

- “(8) Commission on landed sales not less than $2\frac{1}{2}$ per cent.; c.i.f. and f.o.b. sales not less than $1\frac{1}{2}$ per cent.
- “(9) Agents prepared to contribute to advertising-scheme equitably to the amount spent by Board not exceeding $\frac{1}{2}$ d. per box, butter, and 1d. per crate, cheese.
- “(10) Any dispute between licensed agent and Board to be settled by arbitration under rules to be formulated and agreed.”

A large number of cablegrams on the subject-matter of the proposed regulations passed between London and Wellington, and the regulations in an amended form were finally adopted by the Board, and were made effective on and from 1st August, 1934. The regulations, as adopted by the Board, are as follows:—

- “(1) Export of all butter and cheese from New Zealand to the United Kingdom to be under agreement between the Board and importers. Such importers to be approved by the Board after consultation with importers. Such importers to be consigning and selling agents only so far as New Zealand dairy-produce is concerned—that is, they may not buy in New Zealand or afloat on own account. Importers may buy on spot for legitimate requirements. Such purchases to be reported weekly to Board. Importers shall, if required, satisfy Board that such purchases are utilized for their regular trade outlet. All f.o.b. and c.i.f. sales to be on factories' account, through such importers as approved by Board.
- “(2) Butter and cheese shall be allotted by the Board in co-operation with factories. Board to have final say in allocation to importers. In the event of a change, importers to have opportunity of discussing such matters with Board before allocation completed. It is understood that, although the Board shall have final say in appointment of importers and the allocation of outputs, the Board shall not arbitrarily exercise such right, but shall give full consideration to recommendations of Importers' Association. From date to be mutually agreed, no canvassing of factories shall be allowed.
- “(3) Accounts to be subject to verification as and when required by the Board's accountant. If any importer desires independent verification, the Board willing to grant it, but it will be at the importer's expense.
- “(4) No importer signing agreement shall sell New Zealand produce ‘short.’
- “(5) No sale of butter and cheese on consignment after date of bill of lading to be made until official notification of commencement of discharge.
- “(6) In connection with sales through brokers, information regarding these to be supplied to the Board on request.
- “(7) Existing contracts not to be interfered with where general interest of the industry does not suffer by such action. The Board undertakes to give all possible protection to existing contracts between factory and agent.
- “(8) Commission on landed sales to be not less than $2\frac{1}{2}$ per cent.; on f.o.b. and c.i.f. sales, not less than $1\frac{1}{2}$ per cent.
- “(9) Agents prepared to contribute to advertising-scheme equitably to the amount spent by the Board, not exceeding $\frac{1}{2}$ d. per box butter, and 1d. per crate cheese.
- “(10) Any dispute between approved importer and/or broker and the Board to be settled by arbitration under rules to be formulated and agreed.
- “(11) No averaging of returns shall be permitted under the agreement.
- “(12) Board to be advised weekly of the stocks of consignment produce in London.”

The great majority of the dairy-factory companies, realizing the necessity for some change in the system of marketing, approved of the regulations, and the Commission was informed that no objections by individual importers or exporters were notified to the Board until after the Board had completed, in terms of the arrangement entered into, its allocations of consignments for the current season. Since that time a considerable number of protests have been made in respect of the restriction imposed by clause 1 on f.o.b. and c.i.f. sales. The addition of the words “through such importers as approved by the Board” altered the meaning of the concluding sentence of the clause, and made it more restrictive than the clause as originally drafted; and most of the criticism that has been levelled against the marketing regulations has been founded on this addition. To a less marked extent, the prohibition against importers (consignment agents) purchasing on f.o.b. or c.i.f. terms on their own account has been also a subject of criticism.

59. Investigation of Present Marketing Conditions :

It has been exceedingly difficult to arrive at definite conclusions as to a system of marketing in the United Kingdom that would be most advantageous to the interests of the New Zealand dairying industry as a whole. The evidence tendered by representatives of co-operative and proprietary dairy-factory companies, New Zealand exporting houses, British importing houses, brokers, and traders, was affected (no doubt unconsciously) by the business interests of the witnesses. In the majority of cases the witnesses did not appreciate the necessity of considering the interests of the industry as a whole, but were inclined to regard as conclusive the fact that in their opinion their methods had been satisfactory to themselves and to the persons with whom they transacted business, irrespective of the effect on the industry as a whole. The evidence given on behalf of British importing houses was tendered almost entirely by local agents, who were obviously unable to express the views of their principals on some points that we regarded as important. We realize that we were at a disadvantage in being unable to ascertain the views of the principals on these matters, for the local agents were necessarily limited in their knowledge of marketing in the United Kingdom, and were unable to assist us materially, except in respect of their operations in New Zealand.