

During the season 84 despatches of ships were made, with an average of "ports per vessel" of 2, compared with "ports per vessel" of 2.92 for the previous season. The following is a tabulation of "vessels loaded" and "average ports per vessel" for the past seven seasons:—

Season.	Vessels loaded.	Average Ports per Vessel.
1934-35	111	4.00
1935-36	104	3.98
1936-37	108	3.67
1937-38	111	3.35
1938-39	107	3.41
1939-40	106	2.92
1940-41	84	2.00

SUPERVISION AND INSPECTION OF SHIPPING, TRANSPORT, AND STORAGE OF DAIRY-PRODUCE.

Every endeavour has been made to ensure the arrival of butter and cheese in good condition by the continuance both in New Zealand and in the United Kingdom of inspection of the methods of handling, transport, and storage, but conditions in the United Kingdom during this season have limited this inspection work. Both in New Zealand and in the United Kingdom the Department's officers have been engaged on matters relating to the provision of storage for export products and alternative processing methods and methods of saving shipping space.

MARINE INSURANCE.

The Department has continued to arrange insurance protection for butter and cheese on behalf of dairy companies until their risk ceases. The insurance contract covers cream and milk which is made into butter and cheese intended for export and which is identifiable as such from the time such cream and milk is received at the factory until the produce is placed f.o.b. ocean steamer. Until the cream and milk is manufactured into butter and cheese the cover is against fire risk only.

The premium for the risk up to f.o.b. is charged to dairy companies on the following basis:—

Butter	0.565d. per box.
Cheese	0.935d. per crate.

Owing to the accumulation of produce in cool stores at certain periods of the year the Department has found it necessary to take out special excess covers, but the cost of these has not been passed on to dairy companies.

FREIGHT RATES.

In the last annual report mention was made of the increased freight rates on butter and cheese of:—

Butter	At 5s. sterling per box (1.07d. sterling per pound)
Cheese	At 1.125d. sterling per pound.

These rates have since been increased by 15 per cent., and therefore are now subject to this surcharge.

The bulk purchase by the United Kingdom Government leaves the responsibility of the freight charge with the United Kingdom Ministry of Food.

ADVERTISING, PUBLICITY, AND SALES PROMOTION.

Shortly after the outbreak of war suggestions were made that the pre-war advertising of butter should be maintained as far as possible. This question was fully considered and decision reached that advertising under present conditions of rationed supply of butter would serve no useful purpose. The importance of maintaining trade contacts to preserve the goodwill for New Zealand butter is fully appreciated, and the Department has maintained, for this purpose, the nucleus of the advertising section which will, after the war, recommence its full-scale activity.

The Advertising Manager (Mr. Hill) has been retained with two assistants. The objective has been to keep together as much as possible of the trade goodwill built up in pre-war days, and to have plans and machinery in readiness for a quick resumption of full-scale operations when the war is over.

Trade contacts have necessarily been limited, but it is considered good work has been done in maintaining them as far as possible. In a report Mr. Hill mentions the following points which have arisen from the contacts he made with distributors both retail and wholesale:—

- (1) Maintenance of quality. It is clear that even in these times maintenance of quality does not pass unnoticed. There have been many spontaneous expressions of appreciation and few complaints.
- (2) The pre-war prejudice against box butters in certain northern areas, where New Zealand and other box butters are now going automatically into distribution, is gradually being broken down. More important still, consumers are now differentiating between box butters, and are showing a noticeable leaning towards New Zealand.
- (3) Whenever during the past year the butter ration has been on the liberal side, retailers almost without exception have enjoyed maximum sales when their allocations have been New Zealand:
- (4) It is considered that butter will not be seriously challenged by margarine after the war, provided its claims are vigorously sponsored and prices remain reasonable. Butter will not lack its champions amongst the trade or amongst consumers: