375	6.5	7.75	..
Throatbreads ..	5.5625	..	9.3125	..	6.1875	6.1875
Heartbreads ..	..	..	8.8125	..	5.9375	5.9375
Hearts (sound) ..	4.0	5.25	4.3125	4.5	3.6875	4.3125
Hearts (cut) ..	3.5	4.75	3.8125	4.0	3.1875	3.8125
Kidneys ..	9.875	..	..	7.4375	8.0625	8.0625
Kidneys (special) ..	..	13.625	..	..	..	..
Kidneys (small) ..	..	13.0	..	..	..	..
Tails ..	5.5625	..	..	..	..	..
Cheeks ..	3.125	..	..	..	..	..
Skirts (thick) ..	5.25	..	..	..	..	..
Skirts (thin) ..	3.375	..	..	..	..	..
Tripe (raw) ..	1.875	..	..	..	..	..

Prices for frozen tongues are under consideration and will be advised later.

Yours faithfully,

B. ROBERTS,

Minister of Marketing.

PURCHASE AND SALE PROCEDURE AND PRICES PAID FOR 1945-46 SEASON'S MEAT PURCHASED BY MARKETING DEPARTMENT FOR EXPORT

The purchase and sale procedure has remained unchanged during the 1945-46 season. Negotiations between the New Zealand Meat-producers Board and the Economic Stabilization Commission resulted in increased prices being paid to farmers for fat lambs and cattle as from the opening of the 1945-46 season. Details of the resultant f.o.b. prices are set out in the Meat Marketing Order 1942, Amendment No. 4.

The purchases made by the Marketing Department from freezing companies and exporters during the twelve months ended 31st July, 1946, totalled £23,480,749 (N.Z. currency).

Debits for shipments to the United Kingdom Ministry of Food and deliveries to the United States Joint Purchasing Board for the same period were £26,108,079 (N.Z. currency) and £1,264,832 (N.Z. currency) respectively.

The following table shows particulars of meat purchased by the Marketing Department from freezing companies and exporters during the twelve months ended 31st July, 1946 :—

Class of Meat.	Tons.	Purchase Value (N.Z. Currency).	Average Price per Pound (N.Z. Currency).
Frozen—		£	d.
Lamb	174.132	14,136,973	8.70
Mutton	79.915	3,174,310	4.26
Beef and veal	57.497	2,947,565	5.49
Pig-meats	14.670	1,307,226	9.55
Edible offals	10.859	783,197	7.73
Totals	337.073	22,349,271	7.10
Preserved—			
Canned beef (including mixed packs) ..	8.459	897,984	..
Tongues	1.076	233,494	..
Totals	9.535	1,131,478	..
Totals, frozen and preserved meat	346.608	23,480,749	..

SURVEY OF SEASON

The killings of meat returned to the Department during the 1945-46 season as available for export totalled 338,417 tons.

On account of the weather and pasture conditions prevailing in the North Island during the early part of this year, and after consulting the United Kingdom Ministry of Food, it was decided to accept for export, stock below normal export standard. This resulted in the purchasing of third-grade lambs, wethers, and ewes. Porkers down to 40 lb. weight were also accepted for export.

In spite of the adverse climatic conditions, the lamb and ewe mutton killings both exceeded the previous records by a substantial margin.

Lamb and mutton average weights were considerably lower than last year. The comparative figures being—

				North Island.		South Island.		Dominion.	
				1944-45	1945-46	1944-45	1945-46	1944-45	1945-46
				lb.	lb.	lb.	lb.	lb.	lb.
Lambs ..	..	..	..	34·20	31·39	35·05	34·61	34·59	32·81
Wethers ..	..	..	..	59·18	54·32	51·02	49·67	58·40	53·86
Ewes ..	..	..	..	57·14	52·51	53·13	52·83	55·68	52·61

Details of killings for export month by month throughout the season are shown in the following table.

FROZEN MEAT KILLINGS FOR EXPORT, SEASON 1945-46

	Lamb.	Wether Mutton.	Ewe Mutton.	Quarter Beef.	Veal.	Boneless Bobby Veal.	Boneless Bull Beef.	Boneless Cow and Ox Beef.	Baconers.	Porkers.	Choppers.	Edible Offal.	Total.
1945	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
October ..	9	17	100	65	..	909	137	309	1,009	165	18	212	2,950
November ..	3,175	381	517	515	..	372	267	303	1,549	197	25	284	7,585
December ..	21,855	955	1,211	1,099	..	191	370	455	1,712	224	20	834	28,926
1946													
January ..	45,737	2,614	5,584	3,157	..	73	665	555	2,193	837	42	1,866	63,323
February ..	33,197	4,603	15,041	5,405	56	41	741	1,147	810	1,514	28	1,777	64,360
March ..	22,873	4,706	19,160	4,918	204	28	637	1,817	498	1,162	15	1,560	57,578
April ..	14,600	2,304	7,685	3,029	206	33	518	1,723	227	579	15	1,109	32,028
May ..	23,136	2,257	7,561	6,455	371	70	719	2,953	242	696	13	1,455	45,928
June ..	8,213	1,016	2,789	5,056	143	87	344	1,577	58	145	4	651	20,083
July ..	1,094	559	575	2,416	50	1,104	147	678	12	27	2	422	7,086
August ..	371	105	293	698	58	2,482	58	422	19	8	5	389	4,908
September ..	38	122	352	528	5	1,731	78	448	85	30	13	232	3,662
Season total	174,298	19,639	60,868	33,341	1,093	7,121	4,681	12,387	8,414	5,584	200	10,791	338,417

SHIPPING AND STORAGE

Although peak killings were earlier than usual, no serious storage problems were encountered owing to the excellent shipping programme during the period of heavy killings.

The following table shows particulars of frozen-meat shipments to the United Kingdom Ministry of Food month by month during the twelve months ended 30th September, 1946, together with a record of the shipments each season from 1939-40.

**RECORD OF FROZEN-MEAT SHIPMENTS TO UNITED KINGDOM MINISTRY OF FOOD
(DURING EACH TWELVE MONTHS ENDING 30TH SEPTEMBER)**

—	Lamb.	Mutton.	Quarter Beef and Veal.	Boneless Beef.	Boneless Veal.	Pig-meats.	Edible Offal.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1939-40 ..	146,295	71,740	34,378	28,220		21,628	10,026	312,287
1940-41 ..	149,458	30,392	37,232	6,483	6,275	27,342	11,468	268,650
1941-42 ..	191,448	40,081	37,390	766	2,350	15,855	9,976	297,866
1942-43 ..	155,139	22,649	22,815	2,248	5,579	728	8,474	217,632
1943-44 ..	141,553	57,334	2,316	266	4,036	948	6,164	212,617
1944-45 ..	171,203	76,111	7,747	4,527	7,747	3,278	6,936	277,549
1945								
October ..	1,313	1,592	1,051	193	2,249	1,062	543	8,003
November ..	1,110	117	2,742	229	775	397	202	5,572
December ..	3,587	1,091	10,935	250	884	1,413	783	18,943
1946								
January ..	8,666	1,116	3,307	125	595	2,183	619	16,611
February ..	18,939	3,043	130	603	478	2,405	1,446	27,044
March ..	18,439	6,075	882	290	17	778	1,033	27,514
April ..	17,514	8,156	5,824	1,985	102	1,624	1,189	36,394
May ..	37,259	18,468	6,077	1,928	31	1,658	2,299	67,720
June ..	8,171	7,113	3,945	2,422	32	565	1,161	23,409
July ..	14,682	5,795	3,474	1,639	121	583	799	27,093
August ..	4,670	3,316	2,094	499	..	409	256	11,244
September ..	22,544	14,641	6,113	2,638	1,340	274	1,372	48,922
Total, 1945-46	156,894	70,523	46,574	12,801	6,624	13,351	11,702	318,469

CANNED MEAT

With the cessation of supplies to the United States Joint Purchasing Board a canning contract was negotiated with the United Kingdom Ministry of Food for the production of 2,500 tons of canned corned beef during 1946. This quantity has been allocated to the various canneries which had participated in the canning programmes arranged by the Primary Industries Controller over the past few years.

PIG-MEATS

The Pig Marketing Emergency Regulations 1943 were revoked by the Emergency Regulations Revocation Order No. 2 which came into force on the 1st day of December, 1945. Since this date pig-meats have been purchased on the same terms and conditions as other classes of meat.

FREEZING COMPANY SUBSIDIES

As a result of discussions between representatives of the freezing companies and the Economic Stabilization Commission regarding the added wage-costs due to the forty-hour week, the following letter was addressed by the Director of Stabilization to the Chairman, Freezing Companies' Committee, dated 5th June, 1946 :—

I have to advise that to meet 40-hour week wage costs, Cabinet has approved of additional subsidy being paid to freezing companies and bacon curers in accordance with Government's undertaking of the 27th February, 1946.

The following rates will be payable as from 2nd January, 1946, on net export killings of meat (excluding offal) as returned to the Export Marketing Division on return P.P.M. 109 :—

Lambs, wethers and ewes .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
Quarter beef and veal in sides .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
Boneless beef and mutton .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
Boneless bobby veal .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
Baconers, porkers and choppers .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .

subject to a review being made, at the end of the current season, of the rate per lb. for baconers if such is then agreed to by all parties.

The total subsidies being paid on net export killings of meat (excluding offal) now amount to the following rates per pound (including 0·015 for administration, &c.) :—

Lamb	..	..	..	..	..	0·3425d.
Wethers	..	..	..	..	..	0·3425d.
Ewes (bone in)	..	..	..	..	..	0·3425d.
Boneless mutton	..	..	..	..	..	0·4275d.
Beef and veal (bone in)	..	..	..	..	..	0·275d.
Boneless beef	..	..	..	..	..	0·4275d.
Boneless bobby veal	..	..	..	..	..	0·6525d.
Baconer, porker, and chopper sides	..	..	..	..	..	0·3d.

EFFECT OF THE RATIONING EMERGENCY REGULATIONS AS APPLIED TO MEAT

The following information is supplied by the Food and Rationing Controller :—

It is estimated that since the inception of meat rationing in March, 1944, 49,000 tons of meat have been withdrawn from civilian consumption.

This figure is exclusive of savings in respect of bacon and ham, which from the introduction of the Bacon and Ham Curing Order in June, 1943, to date has resulted in 142,000 baconer pigs, equivalent to 8,600 tons carcase weight, being withheld from local sales.

SUPPLIES OF FROZEN AND CANNED MEAT TO UNITED STATES ARMED FORCES

During the period 1942-1945 large quantities of meat, both frozen and canned, were delivered to the United States Joint Purchasing Board for supply to the United States Armed Forces operating in the Pacific.

In the initial stages meat was delivered direct to vessels loading at Auckland, but, as the war in the Pacific progressed, this was found to be cumbersome and impracticable. Various refrigerated stores were then leased to the United States Joint Purchasing Board, and the meat and edible offals, released by the United Kingdom Ministry of Food for use by the United States Armed Forces, was centralized at these stores according to a monthly programme arranged by the procurement officers of the Board and the Marketing Department. Canned meats were delivered to stores either leased by or built for the United States Joint Purchasing Board.

Prices debited to the Board were the same as those which would have been debited to the United Kingdom Ministry of Food had the meat been shipped to the United Kingdom, with the addition of an agreed charge to cover the cost of centralization, &c.

The following table shows the classes and quantities, in tons, delivered by the Department during the period 1942-45 :—

—				1942.	1943.	1944.	1945.	Total.
Lamb	..	..	..	163	5,232	6,818	8,495	20,708
Mutton	..	..	..	452	2,843	1,957	1,925	7,177
Beef and veal	..	..	..	3,991	17,756	33,340	27,354	82,441
Pork	..	..	..	1,199	4,485	6,657	3,538	15,879
Offal	..	..	..	87	1,079	2,618	2,835	6,619
Preserved	..	..	..	..	11,467	10,785	5,911	28,163
Total	..	..	..	5,892	42,862	62,175	50,058	160,987

In October, 1945, advice was received that no further supplies were required, and subsequently the stocks in store were handed over to the War Assets Realization Board for disposal.

The Marketing Department was asked to act as agent for the War Assets Realization Board and make the necessary arrangements with the United Kingdom Ministry of Food to ship the surplus United States Joint Purchasing Board stocks according to instructions received from the Ministry.

Details of the surplus stocks, which should be deducted from the table given above to arrive at the net quantity taken for supply to the United States Forces, are as follows:—

					Tons.
Lamb	..	..	..	..	551
Mutton	..	..	..	..	170
Beef and veal	..	..	..	..	1,460
Pork	..	..	..	..	367
Offal	..	..	..	..	369
Preserved	..	..	..	..	7,124
Total					10,041

ACKNOWLEDGMENT

The Marketing Department wishes to record its appreciation of the continued co-operation extended by the Overseas Shipowners Allotment Committee, the United States Joint Purchasing Board, the freezing companies, meat canners and exporters, the New Zealand Meat-producers Board, and the various Government Departments with which the Marketing Department has been associated throughout the year.

ACCOUNTS

The following is a summary of the meat accounts printed on pages 46–51 of this report.

- (a) Administration and General Expenses Account.
- (b) Final Purchase and Sale Account of 1944–45 season's killings showing transfers of £668,768 to the credit of the Meat Pool Account and £850,125 to the credit of the Meat Industry Stabilization Account.
- (c) Purchase and Sale Account, 1945–46 season's killings up to 31st July, 1946, showing transfers of £1,342,026 to the credit of the Meat Pool Account and £1,416,287 to the credit of the Meat Industry Stabilization Account.
- (d) Meat Pool Account to 31st July, 1946, showing a surplus at that date of £8,931,174.
- (e) Meat Industry Stabilization Account to 31st July, 1946, showing a surplus at that date of £3,270,754.
- (f) Bobby Calf Pool Account to 31st July, 1946, showing a surplus at that date of £292,566.
- (g) Bobby Calf Stabilization Account to 31st July, 1946, showing a surplus at that date of £145,898.
- (h) Meat Account, which shows a credit balance of £33,073 at the 31st July, 1946.

WOOL

BULK PURCHASE OF WOOL BY THE UNITED KINGDOM GOVERNMENT

As referred to on page 3, the United Kingdom Government's contracts for the purchase of wool ceased with the sales of the 1944–45 season's clip. During the 1945–46 season the United Kingdom became responsible for the purchase of the clip on the same

terms, but on behalf of the joint organization which was entrusted with its management and sale in terms of the new wool marketing plans. The contract for the sale of woolly sheep-skins ceased at 30th June, 1946.

The whole matter of the disposal of the 1945-46 clip and of the stocks of Dominion wool accumulated in the hands of the United Kingdom Government had been the subject of a Wool Conference in London, of which full details were given in the last year's annual report. The recommendations of the Conference, and in especial the setting-up of a Joint Organization representing the Governments of the United Kingdom, Australia, South Africa, and New Zealand to take charge of the marketing of the old wool and support the marketing of current clips throughout the period of disposal of stocks had been approved by the New Zealand Government.

In terms of the Wool Disposal Act, 1945, the New Zealand Government set up the New Zealand Wool Disposal Commission as the subsidiary in New Zealand of the Joint Organization (United Kingdom - Dominions Wool Disposals, Ltd.). Pursuant to this Act, the Wool Disposal Regulations 1946 were made, setting out the procedure to be followed by the Commission.

Mr. G. A. Duncan, Director of the Export Division, was seconded from the Division as Chairman of the Commission and the Assistant Accountant of the Division and other members of the staff were also seconded to form the staff of the Commission.

The Commission commenced operations as from 1st January, 1946, and will be making its own report on operations in respect of the 1945-46 season's wool clip. By the courtesy of the Commission we record—

- (1) The prices paid to owners of greasy and slipe wool were on a similar basis to the prices paid during the 1942-43 and subsequent seasons, the actual average prices being—
 - (a) To owners of greasy wool : 13·879d. per pound.
 - (b) To owners of slipe wool : 18·6742d. per pound.
- (2) The total quantities of the 1945-46 clip and the values paid to owners were as follows—
 - (a) Greasy wool : 849,334 bales (£16,886,044).
 - (b) Slipe wool : 172,593 bales (£4,462,971).

The disposal of the 1946-47 season's wool clip will be carried out by means of public auctions (as pre-war), but to be offered subject to minimum reserve prices, at which prices the Wool Disposal Commission will take up such wool as is not sold at or above these prices.

At this conclusion of the Department's connection with the purchase and shipment of wool I would record my appreciation of the invaluable assistance so freely rendered by Mr. Herbert Hill, chairman of the New Zealand Wool Buyers' Association, by the members and staff of his association, and by the Wool Brokers' and Scourers' Associations.

The successful functioning of the Department in this field since the 1939-40 season owes much to the willing co-operation of the men and women included in these organizations with those members of the Marketing Department staff now seconded to the New Zealand Wool Disposal Commission.

TALLOW

PURCHASE BY UNITED KINGDOM GOVERNMENT OF 1945-46 SEASON'S TALLOW

A contract was completed between the United Kingdom and the New Zealand Governments for the purchase by the United Kingdom Ministry of Food of the exportable surplus of the 1945-46 season's tallow. Terms, prices, and conditions of this contract are the same as those applying to the 1944-45 season, the details of which are set out in a letter from the Ministry of Food quoted in the Department's annual report for 1945 (page 35).

PURCHASES BY NEW ZEALAND GOVERNMENT OF 1945-46 SEASON'S 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, and subsequent amendment. The surplus, or difference between the United Kingdom purchase-prices and the prices paid by the New Zealand Government, is approximately £17 15s. (New Zealand currency) per ton.

STATISTICS

The following table shows the quantities of tallow purchased and shipped from 1st August, 1945, to 31st July, 1946. Total exports amounted to 31,781 tons.

	United Kingdom.	U.S.A.	Canada.
	Tons (Net).	Tons (Net).	Tons (Net).
First beef	151	..	..
First mutton	9,636	..	..
Good bright prime, mixed	564	..	320
Good colour, mixed	4,914	521	1,740
Fair to good, mixed	819	..	836
Fair colour, mixed	178	..	165
Good gut	4,773	301	959
Medium gut	2,294	121	772
Low and no-colour gut	553	38	410
Stearine, superior	567	..	..
Stearine, medium	106	..	18
Pig fat, inedible, steam rendered	99	..	82
Hog grease	81	..	103
Hide grease	35	..	45
Edible, mixed	124	..	..
	24,894	981	5,450

Permits were granted to shippers to overseas countries from 1st August, 1945, to 31st July, 1946, as follows:—

	India. Tons (Net).	Fiji. Tons (Net).
First mutton	295	..
Good colour, mixed	..	161
	295	161

In regard to the quantity of 295 tons exported to India it should be mentioned that this represents the balance which was required to complete the 1945 contract quantity. In terms of the agreement with the United Kingdom Ministry of Food, no further shipments are being made to India meanwhile.

NOTE.—Practically all edible beef tallow has been required for manufacturers in New Zealand, in addition to considerable quantities of edible mutton tallow.

PURCHASE BY UNITED KINGDOM GOVERNMENT OF 1946-47 SEASON'S TALLOW

A contract was completed between the United Kingdom and the New Zealand Governments, before publication of this report, for the purchase by the United Kingdom Ministry of Food of the exportable surplus of the 1946-47 season's tallow on the same terms and conditions as applied for the 1945-46 season, but with an increase of prices amounting to 100 per cent. above those ruling for the 1945-46 season. For convenience of reference these prices are quoted hereunder :—

PRICE SCHEDULE FOR NEW ZEALAND TALLOW FOR 1946-47 SEASON'S PRODUCTIONS

Key Letter.	Grade.	Price per Ton Sterling C. and F. in Casks/Drums with Premium of 5s. per Ton shipped in Barrels.
		£ s. d.
A	First beef	88 5 0
B	Second beef	79 15 0
C	First mutton	85 0 0
D	Second mutton	79 15 0
E	Good bright prime, mixed	81 0 0
F	Good colour, mixed	80 5 0
G	Fair to good colour, mixed	79 0 0
H	Fair colour, mixed	77 5 0
I	Good gut tallow	75 5 0
J	Medium gut tallow	73 5 0
K	Low to no colour tallow	69 15 0
M	Stearine, superior	89 5 0
N	Stearine, medium	86 5 0
O & Q	Hog grease/pig fat (FFA basis 1 per cent.)	87 15 0
P	Lard edible	113 15 0
R	Hide grease—	
	Under 1 per cent. FFA	75 0 0
	1 per cent. to 15 per cent. FFA	73 0 0
	Over 15 per cent. F.F.A.	70 15 0
S	Edible mixed	83 10 0

ACCOUNTS

The tallow accounts are shown in the accounts section at the end of this report, page 52. 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, 1946. After providing £7,946 for administration and handling expenses, the surplus of £623,193, which represents the difference between the purchase-prices and sale-prices, has been transferred as to £289,913 to the credit of the Meat Pool Account and as to £333,280 to the credit of the Meat Industry Stabilization Account (page 49). The credit balance of £5,705 in the Tallow Account represents the difference between the Department's administration and handling allowance and the actual charges incurred by the Marketing Department.

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 the Department's annual report for the 1941-42 season. The bulk purchase agreement with the United Kingdom terminated on the 30th June, 1946, after which date sales through normal trading channels were resumed.

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, 1946.

Accounts.—A surplus of £12,387 12s. 1d. was shown for the year. This has been transferred to the reserve account. The surplus is largely the result of increased pelt prices and the valuation of closing stocks on the basis of the market prices ruling after 30th June.

	£	s.	d.
The Reserve Account balance brought forward was ..	56,948	10	4
The addition for the year	28,307	9	7
	84,255	19	11
Plus surplus as above	12,387	12	1
	<u>£96,643</u>	<u>12</u>	<u>0</u>

The Control's buying schedule was increased on the 1st April, 1946, by 1d. per pound to reflect increased pelt values, due to increases in the American ceiling prices.

The total skins purchased by the Control during the year were 2,280,419. Of these, 1,074,686 went into export stock and 1,205,733 went into fellmongering stock.

Allowing for the variation in opening and closing stocks, details of the skins sold for export were :—

	Skins.	lb.
Local sales	160,845	707,262
U.S.A. sales	421,865	3,341,959
U.K. sales	146,950	1,440,690
Canada sales	105,827	701,566
France sales	116,581	599,318
	<u>952,068</u>	<u>6,790,795</u>

Skins fellmongered totalled 1,284,343. The slipé wool sold by the Control totalled 5,301,860 lb., and the pickled pelts 112,004 dozen.

Administration expenses show an increase of £811 6s. 5d., main items of increase being: salaries, £51 18s. 1d.; telephones, £162 11s. 3d.; stationery, £108 16s. 10d.; interest, £285 15s. 3d.; general expenses, £146 6s. 3d.; rent, £80 14s. 1d.

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, 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. This levy serves to balance 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

The arrangement between the New Zealand and Australian Governments for the sale of hides to the Australian Hide Board as referred to in last annual report was discontinued in September, 1945.

REPORT OF HIDES COMMITTEE ON OPERATIONS FOR YEAR ENDED 31st MARCH, 1946

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 sixth annual report and statement of the Equalization Fund for the year ended 31st March, 1946.

Export Levy.—There has been no change in the rate of levy during the past year.

Current rates of levy are as follows :—

Ox-hides	One penny farthing (1½d.) per lb.
Cow-hides	One penny farthing (1½d.) per lb.
Bull-hides	One penny (1d.) per lb.
Yearlings	One penny farthing (1½d.) per lb.
Calf-skins (other than freezers)	Threepence (3d.) per lb.

Sale of Hides to Australia.—The arrangement made between the Governments of New Zealand and Australia continued at the prices set out in the schedule below until 20th August, 1945, when Australia restricted their purchases to heavy hides in the following classes :—

Ox-hides	48 lb. and up (all grades).
Cow-hides	51 lb. and up (all grades).

The ruling price schedule as at 1st April, 1945, was as follows :—

—	Freezers.	Abattoir.	Country Butcher.	First Country.	Second Country.	Third Country.
Ox-hides 40/47 lb. ..	10 ⁷ / ₁₆	9 ¹⁵ / ₁₆	9 ⁷ / ₁₆	8 ¹⁵ / ₁₆	8 ⁷ / ₁₆	7 ¹⁵ / ₁₆
Ox-hides 48 lb. up—						
Average weight 49/52 lb. ..	10 ⁹ / ₁₆	10 ¹ / ₁₆	9 ⁹ / ₁₆	9 ¹ / ₁₆	8 ⁹ / ₁₆	8 ¹ / ₁₆
Average weight over 52/54 lb. ..	10 ¹¹ / ₁₆	10 ³ / ₁₆	9 ¹¹ / ₁₆	9 ³ / ₁₆	8 ¹¹ / ₁₆	8 ³ / ₁₆
Average weight over 54/56 lb. ..	10 ³ / ₈	10 ¹ / ₈	9 ³ / ₈	9 ¹ / ₈	8 ³ / ₈	8 ¹ / ₈
Average weight over 56/58 lb. ..	10 ¹³ / ₁₆	10 ⁵ / ₁₆	9 ^{13/₁₆}	9 ⁵ / ₁₆	8 ^{13/₁₆}	8 ^{5/₁₆}
Average weight over 58/59 lb. ..	10 ¹⁵ / ₁₆	10 ⁷ / ₁₆	9 ^{15/₁₆}	9 ^{7/₁₆}	8 ^{15/₁₆}	8 ^{7/₁₆}
Average weight over 59/61 lb. ..	10 ¹⁵ / ₁₆	10 ⁷ / ₁₆	9 ^{15/₁₆}	9 ^{7/₁₆}	8 ^{15/₁₆}	8 ^{7/₁₆}
Average weight over 61 lb. ..	11	10 ¹ / ₂	10	9 ¹ / ₂	9	8 ¹ / ₂
Cow-hides—						
51 lb. up	10 ⁷ / ₁₆	9 ^{15/₁₆}	9 ⁷ / ₁₆	8 ^{15/₁₆}	8 ⁷ / ₁₆	7 ^{15/₁₆}
40/50 lb.	10 ⁷ / ₁₆	9 ^{15/₁₆}	9 ⁷ / ₁₆	8 ^{15/₁₆}	8 ⁷ / ₁₆	7 ^{15/₁₆}

As previously mentioned, the ox-hides 40/47 lb. and cow-hides 40/50 lb. were deleted from the schedule on 20th August, 1945.

On 12th September, 1945, the contract with Australia was cancelled, and shipment of existing stocks as at that date was completed by November, 1945.

Statistics.—The following shows the number of hides claimed by the tanners, and the number freed for export under the regulations during the year ending 31st March, 1946 :—

—	Ox.	Cows.	Bull.	Yearlings.	Calf-skins.
Tanners' claims	125,255	256,619	1,443	32,639	32,606
Freed for export	113,352	229,703	25,429	11,546	39,919
Totals	238,607	486,322	26,872	44,185	72,525

Financial Report.—The following summary shows the position of the Equalization Fund as at 31st March, 1946 :—

	£	s.	d.
Bank balance as at 1st April, 1945	22,008	11	2
Receipts from levy	83,098	19	4
	105,107	10	6
Part payment of subsidy of £40,000	35,000	0	0
	140,107	10	6
Less claims paid to tanners, freeing companies, and exporters	112,925	17	10
	27,181	12	8

Expenses to 31st March, 1946—

	£	s.	d.	£	s.	d.
Salaries	897	4	5			
Rent, phone, &c. .. .	52	10	0			
Postages and petty expenses .. .	31	11	6			
Audit fee	20	0	0			
Bank fee and cheque-books .. .	4	10	0			
Travelling-expenses	24	5	3			
Bureau fees	1	1	10			
				1,031	3	0

Bank balance as at 31st March, 1946	26,150	19	8
Less unpaid claims at 31st March, 1946	13,276	6	11

12,874 12 9

Plus levy on hides freed for export to 31st March 1946 and unshipped	16,760	0	0
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Estimated surplus in Fund	£28,634	12	9
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Stabilization.—An estimate of the financial position as at 31st January, 1946, revealed that the credit balance was down to £1,161 4s. 1d., and a request was made to stabilization for the fund to be restored to £40,000 as previously agreed upon in lieu of raising the export levy. In March £35,000 was duly paid over, and a further £5,000 has since been received owing to the actual position as at 31st January, 1946, showing a debit balance of £939.

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

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 and one year thereafter. It should be noted that negotiations have since been concluded for the sale of the exportable surplus of fibre from the 1946 crop.

Shipments from 1st August, 1945, to 31st July, 1946, were as under :—

	Tons.	cwt.
Linen-flax fibre and reiss	843	5
Tow and pluckings	433	17
	1,277	2

The total value f.o.b. (New Zealand currency) of these exports was £243,140.

SCHEELITE

No further extension of contract with the United Kingdom Government was made after the 30th June, 1945. Stocks in store at that date were shipped under the then existing contract, and the figures covering the final transactions are shown in last year's annual report of the Department.

SHIPMENTS TO TAHITI

Since the close of the year under review (31st July, 1946) the conclusion has been reached of the arrangements whereby the Department has been purchasing and shipping to Tahiti, on behalf of the Administration, miscellaneous supplies in the nature of canned meats, processed milk, butter and cheese, &c. These arrangements

have continued since January, 1942, and have materially assisted in the maintenance of Tahiti's requirements during the difficult war period. The French authorities have gratefully acknowledged the services rendered by the Department, and have now arranged for the resumption of normal peacetime trading.

The total value c.i.f. Papeete of goods purchased and shipped for the year ended 31st July, 1946, was £146,042 (New Zealand currency).

UNRRA AND CORSO

It has been agreed to accept responsibility for shipment of goods on behalf of these organizations, and the Department's shipping officer has been making the necessary applications for space and arranging for shipment of a great variety of products.

SUNDRY SUPPLIES FOR WAR OFFICE

During the year, supplies of food products have been shipped under contract to the War Office.

The value of the products shipped during the twelve months ended 31st July, 1946, is £507,802 (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 53. The surplus for the year ended 31st July, 1946, is £417.

SUMMARY OF VOLUME OF SALES BY THE DEPARTMENT OF PRODUCTS FOR EXPORT FOR THE TWELVE MONTHS ENDED 31st JULY, 1946

Product.	Volume.	Equivalent Net Weight (in Tons).	Value f.o.b. (N.Z. Currency).
			£
Butter	4,383,732 boxes	108,820	20,263,744
Cheese	1,242,696 crates	87,811	9,675,646
Processed cheese	92,267 cases	2,348	375,411
Casein	8,480 sacks	552	39,395
Condensed milk	40,000 cases	750	63,431
Evaporated milk	281,388 cases	6,030	382,799
Skim-milk powder	159,903 cases	7,225	440,846
Whole-milk powder	315 cases	7	842
Frozen meat	..	338,339	27,090,921
Canned meat	..	8,352	1,289,517
Woolly sheep-skins	791,223 number	2,716	249,407
Tallow	..	31,781	1,264,159
Linen-flax fibre	..	1,277	243,140
War Office contracts	..	..	507,802
Hides	66,245 number	..	164,231
			£62,051,291

SECONDMENT OF DIRECTOR—MR. G. A. DUNCAN

As it appears that the secondment of the Director of Export Marketing (Mr. G. A. Duncan) to the chairmanship of the New Zealand Wool Disposal Commission is likely to be for a protracted period, I feel it desirable to record here the Government's deep appreciation of Mr. Duncan's services since the inception of the Department in June, 1936.

Prior to that date, Mr. Duncan was a member of the Executive Commission of Agriculture, which body performed an invaluable service in carrying through the zoning of dairy companies.

Mr. Duncan's wide experience of the dairy industry was of the greatest value in setting up the Marketing Department on sound lines and on the initial and subsequent committees that annually fixed the guaranteed price, also later when war broke out and the Department was called upon to handle frozen meat, wool, and other primary products. His services, too, during frequent visits overseas to take part in price negotiations and in International Conferences were exceedingly helpful to the Government.

EDWARD CULLEN,
Minister of Marketing.

DAIRY-PRODUCE

ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE YEAR ENDING 31ST JULY, 1946

Dr.	United Kingdom.	New Zealand.	Total.	Cr.
Salaries	£ 11,996	£ 7,784	£ 19,780	
Office rent, maintenance, cleaning, telephones, and sundry expenses	.. ..	.. ..	.. ..	Allocation of expenses to Purchase and Sale Accounts—
Postages, cables, printing, and stationery	.. ..	1,702	3,769	1944-45 season's produce—
Travelling-expenses	.. ..	522	1,347	Creamery butter
Subscriptions, donations, and entertainment	.. ..	45	95	Whey butter
Shipping inspection	.. ..	13	14	Cheese
Supplies expenses : Lyttelton	.. ..	1,730	1,862	1945-46 season's produce—
Agricultural fees	.. ..	.. ..	132	Creamery butter
Adulteration	.. ..	.. ..	225	Whey butter
Depreciation	.. ..	288	353	Cheese
	£ 16,296	£ 11,705	£ 28,001	Processed-milk products
Advertising in United Kingdom (includes background advertising partly recoverable from other accounts)*	.. ..	.. ..	21,861	
Miscellaneous expenses	.. ..	.. ..	197	
Cost of remittances to dairy companies	.. ..	.. ..	6,957	
Subsidy, Public Service Superannuation Fund	.. ..	.. ..	188	
			£ 57,174	
				£ 57,174
				£ 57,174

* £20,000 was authorized for expenditure on "background" advertising in United Kingdom during calendar year ended 31st December, 1946, but only a portion had come to charge at 31st July, 1946.

DAIRY-PRODUCE—continued
PURCHASE AND SALE AND REVENUE ACCOUNTS, 1945-46 SEASON'S DAIRY-PRODUCE PURCHASED UP TO 31st JULY, 1946

<i>Dr.</i>	Creamery Butter. £	Whey Butter. £	Cheese. £	Processed Milk. £	Total. £	<i>Cr.</i>	Creamery Butter. £	Whey Butter. £	Cheese. £	Processed Milk. £	Total. £
Purchases on basis net f.o.b.	14,416,639	327,206	7,358,439	793,592	22,895,876	Sales net f.o.b. to United Kingdom	17,894,504	447,835	9,412,154	798,092	28,552,585
Transfer to Dairy Industry Stabilization Account (being proceeds of increases in sale prices of dairy-produce after 15th December, 1942)	4,043,828	105,700	1,673,940	4,500	5,823,468	To other destinations	326,631	..	227,845	..	754,476
Gross surpluses carried down ..	137,593	14,929	763,407	..	920,429	Stocks in store awaiting shipment ..	176,925	..	155,787	..	332,712
	<u>£18,598,060</u>	<u>£447,835</u>	<u>£9,795,786</u>	<u>£798,092</u>	<u>£29,639,773</u>		<u>£18,598,060</u>	<u>£447,835</u>	<u>£9,795,786</u>	<u>£798,092</u>	<u>£29,639,773</u>
Administration and general expenses ..	35,530	806	18,135	1,936	56,427	Gross surpluses, brought down	137,593	14,929	763,407	4,500	920,429
Surpluses, carried down ..	102,063	14,123	745,272	2,544	864,002		<u>£137,593</u>	<u>£14,929</u>	<u>£763,407</u>	<u>£4,500</u>	<u>£920,429</u>
	<u>£137,593</u>	<u>£14,929</u>	<u>£763,407</u>	<u>£4,500</u>	<u>£920,429</u>						

NET REVENUE ACCOUNT

	£	£
Storage on dairy-produce in store in excess of two months ..	..	20,444
Net surplus, carried to Dairy Produce Account ..	..	1,091,761
	<u>£1,112,205</u>	<u>£1,112,205</u>
Surpluses, brought down ..	..	..
Interest on investments ..	..	..
Transfer from Internal Marketing Division Butter Equalization Account ..	..	..
	<u>£1,112,205</u>	<u>£1,112,205</u>

DAIRY-PRODUCE ACCOUNT

<i>Dr.</i>	£	<i>Cr.</i>	£
Deficit on 1936-37 season's produce ..	..	Surpluses—	
Less payment from Consolidated Fund ..	..	1937-38 season's produce	576,724
		1939-40 season's produce	62,363
Deficit on 1938-39 season's produce ..	..	1940-41 season's produce	151,989
Balance, being net surplus from commencement of purchase up to 31st July, 1946, transferred to Dairy Industry Stabilization Account—	..	1941-42 season's produce	773,252
Amount transferred in previous years' accounts ..	1,492,098	1942-43 season's produce	734,657
Amount transferred in 1945-46 year's accounts ..	1,113,346	1943-44 season's produce	575,576
		1944-45 season's produce	1,154,011
		1945-46 season's produce purchased up to 31st July, 1946	1,091,761
	<u>£5,120,333</u>		<u>£5,120,333</u>

DAIRY INDUSTRY STABILIZATION ACCOUNT : TRANSACTIONS DURING THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>	£	£	<i>Cr.</i>	£
Additional administration costs, New Zealand Dairy Board..	..	5,711,453	Balance as at 31st July, 1945	..
Dairy-factory and farm-costs allowances ..	..	1,290,816	Proceeds of increases in sale-prices of produce sold to United States Army	..
Subsidies on fertilizers, &c. ..	..	..	Transferred from Purchase and Sale Account (Final), 1944-45 Season	..
Cheese-crate and butter-box pools stabilization payments to 31st July, 1946 ..	..	97,536	Transferred from Purchase and Sale Account, 1945-46 Season	..
			Transferred from Dairy Produce Account 1945-46	..
Increased costs of storage, of dairy-factory requisites and of insurance to f.o.b. on increased values of dairy-produce ..	..	7,099,805		
Balance as at 31st July, 1946 ..	..	11,166		
		4,703,240		
		<u>£11,824,711</u>		
				<u>£11,824,711</u>

NOTE.—The Dairy Industry Stabilization Account was opened in terms of the stabilization agreement between the Government and representatives of the farming industries (see annual report for 1942-43, pages 3 to 6). The debits to the account will be the costs allowances and other costs of stabilization in terms of the stabilization agreement. The credits to the account are (a) the surplus in the Dairy Produce Account and (b) the proceeds of increases in sale-prices received after 15th December, 1942.

MEAT

ADMINISTRATION AND GENERAL EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Salaries	6,787	Allowance for administration on sales of 1944-45 season's meat after 31st July, 1945	28,121
Office rent, maintenance, cleaning, telephones, and sundry expenses	738	Allowance for administration on sales of 1945-46 season's meat up to 31st July, 1946	57,883
Postages, cables, printing, and stationery	1,069	Allowance for administration on sales of bobby veal up to 31st July, 1946	1,890
Travelling expenses	41		
Shipping inspection and refrigeration supervision	1,500		
Audit fees	293		
Depreciation (office and departmental equipment)	115		
Exchange on remittances	4,047		
Payments to—			
New Zealand Meat Producers Board	40,000		
Pig Allocation Committees	193		
Subsidy, Public Service Superannuation Fund	38		
Balance to Meat Account	33,073		
	<u>£87,894</u>		<u>£87,894</u>

FINAL PURCHASE AND SALE ACCOUNT, 1944-45 SEASON'S KILLINGS

Dr.	£	Cr.	£
Stock on hand and loadings not departed at 31st July, 1945	7,446,802	Sales—	
Less preserved meat transferred to 1945-46		Shipments to United Kingdom after 31st July, 1945—	
Purchase and Sale Account	46,575	Lamb	4,566,240
Purchases after 31st July, 1945—		Wether mutton	272,176
Lamb	17,982	Ewe mutton	672,916
Wether mutton	2,038	Beef and veal	1,428,976
Ewe mutton	10,244	Boner bull beef	60,819
Beef and veal	38,244	Boner cow beef	12,658
Boner bull beef	6,850	Pig-meat	384,791
Boner cow beef	14,424	Offals	198,702
Pig-meat	58,908		
Offals	11,840		
		Local deliveries (including for United States Armed Forces)—	7,597,278
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on Sales, £7,499,034), carried to Administration and General Expenses Account	160,530	Lamb	237,620
Transfer to Meat Industry Stabilization Account (being net proceeds of increases in sale prices of meat after 15th December, 1942)	28,121	Wether mutton	56,108
Less amount of increases in purchase-prices of meat after 1st October, 1944	1,608,737	Ewe mutton	4,178
		Beef and veal	773,054
		Boner bull beef	6,291
		Boner cow beef	113,282
		Pig-meat	275,087
		Offals	44,873
			1,510,493
Surplus on transactions after 31st July, 1945, carried to Meat Pool Account	850,125		
	668,768		
	<u>£9,107,771</u>		<u>£9,107,771</u>

MEAT—continued
PURCHASE AND SALE ACCOUNT, 1945-46 SEASON'S KILLINGS UP TO 31st JULY, 1946

<i>Dr.</i>	£	£	<i>Cr.</i>	£
Purchases, 1st October, 1945, to 31st July, 1946—			Sales—	
Lamb	14,118,991		Shipments to United Kingdom up to 31st July, 1946—	
Wether mutton	1,026,689		Lamb	11,554,161
Ewe mutton	2,135,339		Wether mutton	676,707
Beef and veal	1,952,547		Ewe mutton	1,577,216
Boner bull beef	180,272		Beef and veal	1,287,483
Boner cow beef	455,146		Boner bull beef	182,684
Pig-meat	1,248,318		Boner cow beef	242,038
Offals	703,169		Pig-meat	739,874
Preserved—			Offals	720,568
Stock transferred from 1944-45 Purchase and Sale Account	46,575		Preserved	1,042,738
Purchases	1,131,477			18,023,469
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on sales, £15,435,489), carried to Administration		22,998,523	Local deliveries—	
General Expenses Account			Lamb	604
Transfer to Meat Industry Stabilization Account—			Wether mutton	7,263
Proceeds of increases in sale prices of meat after 15th December, 1942	3,333,068	57,883	Ewe mutton	13,281
Less amount of increases in purchase-prices of meat after 1st October, 1944	1,916,781		Beef and veal	13,047
Surplus on transactions up to 31st July, 1946, carried to Meat Pool Account		1,416,287	Boner bull beef	2,133
		1,342,026	Boner cow beef	33,940
			Pig-meat	406,773
			Offals	21,268
			Preserved	246,779
			Stock on hand (including loadings not departed at 31st July, 1946)	745,088
				7,046,162
				<u>£25,814,719</u>

MEAT POOL ACCOUNT TO 31ST JULY, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Insurance on frozen and preserved meat ..	3,866	Balance as at 31st July, 1945 ..	6,245,413
Storage on frozen and preserved meat ..	7,781	Surplus on 1944-45 season's killings sold after 31st July, 1945 ..	668,768
	—	Surplus on 1945-46 season's killings sold up to 31st July, 1946 ..	1,342,026
Marketing expenses ..	..	Surplus on tallow sales ..	289,913
Payment to New Zealand Dairy Board (being surplus on sale of vells prior to 1942-43 season) ..	..	Surplus on slipew wool ..	185,431
Balance, being surplus to 31st July, 1946 ..	..	Rent from emergency canning-plant ..	2,862
	..	Dehydrated meat (being Meat Pool portion on raw meat supplied)	54,952
	..	Kakariki Freezing-works (being surplus on transactions) ..	3,447
	..	Interest ..	177,836
	<u>£8,970,648</u>		<u>£8,970,648</u>

MEAT ACCOUNT

<i>Dr.</i>	£	<i>Cr.</i>	£
Payment to War Expenses Account ..	..	Balance as at 31st July, 1945 ..	38,459
Balance as at 31st July, 1946 ..	..	Surplus from Administration and General Expenses Account ..	33,073
	<u>£71,532</u>		<u>£71,532</u>

MEAT—continued
MEAT INDUSTRY STABILIZATION ACCOUNT: TRANSACTIONS DURING THE YEAR ENDED 31st JULY, 1946

<i>Dr.</i>	£	Ct.	£
Freezing costs subsidy (being additional costs other than wages increases), season 1945-46	413,186	.. ..	2,913,671
Freezing costs subsidy (being additional costs from wages increases)—			
Season 1944-45	392,616	.. ..	1,608,737
Season 1945-46	454,824	.. ..	3,333,068
Freezing costs subsidy (being additional wages costs due to the forty-hour week, 2nd January, 1946, to 31st July, 1946)	179,093	.. ..	333,280
Less amount recouped from War Expenses Account	179,093	.. ..	15,472
Subsidies on fertilizers and stock food	597,455	.. ..	
Subsidy on local market meat	400,000	.. ..	
Schedule purchase-price increases from 1st October, 1944—	£		
Season 1944-45	758,612		
Season 1945-46	1,916,781		
Balance as at 31st July, 1946	2,675,393		
	3,270,754		
	£8,204,228		£8,204,228

NOTE.—£20,000 was authorized for expenditure on "background" advertising in United Kingdom for the calendar year ended 31st December, 1946, but no part of this amount had come to charge at 31st July, 1946.

BOBBY CALF POOL ACCOUNT TO 31ST JULY, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Stock on hand and loadings not departed at 31st July, 1945	..	Balance as at 31st July, 1945	..
Purchases, season 1944-45	..	Sales—	..
Purchases, season 1945-46	..	Shipments to United Kingdom of 1944-45 season's meat after	..
Allowance for administration and general expenses ($\frac{3}{8}$ per cent. on sales, £504,110), carried to Administration and General Expenses Account	..	31st July, 1945	..
Transfer to Bobby Calf Stabilization Account (being proceeds of increases in sale prices after 15th December, 1942)—	£	Shipments to United Kingdom of 1945-46 season's meat up to	..
Season 1944-45	..	31st July, 1946	..
Season 1945-46	..	Local deliveries—	..
Balance as at 31st July, 1946	..	1944-45 season's meat after 31st July, 1945	..
	90,634	1945-46 season's meat up to 31st July, 1946	..
	292,566	Stock on hand (including loadings not departed at 31st July, 1946)	..
	<u>£787,708</u>		
			<u>£226,934</u>

BOBBY CALF STABILIZATION ACCOUNT : TRANSACTIONS DURING THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Freezing costs subsidy (being additional costs other than wages increases), season 1945-46	..	Balance as at 31st July, 1945	..
Freezing costs subsidy (being additional costs from wages increases)—	..	Transfer from Bobby Calf Pool Account	..
Season 1944-45	..		..
Season 1945-46	..		..
Bobby calf-skins subsidy (being difference between domestic price and export parity of freezer calf-skins)—	£		
Season 1944-45	..		102,941
Season 1945-46	..		90,634
Less amount recouped from War Expenses Account	16,622		
Balance as at 31st July, 1946	..		
	145,898		
	<u>£193,575</u>		

TALLOW

PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases	..	Sales to United Kingdom ..	999,559
Allowances for administration and handling	..	Sales to United States and Canada ..	245,554
Marketing expenses	..	Sales to other destinations ..	19,046
Transfer to Meat Stabilization Account (being proceeds of increases in sale prices of tallow after 15th December, 1942)	..	Interest	4,015
Surplus carried to Meat Pool Account	..	Surcharge on soap exports ..	43,980
			<u>£1,312,154</u>

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Salaries	..	Allowance for administration and handling ..	7,946
Office rent, maintenance, cleaning, telephones, and sundry expenses	..		
Postages, cables, printing, and stationery	..		
Audit fees	..		
Cost of remittances to manufacturers and others	..		
Net surplus	..		
			<u>£7,946</u>

TALLOW ACCOUNT

<i>Dr.</i>	£	<i>Cr.</i>	£
Payment to War Expenses Account	..	Balance as at 31st July, 1945 ..	4,885
Balance as at 31st July, 1946	..	Net surplus, year ended 31st July, 1946 ..	5,705
			<u>£10,590</u>

WAR OFFICE CONTRACTS
PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>		£		Cr.		£
Purchases	..	507,582	Sales	..	..	507,802
Gross surplus, carried down	..	220				
		<u>£507,802</u>				<u>£507,802</u>

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>		£		Cr.		£
Salaries	..	150	Gross surplus brought down	..	..	220
Postages, cables, printing, and stationery	..	348	Interest	..	..	787
Telephones, rent, and sundry expenses	..	82				
Cost of remittances to manufacturers and others	..	10				
Net surplus	..	417				
		<u>£1,007</u>				<u>£1,007</u>

HIDES
PURCHASE AND SALE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>		£		Cr.		£
Purchases	..	164,231	Sales	..	..	164,219
		<u>£164,231</u>	Balance carried down	..	..	12
						<u>£164,231</u>

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST JULY, 1946

<i>Dr.</i>		£		Cr.		£
Balance brought down	..	12	Deficit for year ended 31st July, 1946	..	..	740
Salaries	..	58				
Postages, cables, printing, and stationery	..	24				
Telephones, rents, and sundry expenses	..	50				
Interest	..	532				
Cost of remittances	..	64				
		<u>£740</u>				<u>£740</u>

NEW ZEALAND SHEEP-SKIN CONTROL
PURCHASE, SALE, AND REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1946

<i>Dr.</i>		£	%		£
Stocks, 30th June, 1945	..	213,645	Sales ..	..	876,184
Purchases	..	712,848	Stocks, 30th June, 1945	..	237,646
Working charges and trading expenses	..	159,995			
Gross surplus ..	..	27,342			
		<u>£1,113,830</u>			<u>£1,113,830</u>
Administration expenses—		£	Gross surplus ..	..	27,342
Salaries	..	9,529			
Travelling-expenses	..	981			
Postages and telegrams	..	280			
Telephones	..	601			
Stationery	..	290			
Exchange	..	9			
Interest	..	1,960			
Sundry	..	482			
Rent	..	793			
Insurance	..	29			
Net surplus ..	..	12,388			
		<u>£27,342</u>			<u>£27,342</u>

MARKETING DEPARTMENT (EXPORT DIVISION)

BALANCE-SHEET AS AT 31ST JULY, 1946

<i>Liabilities</i>		<i>Assets</i>	
Sundry creditors, accrued charges and sundry credit balances	£	Cash held in London	£
Farm Products Stabilization Accounts—	9,074,432	Cash, Reserve Bank of New Zealand—	2,373
Dairy Industry Stabilization Account	..	Meat Industry Account	..
Meat Industry Stabilization Account	4,703,240	Sundry Products Account	2,680,252
Bobby Calf Stabilization Account	3,270,754		474,971
	145,898		
Meat Pool Account	8,119,892	Less Dairy Industry Account	3,166,596
Bobby Calf Pool Account	8,931,174		103,673
Net surpluses on administration allowances—	292,566		
Meat Account	33,073	Sundry debtors for produce and amounts accrued due	3,062,923
Tallow Account	5,705	Stocks	1,391,109
War Office Contracts Account	417	Investments in Treasury bills and war loans	7,623,415
		Office and departmental equipment	14,200,000
		Advances to Sheep-skin Controller	9,270
			169,801
Less deficit Hides Account	39,195		
	740		
	38,455		
	<u>£26,456,519</u>		<u>£26,456,519</u>

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, 1946, have been examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. P. RUTHERFORD, Controller and Auditor-General.

G. M. POTTINGER, Acting Director.
W. J. PRATLEY, Accountant.

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