

South Island.—In the South Island conditions were on a par with the 1946 September report, the amount of winter butter being provided as under:—

	Boxes.
Stored at Lyttelton	18,500
Stored at Christchurch	14,500
Stored at Timaru	8,300
Stored at Fairfield	1,800
Stored at Dunedin	19,100
Stored at Invercargill	4,000
Total stored butter	66,200

In addition to these quantities stored by the Division, some 21,500 boxes were also stored by factories mainly in Nelson and Westland areas, and these were, under the system of reimbursement, for use in their particular areas, while some 7,500 boxes of butter were transferred in the autumn and spring period mainly from West Coast factories for use in Christchurch and Dunedin. The outturn of the stored butter was exceptionally good, and no complaints were received on account of quality.

DAIRY PRODUCTS MARKETING COMMISSION

During the year discussions which took place between representatives of the dairy industry and the Government were finalized along lines which will reflect drastic changes in the administration of the industry and will result in the organization of the local market for dairy-produce coming under the Dairy Industry Marketing Commission.

Several matters which have been due for consideration have been held over until post-war policy was under review, and it would appear that these will now pass to the administration of the Marketing Commission, which on the gazetting of its regulations will assume control.

The arrangement temporarily made by the Minister of Marketing for the Internal Marketing Division to carry out any procedure required by the Marketing Commission covers the transition stages, but it is assumed that the Commission will, at an early date, take over completely.

Butter-patting operations at present carried on by the Division as part of its service to factories and distributors in the Auckland area will provide a problem for the Commission on its initial take-over. It is claimed by some butter-manufacturing companies that this service with regard to patting butter required by the Auckland City area can be carried out at the factories and that a reversion to factory patting would be both more economical and satisfactory. During the past years it has not been possible for factories to get the machinery necessary, but it may now be possible to give consideration to this procedure. Butter-patting at the factory in this area would not, however, be without serious difficulties, which would have to be overcome. The fact that Auckland is serviced by a number of licensed distributors will present a matter for consideration in relation to the discontinuance of the post-war zoning which must shortly receive consideration. Supplies of dairy products to overseas shipping and nearby islands will also require to be considered in relation to zoning if that system is to be continued.

EQUALIZATION

The Equalization Account, which now goes to the Consolidated Fund as a setoff against amounts of the payment of local price subsidy after payment of storage, transfer costs, and administration, will in future, on account of the changed system of payment to the producers, cease to show credits, and when the present system is altered, as will be