

1947
NEW ZEALAND

INTERNAL MARKETING DIVISION

REPORT FOR SIX MONTHS ENDED 30TH SEPTEMBER, 1946, AND STATEMENT OF
ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 1946

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

Internal Marketing Division.

SIR,—

I have the honour to present herewith, pursuant to the provisions of the Marketing Act, 1936, the annual report of the operations of the Internal Marketing Division for the six months ended 30th September, 1946, and statement of accounts for the year ended 30th September, 1946.

I have, &c.,

R. P. FRASER,
Director, Internal Marketing Division.

The Hon. the Minister of Marketing.

INTRODUCTORY

THIS report is based on the period 1st April, 1946, to 30th September, 1946, and therefore covers part of the first post-war year since the cessation of hostilities in August, 1945.

From the Division's commencement in 1937 up to September, 1939, it has been pursuing a gradually expanding policy of organization and distribution of products the marketing of which was either haphazard or had left them in a state of chaos. The outbreak of war on the 3rd September, 1939, sent the Division off at a tangent, and it had to become Food Controller for the Dominion, provider of dairy products, fruit, and vegetables for Armed Forces, operator of military canteens, and many other important emergency measures designed not as a permanent policy, but of immediate need. The end of the war found the Division with food-processing factories, cool stores, fruit-assembly depots, dry-fattening plants, the future of which is even yet unknown. One thing, however, is clear; that many improvements in distribution which seemed desirable in peacetime became essential in war, and producers generally have recognized the value of orderly distribution of their products.

It has been the policy of the Government to utilize for the common good all possible war equipment, and therefore the processing plants erected for the Division to meet war demands must find their place in peacetime plans if this policy is to be carried out. To this end, at Pukekohe, Motueka, and Riccarton, production for both local and overseas markets has been carried out with much success. New methods of food-preservation such as "quick freeze" and dehydration are finding a small but definite demand in the local market. How they will fit into the Division's future policy is not clear, except that they must be utilized for good.

An outstanding feature of recent years has been the growth of the consumer co-operative movement, which should prove to be a very useful adjunct to the well-established and efficiently run producer co-operative movements in this country. The function of the Division will be to assist and encourage both these activities for the benefit of the greatest number of people.

Detailed reports of sectional activities and branch operations are contained in the following pages.

DAIRY-PRODUCE SECTION

BUTTER

When the report for the year ended 31st March, 1946, was prepared, some signs of a production recovery from the exceptional drought conditions experienced during the summer in the North Island were evident, the areas particularly affected being North Auckland, Waikato, East Coast, and Hawke's Bay. At one stage it was feared that the autumn and winter butterfat-production would also be very seriously affected, but it can now be recorded that the autumn production generally exceeded expectations. As a result, storage plans for the North Island had to be quickly revised, and the extra reserves held at various points were released for shipment to Britain. The co-operation of dairy company executives in advising the latest production trends throughout the season and submitting forward estimates were of particular value.

STORAGE, BUTTER

North Island.—The mild autumn in the North Island allowed factories to maintain their local supply out of fresh make for some weeks later than usual, and this, together with the fact that the 6 oz. ration continued, made it unnecessary to withdraw anything like usual quantities from cool store. Earlier in the year it was thought that North Auckland would need fairly heavy supplies from Auckland to maintain local market requirements during the winter months, but eventually their current production proved sufficient for local needs. In Auckland City itself, sufficient fresh butter of suitable grade and quality was withdrawn from the grading-floors to obviate the need for using butter ex cool stores. Gisborne, Hawke's Bay, and Wanganui factories stored sufficient quantity of patted butter to meet their winter needs, whereas in the early stages it appeared that additional butter would be required from Wellington. However, in Wellington City only 6,000 boxes were required ex cool store in June and July, as against 15,000 to 20,000 boxes in a normal winter.

South Island.—From early January all butter of suitable quality received at the grading-floors was withheld from export. In addition, some of the surplus from West Coast factories was diverted from Lyttelton, which is their normal export point, to the Dunedin stores to meet the winter requirements in that area. A stock of 75,000 boxes was accumulated in stores on account of the Division, whilst a further 10,000 boxes were held in factory cool rooms mainly in the Nelson-Westland area. In addition, 7,000 boxes of fresh make were transferred in the late autumn from the West Coast and North Canterbury factories direct to Christchurch. It was thought that these quantities would barely be sufficient for the South Island for winter, but a good spring left a surplus of approximately 10,000 in the cool stores, which was released for shipment. Before rationing, the South Island usually required up to 50,000 boxes from the North Island to supply winter needs.

INTERNAL DISTRIBUTION

Brief mention was made in the last report of the incorporation of the Farm Products Co-operative (Wellington), Ltd. This company acquired the business of Combined Distributors, Ltd., the shareholdings of which were held by the Internal Marketing Division and merchant companies who had previously held butter and egg-distributing licences in Wellington. In the new company, the Dominion Producers' Agency, Ltd., and the Government became equal shareholders with equal representation on the directorate. In addition to taking over the distribution of dairy-produce, eggs, and allied products, the Farm Products organization took over the active control of the patting depot from the 1st July. The Division is still responsible for the supply of butter in bulk to the depot and supervision of the distribution service and quality. Through the Co-operative Farm Products companies, savings are accruing to the producers.

With the reversion to a peacetime patting programme and with the continuation of rationing, the output of the Auckland Patting Depot is drastically reduced, and advantage is being taken of this period to have the machines inspected and thoroughly overhauled pending the arrival of new machines to replace some of the present heavily overworked equipment. The same system of distribution which has operated throughout the war is still being utilized in Auckland—that is, the city is zoned amongst the licensed distributors according to pre-war sales, although each merchant distributes within his area all of the brands previously available to the public, the intention of this arrangement being to ensure that the existing goodwill of each brand is maintained. However, the figures show a considerable movement in the sales of each brand since zoning was introduced.

Considerable difficulty has been experienced by dairy companies and the patting depots in obtaining suitable cartons for the local trade, and many companies have found it necessary to revert to charging for their containers to the retail trade and crediting on return in order to ensure the return of cartons for re-use.

EQUALIZATION

The stabilization policy has held the local wholesale price of butter at 1s. 4½d. per pound, and the increases recently announced in the prices payable by the United Kingdom for New Zealand produce have not affected the rates of differentials accruing to the Equalization Account on local sales (see Butter Marketing Regulations 1937). The Division is now engaged in taking out a thorough survey of the impact of equalization procedure on the individual factories, and much valuable information has been obtained from a comparison of the annual accounts of dairy companies. Varying freight costs, storage and f.o.b. charges, and cost of local boxes as against the export container are some of the main factors to be taken into account. Local container costs are by no means constant with the present fluid supply position, but an individual survey of factories will give a reasonably accurate picture of the position. It is also the responsibility of the Division to ensure that the equalization of local sales of butter to export parity is made on the basis of the grade points that would have been allotted to the butter at the export grading-floors.

The Division receives each month from the Dairy-produce Grader of the Department of Agriculture a summary of the export gradings of individual factories, and comparisons made with the grade points allotted to butter sold locally show that the selection of higher-grading cream for the local market has been largely discontinued by manufacturers consequent on the falling-off in the proportion of low-grading cream received at the factory.

While this summary is used by the Division for comparison with and confirmation of the grades claimed for locally sold butter, the Division also carries out a periodic survey of quality in all areas. Where any complaints are received from consumers or retailers, contact is made as early as possible and samples of butter on sale are submitted to the Dairy-produce Grader (Department of Agriculture) at the nearest export store.

Generally speaking, there has been very little difficulty in regard to the grades assigned by the factories, and as the Division has the authority to have all the butter "check graded" by the officers of the Dairy Division of the Department of Agriculture any disagreement is capable of being settled.

All butter supplied to the main centres is graded as received at the patting depots, and only the highest grade available at that time is patted for local sale.

Local sales for the six months ended 30th September, 1946, are as follow :—

				Creamery.	Whey.	Total.
1946				lb.	lb.	lb.
April	..	..	..	3,870,799	36,240	3,907,039
May	..	..	..	4,041,597	45,310	4,086,907
June	..	..	..	3,389,516	24,327	3,413,843
July	..	..	..	3,946,103	20,873	3,966,976
August	..	..	..	3,618,005	20,817	3,638,822
September	..	..	..	3,560,671	27,767	3,588,438
Total	..	..	..	22,426,691	175,334	22,602,025

TINNING-PLANT

The Division has recently re-established the butter-tinning plant operated during the war, and this has been possible without the appointment of additional staff owing to the falling-off in output from the patting depot for reasons mentioned previously. It is probable that there will be an increasing demand for tinned butter from the islands and the East, and it is hoped that improvements in technique will increase the market demand for tinned butter in these vast areas, which may sooner or later prove to be valuable markets for surpluses.

DRY BUTTERFAT

The production of dry butterfat has again been limited almost entirely to quantities recovered from paper stripped from bulk butter and has not equalled the amount available in previous years. Small quantities of deteriorated butter are also processed. Owing to the cessation of military supplies for the Pacific area, the patting-plants both at Wellington and Auckland have been processing lesser quantities of bulk butter, and this is reflected in smaller quantities of dry butterfat.

The building to house the smaller plant on top of the Auckland premises of the Internal Marketing Division is now under construction, having been held up owing to lack of building-materials. It is hoped, however, that the plant will be able to be transferred to the new premises at an early date, and this will make a considerable reduction in the overhead costs of the plant, which should from that time become self-supporting. The plant is at present at the King's Wharf, where it was operated during the war.

The butterfat produced has, by arrangement, gone to Fiji and the demand from that island is greater than the Division can supply. We have also had inquiries from other areas in the Pacific and from India for dry butterfat, and although it would appear that at some future time these markets might be of advantage to New Zealand, the Division is not at present in a position to take advantage of these outlets.

The whole of the costs in regard to the Frankton plant have now been finalized and the building has been handed over, all liabilities having been liquidated, and it is anticipated that the whole of the financial operations relating to wartime activities are now in a situation to be finalized.

The Auckland plant will continue, and will be available to process any low-grade or secondary butters unsuitable for export or to cater for any markets they may develop if and when it is advisable to go further afield.

CHEESE

The allocation of cheese for local consumption has presented some difficulties during the early part of the post-war period owing to the limitation placed on local consumption when rationing of meat and butter was introduced by the Food Controller. The market was regulated by pegging the amount of cheese which could be sold by any

manufacturing dairy company to the same as that supplied during the 1942-43 dairying year, and this limitation was intended to make available to merchants and retailers the same amount as in that year. Many of the factories, however, oversold to some of their merchant and retail clients, which had the effect of leaving other merchants and clients in short supply. In many cases the sales were justified on account of increasing population brought about by the return of overseas service personnel and by changes in the population resultant from housing areas in the different localities. Some alterations also were necessary owing to returned servicemen taking up an occupation by establishing new grocery businesses, particularly in new areas, and these had to be catered for by an allocation being made. Generally speaking, the consumption per head has kept reasonably within the range of the 1942-43 consumption year. There has, however, been some increase, as indicated above, owing to the return of overseas troops and the release of men from camps in New Zealand. The Division has assisted the Food Controller in the administration of his regulations, and these have worked out so as to provide a reasonable ration to all localities. Owing to the difficulties experienced in the previous year by the overselling by cheese-factories to merchants and retailers, regulations were promulgated bringing cheese into the same category as butter with regard to the return of manufacture and disposal so that the sales of cheese to the different avenues of the trade could be checked up from month to month. This will be an advantage, in that the Food Controller is able to take up with the factories the position being created by an oversupply to merchants or other sources.

The local and overseas sales for the six months ended 30th September, 1946, are as follow :—

				Local.	Imperial Forces.	Total.
				lb.	lb.	lb.
1946						
April	..	..	..	1,053,831	208,700	1,262,531
May	..	..	..	1,014,076	143,652	1,157,728
June	..	..	..	987,928	Nil	987,928
July	..	..	..	746,256	Nil	746,256
August	..	..	..	640,925	Nil	640,925
September	..	..	..	718,373	Nil	718,373
Total	..	..	..	5,161,389	352,352	5,513,741

BOBBY CALF POOL OPERATIONS

This branch of the Division's activities has continued to expand steadily, and the interest and co-operation of producers has been most gratifying. During the period under review four additional pools have been formed and two others amalgamated, bringing the total number of pools operating under the regulations to 135.

The summary covering the operations of pools for the 1945 season is now complete, and reveals that a total of 822,359 calves were handled by pools for that period. Of this total, 761,000 were passed as suitable for export, while 60,732 were rejected as underweights. The total amount paid to producers was £514,272, representing an average of 12s. 6d. per calf over all calves collected, and, in addition, the Railways Department and various carriers received £69,830 by way of general transport charges, representing an average rate of 1s. 8d. per calf.

The number of calves rejected through being underweight, 7 per cent., is relatively high when compared with the 1939-40 seasons, when the average percentage was 2 per cent. to 3 per cent. This deterioration became very apparent during the war period, when the staffing position was so acute that little supervision could be given to the operations of pools, and consequently it was not until the 1944 season that this deterioration was arrested. Although the 1945 figures indicate an improvement over the 1944 season, it is only by keeping the position constantly before pool authorities that

this improvement can be maintained and thereby make available for export a considerable amount of bobby veal that would otherwise be lost as an exportable commodity. The position is complicated by pools collecting many calves that are small and immature, and also by some collectors classifying as underweights at the farm gate large numbers of calves that are subsequently passed at the processing-works as suitable for export. This latter system has the effect of building up the average net return for all heavier-grade animals, and as a consequence producers are reluctant to hold the smaller calves longer than is absolutely necessary. In many cases it has been noted that the number of calves rejected at the processors as underweights is 50 per cent. less than the number collected and paid for by the pool as such.

The lack of suitable scales has been a handicap to many pools in carrying out the efficient weighing of calves at the farm gates, and with supplies still limited it is not practicable to introduce a fixed minimum live weight which would materially assist in having only the more mature calves forwarded for processing. It is estimated that an additional 800,000 lb. of bobby veal could be made available for export annually if the percentage of rejects was reduced to the 1939-40 level of 2 per cent. to 3 per cent., and every endeavour is being made by the Division to achieve this objective.

In an endeavour to eliminate delays which were proving detrimental to the condition in which calves were arriving at processing-points, a survey was carried out during the period under review of the time calves were in transit between the various pools and the processing-works. In very few cases does the geographical position of pools make it possible for calves to be processed the same day as they are collected, the majority having to be held over until the following day. In a few instances, calves were held for a longer period, but this has now been eliminated entirely, thus removing one of the most undesirable aspects of calf transportation. In some areas, however, it was found that, although calves were being processed the day following collection, they were travelling very long distances by rail, and prior to reaching their destination passed *en route* as many as three other processing-points. While these long rail journeys may not be considered desirable from the humane point of view, few alternatives appear available. By zoning the output of pools to the nearest processors, however, the position could, no doubt, be greatly improved, but the main disadvantage to such a system is that it would tend to limit pool authorities in their choice of marketing arrangements, which would, under present conditions, not be in the interests of the industry generally. It is therefore the policy of the Division to assist in having calves delivered to processors as expeditiously as possible, while at the same time leaving pool authorities with the widest reasonable choice of marketing arrangements.

The majority of pools held annual meetings during April and May, after a lapse of some years due to the exigencies of the war period, and a keen interest was taken by producers in pool affairs generally. The rotational retirement of committee members which was introduced by the 1946 regulations was well received and had a very stabilizing effect on the industry, with the result that many of the post-war problems were more readily overcome. Numerous suggestions have been received in regard to further amendments to the regulations, and these will be the subject of discussions with the representatives of the industry in the near future.

The saving of additional heifer calves has also received the attention of the Division, and the necessity for this drive has been emphasized at every opportunity. From general reports it is considered that a greater number of heifer calves were saved during the past season. Proposals for a more organized effort being undertaken next season will be the subject of discussions with the Calf Pool Executive in the near future.

The prospects for the present season are particularly bright following the raising of the stabilized price for skins, and the net return per calf will be considerably in advance of that obtaining for previous seasons.

EGG SECTION

Since the cessation of hostilities, the work of the Egg Section has been confined to a certain extent in reviewing previous year's operations and preparing for the post-war period.

It was anticipated, however, that the world cereal shortage would have an effect in regard to the supply of essential poultry-feed, and although a standard poultry mash is to be manufactured, poultry-farmers are experiencing considerable difficulty in arranging for regular and suitable supplies of poultry-food. This has brought about a drop in the annual egg yield per bird, which, in its turn, has been reflected in the reduced intake of eggs through organized marketing channels. It is difficult at this stage to give any information backed by actual facts as to whether there has been a decline in the total New Zealand bird population. While it appears that there has been a fall in the actual bird numbers in the South Island, particularly in Canterbury, it would also appear that there has been an increase in the North Island.

It is thought, however, that there is no material difference in the total flock strength between this year and last, and that the decline in the quantity of eggs available through the official channels is attributable to a certain extent to the poultry-feed situation.

The intake of eggs through approved egg floors during the period 1st April to 30th September is illustrated by the following figures :—

1946. Dozen.	1945. Dozen.	Decrease (1946). Dozen.
5,011,959.	5,569,566	557,607

DISTRIBUTION

The six months under review has seen the continuance of an equitable distribution system of eggs week by week, either on a percentage basis or related to butter registrations. It has still been necessary to maintain priority rationing whereby children under five, nursing and expectant mothers, invalids, and hospitals receive special allocations in relation to their actual requirements. The demand from Armed Forces has decreased almost to the point where it is no longer a factor to be considered in the main distribution programme, but, on the other hand, supplies for shipping still remain a difficult problem. The Division has also maintained its programme in regard to transferring eggs from production areas to consuming areas, and by far the largest quantities have been transferred to Wellington, which is relatively a non-producing area :—

Eggs transferred to Wellington from other Floors

From	Six Months ended 30th September,	
	1946.	1945.
Auckland	138,165	43,950
Christchurch	108,900	148,410
Hamilton	6,600	5,400
Tauranga	18,270	20,955
Gisborne	30,471	48,780
Hawke's Bay	65,377	80,320
New Plymouth	72,000	81,347
Wanganui	60,164	67,970
Manawatu	39,632	51,481
Carterton	82,362	85,367
Blenheim	34,452	34,225
Nelson	7,110	14,385
Ashburton	..	6,780
Timaru	25,275	31,770
Totals	688,778	721,140

The 3d. per dozen subsidy, which is, in effect, a neutralization of marketing costs, has been continued during the period under review, but there has been no further increase in the intake of eggs through egg floors on account of the subsidy. Although figures are not available, it seems that more eggs are being purchased at present direct by consumers from poultry-farmers than during the whole war period. The lifting of the "Sales of Eggs" Notice, in which the consumer purchases on the farm were restricted to one dozen per family in any one week, has given both producers and consumers an opportunity to sell and purchase in greater quantities. This can be classified as an unofficial distribution, and is a factor when considering the official distribution in any particular marketing area. It is still very difficult to assess the true position in regard to supply and demand owing to high spending-power and absence of alternative food commodities. It is a fact, however, that the demand for eggs has lessened a little during the past few months, and this would probably be due to the tightening-up of luxury spending, and the reappearance of some of the pre-war commodities such as Marmite, and certain lines of tinned foods.

There is no question, however, but that the maintenance of the marketing subsidy has assisted in spreading the total quantity of eggs available over a wider area. Reports indicate that whereas previously eggs were plentiful in country areas, while city consumers had been forced to go without, this is now not so. In previous years the authorization of the 3d. per dozen subsidy was subject to the conditions that for one week during the flush production period the subsidy would be withheld and that such saving was to be used for extending the poultry veterinary and instructional services. This year, however, this condition does not apply, and producers will thus gain directly to this extent.

CHILLING

As indicated in the previous report, the Division is continuing its programme in respect to taking off the market quantities of eggs during the flush production period and making them available as chilled eggs during the winter months. Every endeavour will be made this year to place as many eggs as possible into cool store, but with the necessity of procuring as many eggs as possible for direct consumer use during the flush season and with the drop in egg yield per bird due to the feed situation it may be that this year's programme will be less than in previous years. Irrespective of this eventuality, however, the Division will continue to gain experience by each year's chilled-egg programme and will endeavour in future years to extend this side of its activities. Owing to egg-production being of a seasonal nature, this method is the only satisfactory way of spreading the total production over the full twelve months of the year. In some quarters, consumers are suspicious of chilled eggs, but the Division is confident that by placing a good-quality commodity on the market prejudices will eventually be removed and that the buying public will, with confidence, purchase chilled eggs in the winter months to supplement the fresh-egg supplies that are available at that time.

One of the major difficulties that must be overcome in regard to any future large-scale chilling programme is the fact that adequate cool-store space is not available in the areas of large production. The quantity chilled last year and the target aimed at for the current season are as follow :—

					1945-46. Dozen.	1946-47. Dozen.
Auckland ..	..	..	..	..	125,060	136,900
Wanganui ..	..	..	..	..	49,230	49,000
Wellington ..	..	..	..	..	32,400	33,800
Christchurch ..	..	..	..	..	47,250	60,000
Totals ..	..	..	..	..	253,940	279,700

IMPORTS

With the decrease in the number of eggs passing through approved egg floors, the quantity of pulp manufactured has not been up to original expectations, and imports from Australia are still necessary. Quantities of egg-pulp imported during the previous years and the year under review are as follow :—

					Dozen Equivalent.
1942-43	..	..	..	..	2,722,020
1943-44	..	..	..	..	2,286,732
1944-45	..	..	..	..	2,662,107
1945-46	..	..	..	..	1,709,670
1946-47	..	..	..	..	2,205,000 (estimated)

There is still some criticism of the Division's policy in importing egg-pulp, but as egg-production does not equate to the demand it has been the policy to encourage the use of egg-pulp by bakers and pastrycooks, thereby releasing the equivalent number of eggs in shell for general civilian consumption in New Zealand.

POOLS

Distributors in each marketing area are still required under regulations to pool the proceeds of the sale of eggs at current ruling prices according to Price Order and to pay out to the producer at prices advised by the Division. As required, individual floor-pool surpluses are transferred to the National Egg Pool Account, from which payments are made for approved purposes. Each individual egg pool is also used as a cushion against losses on a falling market. By maintaining strict Government audit of all egg-pool operations, the supplier of eggs receives not only a price return related to the ruling wholesale prices at the time, but, in addition, is protected to the extent that indirectly he will also receive the benefit of any surpluses created in the pool accounts.

POST-WAR MARKETING COMMITTEE

The previous report mentioned that, as a result of representations made by the poultry industry, the Minister of Marketing and Agriculture appointed a committee to consider and recommend to him a post-war marketing plan that would be in the best interests of both producer and consumer. This report has now been completed and presented to the Minister. The personnel of the committee included members of the New Zealand Poultry Board, Price Tribunal, Department of Agriculture, Internal Marketing Division, and consumer representatives.

PRODUCE SECTION

POTATOES

During the early portion of the period under review, April and the first half of May, the North Island market was supplied with contract-grown potatoes mainly from the Manawatu and Rangitikei districts, with smaller quantities from Hawkes' Bay and Ohakune. It became necessary early in May to draw upon main-crop supplies from the South Island, but shipping-space during May and June was very scarce indeed, particularly for Auckland, and some considerable difficulty was found in keeping the Auckland provincial markets supplied with their full requirements. However, as a result of combined action by the Shipping Controller, Department of Agriculture, and the Division it was found possible in June to arrange for a loading at Lyttelton of the "Samstrae" for Auckland. This vessel lifted a substantial quantity of potatoes for that port, and with the more or less regular shipments by the customary coastal vessels the market has been kept well supplied. Two further loadings at Timaru by overseas vessels, the "Samstrae" and the "Samnethy," were arranged in August; these vessels carried a total of approximately 70,000 sacks to Auckland. Without such freight opportunities it would have been impossible to have kept the Auckland market supplied with potatoes

throughout the season. The shortage of space to all North Island ports, and to Auckland particularly, has been very acute, and constant attention has been necessary, with frequent rearrangements of shipping schedules, to ensure that sufficient supplies have come forward to meet requirements.

With yields per acre running below the average, the crops in North Canterbury were inclined to be poor, due mainly to the dry weather experienced during the late summer months. However, in South Canterbury the yields were very good and fully compensated for the reduced quantity available in North Canterbury. When the digging of the South Canterbury crops commenced in May it seemed possible that there would be a substantial surplus beyond normal consumption at the end of the season, such surplus being then estimated to be about 15,000 tons. Having this possibility in view, every possible effort was made to stimulate consumption, and an extensive advertising campaign was initiated in an endeavour to induce consumers to use more potatoes, thus not only helping to reduce the prospective surplus, but also to save some consumption of bread and flour products, which were in critical supply the world over. Continual efforts were made to keep the potatoes moving from the South to North Island ports to ensure that no consumption was lost through potatoes not being available. Largely as a result of the advertising undertaken, the North Island has this year absorbed more potatoes than has been the case in any comparable peacetime year, and shipments up to the 30th September were 486,445 sacks.

Later estimates of the quantity still available seem to indicate that there will now be little or no surplus remaining at the end of November.

Whilst this report was in the course of preparation a shortage did occur in December through the following reasons :—

- (1) Adverse weather conditions in July prevented the sowing of the early crop.
- (2) Continued bad weather after planting retarded the growth of the crop.

For the forthcoming season it has been decided by agreement between growers (on their representations through the Potato Advisory Committee), the New Zealand Grain, Seed, and Produce Merchants' Federation, and the Government that the contract system, which has been in existence during the past four years, should be continued to cover the main crop for the coming season, March to November deliveries, and arrangements for these contracts are now in hand. Estimated area (including early potatoes) required is a total of 22,000 acres, but it is anticipated that some little difficulty may be experienced in obtaining the full acreage.

ONIONS

During the early months of the period there appeared to be a fairly substantial surplus of onions in Manawatu and North Canterbury districts, and extensive advertising throughout both North and South Islands was undertaken to stimulate consumption of onions and to get them in the hands of consumers while they were at their lowest prices for the season. This effort, which was continued during April and May, had the effect of greatly increasing regular trading in onions over that period, with the result that the estimated surplus had disappeared by the end of May, and since that period the market has been regularly supplied with onions coming forward from growers in the normal manner. The quantity now available is considered to be just sufficient for requirements until the new season's onions become available in December.

As in the case of potatoes, arrangements have been made under which the contract system for onions will be continued to cover the coming season's crop for an estimated area of 1,000 acres.

BARLEY

Owing to supplies of barley being diverted from Australia to Europe, where much higher prices are obtained than in New Zealand, there has been no improvement in the supply position. For the coming season it is reported that the Australian barley crop is a good one, but prospective prices are even higher than was the case last year, and importation by New Zealand seems very unlikely.

MAIZE

The final clearances of the crop harvested in 1945 were made during the early part of the period under review, and the total quantity marketed through the Maize Marketing Committee during that period amounted to 65,437 sacks.

For the current year's harvest now being marketed, reservation of the whole crop, with the exception of limited quantities released as seed for cob-production, green-feed production, and maize for chick-raiser manufacture, has been made by the Primary Industries Controller as a constituent for the manufacture of standard poultry-mash. Allocations by the Committee on this basis at present total 51,722 sacks, and it is estimated that there may be further quantities ranging from 5,000 to 10,000 sacks still available for allocation. Although the area planted last year was greater than that of the previous year, the estimated total yield is less owing to the extremely dry weather experienced in both Poverty Bay and Bay of Plenty during the growing season and to crop pests.

For the year 1947 a subsidy of 1s. 6d. per bushel has again been approved by the Government on the recommendation of the Economic Stabilization Commission, and it is hoped that there will be a fairly substantial increase in area during the coming year. Active steps have been taken by the representatives on the Maize Marketing Committee, the Division, and the Department of Agriculture to interest growers and farmers throughout all districts where maize-growing is considered commercially possible in increasing their areas. In this connection the introduction of special strains of Pfister Hybrid seed maize by the Department of Agriculture and commercial firms in Poverty Bay is likely to prove very helpful. This variety showed a very substantial increased yield per acre over other varieties during the very adverse weather conditions experienced last year. Meetings have been held, with very encouraging results, at all centres where any increased area could be considered a possibility.

HOPS

As was indicated in the Division's last report, the hop crop in the Nelson district this year has suffered very severely indeed from wind and drought conditions, with the result that the yield was the smallest ever recorded, the final total being 1,829 bales, compared with the customary average crop of about 3,000 bales. This quantity proved quite insufficient to meet New Zealand brewers' requirements, and it was necessary for the Hop Marketing Committee to arrange through its marketing agents the importation of some 300,000 lb. of hops from the United States to meet requirements. In view of the disastrous weather conditions and the very poor yield obtained, special consideration was given by the Price Tribunal to the price payable to the growers. For the current year's crop an increase of 6d. per pound was agreed upon by the Tribunal, Hop Marketing Committee, and the representatives of the New Zealand brewers.

It is too early yet to make any forecast with regard to the coming season's crop, but with a normal season they should at least be sufficient for our own internal needs.

RASPBERRIES

The area planted is being gradually extended, and the acreage to be harvested during the coming season will be larger than has been the case for the past two years, although it is too early yet for the new plantings to affect the total picking to any extent. Weather conditions until harvest-time will be the governing factor in the yield, which it is hoped will substantially exceed the disastrously small quantity harvested last year, although it will be a year or two yet before any material crop increases can be expected from the additional areas being planted.

The Raspberry Marketing Committee meets regularly throughout the year and members of the Committee are anxious to increase production, and to that end meetings have been held in the growing centres of the Nelson district, which cover in the main the Riwaka-Motueka area and also the Tadmor-Tapawera districts. Greater production takes place in the latter area, which is not affected by disease to the same extent as is the case in the Motueka district.

Experiments which it is hoped will result in increased production and better methods of combating disease and pests are being conducted by the Cawthron Institute and the Department of Scientific and Industrial Research.

A small levy is made by the Committee on all raspberries marketed for manufacturing purposes, and also in buckets and other similar containers, such levy being sufficient to finance the expenses of the Committee and to help in investigation and research work.

FERTILIZERS

Importations of sulphate of ammonia, nitrate of ammonia, and muriate of potash have been coming forward regularly to the Division, and ample supplies have been available to meet requirements of New Zealand farmers and market-gardeners. Sulphate of potash, which is available for tobacco-manufacture only, has also been imported to the extent required by tobacco-growers.

MOLASSES

The Division's supplies of molasses are now almost exhausted, and no further importations are being made. Licenses for importations of molasses have been granted to customary importing firms, and supplies are coming forward through their usual channels in fairly regular quantities. No shortage has occurred, and the demand is still limited owing to the high ruling prices.

APPLE AND PEAR SECTION

FRUIT MARKETING COUNCIL

The Council, consisting of five grower representatives and five Government representatives, continued to act during the period under review. The subsidy and guarantee arrangement which was introduced at the time of the establishment of the Council still continues, and an extra subsidy of 4.23d. per case was granted as compensation for increases in orchard-labour rates this year. The general function of the Council is to direct the distribution of apples and pears, working through the authority of the Division.

Two grower representatives on the Council are required to resign during 1946, and elections will be required in order to fill the vacancies which will consequently occur. In addition, there was one resignation during the period under review, and an election will be held to fill this vacancy.

CROP

At this time of the year, fruit is still being received from growers and it is not therefore possible to give accurate details as to the total crop received by the Division for marketing. It is likely that it will be in the region of 2,550,000 cases of apples and pears, of which pears will account for only 180,000 cases. The apple crop is the greatest since 1938, and of apples and pears together the total crop compares favourably with that of 1941. The total would have exceeded that figure, except that large quantities were diverted this year for processing purposes. In addition, the crop would have been far greater than it has been had not the growers in Canterbury been unfortunate enough to suffer hail losses, whilst the growers in Hastings and Nelson suffered severe losses through the long drought conditions. Besides reducing the available crop, these conditions contributed very largely to an increased proportion of small sizes which have been received during this year. An abundance of small sizes such as was experienced creates a marketing difficulty, as the smaller sizes are not popular with the consuming public. Moreover, the lower return reflects on the overall return to the grower. The quality of the fruit in general has not been high this season, the later pickings of the varieties Cox Orange and Jonathan especially being of weak texture. The dry period experienced in both Nelson and Hawke's Bay was followed by a spell

of wet weather, and this affected the keeping-quality of those varieties which are normally placed into cool storage for sale during the later months of the year. No major losses of fruit have been experienced as a direct result, but it has been necessary for the Division to market fruit earlier than had been intended in order that doubtful fruit could be disposed of before maturity became advanced.

The large crop, together with the inferior quality, necessitated constant pressure on the markets, but the Division anticipates making fresh fruit available well into the month of November.

EXPORT

Protracted negotiations between the Council and the British Ministry of Food resulted in space at first being allocated for the export of 500,000 cases of apples to the United Kingdom and 100,000 cases to Canada. Unfortunately, this offer was withdrawn temporarily, and although at a later stage space was again offered to the extent of 250,000 cases for the United Kingdom, this offer came too late to effect export of Cox Orange or Jonathan. The export of these two varieties would have relieved local market conditions early in the season. Although harvesting had commenced, the Council seized the opportunity for export, and arrangements were made for the provision and packing of suitable varieties and sizes of Fancy Grade. There were some difficulties in regard to the supply of packing-materials, but following urgent requests to growers to conserve materials for export fruit and to exchange surplus materials with other growers enabled the fruit to be packed up mostly in accord with the requirements of the Ministry of Food. The fruit was supplied by the Council to the New Zealand Government and sold by the Government to the Ministry of Food.

Reports received indicate that the fruit arrived in reasonably good condition and was disposed of immediately.

Shipping was effected from Nelson, Napier, Auckland, and Wellington, and a total of 281,961 cases were exported. No fruit has been exported from the Dominion since 1940, when almost 600,000 cases were forwarded to the United Kingdom. In the meantime the local market has been developed, and distribution has been expanded to the extent that, whereas the pre-war capacity of the domestic market was in the region of 1,250,000 cases, it is not too much to claim that the market could now absorb under pressure double the quantity. While export is a valuable outlet, it may never again be necessary to export the large quantities which were disposed of overseas in pre-war years.

MARKETING

With an increased crop, a greater quantity of fruit has naturally been available for the domestic market than has been the case for the last few years. During the years 1943, 1944, and 1945 the requirements of Armed Forces both in New Zealand and overseas reduced the quantity which was available for domestic marketing, and in those years the markets did not receive more than 1,800,000 cases, whereas this season the domestic market will have been provided with at least 2,200,000 cases.

Most of this fruit has been sold through the ordinary channels of wholesaler and retailer, but definite action was taken during the year to effect sales direct to retail organizations. Certain conditions under which this trade could be undertaken were laid down, and the strict observance of these by the Division made it difficult to extend the trade as much as had been hoped. A pleasing result of the introduction of this trade was, however, a stimulation of sales generally.

Advantage was taken of the abundance of fruit available on the various markets in the earlier months of the year to make fresh determination of allocations to the Division's various agents in the districts. The period in each district during which fruit was in greatest supply was selected as being the measure, and allocations were determined accordingly. Since 1943, when allocations were last determined, there have been some marked changes in the quantities sold by individual agents.

A continuation of the distribution of apples in schools was part of the marketing policy, although distribution was effected only over a four-weekly period. The supply to Armed Forces was on a very much reduced scale, and no fruit was required by American Forces. An outstanding feature of the marketing programme has been the disposal of 228,000 cases of Cox Orange, as against 90,000 cases sold locally the previous year. It was hoped to export a portion of this variety in order to ease local market conditions, but the whole crop had to be sold on the domestic markets. This is a tender variety and one which does not cool store well, and, moreover, many of them this year were of weak texture. In spite of these difficulties, the complete crop was sold at an average price very little below that of last year.

Domestic sales are still made on the stabilized-price procedure adopted in 1943, under which both wholesale and retail prices are fixed monthly. The fixation of prices operates from the middle of one month to the middle of the next, and within these monthly periods maximum prices are set for selected varieties and size groups. The maximum wholesale price in any period of the year is 13s. 6d. per case and the maximum retail price 6d. per pound. Stabilization of pear prices was adopted voluntarily by the Division, and the maximum retail price for pears at any time is 9d. per pound.

STORAGE

More storage space was available this year than for several years. Not all varieties of fruit are suitable for cool storage, and it is usual to plot out a programme of long storage at the beginning of the season and to place selected sizes of suitable varieties into store as they are received from growers. Any surplus storage is then used for temporary storage of less suitable varieties or sizes, but the whole object of a storage programme is to effect distribution of fruit which is received during a short harvesting period lasting from February until the end of May over as long a period as possible.

A bonus is paid to growers for the extra labour and work involved in supplying suitable fruit for long-storage purposes, the object being to induce growers to make special pickings which will meet the market requirements in the later months of the year. The cool-storage programme is ordinarily assisted by an orchard-storage programme where growers are compensated for holding fruit on their properties, and during the period under review a small orchard-storage programme was continued in the districts of Canterbury and Otago, where the climate is eminently suitable for this to be undertaken with success.

TRANSPORT

One of the most disturbing features of present-day conditions is the difficulty of securing adequate and suitable transport, and this has undoubtedly been the worst year since 1940 in this respect. The position in Nelson at one stage was particularly acute, and at no stage during the season was this district in a safe position. Despite strenuous efforts, it was difficult to arrange adequate shipping facilities from Nelson. Fruit was therefore despatched in larger quantities than usual to southern markets, and a new departure saw this fruit being consigned from Blenheim instead of from Inangahua.

UNECONOMIC ORCHARDS

A fund was established in 1944 for the purpose of assisting uneconomic orchards on to an economic basis. The purpose of the fund was later extended to give assistance to sufferers from hail damage or other natural disasters. Payments from the fund approved to date total nearly £22,000.

POST-WAR MARKETING

A committee was established by the Minister of Marketing to report on the possibilities of post-war marketing of apples and pears. The report has been submitted to the Minister and its publication authorized. The personnel of the committee

included members of the New Zealand Fruitgrowers' Federation, New Zealand Fruit Export Control Board, Fruit Marketing Council, Price Tribunal, Internal Affairs Department, and the Internal Marketing Division.

DEHYDRATION

The apple-dehydration factory at Motueka continued to operate during the period under review. During this time, 3,585,038 lb. of raw fruit were received, producing 385,194 lb. weight of dried apples.

The whole of this output was packaged and marketed within New Zealand. The demand for this product, which is intended for marketing when the Division is unable to supply fresh apples, greatly exceeds the supply, and it will be necessary to allocate the product to wholesalers.

Attached to the factory is a girls' hostel, and with the difficulties experienced in obtaining female labour the hostel has undoubtedly rendered excellent service to the factory.

The problem of utilizing the peels and cores of the apples is being tackled, and when the required machinery comes to hand it is intended to extract apple-juice from the peels, cores, and outsize apples.

HONEY SECTION

There has been little activity as far as the Honey Section is concerned for the period 1st April, 1946, to 30th September, 1946.

Up to the 30th September the Division received 1,648 cases of honey, amounting to approximately 87 tons. This is the smallest amount that the Honey Section has ever received, and has made distribution for the civilian market extremely difficult. Unfortunately, there was only a small carry-over from last year, and, even with this, it was only possible to make one distribution for the retail trade. Sales of this season's honey have been confined to—

							Tons.
Hospitals	..	..	..	..	..	..	25
Essential services and manufacturing, &c.	..	..	..	..	..	..	20
Navy	..	..	..	..	..	..	5
England	..	..	..	..	..	..	30

The balance is being carried forward to next season, as the bulk of it is in the white class and there is no darker honey to blend with it.

With the small amount of stock on hand, it has been necessary to refuse many requests for honey, as it would have been impossible to meet all demands.

The grading of the honey received by the Division was 92.48 for the North Island and 96.44 for the South Island, giving an average grade overall of 93.245, and making the average payment per pound 7.27d.

Seals revenue collected between 1st April, 1946, and 30th September, 1946, amounts to £848 12s. 3d., and it would appear that during the latter part of this period sales were the heaviest. This tends to point out that beekeepers are preparing for the coming season by collecting stocks of seals now.

During the year a meeting was held in Auckland by suppliers of honey to the Division, and as a result a Honey Suppliers Association was formed. A postal ballot to elect a General Executive was held, and the following members were elected: Mr. F. D. Holt (Chairman), Mr. J. R. Barber (Secretary), Mr. W. Herron, Mr. T. E. Pearson, and Mr. A. K. Clark.

VEGETABLES

The last annual report on vegetable activity concluded with this statement: "As the war was responsible for the Division becoming associated with vegetables in a practical manner, its vegetable operations have virtually ceased with hostilities."

Events over the past six months give no reason for amendment to this statement in so far as the marketing of fresh vegetables within New Zealand is concerned, for in this period the Division has taken no part in vegetable marketing, confining its activities to the rounding-off of its wartime responsibilities and the exploration of possible avenues for the disposal of processed vegetables at home and abroad.

The Sale of Fruit and Vegetable Containers Emergency Regulations, introduced in January, 1945, and administered by this Division, were revoked in April, 1946. These regulations were instituted because of the necessity to preserve certain containers for further needs. Extensive use of banana-cases is made by vegetable-growers, and whilst the supply of imported fruits was greatly curtailed in wartime it was highly necessary to safeguard the imported cases for the vegetable-growing industry, hence the regulations, which imposed on the grower the obligation of making specific charges on certain types of containers at time of sale, together with restrictions on their alternative uses. As imports became more plentiful and adequate quantities of containers became available in consequence, the regulations were revoked.

During the winter there has been no shortage of basic vegetables, the general tendency being towards over-supply. Gluts of cabbage have recently occurred, but gluts and shortages with their attendant price fluctuations will always recur under the present method of unplanned production and distribution. It would appear that the growers realize the need for consideration to be given to this unsatisfactory state of affairs from the action that was taken at their last annual conference in appointing a select committee whose order of reference requires their report on "whether a change in the present methods of marketing vegetable produce is necessary or desirable."

Inquiries from the British Commonwealth Occupation Forces and the British Pacific Fleet have been made of this Division in regard to the supply of fresh vegetables from New Zealand. Unfortunately, the complete absence of suitable refrigerated shipping has prevented advantage being taken of this otherwise excellent opportunity for export.

Although occasional inquiries are received concerning *dehydrated* vegetables, they prove to be somewhat nebulous, lacking the degree of positiveness sufficient to warrant the resumption of operations. Eastern countries are reported to have acquired large supplies of dehydrated goods from surplus war stocks held overseas, and by the time these are exhausted, production of fresh vegetables will probably have been regained in the countries affected. Vegetable dehydration can be considered only as a temporary expedient for providing foodstuffs under unusual conditions, and therefore cannot be regarded as a potential place-winner in a normal peacetime vegetable production and marketing structure.

Vegetable *canning*, however, holds most promising prospects. The Division at present has arranged contracts for the growing of 350 acres of peas and 75 acres of beans adjacent to its Pukekohe factory, where the crops will be canned. The quality of the Division's former pack of canned peas and beans has engendered a ready demand within New Zealand for the forthcoming season's production.

In pursuance of overseas trade in canned goods in future years, negotiations are also proceeding in Australia, India, Ceylon, and China. Firm orders are held from Cingalese importers which it is proposed to fulfil next year, subject to the availability of shipping.

Quick-freezing of vegetables and other products will also be undertaken at Pukekohe, this activity being correlated to the preparatory phases of the canning process. In various overseas countries, quick-freeze is now a firmly established process and an accepted method of providing choice products out of season for the greater enjoyment and convenience of food-conscious populations. Next year the possibilities surrounding the consumption of quick-frozen goods within New Zealand will be assessed with a view to determining the extent to which this mode of food-processing should be carried in future years. Accepting as a criterion its popularity overseas, "quick-freeze" should within a few years become established as a regular, if limited, method of food-supply in this country.

IMPORTED FRUITS SECTION

BANANAS

As indicated in the last report, island growers of bananas have continued to show increased interest in bringing their banana plantations back into production. The position has now been reached where production and the availability of shipping-space are about equal, and until an additional steamer is allotted to this service there will be little opportunity of banana importations being lifted above the present level. At times overseas steamers make calls at Island ports, and on these occasions advantage is taken to occupy any suitable cargo space with bananas then available for shipment. These irregular calls provide the only opportunities to land additional supplies of this fruit in New Zealand.

Source of Supply.	Six Months ended 30th September, 1945.		Six Months ended 30th September, 1946.	
	Cases.	Per- centage.	Cases.	Per- centage.
Fiji	30,893	28.9	35,927	26.2
Tonga	11,165	10.5	39,383	28.8
Samoa	59,904	56.0	53,630	39.1
Niue	3,941	3.7	8,105	5.9
Rarotonga ..	1,008	0.9	6	..
	106,911	..	137,051	..

ORANGES

In the six months under review, importations from both Australia and the Cook Islands are lower than during the same period in the previous year. Although Australia experienced a short crop of Navel oranges this season, the main cause of the decreased quantity arriving from this source of supply was the landing of 18,000 cases early in October, while last year this shipment was included in the September figures.

Shipments from the Cook Islands reached a very low level. This was mainly due to an outbreak of infectious disease in the islands causing the usual carrying vessel to miss one orange trip to the outer islands and hurricane damage spoiling the crops. There are indications that, providing climatic conditions are suitable, crops in Australia and the Cook Islands will be much improved, thus making larger quantities available for consumption in this country in the coming season.

Shipping was at hand to transport larger supplies from the Cook Group, but in a normal season it will be necessary for the service now provided by the "Maui Pomare" to be augmented, otherwise it will not be possible to avoid a wastage of fruit at the shipping end.

Jamaican oranges do not generally land here during the period under review, but quantities are expected from this source later this year and early next year.

As in the past, sufficient stocks have at all times been on hand to meet the requirements of hospitals and other necessitous cases.

Importations for the six months under review and the corresponding period last year were :—

Source of Supply.	Six Months ended 30th September, 1945.		Six Months ended 30th September, 1946.	
	Cases.	Per- centage.	Cases.	Per- centage.
Australia	69,161	57·2	56,078	71·6
Cook Islands	51,691	42·8	22,279	28·4
	120,852	..	78,357	..

GRAPEFRUIT

Small importations of this fruit were made, mainly during the period when local production was unable to satisfy the market. Larger supplies will be arriving during the next six months. Cook Island production of grapefruit was reduced for the same reasons as oranges.

Source of Supply.	Six Months ended 30th September, 1945.		Six Months ended 30th September, 1946.	
	Cases.	Per- centage.	Cases.	Per- centage.
Cook Islands	1,654	75·7	396	43·0
Samoa	531	24·3	449	48·8
Fiji	..	..	75	8·2
	2,185	..	920	..

PINEAPPLES

During the period covered by this report, pineapples are not in season in the Pacific islands, but larger supplies than for some years are expected in the next half-year. Shipments from Australia have shown some improvement, as indicated in the figures shown below :—

Source of Supply.	Six Months ended 30th September, 1945.		Six Months ended 30th September, 1946.	
	Cases.	Per- centage.	Cases.	Per- centage.
Australia	2,440	99·7	5,403	99·8
Tonga	..	..	11	0·2
Fiji	7	0·3	..	..
	2,447	..	5,414	..

KUMARAS

As intimated in the previous report, the discovery that kumaras imported from Fiji and Tonga were infected by a kumara weevil resulted in further importations from these sources of supply being prohibited by the Department of Agriculture. Niue is the only present supplier, but advantage will be taken to obtain shipments from other areas if they become available.

Importations were as under :—

Source of Supply.	Six Months ended 30th September, 1945.		Six Months ended 30th September, 1946.	
	50 lb. Bag.	Percentage.	50 lb. Bag.	Percentage.
Niue	430	42.9	878	100
Tonga	382	38.1	..	..
Fiji	191	19.0	..	..
	1,003	..	878	..

LEMON DISTRIBUTION

The Division continued to carry out the responsibilities of packing and distributing locally grown lemons (except the Meyer variety) and also attended to the importation of all supplies available from overseas. Owing to unsuitable climatic conditions, the production in New Zealand has been very low and as it has not been possible to procure sufficient importations the market has been under-supplied.

Source of Supply.	Six Months ended 30th September, 1945.		Six Months ended 30th September, 1946.	
	Three-quarter-bushel Cases.	Percentage.	Three-quarter-bushel Cases.	Percentage.
New Zealand ..	39,674	90.1	33,684	91.7
Cook Islands ..	608	1.4	958	2.6
Australia	3,724	8.5	2,101	5.7
	44,006	..	36,743	..

LEMON PROCESSING

The following is a summary of marketable grades and average prices paid :—

Total Receipts, all Sheds

—	Preferred.	Commercial.	First-grade Peel.	Juice.	Rejects.	Total.
Tauranga ..	16,675 $\frac{3}{8}$	6,690 $\frac{1}{4}$	1,947	1,406 $\frac{1}{4}$	343 $\frac{3}{4}$	27,062 $\frac{5}{8}$
Auckland ..	3,862 $\frac{3}{8}$	2,761 $\frac{1}{4}$	1,012 $\frac{7}{8}$	537 $\frac{7}{8}$	65 $\frac{1}{8}$	8,239 $\frac{5}{8}$
Kerikeri ..	1,525	1,595 $\frac{1}{4}$	49 $\frac{1}{2}$	81 $\frac{3}{8}$	190 $\frac{1}{8}$	3,441 $\frac{1}{4}$
Gisborne ..	868	598 $\frac{3}{8}$	51 $\frac{1}{8}$	65 $\frac{3}{8}$	39 $\frac{1}{8}$	1,622 $\frac{3}{8}$
	22,931	11,645 $\frac{1}{8}$	3,060 $\frac{1}{2}$	2,091 $\frac{1}{8}$	638 $\frac{1}{8}$	40,365 $\frac{7}{8}$

Average Price, Marketable Grades

			Loose Bushels.	Paid out.	Average Price to 30th September, 1946.
				£ s. d.	s. d.
Tauranga	..	..	23,365 $\frac{5}{8}$	8,865 3 9	7 7·06
Auckland	..	..	6,623 $\frac{3}{4}$	2,504 4 9	7 6·75
Kerikeri	..	..	3,120 $\frac{1}{4}$	1,152 7 1	7 4·64
Gisborne	..	..	1,466 $\frac{1}{2}$	534 5 0	7 3·46
Totals	..	..	34,576 $\frac{1}{8}$	13,056 0 7	7 6·625

At the end of the year a bonus sufficient to bring average payout for marketable grades to 8s. 2d. per loose bushel will be paid in addition to a wages subsidy of 5d. per loose bushel for both marketable and by-product grades.

Comparative Average Price, 1st April, 1945, to 30th September, 1945

			Loose Bushels.	Paid out.	Average Price.
				£ s. d.	s. d.
Total marketable grades, all sheds			44,502	16,339 7 2	7 4·118

For the six months under review there is a drop in production of approximately 15,000 cases over all grades when compared with the corresponding period last year. This reduction is due mainly to the drought that was experienced during the summer months. The drought was felt mostly in Auckland, Kerikeri, and Gisborne districts, Tauranga being the only district with a reasonably good crop. Weather conditions since the drought have also been unsuitable for good citrus-production.

SUPPLIES TO SOUTH ISLAND

Unfortunately, the shipping position between the North and South Islands has not improved during the last six months, but the Division has endeavoured to see that the South Island has had a fair percentage of the fruit that has been available, as the following figures for the six months ending 31st September, 1946, show :—

			Total for New Zealand (Cases).	South Island.	
				Cases.	Percentage.
Bananas	..	..	137,051	36,000	26·26
Oranges	..	..	78,357	30,011	38·3
Grapefruit	..	..	920	64	7·0
Lemons	..	..	36,743	9,931	27·03
Pineapples	..	..	5,414	2,302	42·5

The small percentage of lemons supplied to the South Island was due to their having a shipment of Californian which were imported in March of which the South Island had the equivalent of 5,518 $\frac{3}{4}$ -bushel cases, which gives them a percentage of 36·5 of sales for the period under review.

GENERAL

This Section of the Division has continued to experience difficulties in the matter of distribution on account of the inability to import sufficient fruit to meet the demand. In general, all fruit arriving in the country has been allocated firstly proportionately to all territories in both North and South Islands, and secondly to retailers and consumers in each individual area, the basis of distribution being the consumption of each district in the last period of plentiful supplies.

Island fruits continue to arrive at Auckland, and consequently transport to the South Island still presents its problems. South Island consumers are, however, serviced to the utmost as far as quantities of fruit are concerned, but unfortunately, due to delays, the condition often deteriorates somewhat in transit. Retail prices of oranges and bananas are the same in both Islands, and consumers in the far South are not penalized in this respect.

Although importations are still affected by the recent war, it is evident that production is now returning closer to normal, and it is anticipated that increased shipping opportunities will allow larger quantities of overseas fruits (particularly oranges) to reach New Zealand in the coming year.

BRANCHES

AUCKLAND

During the period under review the Auckland Branch continued to carry out the various activities administered by the Division. The seaweed collected for manufacturing *agar agar* amounted to 41 tons. This amount compares favourably with that collected during the same period last year. The *butter depot* has continued patting and tinning butter, the latter for the Export Division. The *dry-butterfat* plant handled 15 tons of fat received from parchment. *Egg* distribution was supervised, the local receipts for the period showing a decrease of approximately 17 per cent. on the corresponding period last year. The 124,000 dozen eggs chilled last year were withdrawn in two batches from cool store, the first in April and the second in June. These eggs met with ready sale, whilst the overall loss from cool store wastage was only 2 per cent. The *honey* blending and processing plant continued to operate, although at a greatly reduced capacity, owing to the small amount of honey received at the depot. The *lemon* curing plants are also operated from Auckland, and during the period under review 33.5 tons of peel and 2,683 gallons of lemon-juice were manufactured. At Pukekohe Vegetable Processing Plant, preparations are under way for the coming canning season, when peas and beans will be processed. The *storage* floor was kept working to full capacity even when the apple-assembly work declined.

CHRISTCHURCH

This Branch continued to supervise the contract system of *potato* and *onion* growing in the South Island, and a considerable amount of information has been compiled in a complete system of records. Grain-conditioning was carried out in the processing factory's dehydration tunnels with excellent results, whilst experiments were carried out in connection with the drying of surplus produce for conversion into stock-food. The *storage* floor was utilized for storing artificial manures and various varieties of grain and seed. *Apple* assembly, which was again carried out, was the lowest on record as far as the local growers were concerned. The distribution of *imported* fruits for the whole of the South Island was again continued by this Branch. The supervision of all *egg* floors and the auditing of egg pools in the South Island were again carried out.

HASTINGS

The main activity of this Branch is the assembling, cool storing, and distribution of *apples* and *pears* (733,014 cases of apples and 74,417 cases of pears to 30th September). The only *vegetables* handled by this Branch were carrots from uncompleted contracts.

These were disposed of through the ordinary marketing channels. During the period under review the Branch supervised the distribution of 247,144 dozen *eggs*, as compared with 250,313 dozen for the same period last year, a decrease of approximately $1\frac{1}{4}$ per cent. Although this Branch has never handled large quantities of *lemons*, only 75 cases, a marked reduction on previous years, were received. In order to utilize the *assembly shed* during the off-season, 312 tons of mixed produce were stored.

GISBORNE

This Branch commenced operations in May, 1945, and under its supervision the Gisborne Citrus Shed was operated by the Division's agent, packing out 1,316 cases of lemons during the period under review, as against 1,743 cases for a similar period last year. This reduction is accounted for by the drought experienced in the Gisborne area. This drought will also affect production next year. Problems and inquiries relating to *honey*, *agar*, *eggs*, *citrus fruits*, *maize*, and *pip-fruits* were also handled.

NELSON

The Nelson Branch is concerned mainly with the assembly, distribution, storage of *apples* and *pears* and the processing of apples at the Motueka Processing-plant. Difficulties were again experienced in transporting apples and pears from the Nelson district to other centres of New Zealand.

DUNEDIN

The major activity for Dunedin is the assembly and marketing of *apples* and *pears* in Central Otago. In addition to this activity, supervision of *imported fruits* distribution and marketing of *eggs* were also carried out.

MARKETING DEPARTMENT
INTERNAL MARKETING DIVISION
TRADING ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1946

		<i>Dr.</i>		<i>Cr.</i>	
		£		£	
Stocks, 1st October, 1945	..	..	..	215,945	..
Purchases	..	..	..	2,374,018	..
Wages, processing charges, storage, freights, and distribution expenses	..	..	..	242,593	..
				2,832,556	
Less stocks, 30th September, 1946	..	..	..	155,790	
				2,676,766	
Gross profits on trading	..	..	..	57,263	
				£2,734,029	

£2,734,029

MARKETING DEPARTMENT—*continued*
 INTERNAL MARKETING DIVISION—*continued*
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1946

<i>Dr.</i>	£	<i>Cr.</i>	£
Salaries, wages, and overtime	..	Gross profits on trading	..
Advertising	..	Rents and sundry recoveries	..
Audit fees	..	Dividends and Directors' fees	..
Bank interest and exchange	..	Interest on investments	..
Depreciation of assets	..	Profit on realization of surplus assets	..
Expenses of Marketing Advisory Committees	..	Cost of administration and recoveries of expenses from Apple and	..
Expenses of officers travelling overseas	..	Pear Pool, Honey Pool, Butter Equalization Account, and other	..
General expenses	..	sections	..
Insurance	..		22,530
Legal expenses	..		
Light, heat, and power	..		
Maintenance of—	..		
Buildings	..		
Furniture and fittings	..		
Office machines	..		
Plant	..		
Motor expenses	..		
Postages and telephone services	..		
Printing and stationery	..		
Public Service Superannuation subsidy	..		
Rent and rates	..		
Transfer and removal expenses	..		
Travelling allowances and expenses	..		
Balance carried down	..		
	£97,617		£97,617
Provision for taxation	..		£
Balance to Profit and Loss Appropriation Account	..	Balance brought down	..
	9,008		14,942
	5,934		£14,942
	£14,942		

MARKETING DEPARTMENT—*continued*
INTERNAL MARKETING DIVISION—*continued*
BUTTER EQUALIZATION ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1946

Dr.	£	Cr.	£
Equalizing payments under section 12, Marketing Amendment Act, 1937—		Balance forward from last year	664,296
(a) Reimbursement of charges payable mainly in connection with the storing of butter for local consumption during the winter months in the South Island and not allowed for in the butter differential—		Differentials—	
Freight and cartage	301	(a) Net amount received under the Butter Marketing Regulations 1937, clause 31	100,291
Interest and insurance	1,322	(b) Accrued under the Butter Marketing Regulations 1937, clause 16, representing the difference between the proceeds of butter withdrawn from export, &c., for sale at the regulated local price (less allowances for patting, &c.), and the amount paid for the purchase of butter at the f.o.b. guaranteed price as follows:—	
Reworking and defrosting	229	Sales at the regulated local price .. 634,071	
Storing and freezing	2,635	Plus stock on hand, 30th September, 1946 (valued at the f.o.b. guaranteed price) .. 11,979	646,050
(b) Servicing-allowances to authorized distributors and patting depots	4,487	Less purchases at the guaranteed f.o.b. price .. 640,839	
(c) Grading fees	6,520	Plus stock on hand, 1st October, 1945 (valued at the f.o.b. guaranteed price) .. 1,432	642,271
Payments under section 11, Marketing Amendment Act, 1937—			
Agency and wharfage	50		
Freight and cartage	1,485		
Storage and freezing	13,135		
Administration expenses			
Amount payable to the Dairy Industry Account, being excess income over expenditure for the period 1st August, 1942, to 31st July, 1946	14,670		
Less progress payments	5,178		
Surplus accrued from 1st August, 1946, to 30th September, 1946	59,938		
Balance forward to next year representing surplus as at 31st July, 1942)	11,988		
	664,296		
	<u>£768,366</u>		<u>£768,366</u>

MARKETING DEPARTMENT—*continued*
INTERNAL MARKETING DIVISION—*continued*
APPLE AND PEAR SECTION

(FLOWERS' POOL ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1946

(In accordance with an agreement between the Economic Stabilization Commission and the New Zealand Fruitgrowers' Federation, Ltd., dated 26th January, 1944)

<i>Dr.</i>	£	<i>Cr.</i>	£
Purchases	986,725	Balance brought forward	407
Assembly	40,362	Sales	1,134,610
Freight and cartage	152,181	Subsidy	144,000
Wharfage	13,309	Subsidy : Orchard labour	44,968
Cool storage and storage	97,500	Insurance recoveries	1,378
Repacking and sorting	118		
Insurance	883		
Balance carried down	34,285		
	<u>£1,325,363</u>		<u>£1,325,363</u>
<i>Dr.</i>	£	<i>Cr.</i>	£
Advertising	35	Balance brought down	..
Advisory Committee expenses	1,623		
Audit	602		
Bank charges and exchange	790		
Cables, telegrams, and postages	1,923		
Printing and stationery	555		
Rent, light, and heat	1,704		
Salaries	21,798		
Travelling expenses	2,053		
Transfer and removal expenses	5		
General expenses	995		
Balance (held by Internal Marketing Division)	2,202		
	<u>£34,285</u>		<u>£34,285</u>

UNECONOMIC ORCHARDS SUBSIDY ACCOUNT

<i>Dr.</i>	£	<i>Cr.</i>	£
Expenditure	9,368	Balance brought forward	35,643
Balance (held by Internal Marketing Division)	51,275	Subsidy	25,000
	<u>£60,643</u>		<u>£60,643</u>

R. P. FRASER, Director.
W. LAWSON, Accountant.

I certify that the Growers' Pool Account and the Uneconomic Orchards Subsidy Account have been duly 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.

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