

The quantity of butterfat manufactured for export to the United Kingdom during the twelve months ended 31st July, 1943, was 86,940 cases (weighing 2,989 tons), and of this, 85,614 cases (weighing 2,943 tons) were exported to the United Kingdom, leaving stocks of 1,326 cases (weighing 46 tons) unshipped at 31st July, 1943.

During the year the United Kingdom Ministry of Food, in contemplation of the possibility of shipping difficulties, requested the New Zealand Government to equip "shadow" factories for production of butterfat, up to a total potential output of from 35,000 tons to 40,000 tons inclusive of the output of the plant then in operation. In return the United Kingdom Government agreed to contribute half of the net capital cost of the additional plant and equipment necessary to manufacture the foregoing output, with a maximum liability of £15,000 sterling.

The New Zealand Government agreed to the request on the terms stated, and steps were taken to provide the "shadow" factories and plant and equipment necessary.

Further, the United Kingdom Ministry of Food agreed to increase the purchase-price of Grade I butterfat from 150s. sterling per hundredweight to 156s. 6d. sterling per hundredweight.

NOTE.—Owing to the marked improvement in the shipping situation and the urgent need by the United Kingdom for butter of all qualities, whey butter and second-grade creamery butter have now been included in the United Kingdom Ministry of Food purchase of frozen butter for the 1943-44 season. The commercial plant already established will therefore be inoperative meantime, but will be available for any emergency and for the manufacture of such butterfat-supplies as may be required for New Zealand military needs in the Middle East and Pacific areas.

PROCESSED MILK

For the 1942-43 season contracts were concluded with the United Kingdom Ministry of Food for New Zealand's normal export of skim-milk powder and evaporated milk. Sale prices were: Skim-milk powder, £36 5s. per ton sterling f.o.b.; evaporated milk, 19s. 9d. per case sterling f.o.b.

The equivalent of these prices in New Zealand currency was paid to manufacturers, less ½ per cent. to cover the Department's administrative expenses.

The quantities and values exported by the Department for the twelve months ended 31st July, 1943, were —

			Cases.	Weight.	Value.
				Tons.	£
Skim-milk powder	..	..	99,415	4,971	222,980
Evaporated milk	..	..	60,821	1,303	74,133
Total	..	..	160,236	6,274	297,113

During the 1942-43 season, under agreement with the United Kingdom Ministry of Food, the balance of the exportable surplus of evaporated milk was released for use of the Allied Forces in the South Pacific area. It will be seen that this release has considerably reduced the quantity exported by the Department.

PAYMENTS MADE BY DAIRY-FACTORY COMPANIES FOR BUTTERFAT-SUPPLIES

The following tabulation shows the average butterfat-prices paid to suppliers of butter- and cheese-manufacturing companies.

It should be borne in mind that when making comparison of butterfat payouts of companies it is necessary to take into consideration the location of the factories and special circumstances pertaining to individual companies, as those factors reflect appreciably on manufacturing and transport costs :

PAYMENTS BY DAIRY COMPANIES FOR BUTTERFAT-SUPPLIES
(In pence per pound of butterfat)

	Season 1936-37.		Season 1937-38.		Season 1938-39.		Season 1939-40.	
	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.
New Zealand average ..	13·558	15·176	14·812	16·389	16·087	18·060	16·179	18·091

	Season 1940-41.		Season 1941-42.		Season 1942-43.	
	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.
New Zealand average ..	16·106	18·043	16·017	18·025	16·569	18·577