

The change in control of dairy-produce marketing calls attention to the place of the Division in relation to the various primary industries associated with it. The original tendency was for the Division to trade directly, buying products outright, bearing losses and retaining profits. This policy has changed towards one of forming financial pool accounts for each industry, against which are charged payments to growers, and marketing costs, plus a proportion of administrative expenses such as salaries and rent, and to which are credited the proceeds of sale of the product. The balance, subject to Government policy on stabilization, is paid out to suppliers, while any reserves are held for the benefit of the industry. Associated with this policy has been that of close co-operation with Marketing Committees of representatives of the industries concerned, and Government nominees. All information in the possession of the Division is made available to the Marketing Committees, which advise the Division on the conduct of the industry's affairs. Thus each industry has a say in the marketing of its product. It also means that, in lieu of establishing separate administrations, each industry shares (on a proportionate basis as regards cost) the facilities of the Division and the experience of its officers. There are problems associated with this, however, for which an easy solution is not apparent. When direct trading was carried on, some phases were either unprofitable or undertaken in the knowledge that no revenue would accrue. Generally, the unprofitable trading was of a stabilizing nature, while work which returned no revenue was in the nature of administrative services in assisting primary producers. These losses were offset by surpluses in direct trading in other commodities. The major activity in the this group is the importation of egg-pulp, which is sold below cost to bakers and pastrycooks. If this product were sold at cost, which equals eggs at 2s. 10d. per dozen, the baking industry would naturally prefer shell eggs at the lower New Zealand price. Since shell-egg production in New Zealand is still insufficient for ordinary household demands, it must be conserved for such use, which means that pulp for the baking industry must be made available at prices related to those of fresh eggs. This is less than the cost of Australian pulp, which bears cost of production, freight, Customs duty, and landing charges, in addition to the prime cost of the eggs.

The Division administers without charge regulations affecting eggs, maize, hops, raspberries, and acts as a guarantor in respect of maize, potatoes, onions, and kauri-gum. The remaining direct trading functions are the importation of citrus fruits, pineapples, and fertilizers, canning of peas and beans, manufacture of dehydrated products, such as apple-slices, and the letting of storage space where such space is not fully utilized at certain times of the year for the Division's own needs. These functions are self-supporting, but do not provide surplus funds for the financing of those activities previously mentioned. The method of financing these will be considered in the next financial year. The loss disclosed in the accounts for the year is by reason of egg-pulp importations already mentioned.

To avoid duplication of staff and premises, arrangements were made during the year between the Milk Marketing Division and this Division for our branches to act as agents for the Milk Marketing Division, and the extra work involved has been done with only a slight increase in staff.

The work of the staff merits high praise. In the assembly, storage, and distribution of perishable foodstuffs, officers are frequently called upon outside the official hours of duty, and it is gratifying to report that in no case where such calls have been made has any officer failed to carry out the task promptly and efficiently.

The conditions of employment of men and women employed in the stores and factories operated by the Division are covered by an agreement between the New Zealand Workers' Industrial Union of Workers and the Minister of Marketing. Excellent relationships between the staffs and the management, and between the officer of the union and the Division, have continued during the year. Absenteeism, loss of time, and labour turnover have been negligible.