

During the year the Director, Mr. R. P. Fraser, resigned to enter commercial life. He entered the Public Service at the inception of the Division, later becoming Secretary and then Acting-Director. His appointment as Director was confirmed in 1945. Mr. Fraser had the onerous task of administering the Division during the war years, when it was engaged in vital functions in connection with the supply of foodstuffs to New Zealand and allied Forces in the Pacific as well as carrying on its normal functions. His knowledge, experience, and personality, and particularly his ability to obtain the full co-operation of those associated with the Division, enabled it to carry out to the full its part during the war and to adjust itself adequately to the conditions of the post-war world.

DAIRY-PRODUCE SECTION

BUTTER

The activities of the Division with regard to the local marketing of butter are still affected in a very large measure by the process of adjustment to normal post-war organization.

While war conditions are happily no longer with us, the Division is, nevertheless, not free from results of conflict. For instance, rationing is still necessary in order to assist Britain to maintain the meagre butter ration at present current, and rationalization, both of production and distribution, which was instituted as a war measure, is, maintained to an extent necessary to conserve to the utmost petrol, tires, and the facilities for carrying out transport.

It is interesting to note that changes which came about directly as a result of war conditions and during the war period reflect such obvious improvements in many instances in our distributing system that all concerned are reluctant to now change back where change is allowable. Zoning of deliveries is a case in point.

During the war many adjustments were made in regard to delivery of butter which had the effect of eliminating considerable overlapping in services. Some adjustments were also made regarding factories supplying butter to consumers at some distance and where local production was adequate to supply that area. So far no requests have been made from any quarter for a discontinuance of these purely wartime adjustments; in fact, any comment is more in the nature of an inquiry as to the possibility of a continuance of these zoned areas.

Also during the war, on account of motor-spirit, tyre, and man-power requirements these zones in many instances were organized under co-operative distributing companies composed of butter-manufacturing units comprising specified areas as in Hawke's Bay, Wanganui, Manawatu, and Nelson, while Wellington City was co-operatively operated by the licensed distributors in the area. The Wellington City area has now been taken over under satisfactory mutual arrangements by a company consisting of the dairying companies affected and the Government, bringing this area more into line with the previously existing co-operative groups.

These group companies operating the whole area, including the major towns in their area of operations, have eliminated all overlapping and thereby reduced costs of distribution, while, by also distributing eggs, cheese, and other allied primary products, they have spread their overhead costs, thus reducing the distributing-costs of a purely butter-servicing organization to a point where they have been able to absorb the rising overhead of wages and other costs.

These exclusive areas operated under the foregoing conditions have enabled the companies to continue to distribute on the same per-pound margin of allowance as was originally fixed pre-war, and it could be taken for granted that had pre-war conditions of distribution, with several patting distributors in each area all covering the