

The general equalization has not brought forward any comment during the year, and it can be taken for granted that this has proved to be reasonable and as a national standard of equalization has proved satisfactory. Again, war conditions are having an effect on the equalization which will be dealt with as we proceed.

During the period under review, the supply of butter for winter sales to those areas which do not produce sufficient for their own requirements has again been operated by the Division. Owing to the change over to cheese-manufacture for the Imperial Authorities, operations in this direction have been more difficult than previously, and some factories have, owing to this change to cheese-manufacture, required much larger supplies for a longer period. It can therefore be seen that the costs in this direction will be increased accordingly. The quantities of butter for Southland and Otago during the coming winter season will be greater than for the previous year on the above account, and the Division is endeavouring to make special arrangements for the transfer of butter to the South Island factories which should prove even more satisfactory than in past years. If this can be accomplished, there should be an improvement in the service to factories in these areas of shortage. Notwithstanding these slightly increased costs, the financial position of the Butter Marketing Section is, owing to savings in other directions, in a very healthy situation. As a consequence of our equalizing operations, the Division has accumulated funds which are being used in its activities for the purchase and storage of butter for winter consumption, and it will be noted that the item of "interest" which last year accounted for a large part of the costs of the Section is not this year included because the accumulations in the Equalization Account were sufficient for the purposes of the Division. The credit balance for the Equalization Account as at the end of the financial year was £376,612 15s. 10d., and the operations accounting for this very satisfactory position are set out in the Division's annual accounts.

In conclusion, the Section appreciates the assistance and co-operation of the industry. The delay in forwarding necessary returns previously experienced from some of the factories has appreciably improved, and in every way the factories have been giving their fullest co-operation and assistance, without which the officers of the Division would have found their task very much more difficult.

TABLE SHOWING LOCAL MARKET TURNOVER OF BUTTER FOR THE YEAR ENDED 31ST MARCH, 1941.

—					Creamery.	Whey.	Total.
1940.					lb.	lb.	lb.
April	..	..	..	..	5,530,416	131,366	5,661,782
May	..	..	..	..	5,687,576	123,200	5,810,776
June	..	..	..	..	5,008,312	89,761	5,098,073
July	..	..	..	..	5,400,829	63,038	5,463,867
August	..	..	..	..	5,492,293	83,933	5,576,226
September	..	..	..	..	4,846,390	77,830	4,924,220
October	..	..	..	..	5,343,991	124,622	5,468,613
November	..	..	..	..	4,946,855	128,202	5,075,057
December	..	..	..	..	5,303,035	136,958	5,439,993
1941.							
Janaury	..	..	..	..	5,154,602	122,118	5,276,720
February	..	..	..	..	4,906,135	113,765	5,019,900
March	..	..	..	..	5,352,872	132,573	5,485,445
Totals	..	..	..	..	62,973,306	1,327,366	64,300,672

CHEESE.

The proposals under consideration as set out in the last annual report have not been proceeded with owing to the request of the Imperial Authorities for larger export quantities in order to assist the Mother-country in its requirements of high-grade food products.

It is admitted that the consumption of cheese in New Zealand is lower than is justified, taking into consideration the food value of the product, but it is considered that in the meantime, with so many other edible commodities in oversupply, the encouragement of a larger consumption of cheese would be in some measure detrimental to the consumption of these surpluses. The Division has, however, assisted in maintaining supplies of best-quality cheese to the armed Forces in New Zealand, and is now forwarding what might be termed experimental quantities for consumption by the armed Forces in the Middle East.

BOBBY-CALF POOLS.

Prior to the commencement of the bobby-calf season, several new pools were formed and gazetted under the Bobby Calf Marketing Regulations. It is evident from the increasing number of pools operating under the regulations that the producers are well satisfied with the organization which has been put into effect in regard to the marketing of their calves.

It is pleasing to report that practically the whole of the dairying districts throughout New Zealand now have pools in operation.