

1922.

## NEW ZEALAND.

## BUTTER.

TELEGRAMS EXCHANGED WITH LONDON IN CONNECTION WITH THE DISPOSAL OF THE BUTTER-OUTPUT DURING THE 1920-21 SEASON.

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*Laid on the Table of the House of Representatives by Leave.*

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From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND, dated 29th January, 1920.

My telegram of 23rd January: Food Controller inquires what prices New Zealand producers will be prepared to accept for next season's exportable surplus butter and cheese in the event of His Majesty's Government deciding continue control these commodities after expiration of present contract. Please telegraph reply with the least possible delay.

From His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND to the SECRETARY OF STATE FOR THE COLONIES, dated 9th February, 1920.

Confidential: With reference to your telegram of 29th January, Prime Minister met representatives of producing interests on 6th February, when following resolution passed: "The Butter and Cheese Committees, having considered the telegram from Imperial Government regarding dairy-produce, wish to inform Prime Minister that in view of the unanimously expressed desire of dairy producers for free markets the Committees are unable to quote prices and reaffirm the decision of the industry to revert at the termination of the contracts to pre-war conditions of disposal of purchase." Prime Minister states that the Committees define a free market as one subject to no restrictions, or, if restrictions are imposed by Imperial Government, one which is in other respects free to the vendors. In view of foregoing, Prime Minister would be glad to learn as early as possibly—Firstly, whether an unrestricted free market will meet with views of His Majesty's Government; secondly, nature of any restrictions likely to be imposed; thirdly, in the event of a free market not being permissible, whether Imperial Government would be prepared to offer to purchase next season's exportable surplus of butter and cheese, and, if so, on what terms.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated 30th March, 1920.

Butter: With reference to your telegram of the 10th February: On 17th March received letter from Ministry of Food to the effect that they desired to negotiate for exportable surplus New Zealand butter between 1st September, 1920, and 31st August, 1921, and requesting me ascertain price at which producers would be prepared to sell. In view of your telegram of the 10th February, and telegram to Colonial Office, 9th February, I requested official reply from Ministry of Food on the three points raised in both telegrams. They replied to the effect that: Firstly, unrestricted free market will not meet view of Imperial Government; secondly, existing restrictions on imports will be continued—namely, that imports on private account will not be authorized, and that distribution down to retailers at fixed price will be continued; thirdly, Ministry asks for terms on which producers are willing to sell.

From the Right Hon. the PRIME MINISTER, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London, dated 17th April, 1920.

Butter: With reference to your cable of 30th March, Dominion Butter Committee discussed views Ministry of Food with me to-day, and after full consideration of these request that producers should be allowed to ship their produce through the usual channels, even if only benefit of fixed price to consumers can be obtained. As an alternative, Committee requests that Ministry of Food accept the produce, and allow full fixed retail price subject to the usual charges for distribution, provided this is not less than highest price paid for butter purchased elsewhere by Ministry of Food.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated 28th April, 1920.

Butter: With reference to your telegram 19th April, I have now received reply from Ministry of Food to the effect that while it has been decided in interest of consumers in this country to continue purchase and control of imported butter as long as shortage in supply continues, it is not contemplated offer New Zealand producers lower prices for their summer makes of butter than will be offered to Danish and Dutch producers for their summer production. Ministry states that no contract has been made yet with either Denmark or Holland for the summer months, but it is expected that price paid to those countries by the Ministry will approximate very closely to the maximum retail price, less charges for freight, storage, distribution, &c. Present maximum price of Government controlled butter 3s. per pound retail.

From the Right Hon. the PRIME MINISTER, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London, dated 2nd June, 1920.

Meetings of dairy producers being held in different parts of the Dominion have officially communicated to me that they consider action of Food Ministry in placing restrictions on the free importations of butter and cheese in Great Britain is unfair and inequitable, and they consider also that as citizens of the Empire they should be allowed a free market for their produce, or that the Food Ministry should take over butter and cheese, especially the former, and place it on the market, returning to the New Zealand producers the price received therefor, less charges for storage, freight, distribution, &c. Please take steps to convey these representations to Food Ministry and telegraph reply.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated 25th June, 1920.

Australian butter has been sold to Ministry of Food on following terms: £12 per hundredweight f.o.b. for butter grading 90 points, with 1s. per hundredweight extra for each point from 91 to 95 inclusive, and 1s. less for each point under 90. Extra 3s. for unsalted, which must not exceed 25 per cent. of the whole. Imperial Government pay storage after average of six weeks. Australian Committee to have right to supply up to 50 tons per month to South Africa. Contract to run from 1st September to 31st March, 1921, and to include butter delivered in store Australia till last-mentioned month. Other conditions same as existing contract.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated London, 29th June, 1920.

Butter: Letter received from Ministry of Food to the effect that they are now in a position to open negotiations for the purchase of next season's New Zealand butter.

From the Right Hon. the PRIME MINISTER, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London, dated 9th July, 1920.

Your cable of 29th ultimo regarding butter: Intimation from Ministry of Food that now in position open negotiations purchase next season's butter has been conveyed to dairying interests.

From the Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER FOR NEW ZEALAND, London, dated 16th July, 1920.

I have been asked to transmit the following resolution passed at the annual meeting of the National Dairy Association of New Zealand, which kindly place before Imperial authorities: "That this meeting of the whole of the dairy producers of New Zealand object to the attitude taken up by the British Ministry of Food in placing restrictions on the importation and sale of New Zealand dairy-produce whilst British and Irish producers are enjoying a free market, and as British citizens and producers we consider we are entitled to equal treatment with British producers located in any other part of the Empire." Kindly place resolution before Imperial authorities, and telegraph reply with least possible delay in order that Imperial Government's policy in this matter may be made clear to New Zealand producers, in order that they may be in a position to decide with regard to Imperial Government's offer to negotiate for purchase of next season's butter-output.

From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the ADMINISTRATOR OF THE GOVERNMENT OF NEW ZEALAND, dated 22nd July, 1920.

With reference to my telegram of 19th June: Understood that negotiations have not yet resulted in agreement as to disposal next season's butter-output New Zealand, and that Food Controller anxious arrange if possible to purchase exportable surplus on terms similar to those now agreed to in case of Australia, 1st August, 1920, to 31st March, 1921—namely, 240s. per hundredweight free on board for butter graded 90 points, with 1s. per hundredweight additional for each point up to 95 inclusive, and 1s. per hundredweight less for each point under 90.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated 22nd July, 1920.

Butter: With reference to your telegram of the 16th July, I have had long personal conversation with the Food Controller, who states that control over butter is inevitable, as otherwise sparse supplies would be entirely purchased by wealthier classes, and that Government could not ensure equitable distribution except as sole purchasers of supplies. I raised point of the Imperial Government controlling British and Irish output in the same manner as is proposed in case of New Zealand and Australia. Food Controller replied that British supplies for the winter months are practically negligible, and any attempt to collect British supplies in 1918 resulted in less than 100 tons at wholly disproportionate expense. Regarding Ireland, Food Controller stated that he had taken matter up with the Irish Department of Agriculture, and as a result Irish butter from November to April will be restricted to Irish market, and retail price will be controlled. Food Controller is most anxious to meet wishes of New Zealand producers in every way possible, but maintenance of control for this winter cannot be avoided. Food Controller will give New Zealand free market at earliest possible date.

From the Right Hon. the PRIME MINISTER, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London, dated Wellington, 29th July, 1920.

Butter: Your cablegram of 22nd received and communicated to dairy companies. I have consulted dairy producers' representatives as to whether they are now willing to negotiate with Imperial authorities for sale of exportable surplus to 31st March next. They inform me that they reiterate their request for a free and uncontrolled market, to which they consider they are entitled in common with Home producers. They are unanimous in this opinion, and, having regard to all the circumstances, I strongly support their request, and will be glad if you will again take the matter up with the Food Controller and strongly urge reconsideration of his previous decision. Early reply very desirable.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated London, 6th August, 1920.

Butter: With reference to your telegram of 29th July, have again approached Ministry of Food and placed before them requests of producers for free market. Food Controller reiterates impossibility of granting free and uncontrolled market before next spring, but states that Ministry of Food would contemplate payment of price for butter on parity with price now being obtained for New Zealand cheese on free market. Food Controller trusts that New Zealand Government will now invite producers to submit definite offer to Ministry on this basis.

From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the ADMINISTRATOR OF THE GOVERNMENT OF NEW ZEALAND, Wellington, dated London, 18th August, 1920.

With reference to my telegram of 9th August: In view of representations of High Commissioner, and in order to encourage production of butter, Food Controller now makes following final offer for exportable surplus New Zealand butter to be delivered to store in New Zealand at the 31st January, 1921: For butter graded 88 points and over, £14 per hundredweight f.o.b.; for butter graded below 88 points, price to be reduced by 1s. 6d. per hundredweight for each point below 88.

From the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington, dated 18th August, 1920.

Butter: With reference to my telegram of the 6th August, I met Food Controller yesterday and took the opportunity of questioning him regarding his offer of fixed prices on parity with that of New Zealand cheese. Also asked whether Ministry would agree to increase fixed price if higher price were subsequently paid for other butters. Controller replied that there were difficulties in the way, but promised to communicate proposition to me. This I await; but this morning have received letter stating that almost coincident with my visit Ministry received strong intimation that New Zealand producers would accept £14 for exportable surplus still unsold, and advised that Ministry cabled New Zealand last evening as follows: "In view of High Commissioner's representations and for encouragement butter-production Imperial Government Food Controller finally offers following price for exportable surplus New Zealand butter to be delivered store in New Zealand up to 31st January, 1921: For butter graded 88 points and over, price of £14 per hundredweight f.o.b.; for butter graded below 88 points, price to be reduced by 1s. 6d. for each point below 88." Food Controller would be glad of any assistance in securing definite settlement.

From the Right Hon. the PRIME MINISTER, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London, dated 26th August, 1920.

Butter: With reference to your telegram of 18th August, met Dominion Butter Committee on 25th August, and was informed that Committee will recommend New Zealand producers accept prices set out in the Imperial Government's offer, including existing terms of payment, storage, &c., provided term of contract is extended to cover butter manufactured to 31st March, 1921, and that free and unrestricted market in the United Kingdom is granted for New Zealand butter manufactured after that date. Producers also require that sales and contracts made or entered into with buyers in America and Canada prior 21st August, 1920, be allowed to be completed, estimated total quantity covered by such sales and contracts being 2,000 tons. In view of protracted nature of negotiations, Secretary of State for the Colonies has been advised that New Zealand Government would appreciate early reply, if possible within seven days.

From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the ADMINISTRATOR OF THE GOVERNMENT OF NEW ZEALAND, dated 27th August, 1920.

With reference to your telegram of 26th August: His Majesty's Government agree to extend offer to cover butter delivered to stores in New Zealand up to 31st March next, and raise no objection to completion of contracts made prior to 21st August with United States and Canadian buyers. Subject to unforeseen contingencies, free market contemplated in respect of exportable surplus after 31st March.

From His Excellency the ADMINISTRATOR OF THE GOVERNMENT OF NEW ZEALAND to the SECRETARY OF STATE FOR THE COLONIES, dated 22nd September, 1920.

Your telegram of 27th August: Prime Minister met Dominion Butter Committee to-day and was informed that producers—Firstly, accept the prices set out in the offer of Imperial Government, including existing terms of payment, storage, &c., for butter manufactured up to 31st March, 1921; secondly, note that contracts made prior to 21st August with the United States of America and Canadian buyers may be completed; thirdly, request that in the event of the unforeseen circumstances mentioned arising and preventing the granting of a free market after 31st March, 1921, then the Imperial Government will give the New Zealand producers equal treatment with Irish and English producers of dairy-produce; fourthly, that the Prime Minister strongly supports this request and asks for urgent reply by telegraph. Committee would appreciate reply within one week from this date.

From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND, dated 27th September, 1920.

Butter: 27th September: With reference to your telegram of 22nd September, following from Food Controller: "His Majesty's Government do not at present anticipate continuance of control of imported butter will be necessary after expiration of contract now made, but if unforeseen circumstances should arise necessitating retention of control fullest possible consideration will be given to request of New Zealand producers for equal treatment with Irish and British producers."

From His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND to the SECRETARY OF STATE FOR THE COLONIES, dated 9th October, 1920.

Your telegram of 27th September: Prime Minister met Dominion Butter Committee on 6th October and was informed—Firstly, butter-producers of South Island and of east and west coast of North Island accept terms of purchase for creamery butter manufactured by them; secondly, but they request that a similar graduated increase which it is understood was allowed to Australia should be given for all butter grading over 88 points, also that the free storage given by factories should be six weeks, as arranged in Australia, instead of two months as under existing arrangement in New Zealand; thirdly, wish to be informed regarding price for whey, dairy, and milled butter, and suggest that the same reduction per pound from first-grade creamery price as was existing last season should be continued; fourthly, butter-producers of certain districts of the Auckland Province, who manufacture probably more than half of the exportable surplus of New Zealand butter, decline to confirm the terms of purchase unless a full guarantee is given that either a free market in the United Kingdom will be given at 31st March, 1921, or that New Zealand producers will at that time receive equal treatment with Irish and English producers; fifthly, Prime Minister desires to be advised if butter may be accepted from those producers referred to in “firstly” who are willing to sell on the Imperial Government terms; sixthly, Prime Minister desires to say that he is personally anxious that the available export should go to the Imperial Government, and on that account, as well as for other reasons, he hopes that the suggestions made by the producers may be agreed to. Seventhly, Mr. Massey desires to add that the new season’s butter is now coming in freely.

From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND, dated 18th October, 1920.

With reference to your telegram of 9th October, following from Food Controller: “Ministry of Food unable to grant increase of price New Zealand butter graded over 88 points; present offer closely based on retail price 3s. 4d. per pound. Increase of 1s. 6d. per point to Australia for butter graded 91 to 94 points merely ensures for best quality price paid first-grade New Zealand—namely, £14. Premium for butter graded over 90 points was paid under old contract to Australia. Ministry agrees that free storage given by factories shall be for six weeks only instead of two months as before. Ministry agrees that price for whey, dairy, and milled butter should be arrived at by deducting from first-grade creamery price same amount per pound as deducted last season. Concerning free market, Government of New Zealand will appreciate that His Majesty’s Government cannot give so far ahead unqualified guarantee required, but Food Controller repeats assurances given in preceding telegrams and hopes to be able to make end of January definite announcement of free market in butter in Great Britain about May or June on same terms for imported butter as for British and Irish. Similar treatment Home and overseas butter impracticable at present as business proposition. Attempt failed in year 1918 collect British butter for distribution by Ministry, and control of British butter was maintained by maximum prices only. Anti-profiteering Act, which is still in force, applies to British and Irish butter. All New Zealand butter offered on Imperial Government terms will be accepted by Ministry up to end of December, but Ministry will not guarantee acceptance of deliveries after end of December from any producers not formally accepting Imperial Government terms now for delivery up to end of March.”

From His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND to the SECRETARY OF STATE FOR THE COLONIES, dated 5th November, 1920.

My telegram of 23rd October: My Prime Minister advises that he has now received from all the butter-producers of New Zealand an acceptance of the Imperial Government’s conditions of purchase for creamery, milled, dairy, and whey butter manufactured by them. Mr. Massey states that the rates of storage charged by owners of cool stores are, owing to well-known conditions regarding cost of coal, labour, &c., higher than those current under previous butter contracts, and he suggests that the producers should, after expiry of the six weeks’ free storage allowed for, be reimbursed the actual storage incurred, provided rates do not exceed those current at 1st August, 1920. It is also desired that the small trade for butter existing between New Zealand and Honolulu, West Indies, Caledonia, &c., should be continued, and the Prime Minister requests that permission be given for free shipments up to a total of 100 tons for the season.

From the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND, dated 10th November, 1920.

With reference to your telegram of 5th November, Food Controller notes acceptance by all producers of price offered for surplus butter exportable up to 31st March, 1921. He agrees to release up to 100 tons of butter for export to Honolulu, West Indies, Caledonia, &c. He also agrees to reimburse actual storage charges incurred after average six weeks’ free storage for whole of contract provided rates do not exceed those current 1st August, 1920. Method of financing purchase being discussed with High Commissioner.

From His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND to the SECRETARY OF STATE FOR THE COLONIES, dated 16th November, 1920.

Your telegram of 10th November: Butter: Prime Minister appreciates the action of the Food Controller in regard to storage charges, &c., and notes that the method of financing the purchase is being discussed with the High Commissioner, who, however, has been informed already of Mr. Massey’s desire that the same procedure in respect to payment should be followed as during previous contracts.