

These prices continued to operate until 30th June, 1936, when by Board of Trade (Fertilizer) Regulations 1936 the price was reduced to £3 16s. (North Island) and £4 2s. (South Island), ex-works, on trucks.

The Order in Council also fixed the margin of profit for North Island merchants at 4s. 6d. per ton, and 6s. 6d. as merchants' margin in the South Island. The margin was also fixed for dairy factories in the North Island at 2s. per ton, and for storekeepers in the South Island at 4s. per ton. In addition, the Order in Council fixed the rate of commission which could legally be added to the landed cost of imported phosphatic fertilizers. The rate of commission fixed in the North Island was 6 per cent., and in the South Island 8 per cent.

The reason for the variations in margins of profit in the North and South Islands is explained by the fact that the North Island has a very much greater output, and, while the rate is smaller, the amount of profit earned is larger than in the South Island.

In the South Island the manufacturers have several free-delivery points, and the loss in railage incurred by the companies accounts for 5s. of the difference between the price fixed in the North and South Islands for superphosphate. Allowance is also made for the higher merchants' margins which are allowed in the South Island.

The Board of Trade (Fertilizer-price) Regulations 1938, which came into operation on the 25th February last, did not affect the retail-price to consumers, but enabled the co-operative dairy companies and farmers' co-operative organizations to purchase from manufacturers at the same wholesale prices as merchants. These regulations also clarified the position regarding the offence of passing on direct to consumers any part of the distributors' margin by any method of discount or rebate directly related to the tonnage of superphosphate purchased.

In regulating the price of superphosphate the object of the Department has been to make available to the farming community supplies of this important fertilizer at prices which are fair and reasonable to all parties concerned.

Reference to the licensing of the industry of the manufacture of phosphatic fertilizers, and steps which were taken to prepare a plan for that industry, are referred to in the Bureau of Industry section of the report.

PETROL.

The policy in fixing the price of motor-spirits in those areas where price-cutting has so disturbed the retail trade as to make it uneconomic has been pursued during the past year. Additional regulations covering Wairarapa, Hawke's Bay, Wairoa, Otago, Southland, Nelson, Blenheim, Auckland, Waikato, Thames, Rotorua, and Tauranga districts have now been gazetted. Each district that has been brought in under the scheme has been the subject of a separate inquiry and investigation. As the various inquiries progressed it was found that each district had its own peculiar problems, and every endeavour has been made to establish a uniform set of regulations. For the most part this has been accomplished, but there are still one or two minor anomalies which it is hoped can be overcome so that the public generally will know and become fully conversant with the conditions wherever they may be.

One or two of the recent regulations have, at the express wish of the resellers concerned, contained a provision whereby they have been able to compete with city prices although, due to the distance from the city, an oil company differential charge has been justified. Such provision has merely stabilized existing conditions, and has no doubt materially assisted toward a much happier condition within the industry in those localities where this provision has been introduced.

During the year the Government was faced with a request from the oil companies for an advance in the wholesale price of motor-spirits. It was pointed out by the companies that their application was entirely due to overseas conditions and in no way to recent industrial changes within the Dominion. The Department conducted a very intensive investigation into the claims of the oil companies, and from inquiries made overseas it was found that the increases which the companies had to meet were entirely beyond Government control. As a result, the price of petrol was advanced. Subsequently, however, there has been an easing of overseas costs and tanker freight rates, and in May a reduction in price was effected. The whole question of petrol-prices is being most closely watched, and as occasion warrants it further adjustments will be made.

MOTION-PICTURE INDUSTRY.

During the year twenty-four applications for exhibitors' licenses to show motion pictures in various centres have been dealt with by the Department. All have been the subject to the usual departmental investigation, and, in accordance with the customary procedure, referred to an independent Magistrate for his recommendation and report to the Hon. Minister. Of the number received, nine applications have been granted and fifteen declined.

In the course of the customary investigation it became apparent that certain phases of the licensing situation did not come within the scope of the regulations as originally issued, and it was thus necessary to introduce an amendment to protect the industry from the development of a practice which would inevitably seriously affect a great number of licensed exhibitors. This amendment has been introduced, and deals with the terms of the license as issued by the Chief Inspector of Films being strictly adhered to, in that where an exhibitor applies for a second-run theatre license the terms of his license will only permit him to show that class of film. This provision is particularly desirable by virtue of the film situation generally and the buying-capacity of various of the major units engaged in the industry, and will give a definite protection to the individual operator.