

ARBITRATION IN RESPECT OF DAIRY INDUSTRY LOCAL MARKET COSTS

In the agreement referred to in the foregoing paragraph the question of whether the costs above the price realized incurred in holding the retail price of butter and cheese in New Zealand can be debited to the Dairy Industry Stabilization Account under the provisions of the agreement between the Government and the Farmers' Federation was agreed to be decided by arbitration. It was later agreed that the matter should be referred to a Commission of Inquiry, and the following Commission was appointed by the Governor-General: the Chief Justice the Right Honourable Sir Michael Myers, G.C.M.G., with the Honourable Mr. Justice Robert Kennedy, and the Honourable Mr. Justice H. F. Johnston.

The result of the Commission's findings is set out in a report entitled "Commission of Inquiry to determine whether certain Costs could be debited to the Dairy Industry Stabilization Account" which was printed and presented to Parliament as paper H. 30B, and dated 29th July, 1946. In a majority report signed by the Chief Justice and Mr. Justice Kennedy the Commission reported:—

Our answer to the question put by the Commission may be summed up by saying that the Government is entitled by the agreement to debit to the Dairy Industry Stabilization Account the amount represented by both the subsidies and the allowances.

Prior to making its final report the Commission had questioned whether the agreement between the Government and the Farmers' Federation was *intra vires* the Government, and suggested the agreement be validated by Parliament. This validation was duly carried out in section 4 of the Finance Act, 1946.

AGREEMENT WITH DAIRY AND MEAT INDUSTRIES FOR YEAR ENDING 31st JULY, 1946

As a result of a meeting between the Economic Stabilization Commission and a joint committee of the Dairy and Meat Boards, an agreement was reached in respect of the disposal of the increased prices received for the 1946-47 season, as recorded in the following letters:—

E.S.C. 2/10.

The Chairman,
New Zealand Dairy Board,
Wellington.

30th January, 1947.
The Chairman,
New Zealand Meat Producers' Bd.,
Wellington.

DEAR SIR,

I attach hereto the agreement on debits to be made to the Dairy and Meat Industry Stabilization Accounts for the period ending 31st July, 1947, together with Schedules giving details of the debits to be made against the respective accounts for the year ended 31st July, 1946. I have to inform you that the agreement has been approved by Government.

I also wish to confirm our agreement that for the 1946/47 season debits to the stabilization accounts in respect of the item "Road Cartage of Fertilizer" will be limited to the equivalent of subsidy by rail plus 50 per cent. of the excess charge above the rail subsidy.

In the penultimate paragraph you will note that Government have agreed to include the term "full information." In accordance with my discussions with representatives of the Dairy Industry I desire to record our understanding that no change in the existing procedure is contemplated.

I should be glad if you would convey as soon as may be possible your Board's concurrence in the attached agreement.

Yours faithfully,
(Sgd.) B. C. ASHWIN,
Chairman.

DAIRY AND MEAT INDUSTRY STABILIZATION AGREEMENT

The Agreement covering Dairy and Meat Stabilization Accounts, which was negotiated on 24th March, 1945, between the Economic Stabilization Commission and the Joint Committee of the New Zealand Meat and Dairy Boards, expired on 31st July, 1946. For the year ending 31st July, 1946, debits may be made to the Meat and Dairy Industry Stabilization Accounts as set out in Schedules A and B attached. It is agreed that the following principles will apply for the 1946/47 period: