

The National Dairy Conference, held in June, 1938, approved of the setting-up of an advisory body consisting of three members appointed by the dairy industry, three members appointed by the Government, and a Chairman to be appointed by the Government after consultation with the representatives of the dairy industry. The advisory body was to recommend to the Government the prices which it considered fair and reasonable.

It is to be noted that the National Dairy Conference did not request the setting-up of a tribunal to *fix* the guaranteed prices, but a tribunal or advisory body to *recommend* the prices to be paid.

The Government had agreed to meet the wishes of the dairy industry expressed in earlier resolutions asking for a tribunal to fix the prices, but following the later representations the Government announced the appointment of an Advisory Committee of seven members to conduct inquiries and to make recommendations regarding the prices to be fixed for butter and cheese purchased by the Government for the 1938-39 season. Three of the members of the Committee were dairy-industry representatives, appointed by the Government on the nomination of a selection committee of the industry. Three members were appointed directly by the Government; and the Chairman was also so appointed, after consultation with representatives of the dairy industry.

The order of reference for the Committee was contained in subsections (4) and (5) of section 20 of the Primary Products Marketing Act, 1936, which are 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 Committee recommended that the prices of butter and cheese manufactured from cream and milk supplied to dairy factories between 1st August, 1938, and 31st July, 1939, and exported from New Zealand, should be as set out hereunder:—

	Costs.	Per Pound Butterfat.	
		d.	d.
Working and maintenance costs (including depreciation)	..	5·695	
Capital charges (interest)	.. .. .	3·375	
Labour reward	.. .. .	9·220	
		18·290	
Less pig returns	.. .. .	1·540	
		16·750	
Butterfat price for butter	.. .. .	..	15·605
Equivalent f.o.b. basic purchase price per pound of butter	..		18·750
Butterfat price for cheese	.. .. .	18·750	
Equivalent f.o.b. basic purchase price per pound of cheese	..	..	8·775

This recommendation of the Committee respecting prices was qualified by a statement in regard to certain factors which, in the judgment of the Committee, had to be taken into account by the Government in determining the prices to be paid. The statement referred to is as follows:—

“In submitting its report, the Committee recognizes that its functions are purely investigational and advisory. It recognizes also that, owing to the impossibility of forecasting, even approximately, market realizations for a year ahead, it cannot make a definite finding regarding the possible financial implications involved in the payment of the prices it has recommended. The decision, as to both the prices to be paid and the extent of the financial implications involved, is necessarily dependent on general considerations of Government policy regarding finance, and the Committee can therefore only submit its recommendations in accordance with its order of reference.”