

economic moves, and perhaps, too, the union of producer and consumer co-operation may be first reached by this small nation.

It will be noted that while this report covers the year 1st April, 1945, to 31st March, 1946, the annual balance is taken as at 30th September, 1945. This date has been found more satisfactory in view of the seasonal nature of the produce which the Division handles. It also enables the Division's report to be presented considerably earlier.

DAIRY-PRODUCE SECTION

The year under review has been characterized by quick changes affecting the Division's operations. Firstly, we had to supply early in the season increased Armed Service requirements and then later discontinue at short notice Pacific Force supplies almost entirely. Secondly came the reduction of the butter ration to 6 oz. per person per week in order to make available larger supplies to Britain.

Reorganization of supplies caused by these changes and by the disastrous drought conditions experienced in summer and early autumn in Auckland and Hawke's Bay, and to a lesser extent elsewhere, has necessitated continuous survey of production and recasting of forward proposals. With returning staff, however, the Division has been better able to deal promptly with all matters requiring attention.

DISPOSING STOCKS AND PLANT

Towards the war's end considerable supplies of butter and cheese had to be kept in readiness for shipment, and further stocks had been built up to supply military requirements during the period of low production. All these products, both patted and tinned butter and tinned and medium cheese, were at the earliest moment after the war ended shipped to Britain. No serious losses were incurred in cancelling contracts for the supply of tins, cases, crates, and tinsplate and in disposing of the large stocks in hand. The officers of the United States Joint Purchasing Board, the Export Division, and the War Assets Realization Board by their help relieved the Division of a good deal of worry and probably some loss. The butter-tinning plant was dismantled immediately, and the patting-plants reduced to their peacetime function of serving local distributors. Staff was absorbed elsewhere. Disposal of the tinning-plant will shortly be considered. Altogether, considering the sudden termination of military supply orders and the quantities of produce in hand and on order, the Division came through this period very well.

INTERNAL DISTRIBUTION

Until rain in March, 1946, ended the drought in Auckland and Hawke's Bay, a serious shortage of butter for winter consumption appeared likely in both areas. The Division therefore arranged for supplies to be held in cold storage to cover the maximum deficiency likely to occur, and thus maintain the ration of 6 oz. per week through the period of low production. South Island production also showed a marked decline, and again provision against the winter consumption requirements has been made. With some recovery now probable, part of our reserve in both areas may be available for shipment to Britain.

The rationing of butter within New Zealand, which has made available greater quantities for Great Britain during the war years, has been a very real contribution to our general war effort. Its reduction, in view of the world's approach to starvation, to 6 oz. per person per week (which is approximately half our average *per capita* pre-war consumption) has made very little difference to the work of the Division, as it has been a change only in degree and not in procedure.

LOCAL SALES

The Butter Equalization Account, which provides a means for equalizing costs between local and export prices, continued to be built up while the Division was supplying Pacific Forces. Discontinuance of this supply and reduction in local sales caused by rationing are now making accretion much slower.