

INCREASED PRODUCTION OF BUTTER FOR SHIPMENT TO UNITED KINGDOM, AND "CHANGE-BACK" IN NEW ZEALAND FROM CHEESE-MANUFACTURE TO BUTTER-MANUFACTURE

In June, 1942, the United Kingdom Ministry of Food notified the New Zealand Government of the necessity for an increase in butter-production and a corresponding decrease in cheese-production. This notification was a reversal of the former request made in April, 1941, for maximum cheese-production, and it is necessitated a "change-back" of suppliers from cheese-factories to butter-factories. The reasons behind this change in policy on the part of the United Kingdom Ministry of Food are stated shortly in the following cablegram from the Ministry received by the New Zealand Government in June, 1942 :—

Vicissitudes of war have fundamentally changed our dairy-produce position. Since we requested you to increase cheese supplies at expense of butter our fat position has been prejudiced by loss of raw materials margarine from India and Far East while unexpectedly heavy quantities cheese are now available on short haul from North America. Would you consider whether in the interests of our two countries it might be possible to increase your butter and decrease your cheese supplies. Not only would this assist our fat position but it would also be advantageous to you should shipping position further deteriorate in that you would find surplus butter easier to handle than surplus cheese. Please consider this as a suggestion and let us have your frank comment taking into account your own problem well as our need. In the event of your being able to contemplate such a change would you consider whether it would be possible to increase your butter by 20,000 to 30,000 tons and reduce cheese supplies by 40,000 to 60,000 tons. Grateful if you will cable your reaction earliest so that we can consider your position before examining problem further.

In reply to this cablegram the New Zealand Government intimated that immediate steps would be taken in conjunction with the dairy industry to effect the "change-back" from cheese to butter production. Following discussions with dairy industry representatives it was decided that a compensation payment of 1½d. per pound of butterfat should be made to dairy-factory suppliers affected. This compensation payment was made to suppliers who since the 1939-40 season had changed over to cheese-supply and had, during the 1942-43 season, reverted to butter-supply. The payment was intended to be compensation for inevitable losses incurred and sacrifices made in the change-over to cheese-supply and in the reversion to butter-supply, including reduced returns from pigs during the 1942-43 season.

The method adopted for the determination of the amount of the compensation payment in each case was as follows :—

- " (1) Where a supplier delivered butterfat for cheesemaking during the 1941-42 season from its commencement, the special payment shall be made on butterfat supplied for buttermaking during the 1942-43 season up to the volume (plus 10 per cent.) of butterfat delivered for cheesemaking during the 1941-42 season.
- " (2) Where a supplier delivered butterfat for cheesemaking during part only of the 1941-42 season (having supplied butterfat for buttermaking during the earlier part of that season), the special payment shall be made on butterfat supplied for buttermaking during the 1942-43 season, up to the combined volume (plus 10 per cent.) of—
 - " (a) Butterfat supplied for buttermaking during the 1941-42 season previous to the date of his commencing to supply butterfat for cheesemaking; and
 - " (b) Butterfat delivered for cheesemaking during the remainder of that season.

" NOTE. In order to provide a uniform basis for all suppliers and thereby to avoid confusion, it has been decided to adopt the 1941-42 season's supply with the addition of 10 per cent. The additional percentage has been allowed because production for the 1941-42 season was below average."

The immediate response of the dairy industry to the request that butter-production should be increased and cheese-production decreased was recognized by the United Kingdom Ministry of Food, and increases in the Ministry's purchase-prices for butter and cheese (see page 7 of this report) were announced by the Minister of Marketing in the following statement which was made in July, 1942 :—

" The United Kingdom Ministry of Food has agreed to meet the costs arising from the change-back of dairy-factory suppliers from cheese to butter by increasing the purchase-prices for creamery butter and cheese by 4s. 6d. sterling per hundredweight for creamery butter and 3s. sterling per hundredweight for cheese. These increases bring the United Kingdom f.o.b. sterling purchase-prices to 117s. per hundredweight for butter and to 73s. per hundredweight for cheese.

" The decision to reduce cheese-production from 160,000 tons to 90,000 tons per annum had reduced the income from dairy-produce, and the New Zealand Government had agreed to compensate suppliers now to be changed back to butter-manufacture by payment to them of 1½d. per pound of butterfat on next season's supply sent to butter-factories. The increases in purchase-prices of butter and cheese now notified by the United Kingdom Ministry of Food were given specifically to meet change-over costs referred to, and were a prompt recognition by the Ministry of Food of the helpful attitude of dairy-farmers in again meeting the United Kingdom wartime needs in dairy-produce production."

MANUFACTURE OF DEHYDRATED BUTTERFAT AND CONTRACT WITH MINISTRY OF FOOD

In the annual report for the 1941-42 season reference was made to the need for finding a means of disposal of whey butter and second-grade creamery butter, owing to their exclusion from the contract with the United Kingdom Ministry of Food for shipment of frozen butter, and to the establishment of a commercial plant for the manufacture into dehydrated butterfat of the foregoing classes of butter. Details of the contract of sale of dehydrated butterfat to the United Kingdom Ministry of Food were also given.

The commercial plant under the direction of the Internal Marketing Division was in operation for the greater part of the 1942-43 season, and was able to treat the accumulated stocks of whey butter of the 1941-42 production season, and also whey butter and second-grade creamery butter produced in the 1942-43 season.