

The accounts submitted comprise :—

- (1) Separate Purchase and Sale or " Pool " Accounts for creamery butter, whey butter, and cheese.
- (2) Administration and General Expenses Account.
- (3) Dairy Industry Account.
- (4) Balance-sheet.

The Purchase and Sale or " Pool " Accounts show the purchase value of the produce, and the sale value less selling-charges, freight, and insurance. To each Purchase and Sale Account is charged its proportion of the total administration and general expenses, amounting to £192,141.

The Administration and General Expenses Account shows the itemized expenses and charges in the United Kingdom and in New Zealand. It should be noted that the itemized expenses for the 1937-38 season are not comparable with the corresponding items in the accounts for the 1936-37 season, because the Department was not fully organized and staffed at the beginning of that season. In the advertising, publicity, and sales-promotion section of this report reference is made to the increase in the financial allocation for these activities, the expenditure being £81,259, compared with £39,049 for the 1936-37 season.

The Dairy Industry Account shows the position of the Produce Purchase and Sale Accounts as follows :—

	£	£
Estimated surplus on creamery butter .. .. .	..	443,398
Estimated surplus on cheese .. .. .	100,447	
Plus estimated surplus on whey butter .. .. .	11,340	
	<hr/>	<hr/>
		111,787
Estimated surplus, Dairy Industry Account, 1937-38 season .. .. .	..	<hr/> <hr/> £555,185

The balance-sheet is drawn up in the usual form to show liabilities and assets as at 31st July, 1938.

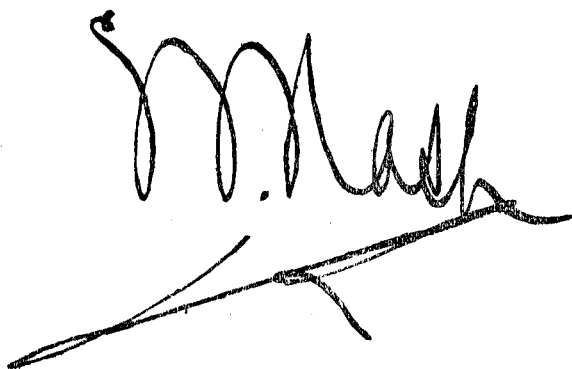
#### ACKNOWLEDGMENTS.

The Government desires to acknowledge the co-operation and assistance which have been received from organizations interested directly and indirectly in the marketing of the primary products of the Dominion. In particular, the Government has appreciated the co-operation of the farming industry and of the directors and officials of dairy companies. The Dairy Board, the National Dairy and South Island Dairy Conferences, and the farmers' organizations have been helpful in the expression of their views. Finance, shipping, and cool-store interests have given a full measure of co-operation, both in New Zealand and in London.

In the United Kingdom members of the provision trade and the appointed agents of the Department have given their support to the Dairy Sales Division in the carrying-out of the new marketing policy. The marked success which has been achieved is due to a considerable extent to this helpful co-operation.

In concluding this, the second report of the Dairy-produce Export Division, I desire again to express my personal appreciation, together with that of the Government, for the excellent work carried out by the Director, Mr. G. A. Duncan and his staff in New Zealand, and Mr. H. E. Davis, London Manager, Mr. J. W. Rodden, and their staff in London.

They have extended the marketing procedure in such a way that, added to the initial work set out in the first report, it has gained the respect and admiration of all who have examined it. References in Australia, Canada, Denmark, and the United Kingdom have all recorded the fact that the single-unit marketing system exercised in co-operation with the distributing houses in London and other centres has given results beneficial to producer, distributor, and consumer.



Minister of Marketing.