Professor Tocker is a well-known Economist who has occupied the Chair of Economics at Canterbury College for several years and is well versed in agricultural economics.

Mr. G. M. Pottinger was for many years Chief Accountant to the Dairy Board. He is now Secretary of the Dairy-produce Export Division of the Primary Products Marketing Department.

The order of reference as agreed with the Committee will be subsections (4) and (5) of section 20 of the Primary Products Marketing Act, 1936. The section provides:—

(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 will meet at Wellington on Wednesday, 27th July. As it will function as an expert investigating Committee its proceedings will be conducted *in camera*. Dairy factory companies are being circularized and will be given the opportunity of submitting to the Committee statements relating to farm and factory costs and other relevant matters. The Committee will also arrange to hear oral evidence from witnesses who, in its opinion, may be able to supplement the information supplied in documentary form. In addition, the Government will make available to the Committee all the statistical and expert evidence and information obtainable from departmental sources.

In view of the possibility of the Government not being in a position to announce the prices to be paid for butter and cheese made from milk or cream delivered to a factory on or after 1st August, 1938, before shipment of such produce commences, provision has been made for continuance of the current year's increased prices until the next year's prices can be announced.

Rationalization of dairy industry.

The rationalization of the dairy industry, by consolidation of manufacture of butter and cheese and by elimination of the overlapping in cream-collection services, is proceeding. The value of this work to the industry is becoming more apparent as a result of the economies accruing to dairy companies and to their suppliers in districts where the manufacture of butter has been concentrated in efficient and economic units and where a satisfactory system of zoning of cream collection areas has been instituted.

INTERNAL MARKETING.

Internal Marketing Division.

The policy initiated by the present Government of imposing a measure of regulation in regard to the internal marketing of primary produce was actively and successfully developed during the past year.

Under the amended legislation passed last session the Internal Marketing Division of the Primary Products Marketing Department was constituted and a number of functions pertaining to the local market were brought within its jurisdiction. Dairy-produce, eggs, fruit, and honey were specifically mentioned in the new legislation, and these particular commodities have received the especial attention of the Division.

Butter.

With butter, for instance, regulations were introduced in November, 1937, providing for a more orderly system of distribution as well as fixing wholesale prices throughout the Dominion. This ensured that dairy factories would receive