

Dairy Products Marketing Commission, and the small debit standing against the machinery being in the books of the Export Division the handing over of the plant to the Commission will reflect neither profit nor loss to the Division.

The financial considerations in regard to the Frankton plant have been finalized, and practically the whole of this plant has been disposed of. Some individual items of the new plant at Frankton that were unsaleable were incorporated in the present Auckland set-up, replacing machines which had been used to the point where they were needing considerable overhaul or replacement. In the meantime, although no great quantity of dry fat is being produced, the plant does not show an actual loss.

It is possible that when butter rationing is no longer necessary the amount of butter-paper to be processed will increase very considerably, and under these conditions, should the outlets still be available, the plant will be an asset to the dairy industry. In the meantime some consideration will be necessary as to the conditions under which the plant is to be operated and the sources from which costs in relation to rentals, &c., are to come. Any profit from the plant in the meantime would accrue to the Dairy Industry Account.

The total output of dry fat for the twelve months up to 30th September, 1947, was 2,201 boxes.

CHEESE

When the American military Forces were concentrated in the Pacific area during the war with Japan considerable quantities of primary-food products, including quantities of cheese, were made available by New Zealand.

The American military authorities, after investigation, asked for fairly large deliveries of tinned processed cheese, which was considered to be more satisfactory in tropical areas, and in order to supply these military orders all available cheese-processing plants were used exclusively for military requirements. This meant that processed cheese which had previously been manufactured by three processing units was eliminated from the local New Zealand market altogether during the war years, as there was insufficient processing machinery to supply any for the local market. In fact, a new processing plant was installed by the New Zealand Co-operative Rennet Co. at Eltham in order to enable the Division to supply the quantities of processed cheese required by the American Forces.

When it became necessary to take the whole output off the local market the manufacturers were naturally concerned that their goodwill would not be prejudiced by the complete withdrawal of their brands so that they might be faced with other new manufacturers coming on the market which had been left bare for a considerable time when the necessity for military supplies ceased altogether. The Division, therefore, arranged that each manufacturer of processed cheese should, at the appropriate time, be allowed to place on the local New Zealand market the same quantity of processed cheese as he had sold the year prior to his withdrawal from that market.

The year under review in this report is the first complete year under these conditions, and during the period sales of processed cheese have again been taking place. The situation was somewhat complicated, however, by the introduction of a rationing system for cheese which had been introduced in the meantime, and sales of processed cheese tended to upset the quantities in the ration when they again came on the market.

During the previous year, however, the return to New Zealand of military personnel from overseas also affected the position in a compensating manner, making it necessary for a release of further quantities of cheese to cover these consumers, and though for a period rationing by the Food Controller was somewhat disorganized the position was quickly rectified.

During the rationing years the quantities of cheese to be available by any manufacturer was on an annual basis, and the cheese-factories continued to manufacture their allowed quantity, which passed into the hands of merchants, who, however, finding that