

The total paid-up capital is £94,998, fixed assets £80,511, the value of the wholesale markets, land, and buildings (excluding vessels) £64,044, the total net profits less losses during the latest financial year of each was £7,392, which resulted in a return on paid-up capital of 7·8 per cent.

The Auckland Fishermen's Co-operative, Ltd., was forced into liquidation in 1931, the business being taken over in the same year by the newly constituted Fishermen's Co. (Auck.), Ltd. The Hauraki Fisheries, Ltd., was founded in 1930, principally to develop the export trade, but following upon the cessation of operations in 1933 this company's freezing-space was then rented to and has since been utilized by the Fishermen's Co. (Auck.), Ltd., which has no such plant of its own.

It was in 1932 that Sanfords Ltd. realized that the conditions of trade with Australia must be improved and the old method of packing and shipping in banana cases must be scrapped. Accordingly, they set themselves out to improve their packing, their processing, and their marketing methods generally, and commenced to send forward small consignments of a wider range of pack in smaller containers—*e.g.*, fillets of snapper and tarakihi. Sales increased appreciably as a result, and tarakihi fillets realized as much as 1s. 1d. and 1s. 2d. per pound, as against 6½d. in 1935 and 10½d. in 1937.

From 1931 onwards and during the period of the economic depression the local conditions in the trade reached a more or less chaotic state, culminating eventually in the fishermen's strike in October, 1936.

Following upon the failure of the Auckland Fishermen's Co-operative, Ltd., in 1931, a number of boats were temporarily left without a market, and competition for a decreasing local trade by those engaged and by those coming into the industry as time went on resulted in oversupply and the introduction of price-cutting methods of disposal. Prices to the fishermen went as low as 1d. per pound for tarakihi and snapper, and even flounder came down to 1½d. per pound, as compared with 5½d. per pound now.

As an outcome of the general disorganization in the industry, increasing attention was turned to the export market, and from the beginning of 1933, when the export of fillets commenced, the quantity and value of exports from Auckland increased year by year, the figures for the year ending 31st March last, together with landings at Auckland and exports from New Zealand as a whole, being shown in Appendix A.

As is pointed out elsewhere, the export in recent years of greater quantities of processed fish—*e.g.*, fillets—has resulted in the weights exported being relatively lower compared with the value than was the case when practically nothing but whole fish were exported prior to 1933.

From 1933 onwards competition amongst existing and new wholesale units for both local and export trade became intensified to the extent that prices generally were forced down to levels which became uneconomic, and the returns to the fishermen were so far from being satisfactory that in October, 1936, they decided to cease fishing until a higher and more stable price was guaranteed them. In the conciliation proceedings which ensued, Messrs. R. E. Price, Conciliation Commissioner, and E. W. J. Bowden, District Officer, Department of Industries and Commerce, were instrumental in bringing about a settlement which resulted in the men being assured of a price of 2d. per pound green weight on snapper and tarakihi, the two main varieties landed in Auckland. Prices for other fish were adjusted accordingly.

Concurrent with and subsequent to the termination of these negotiations arrangements were made to bring about a stabilization in wholesale and retail prices, and also to bring some order out of chaos in the matter of export arrangements. It was realized by the merchants other than Sanford Ltd. that it would be impossible for them to pay the 2d. per pound sought for snapper and tarakihi and continue export along profitable lines in competition with Sanford Ltd., who operated their trawlers and were only indirectly affected by the strike. Accordingly, an approach was made to Sanford Ltd. with a view to arrangements being entered into under which this firm would purchase export supplies and market them through its organization in Australia. Agreement was reached along these lines, and tentative arrangements were made in which conditions of supply and payments upon f.o.b. basis were incorporated. The Thames' merchants were also parties to the agreements in this connection. Such arrangements meant, of course, that all commercial relationship was severed as between individual exporters and their erstwhile wholesale distributors in Australia. Although it may be said that the Sanford agreement worked satisfactorily up to a point, and those concerned (including fishermen) expressed appreciation of the more stable conditions which resulted, a good deal of adjustment was naturally required to bring about smooth working in such a radical change in methods.

Messrs. Sanford Ltd. were confronted with difficulties at the outset, particularly when the new f.o.b. prices, based upon the 2d. per pound to the fishermen, compelled an increase of prices in Australia to an extent of approximately 30 per cent. upon a weighted average and which actually ranged from 11 per cent. to 40 per cent. on different species and packs (see Appendix G). Messrs. Sanford Ltd. continued this policy of direct distribution to their retail connections in Australia, and severe criticism has been levelled against them for adopting the policy of stipulating one price for both wholesalers and retailers and thereby limiting sales through wholesale channels. It was held by critics of Sanford Ltd.'s selling methods that this policy was instrumental in bringing about the accumulation of stocks which became a substantial and serious disturbing factor prior to July, 1937, but Sanford Ltd. have stoutly defended this policy by pointing to the limited volume of sales through wholesalers in years past, to the mere convenience these wholesalers have made of New Zealand suppliers and supplies, and to their failure to enter into any undertaking to take definite quantities over long periods in lieu of buying spasmodically when their own local wholesale market was unfavourable to buy in. Moreover, it appeared impossible to give Australian wholesalers any concession whatever except by raising the wholesale price to retailers and leaving a margin sufficient for the wholesaler in between. Any such extra increase in price to the retailers over and above that already made would