

As in the case of cheese, arrangements were made for the payment of advances in respect of produce which had remained in store for a period of fourteen days, but all insurance risks are borne by factories until the butter has been placed f.o.b. ocean steamer.

The Imperial Government also accepted liability for storage beyond an average period of two months based over all consignments throughout the season.

The total quantity of butter purchased and shipped during each season to the 31st March, 1919, was as follows:—

Season.				Number of Boxes.	Value. £
1917-18	..	..	..	724,699	2,931,529
1918-19	..	..	..	647,139	2,720,090
				<hr/> 1,371,838	<hr/> £5,651,619

The value shown against the 1918-19 season includes the amount advanced against a portion of the 93,729 boxes which were awaiting shipment on the 31st March.

The only loss of butter as the result of the enemy's submarine campaign was that shipped per s.s. "Hurunui," comprising 49,847 boxes, of a value of £194,953.

EQUALIZATION FUNDS.

Considerable difficulty has at various times been experienced in connection with the supplies of butter for local requirements, and when it was ascertained that the provision in the contract for the purchase of the 1917-18 season's output for the participation in profits earned on the sale of the butter in the United Kingdom would result in a substantial return to exporting factories, a number of factories which had previously supplied the local market decided to withdraw and to export their output in anticipation of realizing better prices.

This action on the part of factories necessitated action by the New Zealand Government, and steps were accordingly taken to release a portion of the butter purchased on Imperial Government account for sale to local retailers.

When the 50-per-cent. profits, amounting to £307,997 1s. 6d., were subsequently received from the Imperial Government the Dominion Butter Committee met and discussed the position, and decided to approach all butter-factories with a view to obtaining their consent to credit the amount to an Equalization Fund, and apply the fund towards the equalization of prices as between factories which exported and those which supplied local requirements.

This proposal of the Dominion Butter Committee was agreed to by all butter-factories throughout the Dominion with the exception of three, and at the request of the Committee arrangements were accordingly undertaken by the Department to administer the fund in accordance with the proposals of the Committee.

An interim payment, representing 1½d. per pound in respect of all creamery butter exported, and of ½d. per pound in respect of butter sold locally, was authorized by the Committee, and on receipt of the necessary particulars from the butter-factories concerned was distributed by the Department.

This distribution absorbed the sum of £164,031 to the 31st March, 1919, and further claims are being regularly received from the factories interested, and paid on receipt.

It is anticipated that a further payment of ¼d. per pound will be available for all factories, both exporting and local, when the returns already furnished have been audited and the final distribution can be undertaken.

During the 1918-19 season a provision was inserted in the conditions of purchase for the establishment of an Equalization Fund for the purpose of equalizing local and export prices, and the insertion of this provision has automatically brought all butter-factories into the scheme for the present season.

The equalization applies to creamery butter only, and funds are provided by paying all factories shipping creamery butter the sum of 1s. 6d. per pound and crediting the Equalization Fund with the balance of the value of the shipment.

From this fund an interim payment has been authorized by the Dominion Butter Committee of 1d. per pound to factories supplying the local market and 7⁄16d. per pound to factories exporting.