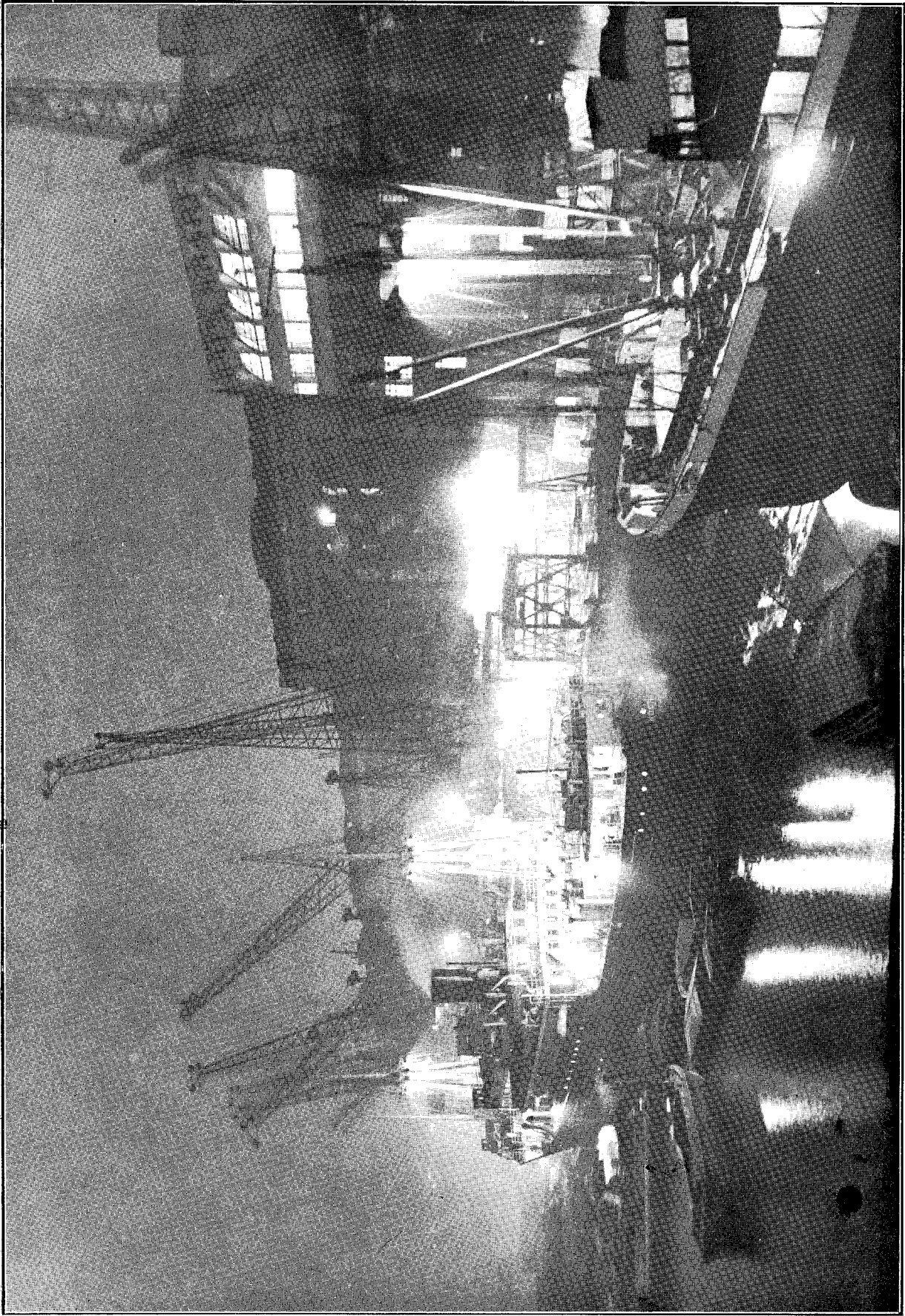




A DUTCH AND A RUSSIAN SHIP UNLOADING IN THE NIGHT AT HAY'S WHARF, LONDON, DIRECTLY BENEATH THE OFFICES OF THE PRIMARY PRODUCTS MARKETING DEPARTMENT, WHICH ARE SHOWN BRILLIANTLY LIT.

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1937.
NEW ZEALAND.

PRIMARY PRODUCTS MARKETING DEPARTMENT

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st JULY, 1937.

Presented to both Houses of the General Assembly pursuant to the Provisions of the Primary Products Marketing Act, 1936.

SIR,—

I have the honour to submit the annual report and Statement of Accounts of the Primary Products Marketing Department for the year ended 31st July, 1937.

INAUGURATION OF DEPARTMENT.

The Primary Products Marketing Act, which was passed in May, 1936, established the Primary Products Marketing Department. The preamble to the Act states that it is considered essential in the public interest that producers of primary products should, as far as possible, be protected from the effects of fluctuations in market prices, and the means adopted by the Government of affording such protection are stated as follows :—

- (a) The Government is empowered to acquire ownership of primary products at prices to be fixed from time to time.
- (b) In respect of primary products intended for consumption in New Zealand the Government is empowered in its discretion either to acquire the ownership of such products at fixed prices or to control the sale and distribution thereof.
- (c) The immediate inauguration of a plan to deal effectively with dairy-produce through the Primary Products Marketing Department, the principal functions of which are to make all necessary arrangements with respect to—
 - (i) The acquisition, on behalf of the Crown, of any primary products in accordance with the Act :
 - (ii) The marketing, in New Zealand or overseas, of primary products, whether or not such products have been acquired on behalf of the Crown.

The Department commenced operations on 1st August, 1936. The officers and staff of the Dairy Produce Export Division in New Zealand and London have been appointed almost entirely from the staff of the New Zealand Dairy Board, which, prior to the setting-up of the Department, arranged for the export of dairy-produce, and for the allocation of such produce to agents in the United Kingdom for sale on behalf of dairy-factory companies.

The present activities of the Department cover the acquisition of export butter and cheese, and the marketing of such butter and cheese in the United Kingdom and elsewhere, and regulation of the sale and distribution of butter and other products within New Zealand. The acquisition and sale of export butter and cheese is conducted by the Dairy-produce Export Division of the Department, whilst the control and regulation of marketing within New Zealand is conducted by the Internal Marketing Division of the Department. The activities of the Internal Marketing Division are reviewed in a separate section of this report.

The Department has its head office in Wellington, and branches in Auckland, New Plymouth, and Dunedin, and an agency at Lyttelton. The Department also has its own organization in London, known as the Dairy Sales Division.

In accordance with the undertaking which was given to dairy-factory companies, all contracts made by them in respect of butter and cheese manufactured prior to 1st August, 1936, were completed. The Department undertook to arrange the shipping and marketing of the 1935-36 produce on behalf of dairy companies, and the last shipment was made per s.s. "Tamaroa" on 9th October, 1936. The first shipment of dairy-produce by the Department, in terms of the Primary Products Marketing Act, was per s.s. "Port Darwin" sailing on 29th August, 1936.

ACQUISITION OF DAIRY-PRODUCE BY THE CROWN, AND GUARANTEED PURCHASE PRICES FIXED.

All dairy-produce that is intended for export becomes the property of the Crown as soon as it is placed, with the concurrence of the Department, on board any ship for export from New Zealand.

The prices fixed for all butter and cheese manufactured from milk or cream delivered to a dairy factory on and after 1st August, 1936, and exported from New Zealand on or before 31st July, 1937, were based, in terms of the Act, on the prices received in New Zealand during a period of from eight to ten years prior to 31st July, 1935, for produce of the same kind.

The average prices received for butter and cheese for periods of eight years, nine years, and ten years prior to 31st July, 1935, and the corresponding butterfat payouts are shown in the following table:—

Average Period (Years).	Purchase Prices of Produce.			Corresponding Butterfat Pay-out.			
	Creamery Butter.	Cheese.	Whey Butter.	Creamery Butter.	Cheese.	Whey Butter.	Cheese (including Whey Butter).
	Shillings per Hundredweight. (F.o.b. Ocean Steamers.)			Pence per Pound.			
8	109/4	56/6	99/4	12·11	12·66	0·55	13·21
9	111/2	57/1	101/2	12·37	12·83	0·56	13·39
10	114/0	58/6	104/0	12·73	13·23	0·58	13·81

In fixing the guaranteed purchase prices for the 1936-37 season on the basis of the prices received in New Zealand during the period of from eight to ten years prior to 31st July, 1935, the Government decided to pay prices which were in excess of the highest of the averages shown for the eight-year, the nine-year, and the ten-year period. The respective average butterfat payments for butter were—

	Per Pound.
For eight years	12·11d.
For nine years	12·37d.
For ten years	12·73d.

To ensure a pay-out fully equal to the best average period the Government decided to buy all butter for export at a basic price of 12⁹/₁₆d. per pound and cheese at a basic price of 6¹³/₁₆d. per pound. It was estimated that these prices would enable efficient dairy-factory companies to pay 13·04d. per pound for butterfat for butter, and to provide for a premium of 1¹/₂d. per pound for suppliers of butterfat for cheese-manufacture. The table shown above gives the average realizations for the periods mentioned, and shows the corresponding butterfat payments to suppliers to butter-manufacturing companies.

An overallowance in the conversion formulas for costs of butter-manufacture resulted in a lesser differential (cheese over butter) than the 1¹/₂d. promised. The table on page 34 of this report shows that the estimated New Zealand average payments for the 1936-37 season for butterfat are 13·529d. per pound for butterfat for butter-manufacture, and 14·440d. per pound for butterfat for cheese-manufacture. These figures reveal a differential of 0·911d., which is 0·589d. short of the promised 1¹/₂d. The Government have noted this disparity, and a further payment will be made to cheese-manufacturing companies of ¹/₄d. per pound on all cheese graded up to and including the 18th March, 1937, purchased by the Government and exported from New Zealand on or before 31st July, 1937. This further payment will enable cheese-manufacturing companies working under average conditions in respect of yield of cheese per pound of butterfat and costs of manufacture and delivery to overseas steamers to pay to their suppliers a price at least 1¹/₂d. per pound in excess of the average price of 13·529d. quoted for butterfat for butter-manufacture.

PRICES 1937/38 SEASON.

The prices fixed for all butter and cheese exported after the 31st July, 1937, and which is manufactured from milk or cream delivered to a dairy factory on or before the 31st July, 1938, were based on the formula set out in section 20 of the Primary Products Marketing Act, the appropriate subsections being as follows:—

(4) In fixing prices under this section in respect of dairy-produce exported after the thirty-first day of July, nineteen hundred and thirty-seven, regard shall be had to the prices fixed under this section in respect of dairy-produce exported before that date, and to the following additional considerations, namely:—

- (a) The necessity in the public interest of maintaining the stability and efficiency of the dairy industry:
- (b) The costs involved in the efficient production of dairy-produce:
- (c) The general standard of living of persons engaged in the dairy industry in comparison with the general standard of living throughout New Zealand:
- (d) The estimated cost to the Department of marketing the dairy-produce concerned, and also the cost of the general administration of this Act:
- (e) Any other matters deemed to be relevant.

(5) Due regard having been paid to the several matters mentioned in subsection four hereof, the prices fixed in respect of any dairy-produce exported after the thirty-first day of July, nineteen hundred and thirty-seven, shall be such that any efficient producer engaged in the dairy industry under usual conditions and in normal circumstances should be assured of a sufficient net return from his business to enable him to maintain himself and his family in a reasonable state of comfort.

The guaranteed price had to be such as would maintain both the stability and the efficiency of the dairy industry; both could be destroyed by a price that is either too high or too low.

Some 21,500 return forms were sent to farmers under the direction of the Government Statistician. Based on 19,307 full and complete returns sent in by farmers the following information was derived: Variation in size of herds, average butterfat-yield per cow and per acre, the dairy-farm population, the incidence of employment on dairy-farms under the headings of male and female family labour and hired labour, and the distribution of male labour according to size of herd. This was the first comprehensive view ever obtained of the New Zealand dairy industry.

A more detailed and intensive investigation was made of dairy-farms by the Department of Agriculture from the point of view of cost analysis; 75 per cent. of these consisted of farms investigated by the Department on behalf of the Dairy Industry Commission, 1934. The information supplemented and confirmed the broader survey of the Government Statistician. A detailed analysis was also made of dairy-factory costs.

A production per acre of from 100 lb. to 175 lb. of butterfat was regarded as the standard which could readily be realized by an efficient producer operating under usual conditions and in normal circumstances. On the basis of using adult male labour, 12,500 lb. of butterfat was taken as the labour standard of efficiency for two units. Per cow efficiency was taken at 258 lb. of butterfat, and capitalization (including unimproved value, improvements, and stock and chattels) at £73 a cow. The standard rate of interest applied to determine total interest charges was $4\frac{1}{2}$ per cent. The standard allowance for working and maintenance costs was 5·07d. per pound of butterfat. The full statement of working and maintenance costs is shown on page 6.

The detailed figures of working and maintenance costs are as follows:—

WORKING AND MAINTENANCE COSTS PER POUND OF BUTTERFAT: MEAN SMOOTHED DATA FOR THREE FAT GROUPS (100–125, 125–150, AND 150–175 LB. BUTTERFAT PER ACRE).

	Butter. d.	Cheese. d.
1. Cultivation and harvesting (special costs)	0·228	0·172
2. Grass and other seeds	0·132	0·152
3. Fertilizer and lime	1·107	1·171
4. Fencing repairs and renewals	0·223	0·202
5. Water-supply (repairs and maintenance)	0·069	0·066
6. Drainage (repairs and maintenance)	0·040	0·038
7. Noxious-weeds control	0·025	0·061
8. Rabbit control (poison and Board rates)	0·003	0·002
9. Casual labour (items 2 to 8)	0·094	0·071
10. Cow-covers used (repairs and replacements)	0·044	0·040
11. Veterinary expenses for cows and pigs only	0·064	0·061
12. Implements, &c.: Repairs and spare parts	0·109	0·106
13. Horse expenses	0·052	0·106
14. Tractor and/or truck expenses	0·079	0·040
15. Farm-building expenses	0·129	0·121
16. Milking-plant repairs	0·124	0·106
17. Milking-shed power and heating	0·326	0·293
18. Milking-shed materials used	0·069	0·065
19. Main working-expenses (items 1 to 18)	2·917	2·873

Depreciation—							Butter. d.	Cheese. d.
20.	Implements, &c.	..	..	..	..	..	0·267	0·257
21.	Farm buildings	..	..	..	..	..	0·183	0·167
22.	Milking plant	..	..	..	..	..	0·247	0·197
23.	Horse	..	..	..	..	..	0·129	0·146
24.	Tractor and/or truck	..	..	..	..	..	0·139	0·071
25.	Total depreciation (items 20 to 24)	..	..	..	..	..	0·965	0·838
26.	Insurance (labour and fire, &c. (excluding house))	..	..	..	..	..	0·059	0·061
27.	Telephone	..	..	..	..	..	0·069	0·070
28.	Rural delivery	..	..	..	..	..	0·008	0·007
29.	Subscription to farmers' organizations	..	..	..	..	..	0·020	0·020
30.	Accounting-expenses	..	..	..	..	..	0·016	0·016
31.	Truck and/or car registration, and drivers license	..	..	..	..	..	0·051	0·061
32.	Car expenses (for farm use only)	..	..	..	..	..	0·188	0·177
33.	Other sundries	..	..	..	..	..	0·030	0·030
34.	Herd-testing and calf-marking	..	..	..	..	..	0·079	0·061
35.	Rates	..	..	..	..	..	0·376	0·424
36.	Land-tax	..	..	..	..	..	0·014	0·016
37.	Sundry overhead expenses (items 26 to 36)	..	..	..	..	..	0·910	0·943
38.	Cow and pig food, &c., purchased	..	..	..	..	..	0·277	0·273
	Main-working-expenses (items 1 to 18)	..	..	..	..	..	2·917	2·873
	Total depreciation (items 20 to 24)	..	..	..	..	..	0·965	0·838
	Sundry overhead expenses (items 26 to 36)	..	..	..	..	..	0·910	0·943
	Cow and pig food, &c., purchased (item 38)	..	..	..	..	..	0·277	0·273
	Total working and maintenance expenses	..	..	..	..	..	5·069	4·927

NOTE.—To the total working and maintenance cost per pound of butterfat for farms supplying cheese-factories, approximately 0·14d. per pound of butterfat should be added, being the assessed farm portion relating to costs of milk-delivery to factory not elsewhere shown.

The standard for pig returns was 1·54d. per pound of butterfat. This figure is probably below the average of efficient farmers as the Dominion average was taken; this average includes farms where no pigs are kept and farms supplying casein-factories. In all other cases the standards were worked out on the investigations made and the information obtained. In considering the figure for pigs it should also be noted that the figure for dairy-farm working and maintenance costs includes (a) purchased pig-foods, medicines, &c., and (b) depreciation on piggeries, and in the allowance for cow capitalization there is provision for the investment on pigs and pig equipment.

The allowance for factory-costs and all other costs to f.o.b. ocean steamer was for butter 2·25d. per pound of butterfat and for cheese 3·25d. per pound of butterfat. In the overrun of 21·75 per cent. and the cheese-yield of 2·45 lb. there is a margin in favour of reasonably efficient factories working under average conditions.

The allowance on a two-unit farm for housing and other perquisites was 30s. a week, and labour reward for the farmer at £4 a week.

The history of the dairy industry shows clearly that high prices do not necessarily promote the stability of the industry, because of the tendency to capitalize the benefits in inflated land and stock values. The guaranteed price should not be such as will induce persons to capitalize its benefits, especially as the trend of land and stock prices in 1936–37 was of a hardening nature.

The standards of efficiency are greatly exceeded by the more efficient dairy-farmers of New Zealand, and the allowances for working and maintenance costs are on such a scale that, if they are expended for the purposes specified, only an inefficient farmer, or a farmer working under unusual conditions or in abnormal circumstances, could fail to attain the average of the per-cow per-acre and per-man standards mentioned. Any excess of efficiency above these standards and any increase in pig returns represents an additional return to the efficient farmer. And it must be remembered that an efficient farmer in usual circumstances and in normal conditions is fully protected from the vicissitudes of the external market.

With the allowances for labour there is no justification for any unpaid or sweated labour to be utilized on any efficient dairy-farm in New Zealand, and if there is any unpaid labour employed the farmer is increasing his own personal income. It should, of course, be stressed that there is nothing essentially reprehensible in the utilization, within reasonable limits, of family labour. By the adoption of 6,250 lb. of butterfat as the production of a full-time labour unit a reasonable payment is provided for all labour units employed, whether male or female labour, members of the family, or employees. The data collected show that approximately only 20 per cent. of the labour employed in the industry is hired labour.

The new procedure has been organized for the purpose of inducing the average efficient farmer to work his holding and to pay him for his knowledge and experience, and for time worked, whilst freeing him from the menace of price-fluctuations.

The full range of f.o.b. purchase prices fixed for the 1936–37 season and the 1937–38 season is as follows :—

Grade.	1936–37 Season.		1937–38 Season.	
	Butter and Cheese manufactured on and after 1st August, 1936, and exported on or before 31st July, 1937.		Butter and Cheese exported after 31st July, 1937, and which is manufactured on or before 31st July, 1938.	
	<i>Creamery Butter.</i>		<i>Creamery Butter.</i>	
	Per Lb.	Per Cwt.	Per Lb.	Per Cwt.
Finest Grade—				
94 points and over	12·6875d.	118/5	13·375d.	124/10
93 to 93½ points	12·5625d.	117/3*	13·25d.	123/8*
	*(Equivalent to 106/6 sterling per cwt. on London market.)		*(Equivalent to 112/- sterling per cwt. on London market.)	
First Grade—				
92 to 92½ points	12·5d.	116/8	13·1875d.	123/1
90 to 91½ points	12·3125d.	114/11	13·00d.	121/4
Second Grade	11·8125d.	110/3	12·50d.	116/8
	<i>Whey Butter.</i>		<i>Whey Butter.</i>	
First Grade	11·5625d.	107/11	12·25d.	114/4
Second Grade	11·0625d.	103/3	11·75d.	109/8
	<i>Cheese.</i>		<i>Cheese.</i>	
Finest Grade—				
94 points and over	6·96875d.	65/0½	7·69625d.	71/10
93 to 93½ points	6·9375d.	64/9	7·665d.	71/6½
First Grade—				
92 to 92½ points	6·8125d.	63/7*	7·54d.	70/4½*
	*(Equivalent to 61/3 sterling per cwt. on London market.)		*(Equivalent to 67/- sterling per cwt. on London market.)	
91 to 91½ points	6·75d.	63/-	7·4775d.	69/9½
Second Grade	6·5625d.	61/3	7·29d.	68/0½
	<i>Premiums.</i>		<i>Premiums.</i>	
Unsalted butter	2/4 per cwt.		3/4 per cwt.	
Coloured cheese	6d. per crate		6d. per crate.	
Deep-coloured cheese	1/5 per crate		1/5 per crate.	
Waxed cheese	4½d. per crate		4½d. per crate.	
	<i>Deductions.</i>		<i>Deductions.</i>	
	Butter per Box.	Cheese per Crate.	Butter per Box.	Cheese per Crate.
Insurance to f.o.b.	0·68d.	1·07d.	0·69d.	1·085d.
Dairy Board levy	1·12d.	1·63d.	0·56d.	0·815d.

* Basic price.

It is to be noted that in the case of butter the basic f.o.b. purchase price is increased by 0·6875d. (4½d.) per pound, the comparative figures being—
12·5625d. (12·9½d.) per pound for the 1936–37 season.
13·25d. (13½d.) per pound for the 1937–38 season.

In the case of cheese the basic f.o.b. purchase price is increased by 0·7275d. per pound, the comparative figures being—
6·8125d. per pound for the 1936–37 season.
7·54d. per pound for the 1937–38 season.

The prices fixed for the 1937–38 season for whey butter have the same relation to the prices of creamery butter as was the case in respect of the 1936–37 season.

The premiums fixed for the 1937–38 season to cover the additional costs of manufacture of coloured and waxed cheese are the same as those which applied for the 1936–37 season, but the premium fixed for the 1937–38 season for the manufacture of unsalted butter is raised to 3s. 4d. per hundredweight. These premiums apply to butter and cheese of the type mentioned, and which is manufactured and packed at the request of the Department.

The conversion formulæ used in the determination of the 1937–38 season prices shown above are—

<i>Butter.</i>		<i>Cheese.</i>	
Over-run	21·75 per cent.	Yield	2·51 gross, 2·45 net.
Costs of manufacture and delivery to f.o.b.	2·25d. per pound butterfat.	Return from whey butter ..	0·66d. per pound butterfat.
		Costs of manufacture and delivery to f.o.b.	3·25d. per pound butterfat.

On the basis of the basic guaranteed price of 13½d. per pound, and on the conversion formula mentioned above, the butterfat payment made to suppliers by butter-manufacturing companies, working under average conditions, should be 13·88d. per pound. This price is represented by farm costs and allowances as follows :—

	Price per Pound Butterfat.
Farm working and maintenance costs	5·07d.
Allowance for interest on capital	3·06d.
Labour on farm	7·29d.
	15·42d.
Less return from pigs.. .. .	1·54d.
	13·88d.

In order to cover the difference in costs of production and in returns from by-products in the case of butterfat for cheese, the purchase prices of cheese are so fixed that the average efficient cheese-manufacturing company will pay out to its suppliers on the basis of the basic guaranteed price of 7·54d. per pound, and on the conversion formula mentioned above, 2d. per pound butterfat over the payout for butter, or 15·88d. per pound.

PREMIUMS FOR QUALITY.

It will be noted that the basic purchase prices are subject to additions and deductions according to the quality of the butter and cheese as disclosed by the grade points awarded by the Government graders. The incentive thus given to maintain and improve the quality of dairy-produce has been appreciated by representatives of dairy-factory companies, and a definite improvement has resulted, as revealed by the following comparative grading figures :—

GRADING OF DAIRY-PRODUCE : PERCENTAGES OF NEW ZEALAND BUTTER AND CHEESE OF THE VARIOUS GRADES.

Year.	Butter.				Cheese.			
	Finest.	First.	Second.	Total.	Finest.	First.	Second.	Total.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1932-33	79·32	19·74	0·94	100·00	17·29	80·5	2·21	100·00
1933-34	78·00	20·75	1·25	100·00	26·04	72·06	1·90	100·00
1934-35	77·04	21·66	1·30	100·00	20·60	76·27	3·13	100·00
1935-36	76·48	22·36	1·16	100·00	19·47	77·18	3·35	100·00
1936-37	79·98	19·12	0·90	100·00	20·58	76·81	2·61	100·00

The quantities of butter and cheese purchased and paid for at the respective differential prices are shown in the following tabulations :—

CREAMERY BUTTER (IN TONS) : QUANTITIES PURCHASED AND PAID FOR AT DIFFERENTIAL PRICES.

Grading Ports.	Total.	Finest Grade.		First Grade.		Second Grade.
		94 Points and over.	93 to 93½ Points. (Basic Price.)	92 to 92½ Points.	90 to 91½ Points.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Auckland	105,086	25,504	56,430	12,369	10,481	302
Bluff	616	4	147	196	171	98
Dunedin	735	133	495	62	25	20
Gisborne	2,909	1,699	965	216	29	..
Lyttelton	3,161	2,067	967	80	8	39
Napier	3,255	2,370	556	65	264	..
New Plymouth	11,111	6,564	3,179	909	458	1
Patea	2,180	278	861	517	519	5
Timaru	367	40	252	38	9	28
Wanganui	3,391	2,597	608	129	53	4
Wellington	16,999	12,588	2,257	969	1,175	10
Grand totals	149,810	53,844	66,717	15,550	13,192	507
Percentage of qualities	100	35·94	44·53	10·38	8·81	0·34

WHEY BUTTER (IN TONS): QUANTITIES PURCHASED AND PAID FOR AT DIFFERENTIAL PRICES.

Grading Ports.				Total.	First Grade.	Second Grade.
				Tons.	Tons.	Tons.
Auckland	..	..	..	363	202	161
Bluff	..	..	..	30	29	1
New Plymouth	..	..	..	343	332	11
Patea	..	..	..	589	577	12
Wellington	..	..	..	121	109	12
Grand totals				1,446	1,249	197
Percentage of qualities				100	86.38	13.62

CHEESE (IN TONS): QUANTITIES PURCHASED AND PAID FOR AT DIFFERENTIAL PRICES.

Grading Ports.				Total.	Finest Grade.		First Grade.		Second Grade.
					94 Points and over.	93 to 93½ Points.	92 to 92½ Points. (Basic Price.)	91 to 91½ Points.	
				Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Auckland	..	..	..	15,178	74	1,053	8,637	4,200	1,214
Bluff	..	..	..	11,508	296	2,532	5,303	3,131	246
Dunedin	..	..	..	1,960	163	595	923	267	12
Gisborne	..	..	..	82	..	5	51	25	1
Lyttelton	..	..	..	1,022	65	370	529	46	12
Napier	..	..	..	110	..	57	44	9	..
New Plymouth	..	..	..	16,798	539	5,575	7,961	2,626	97
Patea	..	..	..	22,111	191	3,074	14,209	4,333	304
Timaru	..	..	..	618	..	88	498	29	3
Wanganui	..	..	..	2,477	346	401	1,349	336	45
Wellington	..	..	..	14,844	405	2,018	8,541	3,559	321
Grand totals				86,708	2,079	15,768	48,045	18,561	2,255
Percentage of qualities				100	2.40	18.18	55.41	21.41	2.60
Waxed				58.54	..	..	..	..	..
Coloured				32.69	..	..	..	..	..

Cheese figures calculated at fourteen crates to a ton.

It will be noted that in the case of creamery butter 44½ per cent. was paid for at the basic guaranteed price, and 36 per cent. above and 19½ per cent. below the basic guaranteed price.

In the case of cheese 55½ per cent. was paid for at the basic guaranteed price, and 20½ per cent. above and 24 per cent. below the basic guaranteed price.

PROCESSES IN PURCHASE OF BUTTER AND CHEESE AND SHIPMENT AND DELIVERY TO MARKETS IN THE UNITED KINGDOM.

The procedure adopted by the Department in regard to the purchase and sale of dairy-produce is as follows :—

1. Dairy factory companies forward butter and cheese to the cool stores for export as in the past. The care of the produce in cool store is the responsibility of dairy companies, but supervision is exercised by the expert officers of this Department and by the Government Dairy-produce Graders, with a view to the preservation of the quality of butter and cheese.

2. Dairy factory companies may obtain advances from their bankers on produce in cool store awaiting shipment, at the banks' best interest-rates. The amounts advanced by the banks are as follow :—

Creamery Butter.							Per Box.		
							£	s.	d.
Finest grade	..	..	..	..	..	..	..	3	0 6
First grade	..	..	..	..	..	..	..	2	19 4
Second grade	..	..	..	..	..	..	..	2	15 0
Cheese.							Per Crate.		
							£	s.	d.
North Island—							..	4	19 6
Finest grade	..	..	..	..	..	..	..	4	19 6
First grade	..	..	..	..	..	..	..	4	17 0
Second grade	..	..	..	..	..	..	..	4	14 6
South Island—							..	4	17 6
Finest grade	..	..	..	..	..	..	..	4	17 6
First grade	..	..	..	..	..	..	..	4	15 0
Second grade	..	..	..	..	..	..	..	4	12 6

3. Butter and cheese for export is allocated for shipment in accordance with the recommendations of the Dairy Sales Division in London, after consultation with the selling-agents. The shipping programme is worked out by the Department and the Overseas Ship-owners' Allotment Committee, which meets regularly for the purpose of planning arrivals of butter and cheese at United Kingdom ports, in accordance with the agreed programme. Under the present system the Department has been able to arrange a better programme of shipments to United Kingdom outports.

4. Dairy-produce becomes the property of the Crown as soon as it is placed on board any ship for export, and payment in full to dairy-factory companies is made forthwith. Credit-notes are issued in favour of dairy companies for butter and cheese, and the amount due is remitted to the credit of the bank accounts of the individual companies, under a special arrangement entered into with the trading banks.

5. All butter and cheese for export to the United Kingdom is shipped to the Dairy Sales Division, for sale on consignment. Delivery orders are issued to merchant agents enabling them to obtain the quantities allocated to them for sale.

6. The financing of payments to dairy-factory companies for butter and cheese is arranged through the Dairy Industry Account established at the Reserve Bank of New Zealand. The administrative, marketing, shipping, insurance, and other expenses of the Department are paid from this account. The proceeds of sale of dairy-produce are paid into the account, the final balance of which will show the surplus or deficit on the operations for the year.

7. The sale of butter and cheese in the United Kingdom is conducted by a group of twenty merchant firms appointed as agents for the Department. These merchant firms sell on agency terms for a commission of 2 per cent., which includes the credit risk. The agents are firms which have been selling the produce for years under the marketing system in operation before the passing of the Primary Products Marketing Act. Provisional allocations of produce are made to the agents for a period of one year, and quantities are reviewed and varied according to the selling ability of the firms as indicated by price returns and marketing and distributive service rendered.

QUANTITIES OF BUTTER AND CHEESE GRADED.

For the twelve months ended 31st July, 1937, the total gradings of butter and cheese compared with 1935-36 were as follows :—

					BUTTER (IN TONS).			
					1936-37.	1935-36.		
Salted	..	..	..	..	147,168	139,973		
Unsalted	..	..	..	..	7,396	6,714		
					154,564	146,687		
					CHEESE (IN TONS).			
White	..	..	..	..	59,337	58,263		
Coloured	..	..	..	..	28,885	27,292		
					88,222	85,555		

Butter gradings for the 1936-37 season show an increase of 5·37 per cent. and cheese gradings an increase of 3·12 per cent. Expressed in terms of butterfat the total increase in gradings is 4·889 per cent.

QUANTITIES OF BUTTER AND CHEESE EXPORTED.

The quantities of butter and cheese exported from the various grading ports of the Dominion are shown in the following tabulation :—

BUTTER AND CHEESE EXPORTS FROM 1ST AUGUST, 1936, TO 31ST JULY, 1937.

Grading Ports.	To Great Britain.		To U.S.A. and Canada.		To other Destinations.		Total Exports.		Percentage.	
	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.	Butter.	Cheese.
	Boxes.	Crates.	Boxes.	Crates.	Boxes.	Crates.	Boxes.	Crates.		
Auckland ..	4,020,656	205,491	36,851	1,229	76,546	873	4,134,053	207,593	69·35	17·41
New Plymouth ..	432,142	235,720	..	..	..	..	432,142	235,720	7·25	19·76
Patea ..	102,234	309,334	..	..	..	..	102,234	309,334	1·71	25·94
Wanganui ..	136,382	33,572	..	..	..	..	136,382	33,572	2·29	2·81
Wellington ..	669,422	204,880	3,450	4	8,753	82	681,625	204,966	11·44	17·19
Gisborne ..	128,663	1,160	..	..	..	..	128,663	1,160	2·16	0·10
Napier ..	137,515	1,540	..	..	..	..	137,515	1,540	2·30	0·13
North Island totals	5,627,014	991,697	40,301	1,233	85,299	955	5,752,614	993,885	96·50	83·34
Lyttelton ..	130,760	13,214	1,000	..	150	..	131,910	13,214	2·21	1·11
Timaru ..	16,709	8,523	..	..	..	..	16,709	8,523	0·28	0·72
Dunedin ..	32,956	29,509	..	..	..	88	32,956	29,597	0·56	2·48
Bluff ..	26,806	147,058	..	..	..	244	26,806	147,302	0·45	12·35
South Island totals	207,231	198,304	1,000	..	150	322	208,381	198,636	3·50	16·66
Dominion totals ..	5,834,245	1,190,001	41,301	1,233	85,449	1,287	5,960,995	1,192,521	100·00	100·00

MARKETING OF BUTTER AND CHEESE.

The following review covers the developments during recent years in the marketing of dairy-produce, and outlines the essential features of the system which the Marketing Department operates through the Dairy Sales Division.

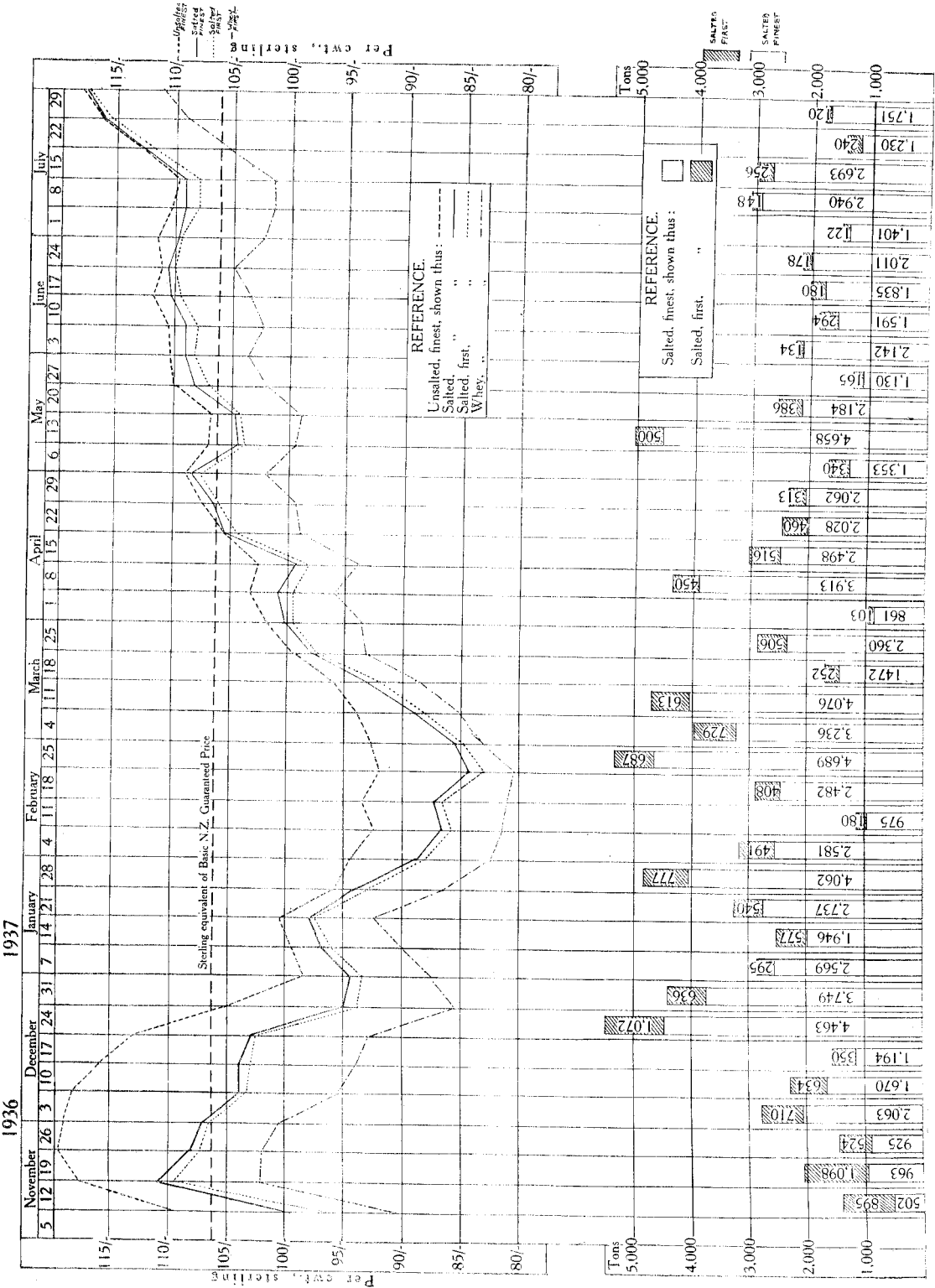
The methods of sale of New Zealand dairy-produce in the United Kingdom have changed substantially during the post-war period. As the dairy industry increased in importance in New Zealand, and the exports of butter and cheese accounted for an increasingly greater proportion of the national income, certain sections of producers became aware of the necessity of taking a greater interest in the marketing of their produce.

Even in pre-war days the National Dairy Association of New Zealand had established an office in London, one of its functions being to establish contact with the Tooley Street merchants who were selling New Zealand dairy-produce.

In 1921 the New Zealand Co-operative Dairy Co., Ltd., opened an office in London to supervise sales of the company's butter and cheese by its appointed agents, and in that year also the New Zealand Produce Association came into being with a selling-floor in Tooley Street. Finally, in October, 1927, the New Zealand Co-operative Dairy Co., Ltd., formed a new marketing company—Amalgamated Dairies, Ltd.—which eventually disposed of the whole of the output of the New Zealand Co-operative Dairy Co., Ltd., coming to the United Kingdom. An associated company—Empire Dairies, Ltd.—is used to a great extent by Amalgamated Dairies as the selling-medium, and this associated company also sells substantial quantities of dairy-produce from Australia and other Empire countries. These organizations, of course, represented only a certain section of New Zealand producers, and the rapid fluctuations in prices which occurred in the early years of the post-war period brought about a demand from the leaders of the dairy industry for a greater degree of co-ordination in the methods of sale.

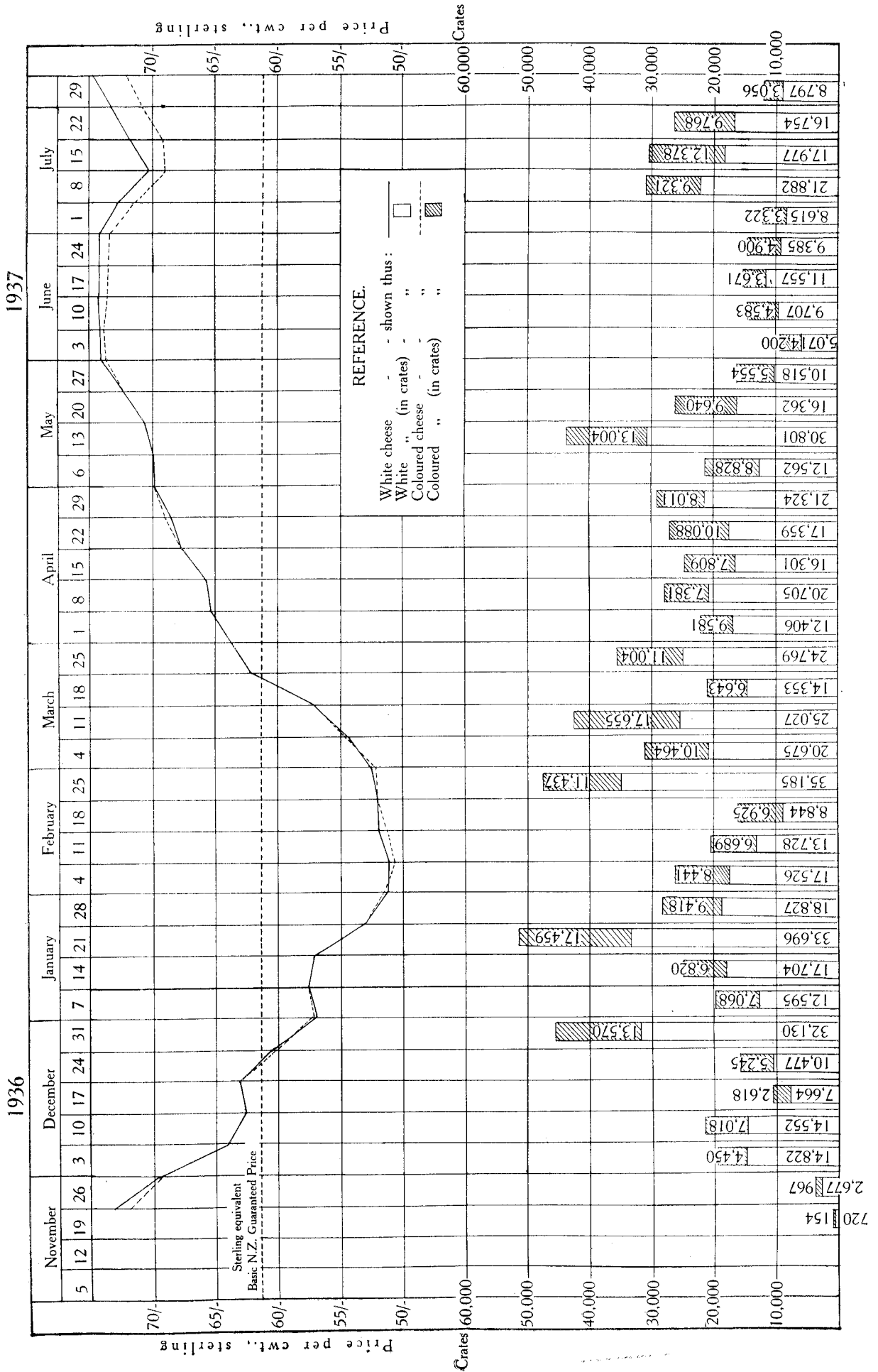
As a result, the New Zealand Dairy-produce Control Board came into being in 1924, the Board being established in terms of the Dairy-produce Export Control Act, 1923. In the first two years of its existence the Board confined its activities to arranging contracts for the sea carriage of butter and cheese from New Zealand, marine insurance, regulation of shipments, advertising in the United Kingdom, and investigation of marketing procedure. In 1926, however, the Board took full control of marketing, but the venture was abandoned after less than one year's trial. The Board's control scheme revealed the difficulty of getting within the industry a sufficient measure of unanimity to enable a major proposal to be successfully carried out. After the abandonment of the control scheme, and until 1933, the Board confined its activities to shipping, insurance, and advertising, the dairy-factory companies being left free to sell through or to consign for sale to whom they chose. The disastrous fall in prices which commenced in 1929 and continued in the succeeding years, and the rapid increase in production which added to the difficulties of marketing at this time, again brought into question the existing system of uncontrolled methods of sale, and in 1933 the Dairy Board again assumed a greater degree of control. Dairy companies were still permitted to sell f.o.b. or to consign as they thought fit, but the Board took over the allocation of factory outputs to the various selling-agents in the United Kingdom, who undertook that they would not speculate in New Zealand dairy-produce on their own account. This system did not work very satisfactorily, because it was generally recognized that the Board, not being the owner of the produce, was not in a position satisfactorily to enforce the letter and the spirit of the undertaking. In 1935 the Board, with the approval of the industry, decided to introduce a group-marketing system under which it was hoped that dairy-factory companies in suitable geographical areas in New Zealand would, in time, form co-operative selling organizations under the direction of the Board.

MARKETING OF NEW ZEALAND BUTTER IN THE UNITED KINGDOM.
QUANTITIES (IN TONS) SOLD WEEKLY, WITH AVERAGE LONDON PRICES (PER HUNDREDWEIGHT
STERLING), 5TH NOVEMBER, 1936, TO 31ST JULY, 1937.



MARKETING OF NEW ZEALAND CHEESE IN THE UNITED KINGDOM.

QUANTITIES (IN CRATES) SOLD WEEKLY, WITH AVERAGE LONDON PRICES (PER HUNDREDWEIGHT STERLING), 19TH NOVEMBER, 1936, TO 31ST JULY, 1937.



The decision of the Government to purchase the total exportable output of butter and cheese from the 1st August, 1936, transferred all responsibility for marketing from the industry to the Government. For the first time in the history of the industry a single authority could make decisions in the broader interests of the industry as a whole. An industry viewpoint superseded the narrower and shorter-term viewpoint, and the marketing advantages of organized regulation became a reality under the system inaugurated by the Government. The desire of the Department is that a system of shipment and marketing of our dairy-produce should be developed which will ensure regular arrivals of butter and cheese of uniformly high quality, in fresh condition, delivered at the main distributing ports in the United Kingdom in quantities to meet the market requirements, and the sale of this produce on a consignment basis through accredited agencies with distributive outlets at a minimum cost to the producer and consumer.

MARKETING IN THE UNITED KINGDOM.

No drastic changes in the channels of distribution of New Zealand butter and cheese in the United Kingdom have been introduced during the season just closed. The services of those companies which, in the past, acted as selling-agents for New Zealand dairy companies were freely offered to the Primary Products Marketing Department, and the well-established organization of the New Zealand Dairy Board in the United Kingdom was transferred *en bloc* to the Department.

Single ownership of consignments by the Government has been substituted for multiple ownership by producing factories, but pre-existing channels of distribution, and the machinery of supervision and control, have been substantially improved.

In recent years, prior to the inception of Government purchase, New Zealand butter and cheese shipped to the United Kingdom have been either forwarded on consignment for sale to best advantage on arrival or sold on f.o.b. or c.i.f. terms. Some twenty-eight importing houses received consignments for sale on agency terms. Some of these houses also operated on c.i.f. terms, either on their own account or for the account of third parties.

In addition, certain brokers made sales, more or less intermittently, on f.o.b. and c.i.f. terms.

From these organizations the Primary Products Marketing Department selected twenty-two importing houses to act as their selling-agents, the objectives being—

- (a) To secure the services of sales organizations which would provide the maximum regular distribution of New Zealand butter and cheese to wholesale, retail, and manufacturing interests throughout the United Kingdom :
- (b) To retain those importing houses which were most likely to co-operate with the Department and with their fellow-agents in order to eliminate unregulated selling competition :
- (c) To create a minimum of disturbance in existing distributive methods.

So far as the 1936-37 season is concerned, these objectives have been adequately fulfilled. Agents are no longer under the necessity of maintaining expensive organizations in New Zealand in order to retain and increase their business with individual dairy-factory companies. The elimination of that expense through the inauguration of the present system is reflected in a reduction in the rate of selling-commission by $\frac{1}{2}$ per cent., equal to approximately £100,000 sterling on the season's output.

The method of dealing with agents is as follows :—

At the commencement of the season each agent is advised of the approximate total quantity of butter and cheese allotted to him for the year, and the brands of which that quantity is made up.

As soon as possible after the despatch of each shipment from New Zealand, agents receive notification of the quantity and brands of their portion of the consignment.

On arrival of the carrying-vessel at its destination the produce is placed at agents' disposal by means of delivery orders issued when the vessel commences to discharge.

After sales have been made settlement is effected in a manner convenient to all parties, having regard to the customs of trade ; no advances are expected or payments made until after the produce has been sold.

The Department receives comprehensive daily returns of all sales made.

In addition, constant personal touch is maintained with each agent, and, in consequence, those entrusted with the disposal of our produce are able readily to obtain accurate information relating to sales, prices, stocks, and arrivals, which enables them to adjust their offerings so that, while goods are always available to meet buyers' requirements, there is an absence of undue sales pressure during periods of quiet demand.

OUTLETS FOR BUTTER AND CHEESE AND EXTENSIONS WHICH HAVE BEEN MADE.

WEST COAST SHIPMENTS.

The quantity of butter and cheese shipped to the West Coast United Kingdom ports continues to increase, and during the season under review all the major outports will have received larger quantities than in the previous year.

The increase of butter export was entirely absorbed by the outports, while in the case of cheese the outport requirements necessitated a reduction of the total shipped to London.

Shipments to Hull were resumed this season, and initial shipments made to Newcastle ; it is hoped to increase the quantities to these ports and to provide a regular service that will enable steady development to be made.

An interesting comparison of the tonnage of butter and cheese received at United Kingdom ports during recent years is shown in the following tabulations :—

ARRIVALS OF NEW ZEALAND BUTTER IN UNITED KINGDOM PORTS (IN TONS).

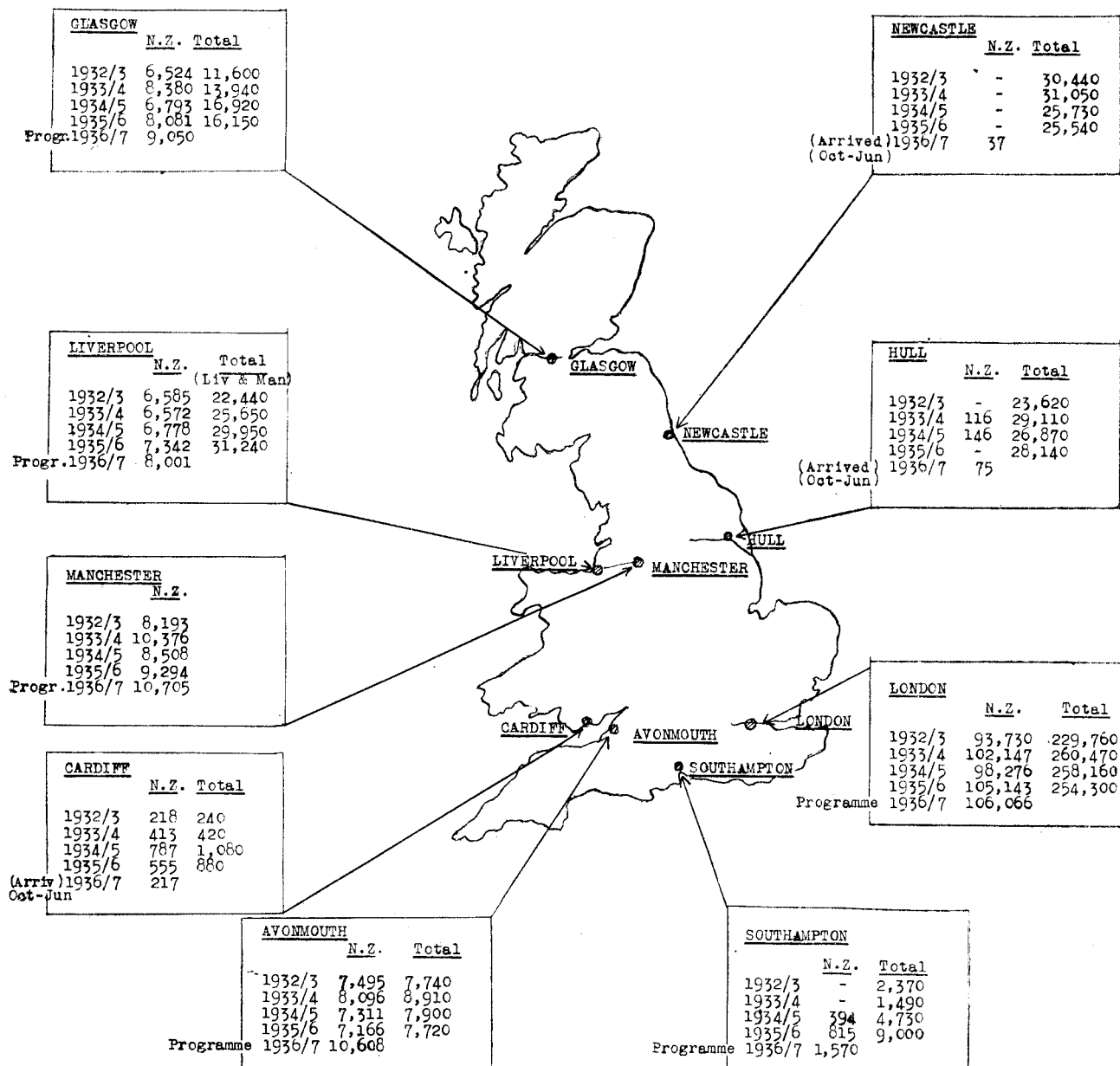
Port.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37. (Programme.)
London—					
New Zealand ..	93,730	102,147	98,276	105,143	106,066
Other sources ..	136,030	158,323	159,884	149,157	..
Total	229,760	260,470	258,160	254,300	..
Southampton—					
New Zealand ..	..	..	394	815	1,570
Other sources ..	2,370	1,490	4,336	8,185	..
Total	2,370	1,490	4,730	9,000	..
Avonmouth—					
New Zealand ..	7,495	8,096	7,311	7,166	10,608
Other sources ..	245	814	589	554	..
Total	7,740	8,910	7,900	7,720	..
Cardiff—					
New Zealand ..	218	413	787	555	217
Other sources ..	22	..	293	325	..
Total	240	413	1,080	880	..
Liverpool					
New Zealand ..	6,585	6,572	6,778	7,342	8,001
Other sources (Liverpool and Manchester)	7,662	8,702	14,664	14,604	..
Total	22,440	25,650	29,950	31,240	..
Manchester—					
New Zealand ..	8,193	10,376	8,508	9,294	10,705
Glasgow—					
New Zealand ..	6,524	8,380	6,793	8,081	9,050
Other sources ..	5,076	5,560	10,127	8,069	..
Total	11,600	13,940	16,920	16,150	..
Newcastle—					
New Zealand ..	..	..	..	..	37*
Other sources ..	30,440	31,050	25,730	25,540	..
Total	30,440	31,050	25,730	25,540	..
Hull—					
New Zealand ..	..	116	146	..	75*
Other sources ..	23,620	28,994	26,724	28,140	..
Total	23,620	29,110	26,870	28,140	..

* Arrived.

BUTTER.

MAP SHOWING ANNUAL IMPORTS INTO UNITED KINGDOM PORTS, 1ST OCTOBER, 1932, TO
30TH SEPTEMBER, 1937.

(Tons.)



NOTE.—Totals from weekly Customs and Excise returns. Customs returns of total arrivals at Manchester are not comparable with New Zealand figures from London office of the Department.

ARRIVALS OF NEW ZEALAND CHEESE IN UNITED KINGDOM PORTS (IN TONS).

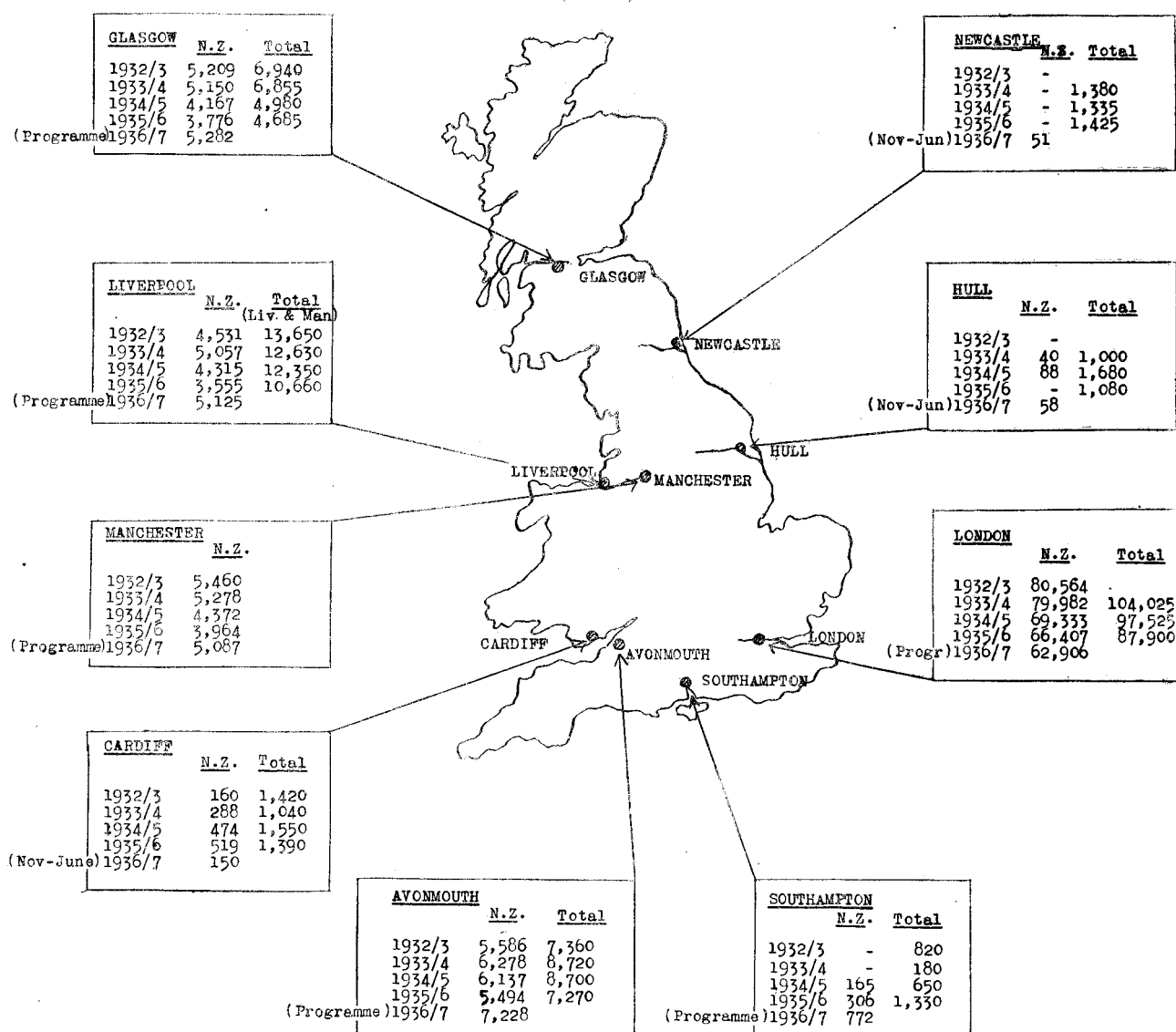
Port.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37. (Programme.)
London—					
New Zealand ..	80,564	79,982	69,333	66,407	62,906
Other sources ..	..	24,043	28,192	21,493	..
Total	n.a.	104,025	97,525	87,900	..
Southampton—					
New Zealand ..	..	..	165	306	772
Other sources ..	..	..	485	1,024	..
Total	820	180	650	1,330	..
Avonmouth—					
New Zealand ..	5,586	6,278	6,137	5,494	7,228
Other sources ..	1,774	2,442	2,563	1,776	..
Total	7,360	8,720	8,700	7,270	..
Cardiff—					
New Zealand ..	160	288	474	519	150
Other sources ..	1,260	752	1,076	871	..
Total	1,420	1,040	1,550	1,390	..
Liverpool—					
New Zealand ..	4,531	5,057	4,315	3,555	5,125
Other sources (Liverpool and Manchester)	3,659	2,295	3,663	3,141	..
Total	13,650	12,630	12,350	10,660	..
Manchester—					
New Zealand ..	5,460	5,278	4,372	3,964	5,087
Glasgow—					
New Zealand ..	5,209	5,150	4,167	3,776	5,282
Other sources ..	1,731	1,705	813	909	..
Total	6,940	6,855	4,980	4,685	..
Newcastle—					
New Zealand ..	..	..	..	..	51
Other sources ..	..	1,380	1,335	1,425	..
Total	n.a.	1,380	1,335	1,425	..
Hull—					
New Zealand ..	..	40	88	..	58
Other sources ..	..	960	1,592	1,080	..
Total	n.a.	1,000	1,680	1,080	..

NOTE.—New Zealand figures calculated at fourteen crates to a ton. N.a. means not available.

CHEESE.

MAP SHOWING ANNUAL IMPORTS INTO UNITED KINGDOM PORTS, 1ST NOVEMBER, 1932,
TO 31ST OCTOBER, 1937.

(Tons.)



NOTE.—Totals from weekly Customs and Excise returns. New Zealand figures from New Zealand Dairy Sales Division converted from crates at fourteen crates to ton. Customs returns of total arrivals at Manchester are not comparable with New Zealand figures from London office of the Department.

REACTION OF TRADE TO NEW MARKETING SYSTEM.

The new marketing-system has been favourably received by the trade as a whole.

Buyers, with the exception of those who were accustomed to operate from time to time on c.i.f. or f.o.b. terms, appreciate the change, as the produce is offered to them freely through their usual channels of supply.

All reports from our agents indicate their satisfaction, and confirm the opinion that the goodwill of New Zealand stands very high in all overseas distributive circles.

EFFECT OF ELIMINATION OF F.O.B. SELLING ON MARKETING AND MARKET PRICES.

The sales methods of the Department are based upon "landed terms"—that is to say, no goods are sold before the commencement of discharge from the carrying-vessel at the port of destination in Great Britain.

In previous years certain quantities were sold by dairy companies on c.i.f. or f.o.b. terms. Such sales varied in volume from year to year. In the past eight years the proportion thus sold varied from 15 per cent. to 34 per cent. for butter, and from 5 per cent. to 28 per cent. for cheese.

A substantial proportion of f.o.b. or c.i.f. sales were bought on a purely speculative basis—that is, the purchaser bought in the belief that on arrival the goods could be resold at a profit on the purchase price. In the majority of such cases the goods were resold through Tooley Street importers or brokers in competition with current arrivals of consignment goods, and not infrequently to the detriment of consignment sales. Regular business between consignment agents and their wholesale and retail customers was often disturbed under those conditions, and the elimination of that interruption is the subject of favourable comment by many of our agents.

F.o.b. and c.i.f. sales to wholesale and retail distributors and to manufacturers are in a somewhat different category. Goods sold to such buyers, do not, as a rule, "come back on the market," but are used for the regular trade of the purchaser.

In this connection it should be noted that the proportion of Australian butter shipped to the United Kingdom, sold on f.o.b. or c.i.f. terms, has fallen substantially in recent years, as the following figures show :—

Season.						Percentage of Australian Butter sold c.i.f.	Tonnage of Australian Butter sold f.o.b. or c.i.f.
1931-32	..	..	..	..	..	35·6	29,927
1932-33	..	..	..	..	..	28·9	26,959
1933-34	..	..	..	..	..	13·8	14,060
1934-35	..	..	..	..	..	16·8	18,600
1935-36	..	..	..	..	..	7·8	6,859
1936-37	..	..	..	..	..	10·7 (approx.)	7,697

As Continental descriptions are not usually sold forward for delivery any length of time ahead there is no evidence that in the year under review business has been lost by New Zealand to Australia or to any other competitor because of the absence of forward sales. On the other hand, the sale of our consignments has been facilitated.

GENERAL POSITION OF OUR BUTTER AND CHEESE ON THE MARKET COMPARED WITH OTHER COUNTRIES.

It is extremely difficult to review over a short period the variations in price-levels as between the different classes of butter being sold in the United Kingdom markets.

Frequently factors not immediately apparent to the casual observer temporarily influence prices and provoke illogical reasoning and deductions.

Viewing this question from the New Zealand produce standpoint, the results over the season must be considered satisfactory.

In comparison with continental butters generally our prices are more favourable than in the two previous years. For the year 1936 as a whole, the price of New Zealand finest salted butter averaged 10 per cent. more than in 1935, while Danish showed an increase over the same period of 6 per cent. During 1936 Danish butter averaged 18 per cent. higher than New Zealand, compared with 23 per cent. higher in 1935 and 35 per cent. higher in 1934. It should be noted that in 1936 New Zealand supplies increased substantially over the 1935 figures, whilst Danish supplies did not increase. (See price schedule, page 30.)

Broadly speaking, the general improvement in butter quality, particularly in the lower-priced classes, must tend towards a narrowing of margins.

Quality improvements in several countries supplying the British market have been accelerated by the creation of export Boards given power to regulate conditions of manufacture, grading, and sale. In many countries such authorities have also wide powers covering domestic and export marketing, and while their powers have not in some countries been exercised, the tendency is in that direction.

DAIRY INDUSTRY IN GREAT BRITAIN.

In Great Britain the establishment of Milk Marketing Boards was a profound and important step to place the milk industry on an organized footing.

In July, 1937, the British Government issued a statement of policy in relation to the British dairying industry.* The following extracts are of particular interest to Dominion producers:—

(a) "The Government have carefully considered the position of the dairying industry from the points of view both of producers and others engaged in the industry, and of consumers. They have had before them the report of the Reorganization Commission for Milk, other authoritative reports bearing on the industry, and also the views of representative organizations, all of which have been of the greatest assistance. They have also taken into consideration the recent outcome of the application made on behalf of milk-producers to the Import Duties Advisory Committee, for increased duties on butter and cheese."

(b) "The Government desire to see the dairying industry of this country self-supporting and profitable, and their policy for this industry, as for other branches of agriculture, is to ensure the maximum supplies for the consumer at fair prices consistent with reasonable remuneration for the producer. They believe that the only sure foundation for the prosperity of the industry is an increased consumption of liquid milk. An essential step towards this objective is to establish public confidence in the cleanliness and purity of the milk supply, and thereby quicken demand for what is one of the most valuable of human foods. It is with this object in view, and in order to bring to full achievement the efforts, that dairy farmers have themselves been making to improve the quality of their product, that they propose to invite Parliament to provide additional Exchequer assistance."

(c) "The Government also propose to continue and extend their policy of promoting the increased consumption of milk among those sections of the population for whom it is of particular value."

(d) "It is still desirable to safeguard the industry against emergency conditions, but circumstances have altered to an extent that now enables the Government to lay relatively greater emphasis on measures designed to promote the increased consumption of milk, and the provision of a purer milk-supply."

(e) "Under the Milk Act, 1934, the receipts of the Milk-marketing Boards from manufacturing milk were supplemented by a system of repayable exchequer advances based on standard prices per gallon of milk used for manufacture. The Government now propose to safeguard the industry against the effect of any serious fall in the prices of butter and cheese below current levels, by means of a price-insurance plan, under which exchequer assistance will be payable, on a prescribed scale, to the Boards in respect of standard gallonages of milk used in factories for butter and cheese, and milk made into cheese on farms, in the event of the average prices of imported butter and cheese falling, over a period, below 100s. and 56s. per hundredweight respectively. The corresponding prices in February, 1934, when the Milk Act proposals were announced, were 71s. 6d. and 47s. 6d. per hundredweight respectively."

* On the 28th July, 1937, the Financial Secretary to the Treasury made the following statement in the British House of Commons in reply to a question as to whether the Government had received any recommendation from the Import Duties Advisory Committee on the application for increased duties on butter and cheese:—

"The Imports Duties Advisory Committee have informed the Government that they have considered the application submitted to them by representative organizations of milk-producers for increased duties on butter and cheese. I understand that the applicants had in mind that the proceeds of the duties should be applied as a subsidy for the benefit of the milk industry. The Committee, having regard to the fact that it is not within their competence to advise as to the appropriation of revenue derived from import duties and to the fact that no material assistance could be given to the milk industry by means of increased duties, even of a very high order, and even if duties equal to the increase in the rates on foreign produce were imposed on Empire produce, have informed the Government that they could not make any recommendation on the application."

The total quantity of milk passing under the control of the Milk Marketing Boards in England, Wales, and Scotland in 1936 was 1,162,561,000 gallons, of which 753,088,900 gallons, equal to 65 per cent., were sold in liquid form, and 409,472,100 gallons, equal to 35 per cent., were used in manufacture.

Milk consumed in liquid form increased by approximately 13,000,000 gallons in 1936, compared with the previous year, and further increases have been recorded in 1937.

Increases are taking place, also, in the quantity of milk used in the production of cream and condensed milk, leaving smaller quantities available for the manufacture of butter and cheese.

In the first six months of 1937 the production of cheese in Great Britain was less than in the same period of 1936 by over 9,000 tons, a reduction of nearly one-third, while factory-butter production shows a reduction of 15 per cent.

The smaller output of butter and cheese is not entirely due to the diversion of milk to the production of the higher-yielding commodities or to increased liquid-milk consumption. Total milk-production in January-June, 1937, is lower than in the same period of 1936 by approximately 20,500,000 gallons.

BUTTER-CONSUMPTION IN RELATION TO MARGARINE-CONSUMPTION.

The following table shows the United Kingdom estimated butter production and net imports yearly from 1930 to 1936. The table shows the average weekly consumption of imported butter and the *per capita* consumption of all butters. The corresponding *per capita* figures in respect of margarine are also shown.

UNITED KINGDOM ANNUAL PRODUCTION AND CONSUMPTION OF BUTTER.

Year (Jan. – Dec.).	Production (estimated).	Net Imports.	Total, all Butter.	Consumption.		Margarine, <i>per Capita</i> .
				Weekly, Imported Butter.	<i>Per Capita</i> , all Butter.	
	Tons.	Tons.	Tons.	Tons.	Lb.	Lb.
1930	48,185	332,421	380,606*	6,435	18·7	11·8
1931	48,185	385,451	428,236	7,335	20·9	10·3
1932	48,185	402,946	446,131	7,650	21·7	9·2
1933	48,185	437,300	491,655	8,475	23·5	8·4
1934	48,185	480,180	528,365	9,170	25·2	7·9
1935	47,500	474,060	526,390	9,225	25·2	8·4
1936	47,500	484,031	520,850	9,040	24·8	8·7

Source: Imperial Economic Committee.

* Apparent total annual consumption: After 1930 changes in cold-storage stocks in the beginning and end of the year have been taken into account.

A study of the seasonal changes indicates that consumption of butter is higher in the second half of the year than in the first six months. Weather and price are two important factors. Generally speaking, consumption appears to be high during the summer months and heaviest in the July–September quarter; at this period consumption of butter is supplemented by its use for other table requirements—ice-cream and reconstituted cream—and by wastage due to hot weather.

CHEESE CONSUMPTION IN THE UNITED KINGDOM.

Total cheese available for consumption in the United Kingdom has decreased during the past three years. Home production and net imports in that period were—

	1934. Tons.	1935. Tons.	1936. Tons.
Home production	50,238	57,074	54,585
Net imports	147,917	134,274	132,600
	<u>198,155</u>	<u>191,348</u>	<u>187,185</u>

In relative importance the main sources of supply are—				1934. Per Cent.	1935. Per Cent.	1936. Per Cent.
New Zealand	..	..	..	53	46	45
Home production	..	..	..	25	30	29
Canada	..	..	..	13	12	16

Canadian production in 1937 is considerably higher than in recent years, and, as the United States is unlikely to import as large a quantity of Canadian cheese as in 1936, supplies from Canada to Great Britain this year will be substantially higher than in 1936.

New Zealand cheese will show a moderate increase, but Home production is on a considerably lower level. The estimated increase in imports from New Zealand and Canada, however, is likely to be greater than the reduction in Home production, and total supplies available, therefore, will probably show an increase on the previous year.

Per capita consumption of cheese in Great Britain has not varied to any great extent in recent years. On the basis of net imports and estimated Home production, and excluding stocks in store which may have fallen slightly in 1936, the apparent consumption of cheese in the United Kingdom is estimated at 8·8 lb. per head, compared with 9·1 lb. per head in 1935 and 9·4 lb. per head in 1934.

Price fluctuations do not appear to affect consumption so rapidly, or in the same degree, as in the case of butter. Extensive variation in total supplies of Home and Empire origin over short periods, therefore, are likely to create considerable difficulty in arriving at a price-level which will adjust consumption to available goods.

Imports from foreign sources are not of great importance on the British market. They consist of special types for each of which there is a special but restricted demand, and are not, to an important extent, competitive with cheese of the Cheddar, Cheshire, or other well-known British types.

Investigations made recently in Great Britain indicate that the *per capita* consumption of butter is highest in the high-income groups and shows a fairly regular increase as the income-level rises. Consumption of cheese, however, appears to increase as income rises in the lower- and middle-income groups, but falls sharply when the high-income levels are reached. If these investigations are to be taken as fairly representing the consumption trends throughout Great Britain, it might reasonably be contended that generally increasing prosperity will not necessarily bring about a marked increase in cheese consumption.

The investigations referred to above were carried out by the Rowett Research Institute, and the following figures have been taken from tables appearing in Sir John Boyd Orr's report of the investigations entitled "Food, Health, and Income." The figures show the classification of the population of the United Kingdom by income groups, together with the average weekly expenditure per head in each group for butter and cheese :—

Group.	Estimated Population of Group.		Income per Head per Week.		Estimated Expenditure per Head per Week on	
	Numbers.	Per-centage.			Butter.	Cheese.
					d.	d.
I	4,500,000	10	Up to 10s.		2·1	1·0
II	9,000,000	20	10s. to 15s.		4·7	1·4
III	9,000,000	20	15s. to 20s.		5·6	1·7
IV	9,000,000	20	20s. to 30s.		6·8	2·0
V	9,000,000	20	30s. to 45s.		8·0	2·4
VI	4,500,000	10	Over 45s.		10·1	2·1

IMPROVEMENTS IN PROCEDURE OF MARKETING NEW ZEALAND BUTTER AND CHEESE.

1. Greater regularity in arrivals of consignments in London, Avonmouth, Liverpool, Manchester, and Glasgow.
2. Extension of direct shipments to East Coast United Kingdom ports, particularly Newcastle and Hull.
3. Increased expenditure on sales promotion and general publicity. In this connection the expenditure for the current season under these heads has been increased by approximately £40,000.

ADVERTISING, PUBLICITY, AND SALES PROMOTION.

The maintenance of an effective publicity policy in Great Britain in respect of New Zealand butter and cheese is essential in order to keep the Dominion's dairy-produce to the forefront in a highly competitive market, and the Department, in carrying out this important feature of its duties, aims at obtaining the utmost value and results from the funds expended for advertising purposes.

It has been decided to extend the publicity, advertising, and sales-promotion activities of the Department with a view to providing greatly increased facilities for widening the distribution of New Zealand dairy-produce in the United Kingdom.

The following is a brief record of the advertising and publicity work carried out during the year, which indicates the various methods of publicity adopted and the types of advertising used :—

1. THE RETAIL TRADE.

Experience has proved that, with a limited expenditure for publicity purposes, which precludes the adoption of nation-wide advertising devoted directly towards consumers, the most effective point of contact is the retail shop, and in pursuance of this policy the Department has concentrated its efforts principally on the retailer in an endeavour to secure his good will and co-operation. This retail advertising includes—

- (a) Supplying window and counter display material, which is sent on request free of charge to retailers in parcels, each containing sufficient material for a reasonable display in an average shop: The distribution of this material to retail shops during the year amounted to 28,700 parcels. In addition to this standard material the Department has had prepared a comprehensive range of bigger and more elaborately designed show-pieces to meet the demand of the larger shops and departmental stores for assistance in staging special displays. This type of material is supplied on loan only.
- (b) Retail canvassing by representatives of the Department: The main object of this canvassing is to induce the shopkeepers to stock our produce, and it has been found in many instances that this system of personal contact has been effective when other advertising methods have failed. At present the canvassing is conducted by a supervisor and four travellers. London and the south of England is covered directly by the Dairy Sales Division at St. Olaf House. Other districts are covered by travellers, each of which has his own district. One serves Scotland, another



DISPLAY AT LONDON GROCERS' EXHIBITION, OLYMPIA, 1936.



BUS ADVERTISEMENT, WESTMINSTER, LONDON, 1937.



BUS ADVERTISEMENT, BANK OF ENGLAND, LONDON, 1937.

Manchester and Liverpool district, a third the West Riding of Yorkshire, and a fourth the Birmingham district, while the Supervisor has his headquarters at Manchester. During the year 12,114 calls were made on retail grocers and wholesalers, reports being made of each call regarding the extent to which New Zealand butter was being stocked.

- (c) Supplying butter-wrappers: A system has been introduced whereby retailers who stock New Zealand butter may purchase from the Department, at cost price, smartly designed New Zealand butter-wrappers in 1 lb. and $\frac{1}{2}$ lb. sizes, and during the year 1,125,000 of these wrappers were sold.
- (d) Participation in trade exhibitions: These exhibitions are usually organized by local grocers' associations, and the Department often book space for a display of New Zealand butter and cheese. Samples of the produce are also sold to interested visitors.
- (e) Advertising in grocers' price-lists and annual reports: Among the larger retailers there has been a growing practice of late of issuing their own price-lists for distribution to their customers, and in cases where the retailers are actively interested in increasing their sales of our products the Department takes advertising space in the price-lists. In regard to the annual reports of grocers' associations which are prepared in handbook form for circulation among association members, the Department is at times approached to advertise in these, and does so in a limited way.
- (f) Sampling demonstrations in retail shops: These demonstrations, which are carried out by departmental officers, are arranged with selected retailers and are supported by an adequate window and interior display. The usual period of the display is a week, but often the shopkeepers are so pleased with the results that they apply for an extension, which is granted whenever possible. The demonstrating is done by means of samples of butter which are moulded in a small machine, wrapped in special wrappers, and offered for sale to customers as they arrive at the shop to transact their usual business. The butter is supplied by the retailer, who retains the proceeds of sale. In the case of cheese, the samples have to be cut by hand, and the usual practice is to confine the demonstration to free tasting-samples. During the year a large number of these demonstrations have been carried out, and it is intended that the scope of this work should be enlarged as circumstances permit. The usefulness of the demonstrations is two-fold in that practical assistance is given to the retailer from a selling point of view, and, at the same time, an opportunity is afforded to the demonstrator to establish contact with the consumers.
- (g) Supplying material for carnivals and trade processions: Retailers often approach the Department for decorative material to be used in displays during local celebrations, and suitable advertising pieces are made available for this purpose. Special display cards were also prepared and supplied to retailers who desired suitable material with which to link up New Zealand butter and cheese with their Coronation displays.

2. THE WHOLESALE TRADE.

In those districts through which the Department's travellers operate the wholesalers as well as the retailers are canvassed, and the Department also supplies to wholesalers and importers, on request, advertising-material for distribution to retailers.

3. NEWSPAPER ADVERTISING.

During the season press advertising has been utilized, chiefly in Glasgow and the south-west of Scotland, Birmingham, and the Midlands, and Lancashire and the West Riding, at times when prevailing conditions in those districts appeared to call for such advertising. In all, nineteen of the principal daily papers, having an aggregate circulation of 4,330,000 in the districts mentioned, were made use of, and the insertions in the various papers ranged from three to twenty-two, with a total of 154.

4. ADVERTISING IN WOMEN'S JOURNALS.

Publications for women offer a valuable advertising medium in respect of such articles as butter and cheese, and the Department arranged advertisements in fourteen of the leading monthly women's journals, which have a combined circulation of 1,900,000 copies. The insertions totalled sixty-three, several of which were full-page advertisements in colour.

5. ADVERTISING IN TRADE PUBLICATIONS.

It is essential that regular advertisements regarding our produce should appear in the trade periodicals, and, though the funds available do not permit of a complete coverage in this field, the Department's scheme allows for either half-page or full-page advertisements in all the principal trade papers.

6. GENERAL EDITORIAL PUBLICITY.

Prepared articles on subjects such as health and diet, and food value and vitamin content of New Zealand butter and cheese, are supplied to various newspapers, and have been published from time to time.

7. OUTDOOR PUBLICITY.

This branch of publicity has not been neglected, and in the Department's programme conspicuous positions have been occupied in London, Glasgow, Manchester, Sheffield, Liverpool, and Wakefield. Effective outdoor publicity has been secured through the commanding positions taken in Piccadilly, Manchester, and the Central Station, Glasgow, and also through the posters exhibited on the sides of London Transport buses. (See photograph.)

8. NATIONAL EXHIBITIONS.

During the year the Department arranged displays at six large public exhibitions of established merit, including the *Daily Mail* Ideal Home Exhibition, and the London Grocers' Exhibition, both of which were held at Olympia, London. The Ideal Home Exhibition never fails to attract an exceedingly large number of visitors, and is open to the public for a period of twenty-three days. The sales of samples from the Department's stand at that Exhibition this year amounted to 35,000 samples of butter and 40,000 samples of cheese.

9. TEMPORARY DISPLAY SHOP.

In an endeavour to stimulate the demand for New Zealand produce in Sheffield and district an exhibition shop was organized in Sheffield, and was open to the public from 2nd December to 19th December, 1936. In order to make a comprehensive display of the products of the Dominion, the New Zealand High Commissioner's Department, the New Zealand Fruit and Meat Boards, and the representatives of the New Zealand Honey Board joined with this Department in the undertaking. Also, with the object of making a reciprocal trade display, a number of the manufacturing firms in Sheffield were offered free space and invited to collaborate by making displays of their products, and nine firms did so. The Hon. Walter Nash and the High Commissioner for New Zealand (Mr. W. J. Jordan) were present at the exhibition when it was officially opened by the Lord Mayor of Sheffield. On the same day the Hon. Mr. Nash and Mr. Jordan were the guests of honour at a banquet presided over by the Lord Mayor of Sheffield. These proceedings received an excellent press report, which assisted materially in giving the exhibition a favourable start. Many thousands of the townspeople of Sheffield visited the shop, and samples of butter and cheese, and as many of the other products as possible, were sold to visitors, all purchasers being recommended in the customary way to obtain regular household supplies from their usual grocers. Excellent co-operation was received from the grocery trade as a whole, a large number of retailers making first-class displays in their own shop-windows.

10. BOOKLET: "AT THE SIGN OF THE CHEESE."

This booklet was produced with the object of improving the demand for cheese by focusing attention on its valuable properties as a food, and suggesting, chiefly by means of a recipe section, the various methods in which cheese may be used as the principal ingredient in delicious and wholesome dishes. During the year 50,000 copies of the booklet were distributed from exhibition stands and during retail-shop demonstrations.

SHIPPING.

The opinion has been expressed in this report that greater regularity in arrivals of consignments of butter and cheese in the United Kingdom would assist the marketing plans of the Department. Undoubtedly improvements in this direction have been effected during the past few years. Suggestions for improvements in the arrangements for loading and despatch of vessels from the Dominion were invariably discussed when freight agreements were being settled. It will, however, be recognized by dairy-farmers that the freight contracts are only made possible by co-operating with the other exporting industries, particularly meat and fruit, and it is hoped that as further investigations are made it may be possible to provide for even more regular and reliable delivery to all United Kingdom ports.

There are sixteen ports of loading in the Dominion for overseas vessels. Five of these are roadstead ports, where the risk of delay is considerable. It can thus be realized that it is difficult for the shipowners to arrange loading itineraries that will enable them to have their vessels arrive in the United Kingdom on specified dates. On their round trips vessels travel about 24,000 miles, and delays can occur from a variety of circumstances, thus upsetting the shipping programme.

Allotments for contract cargoes such as meat, fruit, and dairy-produce are arranged some weeks in advance of loading, and the itineraries of the various vessels are worked out in advance. There are factors, such as weather conditions and accidents to vessels, which cause delays which are unavoidable. In addition, the multiplicity of loading ports increases the risk of delays.

Experience has shown that under existing conditions it is not possible to have a hard and fast programme of regular arrivals, and that the best that can be done is to plan the allotments of produce and the sailing of vessels so that the greatest degree of regularity can be secured.

Dairy-produce is available at ten ports of shipment in the Dominion, six in the North Island and four in the South Island. Three of the North Island ports are roadstead ports, but the quantity of dairy-produce shipped from these open ports represents a very small percentage of the total Dominion dairy-produce exports—slightly under 5 per cent.

Produce was loaded into 108 vessels in the period mentioned, or an average of slightly over two per week, and the average ports of loading for each vessel for *dairy-produce* works out at 3·67 per vessel, arrived at as follows :—

5 vessels loaded dairy-produce at 1 port only.
 16 vessels loaded dairy-produce at 2 ports only.
 21 vessels loaded dairy-produce at 3 ports only.
 39 vessels loaded dairy-produce at 4 ports only.
 21 vessels loaded dairy-produce at 5 ports only.
 6 vessels loaded dairy-produce at 6 ports only.

—
 108 vessels, with 398 calls at ports for loading dairy-produce.

(Many of these vessels also loaded cargo at other ports from which no dairy-produce was exported.)

The average of 3·67 ports of call for each vessel loading dairy-produce represents a reduction when compared with the average of previous years.

The comparison figures are as follows :—

1933-34—122 vessels with an average of 3·77 ports per loading.
 1934-35—111 vessels with an average of 4·00 ports per loading.
 1935-36—104 vessels with an average of 3·98 ports per loading.
 1936-37—108 vessels with an average of 3·67 ports per loading.

The complete arrangements for allocation of vessels for shipment of dairy-produce, for loading itineraries, and for quantities for shipment from the several grading ports, are settled, after discussion, with representatives of the shipowners. The shipping officer of the Department is constantly in touch with the Overseas Shipowners' Allotment Committee in an endeavour so to arrange the shipping programme that, as far as is possible, all grading ports will be cleared of produce evenly, according to date, and that there will be regular arrivals in the United Kingdom in quantities to suit the market requirements.

The Department has had the co-operation of the dairy companies in the despatch of increased quantities of butter and cheese to United Kingdom outports. During the season just closed the arrangements for supplies to the ports of Southampton, Avonmouth, Cardiff, Liverpool, Manchester, Glasgow, Newcastle, and Hull, owing to the system of centralized control, have been much more satisfactory than hitherto.

SUPERVISION AND INSPECTION OF SHIPPING AND TRANSPORT OF DAIRY-PRODUCE.

In the interests of the preservation of the quality of dairy-produce, supervision and inspection of shipping and transport is essential. This service was established by the New Zealand Dairy Board in 1924, and excellent results quickly followed. The Department has three officers in New Zealand and one in London engaged in this work.

The Department is paying for dairy-produce on the basis of quality as determined by the grading-points allotted by Government graders, and any deterioration in quality through mishandling or through faulty stowage, or carriage of produce at incorrect temperature, means a direct loss to the Department.

The Inspectors of this Department collaborate with officers of the Dairy Division of the Department of Agriculture in connection with the care of produce in cool stores.

The following is a summary of the measures adopted by the Department's Inspectors to safeguard the quality of butter and cheese :—

- (a) Inspection of coastwise vessels carrying butter and cheese, and the taking of the necessary steps to ensure cleanliness, and to avoid taint of butter through proximity to other cargo.
- (b) Periodic visits to cool stores to check method of stacking produce and, in co-operation with officers of the Dairy Division of the Department of Agriculture, checking freezing temperatures in the case of butter storage, and temperatures and relative humidity in the case of cheese storage.
- (c) Inspection of the transport of all the dairy-produce sent coastwise, and the taking and recording of temperatures.
- (d) Supervision of the conditions of handling produce from railway-trucks to ship's slings to prevent careless handling.
- (e) Taking and recording temperatures of both butter and cheese at the time of tender from the cool stores to overseas vessels.
- (f) Inspection of all refrigerated spaces on each overseas vessel as far as possible prior to loading, to see that such spaces are clean, properly battened to give the necessary air-spacing for cooling, and that they are free from foreign odours likely to contaminate butter, such as from fuel-oil fumes, fruit, bonemeal, and the like.
- (g) The placing from time to time of temperature-recording thermographs in the cargo to register the temperature for the period of the voyage of carrying-vessels.
- (h) A general supervision of the stowage during loading to prevent damage from crushing, and to allow for air circulation in holds.
- (i) On discharge at ports in the United Kingdom, an inspection of each hold to take temperatures of the butter and cheese at varying points to check up with the ship's logged temperatures.

- (j) If damage of any nature occurs, to find, if possible, the cause, and to report back to New Zealand to enable steps to be taken to reduce the risk of damage on the next occasion of loading.
- (k) A periodic inspection of cool stores at Hay's Wharf and Surrey Commercial Docks, London, to check up all conditions relative to the storage of New Zealand dairy-produce, and a general supervision of the handling at all ports of discharge in the United Kingdom.

The system of supervision and inspection of all dairy-produce is a factor in the determination of the basis of the contract for insurance and on the insurance-rates charged. The insurance is a comprehensive cover which includes all risks from the time of receipt of the milk or cream at dairy factories, all stages in transport, period of storage in cool store, ocean transport, and a period of thirty days in cool store after discharge from steamers. With such a comprehensive cover, the supervision and inspection becomes of the utmost importance, and the excellence of the results achieved is reflected in the reduced insurance-rates. The rates in 1923-24 were—

Butter..	..	..	..	..	..	11s. 4d. per cent.
Cheese..	..	..	..	..	..	13s. 1½d. per cent.

whereas the present rates are—

Butter..	..	..	..	..	..	4s. 10d. per cent.
Cheese..	..	..	..	..	..	5s. 3d. per cent.

a reduction of 57 per cent. in the case of butter and 60 per cent. in the case of cheese. The insurance underwriters make it a condition of their contract that the system of supervision and inspection be continued.

FREIGHT RATES.

The freight contract for butter and cheese and meat and fruit expired on 31st August, 1936, and was renewed for a further three years. The new rates for butter and cheese are—

Butter, 2s. 11½d. per box	..	..	..	..	} Both rates in sterling.
Cheese, 1½d. per pound	..	..	..	..	

These rates represent an increase of 2½ per cent. on the rates previously ruling.

COLD STORAGE IN THE UNITED KINGDOM.

All butter and cheese arriving at London is discharged overside ship into barges for conveyance either to Hay's Wharf or to the stores of the Port of London Authority. The produce is there sorted and placed in cold storage until such time as delivery is taken by the buyers.

Similar arrangements with cold-store authorities are in operation at Bristol, Liverpool, and Manchester.

From 1st December, 1936, the London contracts with Hay's Wharf Company and with the Port of London Authority were renewed for a further period of three years at the following rates, which showed a slight reduction on the rates previously ruling :—

- Butter: Consolidated rate, 15s. 6d. per ton gross—
 - From 1st May to 31st October, rate includes rent for one week.
 - From 1st November to 30th April, rate includes rent for two weeks.
 - 5s. 6d. per ton first week's rent subsequent to free period
 - 5s. per ton second and later weeks' rent subsequent to free period.
- Cheese: Consolidated rate, 15s. 3d. per ton gross (includes one week's rent)—
 - Winter period, 1s. 9d. per ton per week after first week free rent.
 - Summer period, 2s. 3d. per ton per week after first week free rent.

MARINE INSURANCE.

All butter and cheese exported from New Zealand and purchased by the Department is protected by a comprehensive insurance contract, which covers the produce until thirty days after arrival in the United Kingdom. The contract also covers the cream and milk, which is made into butter and cheese intended for export, and which is identifiable as such, from the time such cream and milk is received at the factory until the produce is placed f.o.b. ocean steamer. The Department pays the insurance underwriters' flat rates covering the complete risk, and charges to dairy-factory companies the portion of the premium which represents the risk up to f.o.b. ocean steamer. The contract has a three-year term, and expires on 31st August, 1938. The inclusive rates are—

Butter ..	..	..	..	..	..	4s. 10d. per cent.
Cheese ..	..	..	..	..	..	5s. 3d. per cent.
Plus a war-risk premium of 5d. per cent.						

The portion of the premium which represents the risk up to f.o.b. ocean steamer, and which is charged to dairy-factory companies, is as follows :—

Butter ..	..	..	..	..	..	0.69d. per box.
Cheese ..	..	..	..	..	..	1.085d. per crate.

SALES OF BUTTER AND CHEESE TO MARKETS OTHER THAN UNITED KINGDOM.

The Department has endeavoured to increase sales of butter and cheese in markets other than the United Kingdom, and the requirements of firms regularly trading in those markets have been regularly supplied. The Department has always been prepared to quote on a f.o.b. basis for shipment to outside markets, and to arrange for supplies of the required types of produce, and for the special packaging which is frequently necessary.

It can be stated that the Department's principle of equal treatment, both as regards supplies and prices, of all those exporters who have been doing business with ports outside United Kingdom, has been favourably commented on by exporters, and on the whole has led to an increase in the business done.

Sales have been as under :—

Port.	Butter (Boxes).	Cheese (Crates).
Eastern Ports—		
Japan—		
Kobe	5,552	..
Osaka	40	..
Yokohama	2,110	..
	7,702	..
Philippine Islands	2,200	..
Singapore	8,526	..
French Cochinchina	765	..
China—		
Hong Kong	3,900	..
Shanghai	8,530	..
Tientsin	200	..
	12,630	348
India—		
Bombay	1,785	..
Calcutta	2,888	..
Madras	1,399	5
Rangoon	252	..
Colombo	50	..
	6,374	..
Pacific and North America—		
Honolulu	26,200	..
San Francisco	1,038	4
Vancouver	426	1,215
New York	2,850	..
	30,514	1,219
Panama Canal Zone—		
Cristobal	26,129	4
Balboa	12,525	..
	38,654	
British West Indies—		
Bahamas	655	..
Bermudas	300	..
Jamaica	17,013	81
	17,968	
	125,333	1,657

NEW ZEALAND DEPENDENCIES AND NEARBY ISLANDS.

In view of the large number of small and irregular lines of butter and cheese shipped to these groups—namely, Cook and Savage Islands, Samoa, Fiji, Tonga, New Guinea, and Tahiti—it was decided that such shipments should be treated as local trade, and left to New Zealand firms to handle, subject to their supplying regular monthly returns to the Department.

PANAMA AND JAMAICA.

The regular sale of butter to these points has been maintained. In both places New Zealand butter holds the bulk of the trade.

HONOLULU.

Shipments show a considerable increase, largely due to the American shipping strike, which shut off Californian supplies for some weeks.

CHINA AND JAPAN.

Quantities shipped to these countries have shown an increase, towards which the Department's system of selling has materially assisted.

SAIGON AND FRENCH INDO-CHINA.

Small quantities of butter are shipped here, but New Zealand is handicapped by being on the maximum rates of Customs duties as against certain foreign countries, notably Lithuania, which enjoy trade treaties with France, and thus pay minimum duties on exports to France and her colonies.

INDIA.

The shipments to this country are small but are well distributed, supplies going to Bombay, Madras, Calcutta, and Rangoon (Burma). The demand is for butter in pats, and is apparently limited to the white population and the well-to-do section of the Indian people. The suggestion made in some quarters that there is a great untapped market for our butter and cheese in India would appear to be based on a standard of living that is at present far ahead of the standard of the great majority of the people of India. Nevertheless, competent observers indicate that it is possible to develop trade in butter with India, although progress will be slow.

UNITED STATES.

This country's imports of butter have always been irregular, and this year shipments were only 3,888 boxes.

MARKET CONDITIONS DURING 1936-37 SEASON AND TREND OF PRICES.

BUTTER.

The outstanding feature of the market during the 1936-37 season was the sharp decline in price which occurred in February. During that month London quotations touched 83s. per hundredweight, which was the lowest point reached during the season. In explanation of this drop in price, and in answer to criticism that the decline was due to the new marketing-system, the following statement was issued on 24th February, 1937 :—

“ It has been suggested that the present market price of 83s. per hundredweight for New Zealand butter is due wholly or in part to the present marketing-policy. The advices received by the Marketing Department show that the market is dominated by the unusually heavy stocks in store compared with the stocks last year. The unexpectedly heavy imports of Northern Hemisphere butter during December and January prevented any decrease in accumulated stocks. Actually, imports from Northern Hemisphere countries and from the Argentine were 5,700 tons above last year for the five weeks ending 20th January, the principal increases being from—Russia (1,700 tons), Netherlands (1,300 tons), Denmark (1,100 tons), Baltic States (800 tons), Argentine (600 tons), Finland (300 tons), and Sweden (200 tons); and small increases have been registered from Poland and two or three of the more unimportant suppliers. While this continental type of butter is available, the increased demand which we look for in the Midlands and the North for New Zealand and Australian butter at this time of the year is retarded, and it is perhaps surprising that the wholesale and retail trader has been willing to buy so much New Zealand and Australian butter recently to hold in store.

“ The drop in price applies to all butters, and it is expected that the lowering of the retail price of butter in London from 1s. to 11d. per pound will stimulate consumption and result in a better market position.

“ During the third week in March, 1936, the price fell to 80s. per hundredweight. The retail price was then reduced from 1s. to 11d. per pound, and a better market followed.

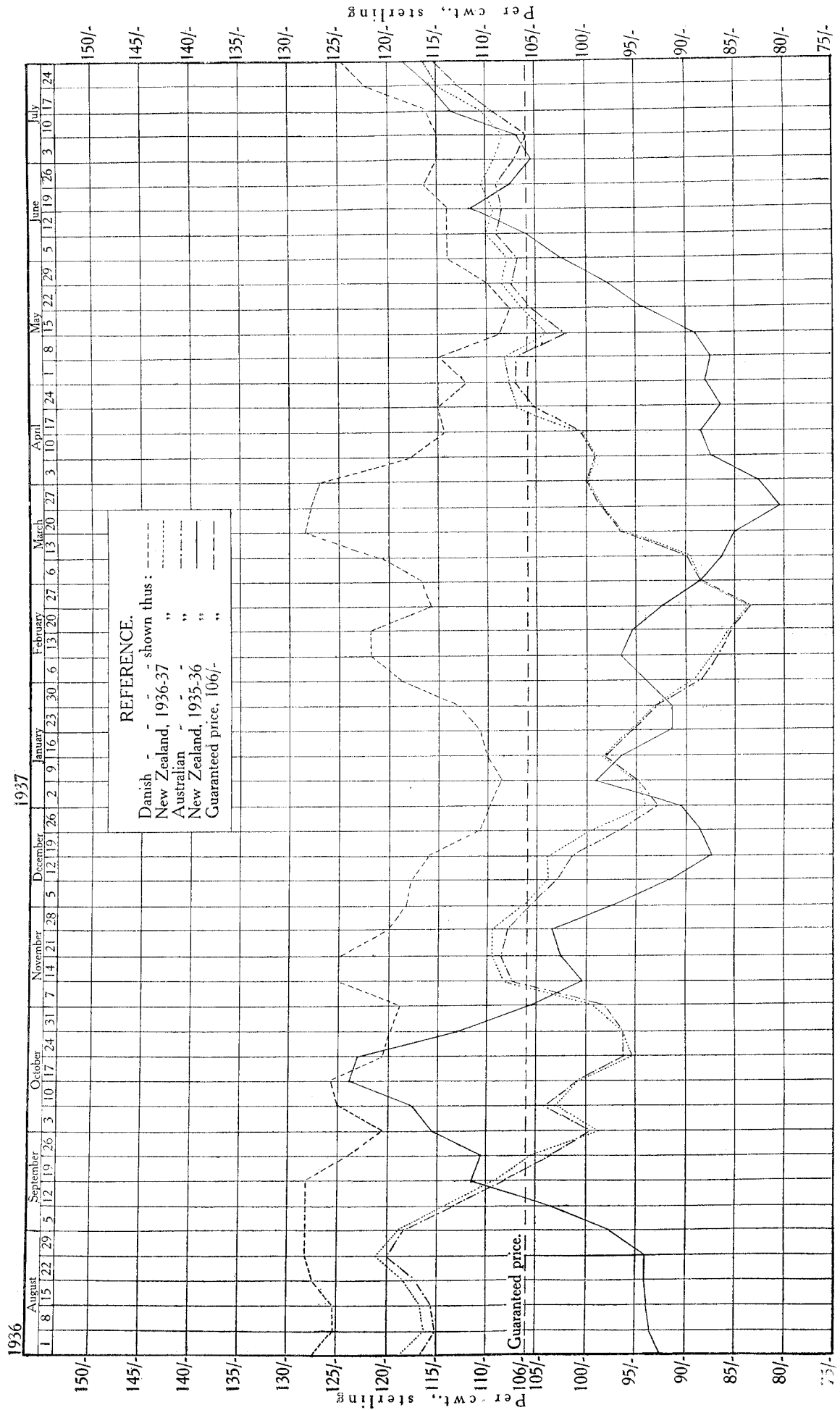
“ Thus, the experience of the market this year is very much in line with the experience of last year, with the difference that the drop in price, due to heavy arrivals, has come a few weeks earlier this year. It should be remembered that during the 1934-35 season the wholesale price of butter fell to 65s. per hundredweight.”

Subsequent to February, 1937, prices rose sharply from 83s. to 97s. per hundredweight by 12th March, and then steadily rose without any serious setback to 118s. per hundredweight at 31st July, 1937.

The following table of average monthly prices of butter at London shows, in respect of New Zealand, Australian, and Danish, the movement in price during the season just closed compared with the corresponding period for the previous season. It should be noted that the selling of New Zealand butter under the new marketing-system began in November, 1936.

BUTTER PRICES.

LONDON WEEKLY AVERAGE CABLED QUOTATIONS (PER HUNDREDWEIGHT STERLING),
1ST AUGUST, 1936, TO 31ST JULY, 1937.



AVERAGE MONTHLY PRICES OF BUTTER AT LONDON.

Month.	New Zealand Finest Salted.		Australian Finest Salted.		Danish.	
	1935-36.	1936-37.	1935-36.	1936-37.	1935-36.	1936-37.
	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.
November	102/6	109/-	102/-	107/9	124/9	122/6
December	90/3	100/6	89/6	98/9	127/9	114/9
January	95/-	94/6	94/3	94/6	119/6	113/-
February	93/9	86/6	92/6	86/6	129/-	119/6
March	84/3	96/3	84/-	96/6	122/6	126/9
April	88/3	105/-	87/9	104/6	106/-	115/-
May	94/6	107/-	93/3	106/-	104/6	110/6
June	108/3	110/-	107/-	108/6	115/6	114/9
July	114/9	114/-	113/6	112/-	124/6	120/-
Average, 9 months	96/10	102/6	96/-	101/8	119/4	117/5

(See also graphical tabulation of the weekly prices, which is published in this report.)

It is interesting to observe that, in respect of the period covered by the new marketing-system the premium for Danish butter over New Zealand is 14s. 11d. per hundredweight, compared with 22s. 6d. per hundredweight for the corresponding period of the previous season.

A price premium is paid for Danish butter because of its particular flavour and texture, and because it is fresh-made (not frozen and stored as in the case of New Zealand). The Danes built up a good market in the North of England for their butter by providing regular weekly supplies of uniform high quality. New Zealand, by improvement in quality, and in the regularity of supplies, has been steadily overcoming the advantages of proximity to the market enjoyed by the Danes, and outlets have been found for increasing quantities of New Zealand butter year by year.

Compared with Dutch butter and Baltic States butter, New Zealand this season shows more favourable prices than during the previous two years, and the comparison of Danish butter margins which has been quoted entirely disproves any suggestion that the present market policy has led to a widening of the Danish price-margin over New Zealand. On the contrary, the evidence supports the contention that the new marketing-system assists in a narrowing of the margin.

The following table shows the United Kingdom imports of New Zealand, Australian, and Danish butter for the period November to July in the season just closed, compared with the imports for the corresponding period in the previous season :—

UNITED KINGDOM IMPORTS OF BUTTER.

	New Zealand.		Australian.		Danish.	
	1935-36.	1936-37.	1935-36.	1936-37.	1935-36.	1936-37.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
November to July (inclusive) ..	108,405	116,433	79,282	62,027	79,360	85,567

The outstanding feature in the supply position in respect of New Zealand, Australian, and Danish butter on the United Kingdom market during the period of sale of butter purchased by the Government is the decrease in supplies of Australian. For the nine months November, 1936 to July, 1937, Australian supplies showed a decrease of 17,255 tons, whilst New Zealand showed an increase of 8,028 tons and Danish an increase of 6,207 tons.

Much attention is being given in the United Kingdom to the question of nutrition and the publicity of the Department stresses the food value of butter. There is evidence of an increasing appreciation of its superiority over margarine as a food. Without doubt, price is a most important factor, and it is the general experience that when the retail price of butter in the United Kingdom increases beyond 1s. 1d. per pound the tendency under normal circumstances is for butter sales to decline and a section of the consumers purchase margarine as a substitute.

CHEESE.

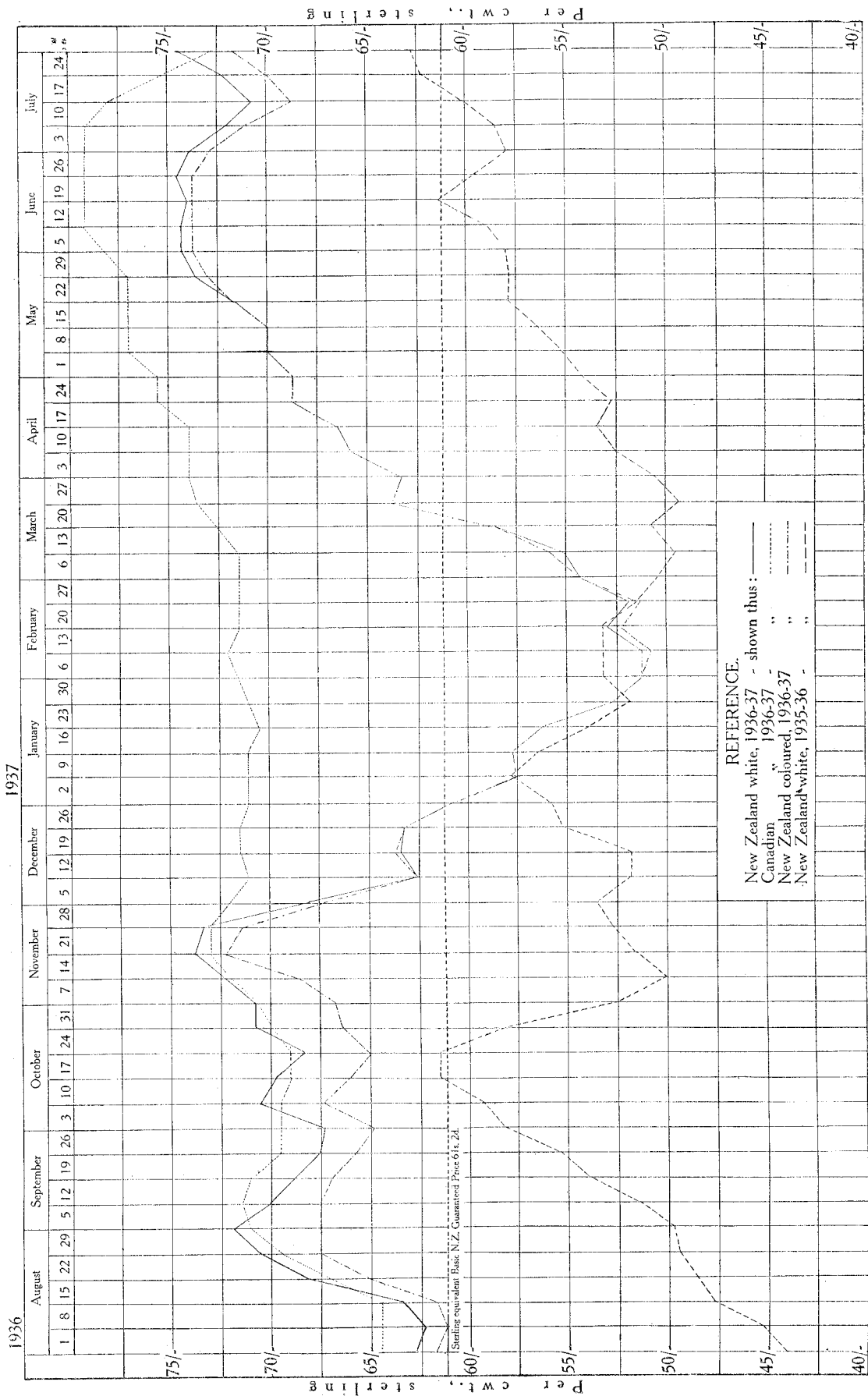
The following table of average monthly prices of cheese at London shows, in respect of New Zealand and Canadian cheese, the movement in price during the season just closed compared with the corresponding period for the previous season. Sales of New Zealand cheese purchased by the Government began in November, 1936.

AVERAGE MONTHLY PRICES OF CHEESE AT LONDON.

Month.	New Zealand (Finest White).		Canadian (Finest White)*.	
	1935-36.	1936-37.	1935-36.	1936-37.
	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.
November	52/6	72/3	58/6	73/3
December	54/-	62/9	59/6	71/9
January	54/9	55/6	62/-	72/-
February	52/6	53/-	62/6	72/-
March	50/3	60/6	63/-	73/-
April	53/6	68/3	62/-	75/6
May	57/-	72/6	63/6	78/3
June	59/9	74/3	67/6	80/-
July	61/6	73/-	64/3	76/-
Average, 9 months	55/1	65/9	62/6	74/8

* Old.

LONDON WEEKLY AVERAGE CABLED QUOTATIONS (PER HUNDREDWEIGHT STERLING),
1ST AUGUST, 1936, TO 31ST JULY, 1937.



The United Kingdom imports of New Zealand and Canadian cheese for the period under review are as follow :—

UNITED KINGDOM IMPORTS OF CHEESE.

	New Zealand.		Canadian.	
	1935-36.	1936-37.	1935-36.	1936-37.
November to July (inclusive)	Tons. 67,707	Tons. 68,415	Tons. 13,041	Tons. 19,487

The outstanding factors for consideration in connection with the United Kingdom cheese import position are firstly the Home production and secondly the quantity of New Zealand imports. During 1936 the United Kingdom production of cheese was approximately 55,000 tons, which represented 30 per cent. of the country's requirements. It is to be noted that in the first six months of 1937 the production of cheese in the United Kingdom was less than in the same period of 1936 by over 9,000 tons, a reduction of nearly one-third. Thus it can be taken that market prices for New Zealand cheese during the past season have been aided by the reduced Home production, notwithstanding the increase in Canadian importations.

In recent years cheese prices have not been affected by available supplies to the same extent as in the case of butter. Importations of cheese into the United Kingdom during the past years have remained almost stationary. It is certain that, notwithstanding the supply position, cheese-prices will move up or down in sympathy with the prices of butter. In a recent report Professor W. Riddet, in commenting on the factors which influence the demand for cheese, said,—

“ It is difficult to explain why in recent years consumption of cheese has not responded to fall in price, as has been the case with butter. Several explanations are offered. It is stated that people prefer cheap meat to cheap cheese. It is also stated that with the falling-off in employment among the most important cheese-consuming people (miners) the demand has fallen off. Some believe that the habits of the people have changed : with an improved standard of living, cheese forms a lesser part of the diet. Others have expressed the views that, firstly, some people went off cheese when there was much poor-quality produce on the market, and, secondly, the predominance of New Zealand cheese in the market, with its milk flavour, has reduced consumption—i.e., it is not sufficiently tasty.”

The Government proposes to continue investigations with a view to ascertaining the possibilities of extending the demand for the best type of cheese that can be produced in the Dominion.

MANUFACTURE OF GHEE FOR SALE IN INDIA.

From time to time representations have been made to the Government that there are distinct possibilities in the sale of ghee to India. Ghee is a form of edible fat used throughout the East, and consists of pure clarified milk-fat. It is said to be frequently, but unlawfully, mixed with other fats. Most of the ghee sold in India is prepared from the milk of buffaloes, which produce fat that is practically colourless, and is different in chemical composition from the butterfat of the cow. Since ghee is pure fat and contains no moisture, it can be kept for long periods of time at ordinary temperature without undergoing changes.

It has been suggested that pure clarified New Zealand butterfat, which is comparatively easy to prepare from butter, would be suitable for the ghee trade, but local butterfat has certain characteristics which, while highly desirable for buttermaking, make the production of high-grade ghee difficult. Ghee made from New Zealand cow butterfat melts at a considerably lower temperature than the native buffalo ghee, and therefore softens more readily in tropical climates than the native product. Ghee made from New Zealand butterfat is too yellow in colour, and it is difficult to impart to it the required characteristic flavour.

Small experimental quantities of ghee were made at the Dairy Research Institute at the Massey Agricultural College, and were shipped to merchants in India. Four of the samples were yellow in colour, though made in different ways, and two samples were bleached. The yellow samples were declared to be unsuitable in colour. The bleached samples were correct as to colour, but not quite suitable in flavour.

At the request of the Government, Professor W. Riddet, Director of the Dairy Research Institute, went to Bombay and investigated the possibilities of development of trade in ghee of New Zealand manufacture. The following is a summary of the conclusions of Professor Riddet's report on the subject :—

- (1) Although the population of India is very great and a very large proportion of the population could consume more ghee, the purchasing-capacity of the masses is so limited that at present prices any material demand for New-Zealand-made ghee could not readily be created.
- (2) For technical reasons, New Zealand could not make cow-butterfat ghee equal in quality to the best locally made buffalo-fat ghee. It could, however, produce saleable ghee which would find an average demand once well established.

- (3) Ghee is extensively made by Indian villagers, who view their returns from the sale of ghee as a useful supplement to their income, but they are not dependent alone on this, consequently any additional supplies on the market would merely depress price without in any way reducing the volume of produce made in the Indian villages.
- (4) New Zealand ghee would need to be sold at the average price of the local product (about 10d. per pound) and would be worth less than its realization in the form of butter at present prices in the United Kingdom.
- (5) There is an import duty on ghee imported into India the equivalent of 14s. 7½d. sterling per hundredweight. In addition, most cities and towns impose a town duty, which, in the case of Bombay, is 3s. 9d. per hundredweight. The total charges imposed on ghee entering into India at the port of Bombay at the time of my visit were approximately 19s. 0¾d. sterling per hundredweight.
- (6) Although adulteration of ghee appears to be commonly practised, there are available supplies of pure ghee, both cow and buffalo, to meet the demands of those prepared to pay high prices for finest-quality products. Locally made vegetable product competes with pure ghee, and is available in considerable quantity at prices lower than ghee.
- (7) Doctors prefer cow ghee to buffalo ghee, and if New Zealand ghee could be introduced to the market its high vitamin content would be an added attraction, but it would entail both expensive advertising and the breaking-down of time-honoured prejudices to make the venture successful.
- (8) India has already an export trade in ghee, and efforts are being made to expand dairying in that Dominion.
- (9) Instead of attempting to create a market for ghee, already well provided for by local effort and of quality superior to that which we are likely to make, it is better policy for us to concentrate upon the sale of butter to the relatively small section of the community who have a high purchasing-capacity, and who would be willing to pay a reasonable price for a good-quality product.

It will be observed that Professor Riddet does not indicate any bright prospect for profitable development of trade in ghee. This viewpoint is supported by the Australian Trade Delegation which visited India last year, seeking information with a view to supplying India's needs from Australia. The *Australian Dairy Review* reports the opinion of the delegation as follows:—

“In the course of the delegation's inquiries a mass of detail was obtained on which the delegation based as one conclusion that the disparity in possible return to Australian producers between ghee at 6d. per pound for India and butter at 1s. per pound for London was so great that it was obvious that the Indian ghee-market was of no value to Australia. The lowest recorded price for low-grade butter on the London market was 58s. per hundredweight sterling in December, 1934, but before the ghee-market could even be considered by Australian producers the price for even the lowest grade would have to fall to 44s. 10d. per hundredweight. If in any circumstances it should be found necessary to look to India for a market, the delegation expressed the opinion that sales of ghee could be made at a price, but that it would be necessary to organize carefully in advance.”

PAYMENTS MADE BY DAIRY-FACTORY COMPANIES FOR BUTTERFAT-SUPPLIES.

The accounts and statistical statements of dairy-factory companies are published this year, for the first time, in a standard form as prescribed in the Dairy Industry Accounts Regulations. The uniform presentation of the results of the operations of companies enables fair comparisons to be made and provides a fund of information of great value to the dairy industry and to the Government.

Dairy-company suppliers, directors, and officials are enabled to compare the results of their operations with those of neighbouring companies. In addition, reliable data on butter-manufacturing costs, cheese-manufacturing costs, and on dairy-company butterfat-prices to suppliers are available to the Government for the purpose of determination, in accordance with the provisions of the Primary Products Marketing Act, of the guaranteed purchase prices for butter and cheese.

The average butterfat-prices paid to suppliers of both butter- and cheese-manufacturing companies for the 1936-37 season are shown in a tabulation included in this report. The dairy companies are grouped, for purposes of averaging, under the appropriate dairy-produce grading ports. In any comparison of butterfat payments to suppliers of companies, regard should be had to the location and special circumstances of individual companies, which will inevitably have a bearing on manufacturing and transport costs.

COSTS IN MANUFACTURE AND DELIVERY OF BUTTER AND CHEESE TO F.O.B. OVERSEAS STEAMERS.

The standard form of published accounts referred to under the heading “Payment made by Dairy-factory companies for Butterfat-supplies” provides for the grouping in the manufacturing and marketing accounts of dairy companies of the costs, under six headings, as follows: Cream Collection, Manufacturing Charges, Depreciation, Repairs and Maintenance, Charges Factory to f.o.b., Overhead Charges.

The costs of all items grouped under the six headings mentioned are shown worked out on the basis of per pound of butterfat. In addition the total cost to f.o.b. per pound of butterfat is recorded. Thus a reliable comparison of costs, item by item, is provided. This comparison is of great value to those interested in the work of dairy-factory companies and to the Government.

The average costs of both butter- and cheese-manufacturing companies for the 1936-37 season are shown in a tabulation included in this report. The dairy companies are grouped, for purposes of averaging, under the appropriate dairy-produce grading ports.

SEASON 1936-37 : COSTS IN MANUFACTURE AND DELIVERY OF BUTTER TO F.O.B. OVERSEAS STEAMERS.
(In pence per pound of butterfat.)

	Cream- collection.	Manufacturing Charges.	Depreciation.	Repairs and Maintenance.	Charges : Factory to f.o.b.	Overhead Charges.	Total.
Auckland	0.339	0.867	0.060	0.096	0.414	0.115	1.891
New Plymouth	0.233	1.085	0.094	0.081	0.299	0.129	1.921
Patea-Wanganui	0.376	1.106	0.121	0.073	0.325	0.197	2.198
Hawke's Bay - Gisborne	0.380	1.011	0.084	0.048	0.465	0.220	2.208
Wellington	0.332	0.963	0.068	0.078	0.349	0.145	1.935
Marlborough-Nelson-Westland	0.409	1.117	0.156	0.081	0.507	0.240	2.510
Canterbury	0.796	1.019	0.080	0.044	0.314	0.442	2.695
Otago	0.850	1.355	0.081	0.071	0.491	0.699	3.547
Southland	0.444	1.267	0.300	0.112	0.299	0.515	2.937
New Zealand average	0.352	0.927	0.072	0.088	0.398	0.147	1.984

SEASON 1936-37 : COSTS IN MANUFACTURE AND DELIVERY OF CHEESE TO F.O.B. OVERSEAS STEAMERS.
(In pence per pound of butterfat.)

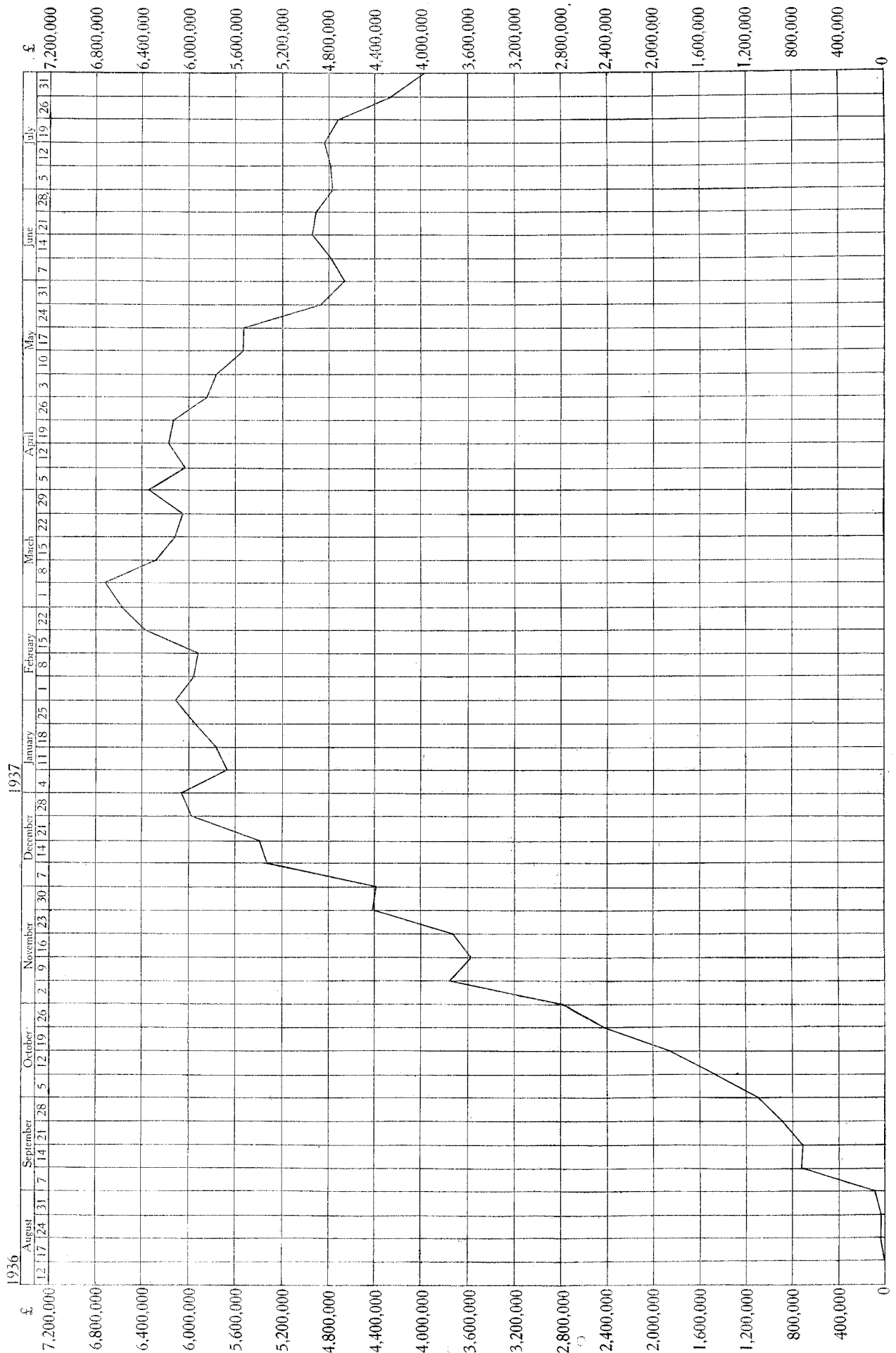
	Manu- facturing Charges.	Depreciation.	Repairs and Maintenance.	Charges : Factory to f.o.b.	Overhead Charges.	Total Charges.
Auckland	2.146	0.155	0.140	0.607	0.134	3.182
New Plymouth	1.949	0.127	0.117	0.491	0.193	2.877
Patea-Wanganui	1.909	0.108	0.177	0.485	0.200	2.879
Hawke's Bay - Gisborne	2.103	0.175	0.125	0.803	0.326	3.532
Wellington	2.114	0.107	0.140	0.681	0.255	3.297
Marlborough-Nelson	2.263	0.247	0.165	0.843	0.438	3.956
Canterbury	2.128	0.165	0.108	0.591	0.504	3.496
Otago	2.459	0.192	0.201	0.691	0.418	3.961
Southland	2.291	0.173	0.137	0.670	0.345	3.616
New Zealand average	2.056	0.134	0.146	0.577	0.226	3.139

SEASON 1936-37 : ESTIMATED PAYMENTS BY DAIRY COMPANIES FOR BUTTERFAT-SUPPLIES.
(In pence per pound of butterfat.)

	Butter.	Cheese.
Auckland	13.575	14.766
New Plymouth	13.584	14.444
Patea-Wanganui	13.475	14.512
Hawke's Bay - Gisborne	13.381	13.761
Wellington	13.655	14.154
Marlborough-Nelson-Westland	13.049	13.688
Canterbury	13.163	14.260
Otago	12.773	13.677
Southland	12.310	14.468
New Zealand average	13.529	14.440

DAIRY INDUSTRY ACCOUNT.

RECORD OF WEEKLY BALANCES, 1936-37 SEASON.



ACCOUNTS.

The accounts submitted with this report are in terms of New Zealand currency, and they show the operations of the Department in the purchase and sale of export dairy-produce for the 1936-37 season. The accounts cover all export butter and cheese which was manufactured from 1st August, 1936, to 31st July, 1937, the quantities being—

149,810 tons of creamery butter.

1,446 tons of whey butter.

86,708 tons of cheese.

The average f.o.b. purchase prices paid or payable for this produce in terms of the Primary Products Marketing Act are as follow :—

Creamery butter..	..	..	..	..	12-6624d. per pound.
Whey butter ..	..	..	..	..	11-4829d. per pound.
Cheese ..	..	..	..	..	7-2d. per pound.

The average approximate f.o.b. realizations for produce (actual and estimated), as shown in the accounts, are as follow :—

Creamery butter..	..	..	..	..	12-261d. per pound.
Whey butter ..	..	..	..	..	11-06d. per pound.
Cheese ..	..	..	..	..	7-223d. per pound.

In the compilation of the accounts butter and cheese unsold at balance date were taken in at the following values :—

Creamery butter (shipments partially sold) : 115s. per hundredweight sterling gross.
 Creamery butter (in store awaiting shipment) : 116s. per hundredweight sterling gross.
 Whey butter (shipments partially sold) : 107s. per hundredweight sterling gross.
 Whey butter (in store awaiting shipment) : 108s. per hundredweight sterling gross.
 Cheese (shipments partially sold) : 67s. 6d. per hundredweight sterling gross.
 Cheese (in store awaiting shipment) : 64s. per hundredweight sterling gross.

The accounts submitted comprise :—

- (1) Separate Purchase and Sale or "Pool" Accounts for creamery butter, whey butter, and cheese.
- (2) Administration and General Expenses Account.
- (3) Dairy Industry Account.
- (4) Balance-sheet.

The Purchase and Sale or "Pool" Accounts show the purchase value of the produce, and the sale-value less selling charges, freight, and insurance. To each Purchase and Sale Account is charged its proportion of the total administration and general expenses, amounting to £174,266 19s. 3d. To the Creamery Butter Purchase and Sale Account is charged the amount of £30,866 17s. due to the Butter-box Pool Account, following the decision of the Government to make a refund of the deductions made from payments to dairy companies which had used the "Saranac" type butter-box for the packing of their butter. To the Creamery Butter Purchase and Sale Account is also charged the sum of £16,000, being the estimated amount due to butter-manufacturing companies to preserve equity in respect of grading dates of produce payable at the 1936-37 and the 1937-38 guaranteed prices. The explanation of this item is that certain dairy companies, complying with the requests of the Department, sent forward for shipment from time to time quantities of butter and cheese for United Kingdom outports and destinations other than London. In so doing these dairy companies, in comparison with other companies, had a greater proportion of their produce payable at the 1936-37 guaranteed prices, and thus suffered the loss of the difference between the 1936-37 and the 1937-38 prices on such excess proportion. The additional payment of £16,000, which has been provided for in the accounts, corrects this disparity in so far as creamery butter is concerned.

To the Cheese Purchase and Sale Account is charged the sum of £28,000, being the estimated amount due to cheese-manufacturing companies to preserve equity in respect of grading dates of produce payable at the 1936-37 and the 1937-38 guaranteed prices. The explanation given above of the corresponding item in the Creamery Butter Purchase and Sale Account applies also to this item of £28,000.

To the Cheese Purchase and Sale Account is also charged the sum of £165,000, being the sum estimated to provide a further payment of $\frac{1}{4}$ d. per pound on all cheese graded up to and including 18th March, 1937, purchased by the Government and exported from New Zealand on or before 31st July, 1937. The effect of this provision is that a further payment of $\frac{1}{4}$ d. per pound will be made on all cheese which has been paid for at the 1936-37 season prices.

Provision has been made for payment on whey butter to preserve equity (as in the case of creamery butter and cheese) in respect of grading dates of produce payable at the 1936-37 and the 1937-38 guaranteed prices. The amount involved is included in the sum of £28,000 charged to Cheese Purchase and Sale Account.

The Administration and General Expenses Account shows the itemized expenses in the United Kingdom and in New Zealand, and the expenses and charges due or accruing on sale of the 1936-37 season produce. After deducting the proportion of the 1935-36 levy to cover the expenses incurred in marketing the balance of the 1935-36 season product, the balance of this account is allocated to the Produce Purchase and Sale Accounts as already mentioned.

The Dairy Industry Account shows the position of the Produce Purchase and Sale Accounts as follow:—

	£	s.	d.	£	s.	d.
Estimated deficit on creamery butter				561,397	1	6
Estimated surplus on cheese	18,354	7	6			
Less estimated deficit on whey butter	5,707	5	9			
				12,647	1	9
Estimated deficit Dairy Industry Account, 1936–37 season				548,749	19	9

The balance-sheet is drawn up in the usual form to show liabilities and assets as at 31st July, 1937.

The Government desires to acknowledge the co-operation and assistance which have been received from organisations interested directly and indirectly in the marketing of the primary products of the Dominion. In particular, the Government has appreciated the co-operation of the farming industry and of the directors and officials of dairy companies. The Dairy Board, the National Dairy and South Island Dairy Conferences and the farmers' organizations have been at all times helpful in the expression of their views. Finance, shipping, and cool-store interests have also given a full measure of co-operation, both in New Zealand and in London.

In the United Kingdom members of the provision trade and the appointed agents of the Department have given their support to the Dairy Sales Division, which has endeavoured to improve the marketing of New Zealand dairy-produce on non-speculative lines. The success which has been achieved is due to a considerable extent to this helpful co-operation.

The Government realizes that its policy for the betterment of conditions in primary production in the Dominion can only be implemented to the full with the co-operation and assistance of interested sections of the community.

INTERNAL MARKETING DIVISION.

The Internal Marketing Division of the Primary Products Marketing Department was established in February, 1937, when the Government acquired the business of Picot Bros., Ltd. The purchase was made on a valuation basis, and included the premises, plant, and stock-in-trade, whilst the services of the managing director were retained as Director of Internal Marketing. At that time, the company was the largest wholesale dealer in primary food products for the local market in the Dominion, and the Government on assuming control became possessed of an organization competent to carry out the handling and distribution of primary foodstuffs in the capital city and also in certain districts of the Wellington Province.

At the time of the purchase, Picot Bros., Ltd., were operating two branches in Palmerston North and Hastings respectively. The latter has, however, since been disposed of to the co-operative dairy interests in Hawke's Bay, who were desirous of undertaking the marketing of their own produce in that area. The basis of this transaction was the same as that used in the purchase of Picot Bros., Ltd., referred to above, so that neither profit nor loss to the Government resulted. The new concern thus established under co-operative control became the sole distributor of butter in Hawke's Bay, and at the same time became an important factor in the distribution of other primary products within the district.

BUTTER-MARKETING.

As a means of stabilizing prices and regulating the marketing and distribution of butter within the Dominion, following upon the policy adopted by the Government in respect of butter intended for shipment overseas, the Butter (Wellington District) Marketing Regulations were brought into force on 1st May. Under those regulations the wholesale price of butter was fixed so that the returns to the dairy companies would be commensurate with the returns received for the butter and cheese purchased by the Government for export, after taking into consideration the disparity between the costs of packing and handling for export and those for the preparation of the product for the local market. A system of licensing wholesale distributors was also introduced, and the conditions under which they could trade in butter were clearly defined so that their margin of profit could be kept within reasonable limits and the interests of the dairy companies protected by the elimination of price-cutting and other undesirable practices. In addition, the dairy companies in the Wellington District were placed on a more satisfactory basis so far as the sale of their output for local consumption was concerned, and a number of anomalies that had hitherto existed between them, particularly in respect of their butterfat payments to the producers, were eliminated.

The regulations have worked exceedingly smoothly and have served admirably as groundwork for the inauguration of a similar plan on a national basis, which it is expected will be in operation towards the end of the year.

EGGS AND EGG-PULP.

Since its inception the Internal Marketing Division has been actively engaged in assisting poultry-producers in the marketing of their produce, and has done a great deal of useful work in the handling and distribution of eggs and egg-pulp not only in Wellington, but also in other parts of the Dominion as well. During the flush period of production the Division relieved the markets in the various centres affected of their surplus supplies, and by co-ordinating the activities of the various distributors and egg-exporting committees was instrumental in stabilizing the markets concerned and ensuring to the producers more equitable returns. The Division has at the same time been investigating the possibility of improving the marketing of these products with a view to assisting the industry to develop the distribution of its produce throughout the Dominion on the most economical and efficient lines.

HONEY.

The Division is also conducting an inquiry into the marketing of honey, and is investigating a number of proposals for reorganization which have been put forward by various interests throughout the Dominion. The problem of marketing honey internally is, however, accentuated by the fact that a considerable proportion of the crop has to be exported annually from the Dominion to maintain our market for this product overseas. It has therefore become necessary to consider the export position along with that of the local market.

FRUIT.

Following upon the recommendation of the Fruit-marketing Committee, the Division assumed responsibility in May last for the supervision and reorganization of the marketing of fruit and vegetables within the Dominion. In addition to a considerable amount of preparatory work the Division has taken an active part in assisting growers with a number of the problems, and has in some instances arranged contracts for the disposal of their crops. The organization of the fruit industry has been under review, and in the case of the citrus industry a special growers' advisory committee representing the three co-operative associations at Kerikeri, Auckland, and Tauranga respectively has been co-opted to assist the Division in its endeavours to improve the marketing and distribution of New-Zealand-grown citrus fruits.

Considerable attention has also been paid to the question of imported fruits, particularly oranges, with a view to ensuring that adequate supplies of this commodity would at all times be available to the public throughout the Dominion.

The establishment of the Internal Marketing Division by the Government has had a considerable influence on the marketing within the Dominion of primary food products, and has created a position whereby the trade in these commodities can be competently organized. It is the policy and function of the Division not only to investigate the possibilities of improving marketing procedure, but also to determine and, if necessary, initiate through its own organization those methods which are calculated to bring about a more efficient distribution of these products, and thus narrow the margin of cost between the producer and the consumer.

APPRECIATION.

In concluding the first report on the new marketing procedure, the Government desires to express its appreciation of the efforts of Mr. Frank Picot, the Director of Internal Marketing, and his staff, who, by their splendid work, are making orderly marketing possible in the Dominion; and to pay tribute to the untiring efforts of Mr. George A. Duncan, the Acting Director of Marketing, and his staff in New Zealand; and to Messrs. H. E. Davis and J. W. Rodden and their staff in London. They have carried through a major alteration in marketing without ostentation or advertisement that in the opinion of the Government will give the dairy-farmer and those associated with him a security that he has not previously possessed.



Minister of Marketing.

PRIMARY PRODUCTS MARKETING DEPARTMENT.

CREAMERY BUTTER.

PURCHASE AND SALE ACCOUNT, 1936-37 SEASON.

Shipments for which Complete Sale Proceeds have been received at 31st July, 1937.

<i>Dr.</i>	..	..	£	s. d.	<i>Cr.</i>	£	s. d.	£	s. d.
Purchase of 3,955,212 boxes	..	..	11,601,452	17 10	Sale of 3,955,212 boxes (less United Kingdom selling-charges, including landing-charges, agents' commission, discount, and storage)..	..	11,468,626	17 2	
					Less—				
					Freight	..	698,525	7 4	
					Insurance	..	20,232	0 4	
								718,757	7 8
									10,749,869 9 6
					Balance carried forward (deficit on 3,955,212 boxes)	..		851,583	8 4
			£11,601,452	17 10				£11,601,452	17 10

Shipments for which only Partial Sale Proceeds have been received at 31st July, 1937.

<i>Dr.</i>		£	s.	d.	<i>Cr.</i>		£	s.	d.	£	s.	d.	£	s.	d.
Balance brought forward (deficit on 3,955,212 boxes	..	..	851,583	8 4	Sale of 884,418 boxes (less United Kingdom										
Purchase of ..	..	..	4,554,110	11 10	selling-charges, including landing-charges,										
					agents' commission, discount, and storage) ..					2,931,661	17 9				
					Estimated sale value of 664,618 boxes in store										
					United Kingdom or afloat at 31st July, 1937										
					(basis of valuation 115s. per hundredweight										
					sterling, less United Kingdom selling-charges)					2,285,226	0 0				
					Total boxes, 1,549,036					5,216,887	17 9				
					Less—										
					Freight					282,415	7 11				
					Insurance					9,928	10 8				
										292,343	18 7				
					Balance carried forward (estimated deficit on 5,504,248 boxes)					4,924,543	19 2				
										481,150	1 0				
										£5,405,694	0 2				

PRIMARY PRODUCTS MARKETING DEPARTMENT—continued.

CREAMERY BUTTER—continued.

PURCHASE AND SALE ACCOUNT, 1936-37 SEASON—continued.

Stocks in Store in New Zealand awaiting Shipment at 31st July, 1937.

Dr.	£	s.	d.	Cr.	£	s.	d.	£	s.	d.
Balance brought forward (estimated deficit on 5,504,248 boxes	..	..	481,150	1	0	Estimated sale value of 488,134 boxes (basis of	..	..	..	..
Purchase value of 488,134 boxes	..	..	1,502,470	1	2	valuation 116s. per hundredweight sterling,	..	..	..	..
						less United Kingdom selling-charges)	..	..	1,686,807	14 6
						Less—				
5,992,382 boxes						Freight	..	..	88,318	9 10
(149,809 tons 11 cwt.)						Insurance	..	..	3,197	6 0
									91,515	15 10
						Balance carried forward (estimated deficit on 5,992,382 boxes), (149,809 tons			1,595,291	18 8
						11 cwt.)	..	..	388,328	3 6
									£1,983,620	2 2
									£	s. d.
Balance brought forward	..	..	388,328	3	6	Balance to Dairy Industry Account (being estimated deficit on sale of creamery	..	..	561,397	1 6
Estimated amount due to butter-manufacturing companies to preserve equity in	..	..				butter)	..	..		
respect of grading-dates of produce payable at the 1936-37 and the 1937-38	..	..					..	..		
guaranteed prices	..	..	16,000	0	0		..	..		
Amount due to Butter Box Pool Account (being refund Saranac Box deduction)	..	..	30,866	17	0		..	..		
Proportion of administration and general expenses	..	..	126,202	1	0		..	..		
									£561,397	1 6

(NOTE.—The produce unsold at balance date has since been realized at prices in excess of 116s. per hundredweight.)

[illegible]

PRIMARY PRODUCTS MARKETING DEPARTMENT—continued.

CHEESE—continued.

PURCHASE AND SALE ACCOUNT, 1936-37 SEASON—continued.

Stocks in Store in New Zealand awaiting Shipment at 31st July, 1937.

		Dr.			Cr.					
		£ s. d.			£ s. d.					
Purchase value of 178,741 crates ..	..	..	..	867,880	0	7	Balance brought forward (estimated surplus on 1,035,173 crates) ..	..	..	298,581 15 7
Balance carried forward (estimated surplus on 1,213,914 crates), (85,502 tons	..	..	..	..	..	..	Estimated sale value of 178,741 crates (basis of valuation 6ds. per hundredweight sterling, less United Kingdom selling-charges) ..	..	923,622	19 8
10 cwt. 2 qr.) ..	..	..	..	..	..	..	Total crates, 1,213,914 (85,502 tons 10 cwt. 2 qr.).	..	..	..
							Less—			
							Freight ..	..	94,162	19 6
							Insurance ..	..	1,989	11 0
									96,152	10 6
									827,470	9 2
									£1,126,052	4 9
Estimated amount of further payment to cheese-manufacturing companies on cheese graded up to and including 18th March, 1937, and exported on or before 31st July, 1937 ..	..	..	..	165,000	0	0	Balance carried forward ..	..	..	258,172 4 2
Estimated amount due to cheese-manufacturing companies to preserve equity in respect of grading-dates of produce payable at the 1936-37 and the 1937-38 guaranteed prices ..	..	..	..	28,000	0	0				
Proportion of administration and general expenses ..	..	..	..	46,817	16	8				
Balance to Dairy Industry Account (being estimated surplus on sale of cheese)..	..	..	..	18,354	7	6				
				£258,172	4	2				

(NOTE.—The bulk of the produce unsold at balance date has since been realized at prices in excess of 67s. 6d. per hundredweight.)

PRIMARY PRODUCTS MARKETING DEPARTMENT—continued.

WHEY BUTTER.

PURCHASE AND SALE ACCOUNT, 1936-37 SEASON.

Shipments for which Complete Sale Proceeds have been received at 31st July, 1937.

Dr.	£	s.	d.	Cr.	£	s.	d.	£	s.	d.
Purchase of 42,041 boxes ..	..	..	..	Sale of 42,041 boxes (less United Kingdom selling-charges, including landing-charges, agents' commission, trade discount, and storage) ..	..	..	..	111,969	19	6
				Less—						
				Freight ..	..	..	..	7,662	13	5
				Insurance ..	..	..	..	193	14	9
				Balance carried forward (deficit on 42,041 boxes)	..	..	..	7,856	8	2
								104,113	11	4
								8,482	16	5
								£112,596	7	9

Shipments for which only Partial Sale Proceeds have been received at 31st July, 1937.

Dr.	£	s.	d.	Cr.	£	s.	d.	£	s.	d.
Balance brought forward (deficit on 42,041 boxes) ..	..	..	..	Sale of 10,242 boxes (less United Kingdom selling-charges, including landing-charges, agents' commission, trade discount, and storage) ..	..	..	..	31,757	12	10
Purchase of ..	..	..	..	Estimated sale value of 4,939 boxes in store United Kingdom or afloat at 31st July, 1937 (basis of valuation 107s. per hundredweight sterling, less United Kingdom selling-charges) ..	..	..	..	15,770	0	0
				Total boxes, 15,181 ..	..	..	..	47,527	12	10
				Less—						
				Freight ..	..	..	..	2,767	12	4
				Insurance ..	..	..	..	86	11	5
				Balance carried forward (estimated deficit on 57,222 boxes)	..	..	..	2,854	3	9
								44,673	9	1
								4,504	5	0
								£49,177	14	1

Stocks in Store in New Zealand awaiting Shipment at 31st July, 1937.

Dr.	£	s.	d.	Cr.	£	s.	d.	£	s.	d.
Balance brought forward (estimated deficit on 57,222 boxes) ..	..	..	..	Estimated sale value of 200 boxes (basis of valuation 108s. per hundredweight sterling, less United Kingdom selling-charges) ..	..	..	..	644	0	0
Purchase value of ..	..	..	..	Less—						
				Freight ..	..	..	..	36	9	3
				Insurance ..	..	..	..	1	5	0
				Balance carried forward (estimated deficit on 57,422 boxes), (1,435 tons 11 cwt.) ..				37	14	3
								606	5	9
								4,460	4	2
								£5,066	9	11
								£	s.	d.
								4,460	4	2
								1,247	1	7
								£5,707	5	9

Balance brought forward ..

Proportion of administration and general expenses ..

Balance to Dairy Industry Account (being estimated deficit on sale of whey butter) ..

(NOTE.—The produce unsold at balance date has since been realized at prices in excess of 108s. per hundredweight.)

PRIMARY PRODUCTS MARKETING DEPARTMENT—continued.
ADMINISTRATION AND GENERAL EXPENSES ACCOUNT, 1936-37 SEASON.

United Kingdom.			New Zealand.			Total.		
Dr.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Salaries	10,570	10 6	10,730	3 0	21,300	13 6		
Legal expenses	111	4 9	..	..	111	4 9		
Office rent, maintenance, cleaning, telephones, and sundry expenses	3,531	12 6	2,263	18 7	5,795	11 1		
Postage, cables, printing, and stationery	1,652	17 1	1,752	6 0	3,405	3 1		
Travelling-expenses	303	15 8	209	11 8	513	7 4		
Subscriptions, donations, entertainment, and general expenses..	120	5 7	..	..	120	5 7		
Shipping inspection	1,472	18 11	1,911	7 9	3,384	6 8		
Agency expenses, Lyttelton	..	..	225	0 0	225	0 0		
Audit fees	..	..	650	0 0	650	0 0		
Depreciation (office and departmental equipment)	238	17 9	221	1 2	459	18 11		
	18,002	2 9	17,963	8 2	35,965	10 11		
Advertising in United Kingdom	..	..	£	s. d.				
Premium credit risk insurance	..	..	..	39,048 19 11				
	..	..	..	6,206 6 3				
Miscellaneous general expenses	..	..	..	45,255 6 2				
Cost of remittances to dairy companies	..	..	..	779 5 3				
Interest on overdraft at Reserve Bank	..	..	..	11,846 9 8				
	..	..	..	56,683 2 5				
Estimate of charges accruing on 1936-37 season's produce unsold at 31st July, 1937 ..	..	..	..	68,529 12 1				
	..	..	..	30,000 0 0				
					</			

Cr.
Proceeds of export levy on shipment of balance of 1935-36 season's produce
Allocation of expenses to produce "Purchase and Sale Accounts"—
 Creamery butter.. .. .
 Whey butter
 Cheese
£ .. 126,202 1 0
 .. 1,247 1 7
 .. 46,817 16 8
174,266 19 3

PRIMARY PRODUCTS MARKETING DEPARTMENT—continued.
DAIRY INDUSTRY ACCOUNT (INCOME AND EXPENDITURE), PERIOD 1ST AUGUST, 1936, TO 31ST JULY, 1937.

<i>Dr.</i>		<i>Cr.</i>			
	£ s. d.		£ s. d.	£ s. d.	£ s. d.
Estimated deficit Creamery Butter Account	561,397 1 6	Estimated surplus Cheese Account	18,354 7 6		
		Less estimated deficit Whey Butter Account	5,707 5 9		
			12,647 1 9		
		Estimated surplus cheese and whey butter	12,647 1 9		
		Balance (estimated deficit Dairy Industry Account, 1936-37 season)	548,749 19 9		
			£561,397 1 6		
BALANCE-SHEET AS AT 31ST JULY, 1937.					
<i>Liabilities.</i>			<i>Assets.</i>		
	£ s. d.	£ s. d.		£ s. d.	£ s. d.
Overdraft: Reserve Bank of New Zealand	3,998,118 1 5		Sundry debtors—		
Less balance at Bank of England and Bank of New Zealand, London	14,387 9 2		For produce and amounts accrued due	519,554 5 0	
			Internal Marketing Branch	37,569 18 3	
Sundry creditors for accrued charges and sundry credit balances	3,983,730 12 3				557,124 3 3
	2,863,794 5 3		Stocks—		
			Produce	5,733,548 14 2	
			Advertising material and sundries	3,279 14 0	
					5,736,828 8 2
			Office and departmental equipment	4,822 6 4	
			Dairy Industry Account (estimated deficit, 1936-37 season)	548,749 19 9	
					£6,847,524 17 6

NOTES.

- A. The following items of expenditure included in the accounts are being authorized in a Finance Bill to be submitted to Parliament during the present session:—
- (1) Further payment of £165,000 to cheese-manufacturing companies.
 - (2) Interest on overdraft, £56,683 2s. 5d.
 - (3) Payment of £30,866 17s. to the Butter-box Pool Account.
 - (4) Advances to Internal Marketing Branch, £37,569 18s. 3d.
 - (5) Additional amounts due on butter and cheese exported after 31st July, 1937, is payable at the 1937-38 prices).
 - (6) Payment of £44,000 to dairy companies (£28,000 on account of cheese and £16,000 on account of butter) to preserve equity in respect of grading-dates for produce payable at the 1936-37 and the 1937-38 guaranteed prices.
- B. The effect of the validation of the items of expenditure mentioned in paragraphs (5) and (6) above is that the guaranteed prices fixed for the 1936-37 season apply to all export butter graded up to and including the 19th April, 1937, and to all export cheese graded up to and including the 18th March, 1937, and the guaranteed prices fixed for the 1937-38 season apply to all butter and cheese graded after those respective dates.
- C. In order that the accounts should cover all export butter and cheese manufactured up to and including 31st July, 1937, the quantities in store in New Zealand at that date are included. Ownership of this produce passes to the Crown, in terms of the Primary Products Marketing Act, when it is placed on board ship for export from New Zealand.

G. A. DUNCAN, Acting Director of Marketing.

I hereby certify that the Purchase and Sale Accounts, the Administration and General Expenses Account, the Income and Expenditure Account, and the Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby subject to the departmental notes enclosed thereon.—J. H. FOWLER, Controller and Auditor-General.

IMPORTS OF BUTTER INTO UNITED KINGDOM.
(From *Dairy-produce Supplies*, 1936.)

Country whence consigned.	1913.	1931.	1932.	1933.	1934.	1935.	1936.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
New Zealand	12,600	96,300	106,950	125,600	133,850	131,900	139,600
Australia	29,700	77,900	89,750	84,600	105,200	105,650	84,700
Irish Free State	(a)	19,050	15,750	18,950	23,400	24,400	23,400
Canada	50	3,900	950	1,650	..	3,150	2,000
Union of South Africa	..	2,000	1,850	1,250	1,050	4,100	3,750
South-west African Territory	..	..	1,100	300	150	1,650	1,900
Kenya	(b)	300	350	250	400	650	1,050
Nigeria	..	..	..	..	..	150	300
Other Empire countries	50	50	100	100	150	100	150
Denmark	85,350	123,300	129,200	125,950	124,300	109,300	108,550
Netherlands	7,650	4,800	2,350	7,300	15,050	23,200	37,300
U.S.S.R. (Russia)	37,550	20,200	16,150	28,150	24,550	25,150	20,750
Lithuania	(c)	2,000	3,400	5,200	7,050	9,050	10,550
Latvia	(c)	1,950	5,600	7,300	7,800	9,650	9,800
Poland	(d)	1,650	150	..	2,500	4,950	9,450
Finland	(c)	12,700	10,850	6,700	7,550	5,800	8,000
Sweden	16,600	10,600	8,800	11,350	15,100	9,200	7,450
Estonia	(c)	6,250	4,150	4,200	6,150	5,950	5,800
Austria	..	..	..	400	1,250	950	1,800
Hungary	..	..	..	1,600	2,000	900	1,750
France	12,450	50	100	50	750	350	1,450
Belgium	(e)	..	50	100	700	..	800
Germany	..	400	200	200	200	..	..
Norway	1,000	650	750	150	..	..	..
Argentina	3,650	18,700	19,550	10,100	5,550	3,450	7,150
Other foreign countries	300	250	100	150	50	750	150
Totals, Empire countries	42,400	199,500	216,800	232,700	264,200	271,750	256,850
Totals, foreign countries	164,550	203,500	201,400	208,900	220,550	208,650	230,750
Totals, all countries	206,950	403,000	418,200	441,600	484,750	480,400	487,600

(a) Not separately distinguished before April, 1923. (b) Included in "Other Empire countries." (c) Included in Russia.
(d) Included in Russia, Germany, and Austria-Hungary. (e) Included in "Other foreign countries."

IMPORTS OF CHEESE INTO UNITED KINGDOM.
(From *Dairy-produce Supplies*, 1936.)

Country whence consigned.	1913.	1931.	1932.	1933.	1934.	1935.	1936.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
New Zealand	27,350	86,650	92,450	102,950	104,600	88,150	84,050
Canada	64,700	35,350	37,350	31,500	26,000	23,500	30,150
Australia	400	3,400	3,700	4,650	5,750	6,700	4,550
Union of South Africa and South-west African Territory	..	750	850	650	150	1,100	600
Irish Free State	(a)	100	100	50	250	450	850
Other Empire countries	..	..	..	..	..	..	50
Netherlands	14,600	8,400	8,500	6,100	6,400	9,950	9,100
Italy	5,100	6,600	5,300	4,500	4,700	4,000	700
Denmark	(b)	250	300	300	300	500	1,450
France	750	600	450	350	350	400	1,150
Switzerland	600	1,600	700	700	700	750	850
Finland	(b)	150	150	100	100	100	50
Norway	(b)	50	100	50	100	50	50
Belgium	100	100	50	50	..	..	50
Germany	(b)	50	50	..	..	..	..
United States of America	1,100	200	..	..	..	..	50
Other foreign countries	150	50	100	50	50	50	100
Totals, Empire countries	92,450	126,250	134,450	139,800	136,750	119,900	120,250
Totals, foreign countries	22,400	18,050	15,700	12,200	12,700	15,800	13,550
Totals, all countries	114,850	144,300	150,150	152,000	149,450	135,700	133,800

(a) Not separately distinguished before April, 1923. (b) Included in "Other foreign countries."

IMPORTS OF BUTTER INTO PORTS IN THE UNITED KINGDOM, 2ND JULY, 1936, TO 30TH JUNE, 1937.
(In tons.)

Weekly Dairy Produce Notes, Imperial Economic Committee.

Country whence consigned.	London.	Southamp- ton.	Bristol.	Fishguard.	Liverpool.	Manchester.	Glasgow.	Leith.	Newcastle.	Hull.	Goole.	Grimsby.	Harwich.	Other Ports.	Total.	Previous Year.
Irish Free State	..	..	100	6,200	6,400	..	4,950	..	..	..	..	..	..	3,350	21,000	23,900
Australia ..	65,900	50	100	..	2,400	650	950	..	..	1,100	..	..	..	..	71,150	88,100
New Zealand ..	105,300	900	8,800	..	18,400	1,700	9,450	..	50	100	..	..	..	200	144,900	136,850
Canada ..	750	..	..	..	300	150	..	..	150	..	..	..	..	..	1,350	3,350
South-west African Territory	..	1,650	..	..	..	..	..	..	..	..	..	..	..	..	1,650	2,350
South Africa ..	700	2,950	..	..	..	..	..	..	..	..	..	..	..	..	3,650	5,600
Kenya ..	900	..	..	..	..	..	..	..	..	..	..	..	..	..	900	950
Nigeria ..	100	..	..	..	..	..	..	..	..	..	..	..	..	..	100	250
British India ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	50
Other Empire countries	150	50	..	..	..	..	..	..	..	..	..	..	..	..	200	50
Russia ..	20,750	..	..	..	..	..	..	..	..	..	..	..	..	..	20,750	17,950
Netherlands ..	17,500	..	..	..	1,350	750	50	7,250	2,450	4,250	4,100	50	150	1,400	39,300	29,400
Denmark ..	350	..	..	..	..	..	..	22,200	23,550	7,200	5,300	41,600	13,550	..	113,750	108,000
Sweden ..	150	..	..	..	..	..	..	1,350	1,600	5,300	..	..	..	300	8,700	8,200
Finland ..	..	..	..	..	..	..	..	100	..	8,750	..	..	..	..	8,850	6,450
Estonia ..	1,850	..	..	..	..	..	..	..	..	4,800	..	..	..	..	6,650	6,150
Latvia ..	8,450	..	..	..	..	..	..	100	1,050	800	..	..	..	..	10,400	9,850
Poland ..	6,150	..	..	..	..	..	..	..	..	700	..	..	..	..	6,850	7,750
Lithuania ..	8,200	..	..	..	..	..	..	50	..	1,750	..	..	..	..	10,000	10,550
Germany ..	50	..	..	..	..	..	..	..	..	..	..	..	..	..	50	..
Austria ..	1,800	..	..	..	..	..	..	..	..	..	..	..	..	..	1,800	1,150
Hungary ..	1,600	..	..	..	..	..	..	..	..	..	..	..	..	..	1,600	1,200
Belgium ..	600	..	..	..	..	..	..	..	..	..	..	..	..	..	600	300
France ..	..	1,100	..	..	..	..	..	..	..	..	..	..	..	100	1,200	850
Rumania ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	100
U.S.A. ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	700
Argentina ..	6,400	2,400	..	..	50	..	..	..	..	..	..	..	..	..	8,850	4,000
Other foreign countries	50	..	..	..	..	..	..	50	..	50	..	..	..	2,250	2,400	4,000
Totals	247,700	9,100	9,000	6,200	28,900	3,250	15,400	31,100	28,850	34,800	9,400	41,650	13,700	7,600	486,650	..
27th June, 1935, to 1st July, 1936	252,400	9,650	7,800	7,150	25,050	5,550	16,650	28,900	26,350	27,950	9,000	38,500	13,600	9,500	..	478,050

IMPORTS OF CHEESE INTO PORTS IN THE UNITED KINGDOM, 2ND JULY, 1936, TO 30TH JUNE, 1937.
(In tons.)

Weekly Dairy Produce Notes, Imperial Economic Committee.

Country whence consigned.	London.	Folkestone.	Southamp- ton.	Bristol.	Cardiff.	Liverpool.	Manchester.	Glasgow.	Leith.	Newcastle.	Hull.	Goole.	Harwich.	Other Ports.	Total.	Previous Years.
Irish Free State	50	..	..	..	..	250	..	50	..	..	..	..	..	600	950	500
New Zealand	61,550	..	350	4,900	200	7,300	650	4,250	..	50	50	..	..	..	79,300	85,050
Canada	15,150	..	50	2,450	1,150	2,750	950	1,150	850	1,250	450	..	..	1,150	27,350	22,200
Australia	4,600	..	..	700	..	50	..	..	..	..	200	..	..	..	5,550	5,450
South Africa	150	..	600	..	..	..	..	..	..	..	..	..	..	..	750	1,050
Netherlands	5,850	..	..	..	..	100	..	..	850	500	600	2,050	150	400	10,500	9,100
Italy	1,250	450	..	..	..	..	..	..	..	..	..	..	500	50	2,250	1,650
Switzerland	400	50	..	..	..	..	..	..	50	100	..	..	200	100	800	600
Denmark	250	..	..	..	..	..	..	..	..	..	50	..	550	50	1,050	1,200
France	150	..	100	..	..	..	..	..	..	..	..	..	200	400	850	800
Finland	50	..	..	..	..	..	..	..	..	..	..	..	..	..	150	100
Norway	50	..	..	..	..	..	..	..	..	..	..	..	..	..	50	50
Argentina	50	..	..	..	..	..	..	..	..	..	..	..	..	..	50	50
Other countries	50	..	..	..	..	..	..	..	..	..	..	..	..	2,650	2,700	4,700
Totals..	89,700	500	1,100	8,050	1,350	10,450	1,600	5,450	1,800	1,900	1,350	2,050	1,600	5,400	132,300	..
27th June, 1935, to 1st July, 1936	90,950	750	1,350	7,700	1,450	9,100	2,200	4,750	1,900	1,400	1,150	1,300	1,550	6,950	..	132,500

THE WORLD TRADE IN BUTTER.
EXPORT OF BUTTER FROM PRINCIPAL EXPORTING COUNTRIES.
(In tons.)

Countries.	1936.	1935.	1934.	1933.	1932.	1931.	1930.	1929.
Denmark ..	143,896	136,116	147,460	148,334	155,306	168,942	166,321	156,526
Netherlands ..	59,235	46,047	36,304	27,925	20,056	32,438	41,247	46,574
Irish Free State	25,907	26,549	25,396	20,193	16,488	18,887	26,235	28,034
Sweden ..	18,806	19,939	22,836	16,857	13,333	19,217	26,253	24,536
Finland ..	13,766	10,081	10,923	11,697	14,295	17,128	16,842	16,344
Estonia ..	10,782	10,667	9,958	9,079	12,333	14,216	13,844	12,164
Latvia ..	17,017	16,550	15,453	15,399	18,304	18,443	18,139	14,596
Lithuania ..	14,398	11,962	9,518	9,429	9,770	8,567	7,241	4,020
Poland..	10,735	5,595	4,367	1,583	1,208	12,263	11,926	14,843
France ..	5,660	5,181	3,258	3,049	3,536	4,931	5,404	7,466
Totals, Europe	320,202	288,687	285,473	263,545	264,629	315,032	333,452	325,103
U.S.S.R. ..	22,732	28,929	37,305	36,617	30,446	30,368	10,356	24,971
New Zealand ..	139,810	139,466	130,725	131,760	109,277	99,428	94,212	82,690
Australia ..	82,889	102,898	110,171	94,434	102,258	85,275	56,518	45,944
Argentina ..	10,107	6,753	8,191	13,688	24,963	22,842	22,838	16,762
Canada ..	2,290	3,436	191	1,981	1,565	4,768	527	625
Totals, overseas	235,096	252,553	249,278	241,863	238,063	212,313	174,095	146,021
Grand totals ..	578,030	570,169	572,056	542,025	533,138	557,713	517,903	496,095

IMPORTS OF BUTTER INTO PRINCIPAL IMPORTING COUNTRIES.
(In tons.)

Countries.	1936.	1935.	1934.	1933.	1932.	1931.	1930.	1929.	1928.
Great Britain and Northern Ireland	484,030	474,060	479,808	437,300	402,947	385,429	332,531	313,727	297,423
Germany ..	74,216	69,879	60,788	58,210	68,421	98,638	131,054	133,404	124,555
Belgium - Luxembourg	3,634	5,943	9,238	12,235	20,950	18,554	10,105	4,267	1,294
France ..	1,898	674	4,287	9,066	11,670	18,230	5,770	4,354	2,571
Switzerland ..	1,439	135	292	511	3,639	10,428	8,392	7,433	8,064
Canada ..	53	66	1,283	615	106	1,260	17,234	16,040	7,500
U.S.A... ..	4,407	10,123	561	247	194	462	601	642	1,545
Totals ..	569,677	560,880	556,257	518,184	507,927	533,001	505,687	479,867	442,952

BUTTER.
WEEKLY MEDIUM PRICES AT THE LONDON PROVISION EXCHANGE.
(Shillings per hundredweight.)

1934-35.										1935-36.										1936-37.													
Date.		New Zealand.	Australian.	South African.	Argentina.	Danish.	Dutch.	Baltic.	Polish.	Russian.	Date.		New Zealand.	Australian.	South African.	Argentina.	Danish.	Dutch.	Baltic.	Polish.	Russian.	Date.		New Zealand.	Australian.	South African.	Argentina.	Danish.	Dutch.	Baltic.	Polish.	Russian.	
		S.F.	S.F.	S.	U.F.	106	U.S.	S.	U.S.	Siberian.			S.F.	S.F.	S.	U.F.	129	U.S.	S.	U.S.	Siberian.				S.F.	S.F.	S.	U.F.	125	U.S.	S.	U.S.	Siberian.
Oct.	5	68	68	61	61	71	71	60	54	61		Oct.	4	118	116	112	112	105	106	99	109	109		Oct.	2	103	104	94	125	97	82	97	97
	12	65	65	59	56	71	71	59	56	61			11	124	123	115	115	113	109	119	119			9	101	101	94	126	95	81	97	97	
	19	67	65	61	61	71	71	61	61	61			18	125	123	123	123	120	113	120	120			16	95	96	90	121	90	81	97	97	
	26	70	69	64	64	71	71	67	60	64			25	114	113	113	113	112	107	113	113			23	96	96	90	120	91	88	97	97	
Nov.	2	72	71	66	66	71	71	71	66	66		Nov.	1	106	105	105	105	112	99	102	102			30	99	98	90	119	91	84	97	97	
	9	77	76	73	73	85	85	74	69	73			8	101	100	95	95	106	100	94	97				108	107	90	125	98	88	99	99	
	16	75	74	67	67	87	87	74	67	67		Nov.	15	103	101	96	96	109	102	96	98			13	109	108	90	125	103	94	101	101	
	23	74	73	66	66	90	90	73	66	71			22	103	102	96	96	108	102	96	100			20	109	105	92	120	101	94	99	94	
	30	72	70	70	70	96	96	72	70	70			29	98	97	94	94	105	102	94	100			27	106	105	90	119	98	93	96	96	
Dec.	7	72	70	69	69	96	96	71	70	69		Dec.	6	92	91	89	89	101	99	88	90				104	102	98	97	118	98	94	94	94
	14	69	68	70	70	126	126	70	70	70			13	87	86	87	87	127	101	88	87			Dec.	104	101	95	117	98	91	91	91	
	21	70	70	70	70	122	122	70	70	70			20	89	88	88	88	94	128	95	87			11	104	98	94	111	96	94	94	94	
	28	75	74	74	72	121	121	74	74	74			27	99	98	98	96	128	99	89	87			23	99	93	91	110	96	91	91	91	
Jan.	4	76	75	75	75	120	120	75	75	75		Jan.	3	99	98	98	96	128	99	89	87				94	94	90	109	93	96	96	92	92
	11	83	81	80	80	113	113	103	81	81			10	96	95	87	97	122	102	89	87			8	98	98	92	110	97	93	93	96	
	18	80	80	80	80	113	113	80	80	80			17	92	91	87	97	115	99	89	87			15	95	95	93	111	97	93	93	94	
	25	84	82	82	82	111	111	82	82	82			24	91	90	87	96	115	96	87	87			22	93	93	90	113	96	89	89	92	
Feb.	1	88	87	85	85	109	109	85	85	85			31	94	93	87	96	116	99	89	87			29	89	88	86	119	97	89	89	88	
	8	90	89	89	89	105	105	100	89	89		Feb.	7	96	95	92	95	125	101	92	87			5	87	87	87	122	99	86	86	88	
	15	89	88	88	88	105	105	94	83	83			14	95	95	90	96	127	105	94	85			12	85	85	82	122	100	87	87	87	
	22	84	83	83	83	103	103	94	83	83			21	92	92	90	96	128	107	91	82			19	83	83	81	116	99	84	84	84	
Mar.	1	81	80	80	80	112	112	90	79	79			28	88	87	85	94	135	102	86	86			26	88	88	85	117	98	87	87	87	
	8	75	75	75	75	107	107	77	77	77		Mar.	6	86	86	83	83	129	95	85	87			5	89	90	87	121	99	89	89	89	
	15	73	71	71	71	87	87	79	78	78			13	85	84	80	86	121	89	82	82			12	97	96	93	128	99	94	94	94	
	22	72	70	70	70	73	73	73	73	73			20	80	80	77	83	121	85	80	80			19	98	98	96	128	102	94	94	94	
	29	75	73	73	73	102	102	73	73	73			27	83	83	79	82	115	83	80	80			26	100	100	97	127	101	94	94	94	
April	5	77	74	74	74	100	100	72	77	77		April	3	87	86	83	87	110	86	84	84			2	99	99	93	118	97	94	94	94	
	12	78	74	74	73	98	98	78	78	78			10	88	88	83	87	108	87	85	85			9	102	101	92	114	97	94	94	94	
	19	76	71	71	71	98	98	81	80	80			17	86	86	83	83	102	85	85	85			16	106	105	102	115	103	94	94	94	
	26	76	72	72	73	95	95	71	75	75			24	88	87	84	84	103	86	83	83			23	108	107	104	112	105	94	94	94	

May	3	78	75	71	73	73	73	71	May	1	87	87	84	100	86	86	83	87	April	30	108	107	104	115	107	105	101
	10	77	75	70	73	73	73	70	May	8	88	88	84	100	85	85	82	87	May	7	104	102	99	109	99	105	101
	17	77	75	69	71	71	71	69		15	94	93	88	102	87	87	83	90		14	107	106	103	102	104	105	105
	24	80	79	73	73	73	73	73		22	97	96	89	108	91	91	89	96		21	108	107	105	110	104	107	105
June	31	81	80	75	77	77	77	75		29	103	100	97	110	97	97	93	99		28	108	107	105	114	105	107	105
	7	83	82	76	76	76	76	77	June	5	106	104	88	112	101	101	97	99	June	4	110	109	106	114	106	108	106
	14	86	84	79	77	77	77	79		12	111	110	104	118	108	107	103	99		11	110	108	106	114	106	108	106
	21	89	86	82	80	80	80	83		19	107	106	104	114	106	104	99	99		18	110	109	107	115	107	108	106
July	28	89	86	84	82	82	82	84		26	105	104	102	117	101	95	99	99		25	109	107	104	115	107	108	106
	5	88	85	83	83	83	83	82	July	3	107	106	101	117	99	99	93	99	July	2	109	106	103	115	106	108	105
	12	89	86	82	81	81	81	83		10	113	112	103	124	106	108	99	107		9	110	109	106	115	106	108	105
	19	89	86	81	83	82	82	82		17	116	115	105	127	110	111	105	111		16	115	113	122	109	111	108	105
Aug.	26	92	90	87	85	85	85	87		24	118	116	107	127	110	112	107	111		23	116	115	124	112	113	113	108
	2	93	92	88	87	87	87	88		31	116	115	106	125	108	110	105	110		30	118	117	124	112	115	115	112
	9	93	93	89	90	90	90	89	Aug.	7	117	115	105	125	109	109	104	109	Aug.	6	118	117	124	112	115	115	112
	16	94	93	87	87	87	87	87		14	118	117	109	127	111	110	105	110		13	118	117	124	112	115	115	112
Sept.	23	94	93	86	85	85	85	86		21	121	120	108	128	112	113	107	112		20	118	117	124	112	115	115	112
	30	97	96	92	86	86	86	87		28	119	118	110	128	110	112	107	112		27	118	117	124	112	115	115	112
	6	104	103	96	94	94	94	96	Sept.	4	114	114	107	128	108	108	102	109	Sept.	3	118	117	124	112	115	115	112
	13	112	111	95	100	99	99	100		11	109	108	101	128	103	104	92	105		10	118	117	124	112	115	115	112
	20	111	110	107	106	106	106	98		18	105	105	96	124	101	96	87	102		17	118	117	124	112	115	115	112
	27	115	114	111	105	105	105	103		25	99	99	91	120	97	96	80	94		24	118	117	124	112	115	115	112

S.F. = Salted finest; S. = Salted; U.F. = Unsalted finest; U.S. = Unsalted.

CHEESE.
WEEKLY MEDIUM PRICES AT THE LONDON PROVISION EXCHANGE.
(Shillings per hundredweight.)

1934-35.				1935-36.				1936-37.					
Date.	New Zealand.		Canadian.		English.		Date.	New Zealand.		Canadian.		English.	
	W.F.	C.F.	W.F.	C.F.	Farmers F.	Factory.		W.F.	C.F.	W.F.	C.F.	Farmers F.	Factory.
Nov. 9 ..	54	53	54	55	55	47	Nov. 8 ..	50	50	57	57	68	..
16 ..	52	52	55	55	55	..	15 ..	51	51	58	60	75	48
23 ..	50	48	55	55	54	..	22 ..	53	54	58	58	77	47
30 ..	47	46	55	55	55	..	29 ..	53	55	57	58	77	49
Dec. 7 ..	45	44	55	55	53	44	Dec. 6 ..	52	53	58	58	77	45
14 ..	44	43	55	55	55	43	13 ..	52	55	57	58	77	43
21 ..	44	44	55	55	59	..	20 ..	55	59	59	60	77	46
28 ..	46	46	55	56	60	..	27 ..	56	60	59	63	75	49
Jan. 4 ..	47	47	56	58	62	..	Jan. 3 ..	58	62	60	63	75	47
11 ..	48	48	59	59	60	45	10 ..	56	60	60	62	75	49
18 ..	46	46	58	58	57	44	17 ..	54	57	60	62	75	50
25 ..	46	46	58	58	55	43	24 ..	52	55	60	62	75	52
Feb. 1 ..	47	47	59	59	57	44	31 ..	53	57	60	62	75	52
Feb. 8 ..	48	47	59	59	58	44	Feb. 7 ..	53	58	59	60	75	51
15 ..	49	49	60	61	57	42	14 ..	53	57	61	63	75	51
22 ..	48	47	60	61	55	44	21 ..	51	55	61	62	75	52
Mar. 1 ..	46	46	61	61	62	44	28 ..	50	54	62	63	75	51
Mar. 8 ..	45	46	61	61	63	43	Mar. 6 ..	49	53	62	63	75	52
15 ..	44	45	61	61	62	86	13 ..	51	53	62	63	75	52
22 ..	45	46	61	61	64	43	20 ..	49	51	60	64	77	50
29 ..	46	47	61	61	61	42	27 ..	50	51	61	63	79	49
April 5 ..	45	47	61	61	61	42	April 3 ..	52	53	61	64	79	50
12 ..	45	46	61	61	61	41	10 ..	53	53	61	64	80	49
19 ..	44	46	61	61	63	41	17 ..	53	53	61	63	83	50
26 ..	44	46	61	61	61	41	24 ..	54	54	62	64	83	51
May 3 ..	43	45	61	61	61	41	May 1 ..	55	54	64	65	83	51
May 10 ..	44	45	61	63	63	40	May 8 ..	56	55	63	65	83	51
17 ..	44	45	62	61	65	40	15 ..	58	55	63	65	83	53
24 ..	43	44	63	62	63	40	22 ..	58	55	65	65	83	52
31 ..	43	44	63	63	63	39	29 ..	58	56	64	65	83	53
June 7 ..	43	44	63	63	63	39	June 5 ..	59	58	65	65	83	54
14 ..	44	44	63	63	66	40	12 ..	61	61	66	66	83	58
21 ..	45	44	63	62	66	38	19 ..	60	60	66	66	83	57
28 ..	45	45	63	64	64	38	26 ..	58	58	67	65	83	56

July	5 ..	45	45	63	63	63	63	35	July 3 ..	58	58	68	63† 69*	63† 66*	..	56	July 2 ..	72	71	71	79	78	..	70
12 ..	44	44	44	63	63	63	63	35	10 ..	60	60	63† 69*	64† 70*	64† 70*	..	55	9 ..	71	69	78	78	..	69	
19 ..	44	44	44	63	63	63	63	35	17 ..	62	62	64† 69*	64† 70*	64† 70*	..	57	16 ..	72	70	..	73† 80*	72† 80*	73	
26 ..	44	44	44	63	63	63	63	35	24 ..	63	63	.. 72*	.. 72*	.. 72*	..	58	23 ..	74	72	72	74† 80*	73† 80*	73	
Aug. 2 ..	45	45	45	63	63	63	63	35	31 ..	62	61	64† 75*	64† ..	64† ..	72	59	30 ..	75	72	72	74† 80*	73† 80*	73	
Aug.	9 ..	48	47	64* 51†	62* 51†	62* 51†	62* 51†	36	Aug. 7 ..	63	62	64	64	64	72	58	Aug. 6 ..	..	..	..	..	..	..	
16 ..	48	47	47	64* 51†	63* 51†	63* 51†	63* 51†	37	14 ..	68	65	67	67	67	74	61	13 ..	..	..	..	..	..	..	
23 ..	49	49	49	64* 52†	65* 52†	65* 52†	65* 52†	37	21 ..	70	67	69	69	69	78	65	20 ..	..	..	..	..	..	..	
30 ..	50	49	49	61* 53†	62* 53†	62* 53†	62* 53†	36	28 ..	72	67	68	68	68	71	67	27 ..	..	..	..	..	..	..	
Sept.	6 ..	51	51	53	52	52	52	39	Sept. 4 ..	70	67	69	69	69	71	67	Sept. 3 ..	..	..	..	..	..	..	
13 ..	54	54	54	54	54	54	54	42	11 ..	69	67	71	69	69	79	64	10 ..	..	..	..	..	..	..	
20 ..	55	55	55	55	56	56	56	43	18 ..	67	66	70	70	70	79	64	17 ..	..	..	..	..	..	..	
27 ..	58	58	58	58	59	59	59	43	25 ..	67	65	69	69	69	79	64	24 ..	..	..	..	..	..	..	
Oct.	4 ..	59	59	59	60	60	60	47	Oct. 2 ..	70	67	69	69	69	82	64	Oct. 1 ..	..	..	..	..	..	..	
11 ..	61	61	61	61	61	61	61	54	9 ..	70	66	69	69	69	83	63	8 ..	..	..	..	..	..	..	
18 ..	61	61	61	61	61	61	61	53	16 ..	68	65	68	68	68	82	63	15 ..	..	..	..	..	..	..	
25 ..	58	58	58	60	60	60	60	52	23 ..	71	66	70	69	69	84	64	22 ..	..	..	..	..	..	..	
Nov.	1 ..	52	52	59	59	59	59	49	30 ..	71	67	70	69	69	84	66	29 ..	..	..	..	..	..	..	

* Old season's. † New.

W.F. = White finest; C.F. = Coloured finest.

THE WORLD TRADE IN CHEESE.

EXPORTS OF CHEESE FROM PRINCIPAL EXPORTING COUNTRIES.

(In tons.)

Countries.	1936.	1935.	1934.	1933.	1932.	1931.	1930.	1929.
Netherlands ..	55,942	60,088	60,220	62,903	75,921	85,025	92,294	94,302
Italy ..	19,096	17,805	24,680	23,562	29,700	39,708	36,150	32,054
Switzerland ..	18,186	17,968	17,475	20,244	19,509	24,244	29,528	31,127
France ..	10,422	10,994	11,595	11,176	13,042	15,308	17,375	18,129
Denmark ..	9,379	6,558	6,201	9,920	6,488	4,188	5,636	6,479
New Zealand ..	82,911	86,378	99,226	99,146	89,520	81,818	90,648	88,954
Canada ..	36,558	24,876	27,307	33,111	38,812	37,853	35,787	41,495
Australia ..	5,550	6,845	5,565	4,864	3,929	3,309	3,242	2,291
Totals ..	238,044	231,512	252,269	264,926	276,921	291,453	310,660	314,831

IMPORTS OF CHEESE INTO PRINCIPAL IMPORTING COUNTRIES.

(In tons.)

Countries.	1936.	1935.	1934.	1933.	1932.	1931.	1930.	1929.
Great Britain and Northern Ireland	132,600	134,222	147,918	150,783	148,712	142,820	154,118	148,100
Germany ..	27,458	27,527	33,254	40,591	48,522	53,752	61,366	65,432
Belgium ..	22,695	22,645	21,173	21,615	20,384	22,143	22,815	20,740
France ..	14,508	15,539	15,692	20,583	23,334	36,968	29,249	22,800
U.S.A. ..	26,718	21,846	21,220	21,606	24,830	27,674	30,496	34,096
Totals ..	223,979	221,779	239,257	255,178	265,782	283,357	298,044	291,168

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