

SUMMARY.

	£	£
Deficit on creamery butter	384,313	
Surplus on cheese	126,369	
Less deficit on whey butter	5,956	
	<u>120,413</u>	
Deficit on 1936-37 season's produce		263,900
Other debits—		
Premiums, staff annuities	5,380	
Payments special milk products	2,829	
	<u>8,209</u>	
Deficit, Dairy Industry Account, 1936-37 season, at 21st June, 1938 ..		<u>£272,109</u>

AVERAGE FINAL PAYMENTS FOR BUTTERFAT SUPPLIES FOR 1936-37 SEASON.

The average final payments by dairy-factory companies to suppliers for butterfat for the 1936-37 season were—

For butter-manufacture : 13-558d. per pound butterfat.

For cheese-manufacture : 15-176d. per pound butterfat.

INCREASE IN GUARANTEED PRICES FOR 1937-38 SEASON.

The Primary Products Marketing Amendment Act, 1937, empowers the Government to make adjustments in the guaranteed prices announced at the beginning of any season, the intention being that, if circumstances warranted an increase in prices, the necessary statutory authority would be available. The Government realized that during the 1937-38 season dairy-farmers had experienced difficulty in obtaining farm labour at the wages they could afford to pay, and in order to meet this difficulty, and also to make some compensation for any increased farm costs, the Government considered that an additional payment to the dairy-farmers for their produce was justified. It was therefore decided that the guaranteed prices as fixed in August, 1937, should be increased by 0-41d. per pound for butter and 0-21d. per pound for cheese. These increases applied to all butter and cheese exported with the concurrence of the Department after the 31st July, 1937, and which was manufactured from milk or cream delivered to a dairy factory on or after the 1st August, 1937, and before the 1st August, 1938. The further payments of 0-41d. per pound on butter and 0-21d. per pound on cheese applied also in respect of butter and cheese manufactured during the period mentioned and sold locally.

The basic guaranteed prices for the 1937-38 season were thus increased by the Government as follows :—

Creamery butter from 13-25d. to 13-66d. per pound.

Cheese from 7-54d. to 7-75d. per pound.

The resultant estimated average payments by dairy-factory companies to suppliers for butterfat (based on the standard conversion formulæ adopted) showed corresponding increases as follows :—

For butter-manufacture from 13-88d. to 14-38d. per pound of butterfat.

For cheese-manufacture from 15-88d. to 16-38d. per pound of butterfat.

The published accounts and statistical statements of dairy-factory companies show that the estimated average payments to suppliers of butterfat for the 1937-38 season are approximately as follows :—

For butter-manufacture : 14-81d. per pound of butterfat.

For cheese-manufacture : 16-39d. per pound of butterfat.

It will be seen that the estimated average payments to suppliers as shown in the published accounts exceeds the estimates based on the standard conversion formulæ.

GUARANTEED PRICES, 1938-39 SEASON.

During the 1937-38 season approaches were made to the Government by organizations representative of the dairy industry and farmers generally in regard to the method of price determination under the guaranteed-prices plan. In view of the apparent conflict of opinion among the different organizations, it is desirable to place on record the salient facts and an outline of the circumstances that led to the appointment by the Government of an Advisory Committee of seven members to investigate and report regarding the prices to be paid for the 1938-39 season.

The Dominion Conference of the Farmers' Union in July, 1937, approved of the setting-up of a tribunal, presided over by a Supreme Court Judge, to fix the prices.

The Dominion Dairy Conference, convened by the New Zealand Dairy Board, and held in February, 1938, approved of the setting-up of a tribunal to fix the prices, such tribunal to consist of equal numbers of assessors appointed by the Dairy Board and the Government, and presided over by a Supreme Court Judge.