

REPORT OF DIRECTOR-GENERAL.

Wellington, 24th July, 1939.

THE HON. THE MINISTER OF AGRICULTURE,—

Weather conditions have made the agricultural year a very trying and difficult one for farmers. The cold, wet spring, followed by a prolonged summer drought in the main producing districts, has been extremely unfavourable for both agricultural and pastoral production. These adverse conditions have been reflected markedly in a shrinkage of butterfat-production, which was about 13 per cent. lower than in the previous year, which in turn showed a 5-per-cent. fall on the 1936-37 season, partly due to the facial-eczema outbreak.

The fact that cows in milk have dropped during the past three years by over sixty thousand is being used as an argument that dairying is on the decline. Such, however, is not really the case. The major part of the decrease has been brought about through heavier culling, particularly of dry cows, than previously, and, provided climatic conditions in the coming seasons are favourable, the total production should show no falling away from our peak year.

A feature of dairying in New Zealand during recent years has been the comparative abandonment of any special summer-feed provision by means of special green-feed crops. It has been considered that a bettering of the winter feed-supply and an almost complete reliance on grass-management during the milking-season is economically sounder than any extended reliance on summer crops. In normal seasons this contention is probably sound, but such a system will always result in a serious lowering of production in a long, dry summer.

THE SHEEP INDUSTRY.

The sheep returns of the 30th April, 1939, show that sheep have decreased by 500,000 during the year. This has erroneously been taken to indicate that the sheep industry is tending to decline. The real position of the industry can be satisfactorily measured only by rise or fall in the number of breeding-ewes, and the latest returns show an appreciable increase in breeding-ewes, which have reached a figure approximating 20,000,000.

The fall of 500,000 sheep in our flocks can be accounted for by the fact that owing to the bad lamb-fattening season in 1938 an unusually large number of lambs were carried forward, and have this season swelled our normal killings of wethers both for local and export trade by over 500,000. The most serious position which has arisen with regard to export mutton and lamb is that during the past season the United Kingdom has imposed a quantitative restriction which is less than our export killing and is less than a breeding-ewe population of 20,000,000 is likely to produce in a favourable year.

At present New Zealand's quota is fixed in the vicinity of 190,000 tons, and with our present ewe flocks a normal export kill would represent about 10,000,000 lambs, 1,000,000 wethers, and over 1,000,000 aged ewes, which is in excess of 190,000 tons.

The sheep population of the United Kingdom is passing through a cycle of expansion, and in Great Britain it is felt that a sheep population of 27,000,000 should be aimed at and, if possible, maintained. If this is achieved it is considered that the combined tonnage of Home-killed and imported mutton and lamb will be too great to maintain remunerative prices for the Home-killed supplies; accordingly the present British policy is to restrict importations, and at the same time subsidize the British output through price insurance. This endeavour to foster British production must necessitate, for a period at least, some alteration in our marketing.

So far as export lamb is concerned there is no need for any apprehension that increasing quantities cannot be satisfactorily marketed within the quota limits, but a very serious position has arisen, and will continue to exist in the export of aged-ewe mutton. This class of meat is the least wanted in Great Britain, and some method must be arrived at whereby this class of mutton is reduced to make full room for expanding lamb exports. At the same time it will be essential to adopt some formula of equalization based on total killings in order that the reduction in aged-ewe exports does not bring about an unreasonably low price for breeding-ewes, one of the major sources of income for sheep-breeders. Apart from any question of restriction in exports, and this is viewed as temporary rather than permanent, the fact that old-ewe mutton in Great Britain is rapidly coming into the unwanted class necessitates a complete readjustment in our marketing. Much has been said in recent times about the necessity of further improving the quality of our export lamb. It is agreed that every effort should be made in this direction, but a visit to England rather dispels the idea that our competitors are in any way threatening our supremacy in quality.