

MEAT.

The Department has investigated the prices charged during the year for meat sold in various centres throughout the Dominion. A noticeable decline took place in the wholesale prices for beef and mutton, and in response to various complaints a comprehensive inquiry was made to ascertain whether reasonable correlation existed between the wholesale and retail prices. Except for an almost unavoidable lag in the retail-price movements, butchers generally have not been making unreasonable profits. In a number of towns the retail prices did not conform to the fall in wholesale rates, and in several cases, by negotiation with the butchers concerned, the Department effected reductions in prices ranging from 1d. to 3d. per pound, chiefly in regard to beef. The decline in the value of by-products—hides, skins, tallow, &c.—has considerably reduced the gross return, and this has been largely responsible for the keeping of retail prices higher than would have been the case had the return from by-products been somewhere near the level of previous years.

Experience has shown that it would be not only exceedingly difficult but also inequitable to attempt any system of price-fixation, since so much depends on the efficiency of the buying and selling organization of those engaged in the trade. It was found in some instances where the prices had been approved by the Prices Investigation Tribunals that the butchers still rigidly adhered to these prices, notwithstanding that subsequent conditions warranted a modification. As elasticity in the matter of responsiveness of retail prices to any movement in the wholesale price during a falling market is in the interest of the consumer, it has been found more satisfactory not to fix prices, but instead to take all possible steps to ensure that the facilities for free competition exist, and so to allow the law of supply and demand to effectively maintain prices at their proper level.

A fresh element of competition has been introduced by the establishment of meat-auction marts in the main towns, and in some of the country districts by farmers having undertaken the vending of meat direct to the consumer. Although this method of trading increases competition and tends to restrict the profit margin taken by orthodox butchery concerns, the net advantages of this new development, from the point of view of the consumer, are limited by reason of the difficulty in selecting small quantities or cuts of the particular quality desired.

BINDER-TWINE.

Protests have been made during the year relative to the ruling prices for binder-twine. It was contended that the fall in the value of flax-fibre warranted a reduction in the price of twine greater than that which had been put into effect by manufacturers and distributors. Inquiries were made in regard to costs of manufacture and distribution, and the following facts were elicited.

The manufacture of binder-twine is carried on throughout the whole year, while sales are made more or less seasonally. For this reason the reduction in fibre costs was not effective sufficiently early to bring about the substantial reduction in cost of finished twine which current prices of fibre would appear to warrant. The prices of binder-twine for each harvest season are fixed upon the basis of the cost of producing the necessary supplies during the preceding year. It was found that the cost of fibre landed at the factory for the year ended March, 1922, was, in the case of one manufacturer, £37 16s. 1d. per ton. In another case the fibre cost was £38 5s. per ton, being a reduction of £2 1s. 10d. (or approximately $\frac{1}{4}$ d. per pound) on the similar cost for the previous year's supplies.

The position of the distributing firms was also inquired into, and in general it may be said that on a basis of cost of production and distribution there is no ground for the conclusion that unreasonably high prices were being charged.

BACON.

Inquiries have been made from time to time during the year relative to bacon-prices and prices paid for pigs. It is apparently not generally realized that, apart from the difference between live and dressed weights, there is a very considerable shrinkage in weight during the curing process. It has been shown that a carcass weighing 150 lb. (dressed dead weight) will produce approximately only 100 lb. of bacon and ham. The cost of curing has been found to represent approximately $2\frac{1}{2}$ d. per pound of finished product. When sold retail in the form of rashers there is a further loss of saleable weight to the extent of the bones contained in sides. These factors, together with such items as railage from point of purchase of live-stock to factory, and losses through condemnation of diseased animals, are sufficient to account for what has appeared to be an unreasonable margin between live-stock prices and the retail selling-prices of bacon and ham.

The financial results of operations by bacon-factories during the past two years are such that no objection can possibly be raised against the prices which have ruled. The producing companies have, in fact, been trading at considerable loss. The margin secured by distributors has been nothing more than adequate, and, in fact, during recent months this margin has been considerably lower than is normally considered necessary in business of this nature.

BUILDING-BRICKS.

Inquiries have been made from time to time during the past year with the object of determining the extent to which the cost of production of building-bricks has declined. Reductions in price have been put into effect in a number of centres, and while the present slackness in the building trade prevails there is no doubt that brickmakers are quite unable to secure more than a fair price for their product; in fact, recent indications show that the industry is trading on what is practically an unprofitable basis, and sales are being made at lowest possible rates in an endeavour to stimulate trade. It is to be hoped that, in view of possible lessened cost of coal and labour, further reductions in cost of production can be made, and that both the brickmaking and building trades can be stimulated thereby.

WOOLLEN GOODS.

A comprehensive report on the woollen-manufacturing industry was published by the Department in 1920. Since that time fluctuations in costs of production have been followed, and the prices charged by milling companies have been under survey. By this course the Department has been able to keep close touch with the industry, and is able to say that present prices for New-Zealand-made woollen goods are in strict relation to production costs.