

*Wellington.*

The wholesale trade is conducted in Wellington by—(1) N.Z. Fisheries, Ltd., as now constituted, has been in operation since 1929—paid-up capital, £145,207—operates two steam trawlers, and also draws supplies from Messrs. Townsend and Paul's auction-market and from Nelson, French Pass, and Picton fishermen, with occasional supplies from further afield.

- (2) Fishermen's Co-operative, Ltd.: Since its inception in 1932 with a paid-up capital of £1,214 this co-operative concern has acted as wholesale distributors for its shareholder-fishermen and others, supplies being drawn from shareholders' launches fishing out of Island Bay and from fishermen at French Pass and Picton. Approximately eighty fishermen are dependent on the Co-operative as a market. Premises are leased from the City Council at a rental of over £500 per annum.
- (3) Townsend and Paul Ltd.: This firm conducts the auction-market in Wellington, charging 10 per cent. commission on sales. The total fish handled through the auction-market in comparison with Wellington's supplies would approximate between 15 per cent. and 20 per cent.
- (4) B. Barnao: Wholesaler and retailer—one depot and one shop—draws supplies from French Pass and Picton and also buys on the auction-market. Sometimes gets supplies of gurnard from Auckland and Napier.
- (5) P. S. Isbister has a depot and a retail-shop at Island Bay. He draws supplies from his own launch, from Picton, and from the auction-market. His wholesale trade is not great, but it exceeds by a small margin the turnover in his retail business.

Following upon a period of depressed prices and after increases had been made in the returns paid to fishermen for their catches, wholesale prices in Wellington were advanced in September, 1936, but it was not until March, 1937, that the N.Z. Fisheries, Ltd., brought their prices up to their present level, which for the most part then became uniform with that of other wholesalers. It was not, however, until after the summer period—i.e., in March, 1937—that retail prices generally were advanced by 1d. per pound, and 2d. per pound in the case of some lines of fillets and smoked fish.

Although it is recognized that Wellington retailers generally are now in a better position in regard to turnover and profit margins than they have been for a number of years, investigations into the financial results of a number of these showed that over their latest twelve-monthly accounting period nothing like excess profits were being made. In fact, as will be seen from Appendix I, the percentage return upon the turnover of five representative shops was only 3·8 per cent. As a consequence, it appears that upon the existing basis of wholesale prices no action can as yet be taken to effect a reduction in the price spread between wholesale and retail prices. As a safeguard, however, we are of opinion that the position should be reviewed by the Department of Industries and Commerce during the winter of 1938.

In the matter of the existing level of wholesale prices a difficulty arises, in that we have on the one hand a large wholesale concern handling the bulk of the supplies, and on the other hand the Fishermen's Co-operative, Ltd., with a relatively small turnover and two other wholesalers operating upon a still smaller scale. Our main criticism in regard to wholesale prices centres round tarakihi. As the N.Z. Fisheries, Ltd., operate steam trawlers and draw their main supplies of tarakihi from these (over 70 per cent. of the landings), they pay line-fishermen only 2d. per pound gutted for what small supplies they do receive, for which the other wholesalers pay 2½d. in order to secure any supplies at all. The wholesale price is 4d. per pound gutted (no change being made through processing the fish), and especially when it is considered that the trawler tarakihi can be landed at well under 2d. per pound it is evident that the price spread is too great in comparison with the margins operated upon profitably in other centres. For the year ended 31st March last the landed cost of trawler tarakihi was 1·59d. per pound gutted, but it will no doubt be in the vicinity of 1·80d. this year, owing to certain increases in operating-costs. The smaller wholesalers do not handle a great deal of tarakihi, and it would not be imposing any great hardship upon them if their gross margin upon the sale of this particular class of fish was reduced.

The N.Z. Fisheries, Ltd., contend, however, that a certain portion of the profit margin should be credited to the trawlers, but, while agreeing with this contention in part, we are still of opinion that the wholesale price of tarakihi (both fresh and smoked) is too high and should be reduced forthwith.

Messrs. Townsend and Paul, Ltd., operate efficiently the local fish auction-market, charging the usual 10 per cent. commission on sales, and selling upon a basis of "per fish," except in the case of flat fish, which are sold by weight. In common with Dunedin and Christchurch, although not, of course, to the same extent, complaints have been made as to the unsettling influence which fluctuating auction prices are likely to have upon the trade, more particularly in the case of Wellington from the fishermen's point of view than from the retailers'. Although it is unlikely that any very serious gluts will occur in the auction-market such as happened when the Fishermen's Reef was found in 1927, the very existence of an auction-market is looked upon as a menace by fishermen, the great majority of whom are supplying wholesalers all the year round at fixed prices, and who sense a danger in the difficulty they might experience in disposing of their catches profitably if gluts should occur or if a greater number of their members commenced to supply the auction-market. It was, of course, for this very reason that the Fishermen's Co-operative, Ltd., was brought into being in 1932, so that those responsible for organizing this concern could bring some measure of stability into the earnings of their shareholder-members. With an auction-market continually operating there is, moreover, the tendency for fishermen to chop and change from supply to a wholesaler or to the market at will, and, while this procedure quite well suits their purposes, it has, where it occurs, a very unsettling influence upon the trade generally.

A glance at the range of prices realized at auction (see Appendix E) will show that the same wide margin exists as it does in Christchurch, and if the auction-market were to have its activities extended to any great extent two eventualities would arise: first, the fishermen who have striven for and