

In New Zealand it is the Government's policy to maintain interest-rates at the lowest possible level. Accordingly the Government cannot agree to increase the borrowing rate for local authorities, and in order to support the existing rate it is intended to increase the amount which the State Advances Corporation has available for investing in the securities of local authorities.

MARKETING : PRIMARY PRODUCTS.

In accordance with the legislation enacted last session, all butter and cheese manufactured for export on and after 1st August, 1936, is acquired by the State when the produce is placed on board an overseas vessel. A full report regarding the operations of the Department concerned will be laid before Parliament later in this session. The report will deal with the results of the first year's activities under the guaranteed-price plan for the dairy industry, and will review the marketing of dairy-produce by the Department.

**Primary
Products
Marketing
Department.**

The Government at this stage desire to pay tribute to the officials in London and in New Zealand who have carried out a change of procedure which is of profound importance to the Dominion.

There is general agreement amongst those qualified to judge that the marketing operations during the past year have been entirely successful. The administration has proceeded smoothly, and dairy-factory companies, through the system of payment of guaranteed prices for butter and cheese, have been enabled to pay uniform butterfat prices to their suppliers at a higher level than would have been possible under the old system of marketing. This stabilizing feature has been appreciated by dairy-farmers, who have been able to budget for the season's farming operations with certainty in so far as price is concerned.

**Success of
policy.**

A marked improvement in shipping arrangements has also been made possible, and the programme of arrivals of produce at the various United Kingdom ports has been designed to give a more regular and uniform delivery to meet the actual market needs at the various destinations.

**Shipping
arrangements.**

The marketing of butter and cheese on consignment on a commission basis by the appointed agents of the Government has given very satisfactory results, and representatives of merchant firms with wide experience have declared that the present system is much more satisfactory than that which was previously in operation.

The gradual extension of outlets for New Zealand butter and cheese has continued, and there is evidence of trade appreciation of the better service which it has been possible to give under the collective-marketing system.

New markets.

The Department is proposing to extend its publicity and sales promotion, and, if normal circumstances continue, increased sales may be looked for in the United Kingdom. Efforts have been made to increase sales of butter and cheese in markets other than the United Kingdom, and the requirements of firms trading in those markets have been regularly supplied.

The excellent quality of butter and cheese exported has been maintained during the season, and there is much evidence of appreciation of the uniformly high standard which has been reached.

Considerable and satisfactory progress has been made in the rationalization of the dairy industry by consolidation of manufacture of butter and cheese and by elimination of overlapping in cream-collection services. Evidence is already forthcoming of the advantages in savings in costs and improvement in quality which have resulted from the action taken.

A system of presentation of the accounts of dairy-factory companies in standard form has been introduced, and is providing reliable comparisons of the results of the manufacturing operations of companies. This feature is of distinct advantage to the Government and to directors, suppliers, and officials of dairy companies.