

from individual farmers. The collective position of the industry is as follows (1928-29 season being taken as 100):—

Season.			Average Pay-out per Pound Butterfat Index.	Volume of Production Index.	Gross Dairy-farmers' Income Index.
1928-29	..	..	100	100	100
1929-30	..	..	88	109	96
1930-31	..	..	63	111	70
1931-32	..	..	60	118	71
1932-33	..	..	48	137	66
1933-34	..	..	49	148	73

It is apparent, therefore, that with approximately a 50-per-cent. increased output within five seasons the gross income is 27 per cent. less than in 1928-29. This can be further illustrated from the records of dairy companies, a typical example of which is given below:—

Season.			Number of Suppliers.	Average Butterfat per Supplier.	Gross Receipts per Supplier.	Percentage Variation.	
						Butterfat.	Receipts.
				lb.	£		
1928-29	..	..	280	8,000	633	..	..
1929-30	..	..	315	9,275	639	+15·9	+ 0·9
1930-31	..	..	360	9,574	491	+19·7	—22·4
1931-32	..	..	420	9,452	466	+18·1	—26·4
1932-33	..	..	460	11,255	441	+40·7	—30·3
1933-34	..	..	468	12,096	454	+51·2	—28·3

During the period under discussion, the costs of producing a pound of butterfat on the farm have undoubtedly been reduced, and the gross charges per pound of butterfat on account of cream-collection, processing, and marketing have also been lowered. In addition to reductions in cost of materials used in production and in cost of manufacture, the burden of fixed charges has been lightened by being spread over a greater volume of output. The reduction of costs of collection, processing, and distribution has definite limitations, however, and increased production unavoidably necessitates increased gross expenditure.

133. Ability of Farmers to meet Debt Charges :

The facts affecting the financial position of dairy-farmers as outlined above can now be studied in greater detail. In the absence of a complete census of the debt position of farmers, it is not possible to analyse the repercussions of low prices upon the security of mortgagees and lending institutions as fully as is desirable, but a considerable amount of evidence has been given dealing with the inability of farmers to meet their debt charges in full. From this evidence it is apparent that the financial position of dairy-farmers has become increasingly difficult during recent years. It must be stressed that the position disclosed relates only to first mortgages and rents, and it is impossible to estimate the extent to which farmers are unable to meet their obligations under subsequent land mortgages, stock and chattel mortgages, short-term commitments, and bank overdrafts.

The State Advances Office and the Department of Lands and Survey probably represent between them the largest proportion of dairy-farmers' first land mortgages, holding as they do either mortgages or leases over some 22,196 holdings devoted mainly to dairying, in addition to many others classified as partly dairying. The former class only will be considered.

A. DEPARTMENT OF LANDS AND SURVEY.

The Department of Lands and Survey has endeavoured to meet existing conditions by the use of its statutory powers under which it is able to remit and postpone rent and interest. Concessions in these directions have been granted following investigation of the financial position of individuals or groups of individuals according to their merits. The Department has also given relief through the suspension of principal payments falling due under table mortgages and the extension of such mortgages. The Commission is of the opinion that the Department does not exert undue pressure in regard to arrears outstanding, so long as it obtains a fair percentage of the revenue available for distribution.

The Department has 11,974 tenants and/or mortgagors on properties devoted mainly to dairying, the properties concerned aggregating 1,443,497 acres. These properties have a first debt load of £10,286,692, or £860 per farm, or approximately £7 2s. per acre, made up of capital value of leases and deferred-payment licenses and mortgages.