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Ministry of Agriculture and Fisheries
Scottish Office

Report on
Agricultural Marketing
Schemes
FOR THE YEAR
1935

*Presented to Parliament by the Minister of Agriculture and
Fisheries and the Secretary of State for Scotland by
Command of His Majesty
October, 1936*

LONDON

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Cmd. 5284

AGRICULTURAL MARKETING ACTS, 1931 to 1933

Report on Agricultural Marketing Schemes

The following report upon the operation of Agricultural Marketing Schemes in force in 1935, and upon Schemes submitted since the date of our last report but not yet in force, has been prepared in accordance with the requirements of Section 10 of the Agricultural Marketing Act, 1931.

WALTER E. ELLIOT,
Minister of Agriculture and Fisheries.
GODFREY P. COLLINS,
Secretary of State for Scotland.

September, 1936.

TABLE OF CONTENTS

	<i>Page</i>
PART I.	
List of Schemes in operation in 1935	5
Hops Marketing Scheme, 1932	5
Scottish Milk Marketing Scheme, 1933	8
Pigs and Bacon Marketing Schemes, 1933	24
Milk Marketing Scheme, 1933	38
Potato Marketing Scheme, 1933	61
Aberdeen and District Milk Marketing Scheme, 1933	74
North of Scotland Milk Marketing Scheme, 1934	81
PART II.	
List of Schemes submitted but not in operation in 1935	86
Sugar and Sugar Beet Marketing Schemes	86
Moray and Banff Milk Marketing Scheme	86
Argyll Milk Marketing Scheme	87
Scottish Raspberry Marketing Scheme	87
APPENDICES.	
I. Principal dates in progress of, and list of amendments to, Agricultural Marketing Schemes	88
II. Loans to Agricultural Marketing Boards from the Agricultural Marketing Funds	93
III. Accounts of Agricultural Marketing Boards	95

PART I.**SCHEMES IN OPERATION.**

The following Agricultural Marketing Schemes were in operation in 1935 :—

Title of Scheme.	Date of Approval Order.	Area of Scheme.
Hops Marketing Scheme, 1932.	7th July, 1932.	England.*
Scottish Milk Marketing Scheme, 1933.	25th May, 1933.	Scotland, south of the Grampians.
Pigs Marketing Scheme, 1933.	5th July, 1933.	Great Britain.
Bacon Marketing Scheme, 1933.	5th July, 1933.	Great Britain.
Milk Marketing Scheme, 1933.	28th July, 1933.	England.*
Potato Marketing Scheme, 1933.	20th Dec., 1933.	Great Britain.
Aberdeen and District Milk Marketing Scheme, 1933.	28th March, 1934.	Counties of Aberdeen and Kincardine.
North of Scotland Milk Marketing Scheme, 1934.	6th July, 1934.	Counties of Inverness, Nairn, Ross and Cromarty, Sutherland and Caithness.

* "England" includes Wales.

A statement of the principal dates in the progress of the Schemes and a list of amendments are contained in Appendix I. Particulars of loans made to marketing boards from the Agricultural Marketing Funds are given in Appendix II.

HOPS MARKETING SCHEME.

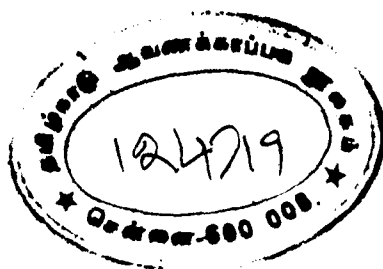
The Hops Marketing Scheme, which applies to England, came into operation on the 6th September, 1932. It was amended in July, 1934*, to provide for producers' selling quotas during a period of five years ending in 1939. Under an agreement made between the Hops Marketing Board and the Brewers' Society, the average selling price of hops has been fixed at £9 per cwt. for each of the five seasons during which the quota provisions are operative. The administration of the agreement (a copy of which was laid before Parliament in June, 1934†) is supervised by a joint committee consisting of four representatives each of the Hops Marketing Board and the Brewers' Society together with three members appointed by the Minister, one of whom is Chairman and another the Vice-Chairman of the Committee‡.

The Board consists of 14 members elected annually for local districts and four special members elected at the annual general

* S.R. & O. 1934. No. 841.

† Cmd. 4628.

‡ See also report for 1934 (Cmd. 4913, page 7).



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meeting of registered producers. There were two changes in the personnel of the Board during 1935; a vacancy caused by the death of a special member was filled by co-option, and a new member was elected for one of the districts.

The following remuneration of members of the Board was voted by registered producers at the annual general meeting on the 24th May, 1935: Chairman £800; Special Members £400; District Members £200.

The number of producers registered with the Board on the 31st December, 1935, was 1,003.

Trading operations of the Board.

1934 crop.—Provisional results of the Board's trading in 1934 hops were given in the last report*. The final total consignments to the Board of that crop amounted to 245,506 cwt. Total sales were 217,266 cwt. and exceeded the market demand, as estimated by the Joint Committee, by 2,266 cwt. There was no call, therefore, on the levy fund† in respect of 1934 hops.

The average selling price of the 1934 hops, exclusive of the levy of 10s. per cwt., was £9 1s. 5d. per cwt. and the aggregate sum realised was £1,971,296. After deducting selling expenses and contributions to meet the Board's expenses and to provide reserves, the sum available for payment to the registered producers was £1,840,143, giving an average return of £8 9s. 2d. per cwt.

The unsold surplus of 1934 hops amounted to 28,240 cwt. The Board retained this surplus until the volume of the 1935 crop was known; they then sold about 80 per cent. of it for purposes other than brewing, carrying forward about 6,000 cwt. as a reserve.

1935 crop.—The total of basic quotas for the 1935 crop was 231,631 cwt. Of this quantity, quotas in respect of 6,634 cwt. were held by producers who consigned their hops direct to brewers under contracts registered with the Board. Thus the total of the quotas of registered producers consigning hops to the Board was 224,997 cwt. The Permanent Joint Committee estimated the total market demand for 1935, exclusive of hops grown under registered contracts, to be 225,000, and the Board accordingly determined the annual quotas to be 100 per cent. of basic quotas, compared with 97 per cent. in 1934. There were a number of small transfers of annual quotas amounting in the aggregate to just over 5½ per cent. of the total crop, compared with just under 5 per cent. in 1934.

The quantity of hops tendered to the Board amounted to 232,340 cwt., of which 224,159 cwt. were quota hops and 8,181 cwt. were non-quota hops. The quality of the crop was above the average.

* Page 9.

† The agreement between the Board and the Brewers' Society provides that a levy of 10/- a cwt. shall be added to the selling price of all hops sold by the Board, and the proceeds of this levy are available for the purchase, by the Joint Committee, of any unsold balance of the market demand. The brewers agree to make firm contracts in advance for at least two-thirds of the market demand, and the maximum liability of the levy fund is one-third of the market demand.

The marketing of the 1935 crop was considerably delayed, due primarily to the late harvest and the subsequent dull weather which seriously interfered with the work of valuation. The Board are making arrangements to expedite the valuation of the crop in future.

The total valuation of the hops consigned to the Board was £2,084,848 of which £2,020,139 represented quota hops and £64,709 non-quota, giving average valuations for quota and non-quota hops of £9 0s. 3d. and £7 18s. 2d. per cwt. respectively and an average valuation of £8 19s. 6d. for all the hops tendered to the Board.

A summary of the trading operations of the Board from the commencement of the Scheme until the end of 1935 is given in the following table:—

Production and Marketing of Hops under the Hops Marketing Scheme.

	1932	1933	1934	1935
Production.				
Acreage planted (including unpicked)	16,531 ac.	16,895 ac.	18,037 ac.	18,251 ac.
Average yield per ac.	11.4 cwt.	12.8 cwt.	14.4 cwt.	13.6 cwt.
Estimated total production* ...	188,000 cwt.	216,000 cwt.	259,000 cwt.	248,300 cwt.
Marketing.				
Estimated market demand ...	—	—	215,000 cwt.	225,000 cwt.
Produce tendered to Board ...	165,908 cwt.	194,017 cwt.	245,506 cwt.	232,340 cwt.
			Quota	Quota
			217,368 cwt.	224,159 cwt.
			Non-quota	Non-quota
			28,138 cwt.	8,181 cwt.
Quantity disposed of	165,908 cwt.	194,017 cwt.	217,266 cwt.	
Aggregate sum realised ...	£1,471,702	£2,927,610	£1,971,296	
Average price per cwt. (to merchants)	98.17.2	£15.1.8	£9.1.5†	
Paid to registered producers ...	£1,370,417 (93.12%)	£2,785,068 (95.13%)	£1,840,143 (93.35%)	
Average return per cwt. ...	£8.5.0	£14.6.11	£8.9.2‡	
Agents' commission per cwt. ...	7s. 2d. (4.06%)	9s. 9d. (3.24%)	7s. 3d. (3.99%)	
Retained for Board's expenses ...	5s. 0d. (2.82%)	5s. 0d. (1.63%)	5s. 0d. (2.76%)	

* Including hops sold under registered contracts and hops grown by brewers, not tendered to the Board.

† Excluding 10/- per cwt. for the Levy Fund.

‡ In respect of quota hops only.

Accounts of the Board.—Copies of the Income and Expenditure Account and of the Balance Sheet as at 31st March, 1935, are printed in Appendix III.

SCOTTISH MILK MARKETING SCHEME, 1933.

This Scheme, which came into full operation on 1st December, 1933, applies to the counties of Angus and Perth, part of the county of Argyll and the whole of Scotland lying to the south of these counties. A full description of the Scheme with detailed particulars of its working in the first year was given in the last report.*

The Scheme is administered by a Board consisting of eight elected members, two of whom retire annually, and two members co-opted by the elected members as provided in Section 14 of the Agricultural Marketing Act, 1933. The Selection Committee of fifty registered producers appointed in accordance with the provisions of the Scheme at the second annual general meeting held on 6th June, 1935, unanimously re-elected the two retiring members to the Board. After consultation with the Market Supply Committee, the elected members of the Board appointed Dr. J. D. Pollock, O.B.E., Manor House, Boswall Road, Edinburgh, and Mr. F. A. Rottenburg, Lochlane House, Crieff, to fill the vacancies caused by the death of Mr. W. J. Harvey, 7, Cambridge Gardens, Leith, and the resignation of Mr. J. D. Dallas, Milton House, Cowcaddens, Glasgow, the two members previously co-opted to the Board.

Lord Stair, the Chairman of the Board since its constitution, resigned from membership in July, 1935, owing to the demand on his time of other interests. The Board co-opted Mr. J. B. Douglas, Barstibly, Castle Douglas, to serve as a member and appointed Mr. T. G. Wilson, Carbeth, Balfron, to be Chairman.

The remuneration of the Board for the year 1934/5 voted by the registered producers at the annual general meeting was £2,500, a similar amount to that voted for the previous year, to be divided amongst the members of the Board as they might determine.

The total number of producers registered on 30th November, 1935, was 8,202 as compared with 8,149 at that date in the previous year.

The producers who during the month of November sold milk as producer-wholesalers†, producer-retailers and producers of Certified milk numbered 774, 2,427 and 104 respectively. The corresponding figures for November, 1934, were 598, 2,349 and 89. Many of the producers are included in more than one of the categories recognised under the Scheme. Producers who sell not more than three gallons daily to not more than six customers are exempt from registration.

Particulars are given in the statements on pages 22 and 23 of the gallonage of the sales of milk by the registered producers in each

* Pages 9-24.

† A producer-wholesaler, as defined in the Scheme and by resolution of the Board, is a producer who is licensed by the Board to sell milk to a retail distributor who, because his daily purchases do not exceed 20 gallons, is required to pay a wholesale price in excess of the Standard Price payable by distributors for untreated milk for liquid consumption.

month during the year ended November, 1935, in comparison with the corresponding statistics, as revised, for the previous year. The sales during the two years were as follows:—

	1933/34 gallons.	1934/35 gallons.	Increase gallons per cent.	
Sold for liquid consumption.	68,496,384	71,145,015	2,648,631	3·87
Sold or used for manufacture.	39,099,978	44,326,335	5,226,357	13·37
Total	107,596,362	115,471,350	7,874,988	7·32

During the initial period of the operation of the Scheme, milk was being sold outwith the control of the Board under contracts made prior to the introduction of the Scheme. In the first three months of the Scheme, the quantity of milk sold under these contracts amounted to about 600,000 gallons per month.

The total quantity of milk sold by the registered producers during December 1935 was 7,797,141 gallons of which 5,838,003 gallons (74·87 per cent.) were absorbed by the liquid market.

Payments to Producers.

Sales to or through the agency of the Board.—The following table shows, in respect of each month in the year ended November, 1935, and in the previous year, the Standard Price paid by distributors for untreated milk for liquid consumption, the average price per gallon paid by the Board to the producers for milk sold to or through the agency of the Board, and the amount of the producers' contribution (i.e., the difference between the Standard Price and the average price).

	December, 1934 to November, 1935.			December, 1933 to November, 1934.		
	Standard Price per gallon.	Average Price per gallon.	Producers' Contribution per gallon.	Standard Price per gallon.	Average Price per gallon.	Producers' Contribution per gallon.
December	d. 15	d. 13	d. 2	d. 14	d. 12	d. 2
January ...	15	13	2	14	12	2
February	15	12½	2½	14	12	2
March ...	14	11½	2½	14	11	3
April ...	13	9½	3½	14	10	4
May ...	13	8½	4½	14	9	5
June ...	13	8½	4½	14	9	5
July ...	13	8½	4½	14	9½	4½
August ...	14	10	4	14	10½	3½
September	14	11½	2½	14	11	3
October ...	14	12	2	14	11½	2½
November	15	12½	2½	15	12½	2½
Monthly Average	14	10·94	3·06	14·083	10·87	3·21

The weighted average price per gallon paid to the producers in respect of supplies during the year ended November, 1935, was 10.542d. compared with 10.570d. for the previous year.

The Standard Price for December, 1935, was 1s. 3d. per gallon and the average price paid to the producers for their sales in that month was 1s. 0 $\frac{3}{4}$ d. per gallon.

Haulage Charges.—The average prices for sales to or through the agency of the Board are paid subject to deduction of haulage charges calculated at standard rates per gallon according to the distance of the producers' farms or premises from the nearest of the prescribed haulage centres. The standard rates of haulage in operation during the year ended November, 1935, were continued by the Board for a further year and are on the following scale.—Not exceeding 5 miles, $\frac{1}{2}$ d.; over 5 but not exceeding 10 miles, $\frac{3}{4}$ d.; over 10 but not exceeding 30 miles, 1d.; over 30 but not exceeding 40 miles, 1 $\frac{1}{4}$ d.; over 40 miles, 1 $\frac{1}{2}$ d. One of the adjustments made in the Scheme by Order* of the Secretary of State as from 1st January, 1935, provided for the addition to the list of haulage centres, originally restricted to Glasgow, Edinburgh and Dundee, of twelve centres in the East of Scotland area. This adjustment had the effect of reducing the haulage charges by amounts varying from $\frac{1}{4}$ d. to 1d. per gallon to 778 producers within that area.

Premiums.—The amendments made in the Scheme for the year 1935 also provided for payment of a bonus of $\frac{1}{2}$ d. per gallon to producers who, in accordance with undertakings given by them, did not in any month during the year sell to or through the Board a quantity of milk exceeding by more than 10 per cent. the quantity so sold by them in December, 1933. This bonus was earned by 323 producers in respect of sales amounting during the year to a total of 7,082,876 gallons.

Producers whose milk is sold at higher prices than the Standard Price are paid the excess in addition to the average price per gallon. In terms of contracts made with distributors for sales during the year ended September, 1935, 288 producers received a level delivery premium of 1d. per gallon and 201 producers earned a wholesale service premium of 2d. per gallon. The producers qualifying for payment of premiums at these rates under contracts for the year commencing October, 1935, numbered 296 and 238 respectively; additional contracts with similar provision may be made in respect of the supply of milk to buyers for seasonal trade.

The price of Grade A (T.T.) milk to distributors having been determined at 3d. per gallon more than the Standard Price, that sum per gallon was paid, in addition to the average price, in respect of milk of that grade sold as such in the ordinary market and also in respect of supplies provided at reduced rates for consumption in the

* S.R. & O. 1934, No. 1438/S.75.

schools. The total gallonage of Grade A (T.T.) milk sold as such to or through the Board during the year ended November, 1935, amounted to 2,568,750 gallons.

At the end of the year the number of registered producers with licensed tubercle-free herds was 375 as compared with 180 at the commencement of the operation of the Scheme in December, 1933.

Producer-wholesalers and producer-retailers.—The basis of assessment of the contributions payable by these producers was revised by the amendments made in the Scheme for the year 1935. As a result of the adjustments, 784 producers who gave undertakings to the Board that they would not sell any milk to or through the agency of the Board during the year, qualified for payment of contributions at the monthly rate of 6s. 8d. per cow (£4 per annum). The contributions of 829 producers, who did not give such undertakings and whose average daily sales of milk by "wholesale" or retail in November, 1934, exceeded eight gallons, were payable at the monthly rate of 8s. 4d. per cow (£5 per annum) and, in respect of their liability for payment of contributions at that rate, they were credited with the sum of 1 $\frac{1}{2}$ d. per gallon in the assessment of contributions on sales made by them to or through the agency of the Board. The contributions of other producers in these categories were payable in accordance with the original provisions of the Scheme, at a rate per gallon of their "wholesale" or retail sales equal to nine-tenths of the contributions payable in respect of sales or through the agency of the Board.

Producers of Certified Milk.—In accordance with the amending Order* made by the Secretary of State, after consideration of a report of the Committee of Investigation for Scotland (see page 19), the contribution payable in respect of Certified milk sold as such as from 1st August, 1935, was at the rate of $\frac{1}{2}$ d. per gallon. Under the powers conferred by the Order, the Board also paid a bonus to the producers of Certified milk of an amount equal to the excess over $\frac{1}{2}$ d. per gallon of the contribution paid or payable by them in respect of sales of Certified milk as such (734,020 gallons) during the period from 1st May, 1934, to 31st July, 1935.

Farm Cheesemakers.—404 producers entered into farm cheesemakers' agreements with the Board for the year 1935. The terms of these agreements were similar to those made in the previous year except for adjustments made for estimating the value of the milk to the producers at the market prices of home-farm cheese and not, as in the previous year, for a part of the season at the prices of imported cheese. The producers received payment from the Board of a sum per gallon representing the difference between the monthly average price for sales to or through the agency of the Board (less the standard haulage rates) and the estimated value of the milk for conversion into cheese. They were also paid a manufacturing allowance of 1d. per gallon.

* S.R. & O. 1935, No. 691/S.31.

The undernoted quantities of milk were converted into cheese by farm cheesemakers under the agreements :—

1935	Gallons
February	916
March	390,933
April	963,865½
May	1,620,930
June	1,767,742½
July	1,745,547
August	1,359,718
September	826,609
October	189,210
November	2,728
Total ...	8,868,198½

In 1934, 472 farm cheesemakers completed agreements, and the total quantity of milk manufactured by them into cheese amounted to 10,316,578¾ gallons.

Contracts.

Apart from a variation in the scale of liquid milk prices and certain minor adjustments, the terms and conditions prescribed in the form of contract supplied by the Board for use in respect of the sale and purchase of milk for liquid consumption and manufacture during the year 1st October, 1935, to 30th September, 1936, were similar to those laid down in the form of contract used for the previous year.

Distributors who purchase not more than 500 gallons daily are required to enter into direct contracts with producers to which the Board are a party. As it is frequently found necessary or desirable to make changes in the sources of supplies for large buyers, distributors who purchase more than 500 gallons daily and are in possession of manufacturers' licences from the Board are not required to complete individual contracts with producers, but, in terms of letters of agreement exchanged between them and the Board, all the milk supplied to them is held to have been sold and purchased in accordance with the conditions specified in the Board's official form of contract.

The producers are required, in terms of the contract, to supply milk attaining a standard of butter-fat content of not less than 3·5 per cent. during the months from August to January and not less than 3·4 per cent. during the months from February to July. Provision is also made that such additional standards of quality and cleanliness as may be determined by the Board shall be deemed to be incorporated in the contract and that the buyer shall be entitled to be relieved of supplies which are not of the required standards.

In cases where a distributor is relieved of an unsatisfactory supply, it is diverted to one of the Board's creameries to be kept under observation. All supplies of milk received at the Board's creameries are sampled and tested daily, and inspectors of the Board visit the farms of producers whose milk does not attain the prescribed standards of quality to advise and assist them in rectifying the matter. Deductions are made from the prices payable to producers of milk of indifferent quality and, if a supply of unsatisfactory milk is maintained, the producer is given the alternative of accepting its return for the feeding of stock or of being paid the value of its use for that purpose.

During the summer of 1935 the Board arranged with the Agricultural Colleges and Local Authorities for the testing of about 3,000 supplies of milk with a view to obtaining data for considering the formulation of a policy for payment to producers for their milk according to its quality.

Liquid Milk Prices.

The Standard Price for the sale of untreated milk to the distributors for liquid consumption was determined by the Board for the year ending September, 1936, on the following scale—October, 1935, 1s. 2d. per gallon; November, 1935, to February, 1936, 1s. 3d. per gallon; March and April, 1936, 1s. 2d. per gallon; May and June, 1936, 1s. per gallon; July to September, 1936, 1s. 2d. per gallon. On that scale, the monthly average of the Standard Price is 1s. 2d. per gallon as in the previous contract periods.

The minimum retail price, previously determined at the level rate of 2s. per gallon, was again determined at that price for ten months of the year with a reduction to 1s. 8d. per gallon in the months of May and June, 1936. The reduction in these two months was decided upon as an experiment for the examination of the effect of the lower retail price on consumption. A complaint by the distributors that, with the continuance of the Standard Price at an average of 1s. 2d. per gallon over the year, the full cost of this reduction of the retail price would fall to be borne by them and would reduce the average distributive margin over the year from 10d. to 9·33d. per gallon was referred to the Committee of Investigation for Scotland for consideration and report (see page 20). In view of this complaint, the contracts and agreements entered into by the distributors for the year were made with a provision for amendment of the terms and conditions, including prices, by Order of the Secretary of State with right to the buyers to resile, on due notice, in the event of the amendments being unacceptable to them or of no amending Order being made.

For Grade A (T.T.) and Certified milk, the producers' prices were determined at 3d. and 10d. per gallon and the minimum retail prices at 4d. and 8d. per gallon more than the prices for ordinary milk.

Except for a reduction in the months of May and June, corresponding to that in the retail price, the minimum prices for supplies of ordinary milk to hotels, restaurants, etc., were determined on the same scale as previously, viz.,—over 2 but not exceeding 10 gallons—1s. 8d. per gallon; over 10 but not exceeding 50 gallons—1s. 6d. per gallon; over 50 gallons—1s. 5d. per gallon. An addition of 2d. per gallon to these prices was authorised for milk supplied in bottles. The semi-retail prices for graded milk were adjusted on similar scales.

The prices for supplies for institutions, rate-aided and voluntary, were continued at not less than the producers' prices, no control being exercised over the distributive margin.

Manufacturing Milk Prices.

Cheese.—Acting on the recommendation of the Committee of Investigation for Scotland (see page 18), the Board adjusted the prices of milk sold for manufacture into cheese in each month during the period from April, 1934, to January, 1935, by reference to the weighted average price in the preceding month of Canadian and New Zealand cheese. The monthly prices adjusted on that basis ranged from 2.81d. to 3.95d. per gallon. As from April, 1935, the prices for each month were regulated on a formula relating the value of the milk to the weighted average of the prices realised on the sale of cheese manufactured in the Board's creameries. Determined in that manner, the prices over the period ended December, 1935, ranged from 2.313d. to 4.560d. per gallon.

Butter.—Until March, 1935, the prices for milk for manufacture into butter were determined monthly by the Board after consultation with the Manufacturing Sub-Committee of the Permanent Joint Committee appointed under the Scheme. During the period from April, 1934, the prices for the bulk of the supplies ranged from 3.50d. to 4.23d. per gallon, higher prices being obtained from manufacturers with an outlet for the by-product. The prices for each month from April, 1935, were determined by reference to the realisation value of the Board's manufactures of butter, and over the period ended December, 1935, they varied from 3.068d. to 4.718d. per gallon for supplies exceeding 10,000 gallons per month; additional prices up to 2d. per gallon were payable for monthly purchases of less than that quantity.

Other Products.—The price of milk for manufacture of fresh cream was continued during the year 1935 at 7½d. per gallon except for a small quantity supplied in special circumstances in the month of March at 5½d. per gallon. Prices of 3½d. and 4d. per gallon were obtained for milk for the manufacture of milk powder, while milk for manufacture into tinned cream and sweetened condensed milk, for which there was a very limited demand, realised 4d. and 4½d. per gallon and 4½d. to 5d. per gallon respectively. Milk was supplied during the later months of the year at 6d. per gallon for manufacture into unsweetened condensed milk.

Sale and Use of Milk for Manufacture.

The quantities of milk sold to manufacturers or used by the Board for manufacture into the various products during the year December, 1934, to November, 1935, and the realisation values per gallon were as shown in the following statement:—

Product.	Sold for Manufacture.		Used for Manufacture.		Total.		Realisation Value per gallon (weighted average)*
	Gallons.	Per-centage	Gallons.	Per-centage	Gallons.	Per-centage	
Fresh Cream	5,892,071	32.46	6,275,994	36.26	12,168,065	34.32	Pence. 6.808 (6.810)
Tinned Cream	32,997	.18	1,993,744	11.52	2,026,741	5.72	4.366 (4.603)
Cheese ...	6,018,991	33.16	6,072,015	35.09	12,091,006	34.10	2.759 (3.847)
Butter ...	4,300,916	23.70	1,378,469	7.96	5,679,385	16.02	4.000 (5.076)
Condensed Milk ...	1,430,901	7.88	1,570,608	9.09	3,001,509	8.46	5.227 (5.386)
Milk Powder	25,829	.14	—	—	25,829	.07	3.952 (5.234)
Other Products	449,508	2.48	13,836	0.08	463,344	1.31	9.279
Total ...	18,151,213	100.00	17,304,666	100.00	35,455,879	100.00	4.732

* The value of the milk used by the Board for manufacture is calculated at the prescribed prices for the sale of milk to private manufacturers. The figures in brackets show the average values after including the repayable advances under the Milk Act, 1934.

All the milk sold for manufacture into unsweetened condensed milk was supplied to a new large-scale condensery at Dumfries which commenced operations in June, 1935. Negotiations were in progress at the end of the year for the guarantee of a supply of milk to another large-scale condensery to be erected in Ayrshire. When this new factory is in full operation the Board, in pursuance of their policy of concentrating on the production of cheese and butter of high quality at their creameries, propose to discontinue the manufacture of condensed milk and tinned cream.

In June, 1935, the Board opened a new cheese-making factory at Abernethy, Perthshire, and they now own twenty creameries and depots in different parts of the area of the Scheme. Various improvements were carried out during the year in the accommodation and plant at the creameries. A new depot is in course of construction at Glasgow; it will be used for balancing the supplies of milk for the liquid markets in Glasgow and for the manufacture of butter and cream. Arrangements are also being made for the erection of another factory at Mauchline, Ayrshire.

Measures have been taken by the principal private manufacturers and by the Board to eliminate waste of the by-products of their main manufactures. In August, a new factory erected alongside the Board's creamery at Kirkcudbright commenced operations in the manufacture of milk powder with spray-process plant from separated milk supplied from the creamery. The factory is capable of dealing with 9,000 gallons daily, and the average price paid to the Board for the separated milk is $\frac{3}{4}$ d. per gallon. Skim milk from several of the Board's creameries is sold for the manufacture of casein. The Board have made further arrangements to ensure that all surplus by-products at their creameries will be used for manufacture.

Repayable Advances under Sections 1, 2 and 3 of the Milk Act, 1934.

The repayable advances made to the Board in respect of milk sold or used for manufacture during the period from 1st April, 1934 to 31st December, 1935, amounted to a total of £259,426. Particulars of these payments are given in the following statement :—

Section 1—In respect of milk sold for manufacture :—

Product.	Gallons.	Payments. £
Butter	5,110,032	26,501
Cheese	10,252,988	53,742
Condensed Milk	614,270	2,449
Milk Powder	293,602	1,670
Tinned Cream	51,748	148
Fresh Cream	41,456	86
Total	16,364,096	£84,596

Section 2—In respect of milk used by the Board for manufacture :—

Product.	Gallons.	Payments. £
Butter	1,541,362	8,241
Cheese	12,510,708	67,744
Tinned Cream	541,415	2,256
Total	14,593,485	£78,241

Section 3—In respect of milk converted into cheese on farms :—

	Gallons.	Payments. £
Farm Cheese	18,740,986	£96,589

Increasing the demand for milk.

Milk in Schools Scheme.—Contributions amounting to £48,420 were made to the Board towards the expenses incurred during the

period from November, 1934, to December, 1935, in carrying out the arrangements approved by the Secretary of State for the supply of milk at reduced prices for consumption in the schools. After full development of the scheme, the average number of children receiving milk daily under these arrangements was about 350,000. The quantities of milk consumed in each month from November, 1934, are given in the following table :—

Month.	Gallons consumed.	Estimated average number of school days.
November, 1934	20,000	17
December, „	34,000	15
January, 1935	113,000	16
February, „	174,000	19
March, „	312,000	21
April, „	214,000	18
May, „	363,000	21
June, „	297,000	19
July, „	34,000	} Holidays.
August, „	83,000	
September, „	288,000	18
October, „	311,000	23
November, „	264,000	18
December, „	201,000	14

Of the total quantity of milk consumed, 1,620,635 gallons were provided in Grade A (T.T.) milk and 1,088,559 gallons in ordinary milk approved as to source and quality by the appropriate Medical Officers.

Publicity and Propaganda.—As a supplement to the scheme for the supply of milk in schools, the Board made arrangements, with the approval of the Secretary of State, for a publicity and propaganda programme with a view to stimulating the consumption of milk by the community generally. In accordance with these arrangements, a campaign of press and poster advertisement was carried out by the Board, and propaganda work was undertaken amongst Women's Institutes, Clinics, Working Men's Clubs and similar organisations. Booklets, recipe books and other advertising matter designed to increase the sale of milk were supplied to retailers and other buyers of milk. Payments amounting to £7,742 were made from the Exchequer to meet one half of the Board's expenses in carrying out the approved programme.

In furtherance of this advertising campaign, the Board appointed a Propaganda Officer whose duties are to address meetings of Women's Guilds, Institutes and other organisations on the value of milk as a beverage and its uses for cooking and other domestic purposes.

Enquiry into the nutritional value of milk.—Reference is made on page 52 to the arrangements made by the English and Scottish Milk Marketing Boards, with the approval of the Minister of Agriculture and Fisheries and the Secretary of State, for an enquiry into the nutritional value of milk. In the area of the Scottish Scheme, the investigation is being made in connexion with the supply of milk to about 1,500 children attending schools in the county of Renfrew.

Agricultural Co-operation, Research and Education.

Arrangements were made for the continuance during the year 1935/36 of the enquiry into the cost of milk production which is being carried out by the Advisory Officers in Agricultural Economics attached to the Agricultural Colleges in collaboration with the Department's Advisory Officer in Farm Economics. The Board undertook to contribute £500, the same amount as in the previous year, towards the cost of the enquiry.

Other donations made by the Board during the year 1935 included the following :—£250 to the Institute of Animal Genetics in connexion with experimental work on inheritance in milk yield; £200 (as in the year 1934) to the Scottish Committee of Contagious Bovine Abortion; £100 to the Hannah Dairy Research Institute; and £200 to the Scottish Agricultural Organisation Society.

Complaints Regarding the Operation of the Scheme.

Consumers' Committee for Scotland.

Retail price of milk in the summer months.—A complaint was made to the Consumers' Committee for Scotland regarding the continuance of the retail price of 2s. per gallon in the scale of prices determined by the Board for the year October, 1934, to September, 1935. In their report on the complaint, the Committee maintained the view expressed by them in connexion with similar complaints made during the previous year, viz., that they saw no reason for the departure from the long-established practice of discriminating between winter and summer prices and that they were not convinced that the Board's decision was justified.*

Committee of Investigation for Scotland.

The complaints on the following subjects, referred to in the last report, were reported on by the Committee of Investigation for Scotland :—

(a) *Price of milk for manufacture into cheese.*—The Committee found that the interpretation by the Board of the formula used for the determination of the price for each month on the basis of the simple average of the prices per lb. in the preceding month of Canadian and New Zealand cheese was contrary to the interests of the manufacturers concerned and was not in the public interest. The Committee recommended that the words "average price" in

* For position in May and June, 1936, see page 13.

the formula should be construed as meaning a weighted average, and that retrospective adjustments should be made in the prices charged for the supply of milk for manufacture of cheese during the year 1934.

The Board agreed to give effect to these recommendations and arranged accordingly.

(b) *Complaint by the Association of Certified and Grade A (T.T.) Milk Producers.*—The Committee found that the provisions of the Scheme with regard to the rate of contribution payable by producers of Certified milk were contrary to the interests of such producers and were not in the public interest and recommended that the Minister should amend the Scheme to provide that, as from 1st May, 1934, the contribution payable by producers of Certified milk sold as such should be at the rate of one-halfpenny per gallon. They did not find that any provision of the Scheme was contrary to the interests of producers of Grade A (T.T.) milk.

Effect was given to the Committee's recommendation by the Scottish Milk Marketing Scheme (Amendment) Order, 1935* made by the Secretary of State on 18th July, 1935.

(c) *Prices of milk supplied to the Institutions administered by the Glasgow Corporation, to voluntary hospitals and under child welfare and maternity schemes.*—The Committee found that to the extent that Local Authorities and voluntary hospitals were required to pay substantially more for their supplies of milk than they paid prior to the inauguration of the Scheme, the price scale determined by the Board might be regarded as contrary to the interests of the Local Authorities and voluntary hospitals.

With regard to the question whether the determination of the Board in this matter was not in the public interest, the Committee were unable to give an unqualified answer. While recognising that the beneficent nature of the work carried out by the Local Authorities and by voluntary hospitals did not in itself justify a claim that they should obtain their supplies of milk under the Scheme at less than a reasonable price, the Committee pointed out that it would be unfortunate if the consumption of Grade A (T.T.) milk were abandoned to any extent in hospitals or in rate-supported institutions in favour of ordinary milk, and equally unfortunate if the consumption of milk of whatever grade were to be reduced. This consideration, coupled with the facts that the institutions are large consumers and do not purchase for trading purposes or for sale at a profit, and that there is little expense involved in handling or distribution, suggested to the Committee that there was a case for exceptional treatment of these institutions in certain directions; and in so far as these institutions had not received such treatment owing to the action of the Board, such action might be said to be not in the public interest.

* S.R. & O. 1935, No. 691/S.31.

The Secretary of State decided, after full review of the position, that as the question of granting preferential treatment to the Local Authorities and voluntary hospitals was not peculiar to Scotland and formed part of the wider question as to the considerations on which any general policy of fixing differential prices for different classes of consumers should be based, the matter was one to be kept in view in the formulation of a long-term policy for the milk industry and that it was not practicable in the meantime to require the Board, by amendment of the Scheme, to give effect to the Committee's suggestions.

The following complaints were referred to the Committee during the year :—

(d) *East Kilbride Dairy Farmers, Limited.*—The East Kilbride Dairy Farmers, Ltd., complained that they were not receiving fair treatment from the Board with respect to the cost of haulage to Glasgow of milk dealt with by or on behalf of their subsidiary Company, Kilmaurs Dairy Farmers, Ltd. The Committee found that the Board's action in refusing to accept liability for payment of the cost of haulage of milk after delivery to Kilmaurs Creamery was contrary to the complainants' interests, but they did not find that this action was not in the public interest.

(e) *East of Scotland Milk Producers' Federation.*—Representations by the East of Scotland Milk Producers' Federation that the adjustments made in the Scheme for the year 1935, in terms of the Scottish Milk Marketing Scheme (Amendment) and (Directions) Orders, 1934*, should be continued in operation pending the report of the Milk Reorganisation Commission for Great Britain and consequential action thereon were referred to the Committee for consideration and report. The Committee found that the provision in the Orders restricting the period of their operation to the year 1935 was contrary to the interests of the complainants and was not in the public interest.

The Scottish Milk Marketing Scheme (Amendment No. 2) Order, 1935†, made by the Secretary of State on 18th December, 1935, provided for the continuance of the adjustments in the Scheme subject to a minor modification granting to producer-retailers and producer-wholesalers who are eligible for assessment of their contributions to the Board at the rate of £5 per cow per annum, the option of being assessed, in accordance with the original provisions of the Scheme, on the basis of a contribution per gallon of their retail or wholesale sales equal to nine-tenths of that payable in respect of milk sold to or through the agency of the Board.

(f) *Milk Distributors on the Permanent Joint Committee.*—The milk distributors on the Permanent Joint Committee appointed

* S.R. & O. 1934, No. 1437/S.74 and No. 1438/S.75.

† S.R. & O. 1935, No. 1246/S.55.

under the Scheme submitted a complaint regarding the action of the Board, in the determination of the scale of prices for the year ending September, 1936, in (i) fixing the minimum retail price for the months of May and June at 1s. 8d. per gallon while maintaining the Standard Price payable by the distributors at a monthly average over the year of 1s. 2d. per gallon; (ii) refusing to adopt the recommendation of the consultant who was called into the negotiations that the cost of the reduction of the retail price in those two months should be borne equally by the producers and distributors; and, (iii) failing the adoption of that recommendation, refusing to determine the prices for the year on the same scale as in the previous year.

The Committee had not reported on this complaint at the end of the year.*

Miscellaneous.

Finances of the Board.—Copies of the Profit and Loss Account of the Board for the year ended 31st January, 1935, and of the Balance Sheet as at that date are printed in Appendix III.

The Board were able to arrange for a loan of £200,000, repayable over a period of twenty years and bearing interest at the rate of 3 per cent., for the purpose of meeting the purchase price of the creameries taken over by the Board. Interest charges and repayment of capital in respect of the loan represent approximately .036d. per gallon of the total sales by the registered producers during the first year which, calculated on the same gallonage of sales, will fall to .0236d. per gallon in the twentieth year.

Board's Journal.—In the interests of economy, the Board discontinued publication of their monthly Journal after the issue for August, 1935, each registered producer now being furnished, instead, with a short News Letter giving details of the operations under the Scheme during the previous month.

Contraventions of the Scheme.—During the year to 30th November, 1935, the Board imposed penalties amounting to £704 on 67 producers, mainly for failing to furnish information required by the Board or for wilfully furnishing false information.

Agreement with the English Milk Marketing Board.—Under the agreement referred to in the last report,† payments amounting to about £180,000 were received by the Scottish Board from the English Board during the period ended December, 1935, as compensation for the reduction of the supply of milk into England as compared with the supply in the year 1933.

* The report has since been received and has been published.

† Page 23.

SCOTTISH MILK MARKETING SCHEME, 1933.

MONTHLY QUANTITIES OF MILK SOLD TO OR THROUGH THE AGENCY OF THE BOARD AND QUANTITIES SOLD BY PRODUCERS IN THE SPECIAL CATEGORIES.

Month.	December, 1933, to November, 1934.				December, 1934, to November, 1935.			
	Total Sales.	Sold to or through the agency of the Board.	Sold by producer-wholesalers, producer-retailers and producers of Certified milk.		Total Sales.	Sold to or through the agency of the Board.	Sold by producer-wholesalers, producer-retailers and producers of Certified milk.	
	Gallons.	Gallons.	Per cent.	Gallons.	Gallons.	Per cent.	Gallons.	Per cent.
December ...	6,483,361	4,347,638	67·06	2,135,723	7,426,577	82·36	1,309,708	17·64
January ...	6,595,122	4,675,375	70·89	1,919,747	7,586,673	81·91	1,372,588	18·09
February ...	6,300,544	4,581,502	72·72	1,719,042	7,284,484	82·13	1,301,784	17·87
March ...	8,649,731	6,784,985	78·09	1,864,746	9,315,933	84·99	1,397,886	15·01
April ...	9,409,236	7,796,901	82·86	1,612,335	10,254,982	86·29	1,405,758	13·71
May ...	11,537,371	9,961,419	86·34	1,575,952	12,623,104	88·15	1,495,214	11·85
June ...	12,159,797	10,598,579	87·16	1,561,218	12,739,712	88·25	1,496,442	11·75
July ...	11,344,040	9,792,415	86·32	1,551,625	12,407,639	87·82	1,511,462	12·18
August ...	10,338,069	8,860,855	85·71	1,477,214	10,893,639	86·54	1,466,661	13·46
September ...	9,125,106	7,739,696	84·82	1,385,410	9,132,945	85·07	1,363,875	14·93
October ...	8,313,076	6,962,503	83·75	1,350,573	8,239,448	84·80	1,252,038	15·20
November ...	7,340,909	6,055,110	82·48	1,285,799	7,566,214	83·35	1,260,000	16·65
Total ...	107,596,362	88,126,978	81·91	19,469,384	115,471,350	85·60	16,633,416	14·40

22

SCOTTISH MILK MARKETING SCHEME, 1933.

MONTHLY QUANTITIES OF MILK SOLD FOR LIQUID CONSUMPTION AND QUANTITIES SOLD OR USED BY THE BOARD FOR MANUFACTURE.

Month.	December, 1933, to November, 1934.				December, 1934, to November, 1935.			
	Total Sales.	Sold for liquid consumption.	Sold or used for manufacture.		Total Sales.	Sold for liquid consumption.	Sold or used for manufacture.	
	Gallons.	Gallons.	Per cent.	Gallons.	Gallons.	Per cent.	Gallons.	Per cent.
December ...	6,483,361	5,712,426	88·11	770,935	7,426,577	76·29	1,760,486	23·71
January ...	6,595,122	5,491,578	83·27	1,103,544	7,586,673	76·12	1,811,361	23·88
February ...	6,300,544	5,060,780	80·32	1,239,764	7,284,484	74·31	1,871,429	25·69
March ...	8,649,731	5,987,128	69·22	2,662,603	9,315,933	65·80	3,185,937	34·20
April ...	9,409,236	5,563,547	59·13	3,845,689	10,254,982	57·28	4,380,550	42·72
May ...	11,537,371	6,022,107	52·20	5,515,264	12,623,104	47·80	6,177,625	48·94
June ...	12,159,797	6,017,660	49·49	6,142,137	12,739,712	48·76	6,527,774	51·24
July ...	11,344,040	6,069,773	53·51	5,274,267	12,407,639	48·05	6,446,007	51·95
August ...	10,338,069	5,810,578	56·21	4,527,491	10,893,639	55·86	4,808,972	44·14
September ...	9,125,106	5,562,981	60·96	3,562,125	9,132,945	65·07	3,190,095	34·93
October ...	8,313,076	5,680,458	68·33	2,632,618	8,239,448	72·19	2,291,007	27·81
November ...	7,340,909	5,517,368	75·16	1,823,541	7,566,214	75·22	1,875,092	24·78
Total ...	107,596,362	68,498,384	63·66	39,099,978	115,471,350	61·61	44,326,335	38·39

23

PIGS AND BACON MARKETING SCHEMES, 1933.

The Pigs and Bacon Marketing Schemes, both of which apply to Great Britain, came into operation on 9th September, 1933.

In 1935 the Pigs Marketing Board was composed of 11 members, of whom 8 are elected by registered producers, voting in districts, and 3 are special members elected by registered producers in general meeting. Elections were held in four districts during 1935, the retiring member being returned in each case. At the annual general meeting held on 15th March, 1935, a new special member was elected in the place of the retiring member. The remuneration of members of the Board for the year ended 31st March, 1935, voted by registered producers at the meeting, was:—Chairman £1,000; vice-Chairman £750; other members £300 each.

The Bacon Marketing Board is composed of 16 members, of whom 12 are elected by registered producers in England and Wales voting by classes, 2 are elected by registered producers in Scotland and 2 are co-opted by the elected members after consultation with the Market Supply Committee. There was no change in the composition of the Board in the year under review. The annual general meeting of registered curers was held in London on the 26th February, 1936. It was resolved that a sum of £5,000 should be paid as remuneration to the Board for the year ended 31st March, 1936, this sum to be divided among the members in such manner as the Board might decide.

The number of registered pig producers in October, 1935, was approximately 144,000. Of these, 19,101 entered into contracts for the sale of bacon pigs under the Scheme in 1935. The number of registered curers on 31st December, 1935, was 623.

As stated in the last report,* a system of contracts for the sale of bacon pigs has been inaugurated under the Schemes in order to introduce stability into the industry. The Pigs Marketing Board have power to prescribe the form of contract, after consultation with the Bacon Marketing Board, and to require that sales of pigs by registered pig producers to registered curers shall be made in accordance with such contracts. Similarly, under the Bacon Marketing Scheme, a registered curer may not, except in special circumstances, sell bacon not produced from pigs purchased from registered pig producers under the prescribed contracts. The number of pigs contracted for in each year forms the basis on which imports of bacon are regulated.

Four contracts have so far been prescribed by the Pigs Marketing Board. The first of these ran from November, 1933, to February, 1934; the second from March, 1934, to December, 1934; the third from January, 1935, to December, 1935; and the fourth will

* Cmd. 4913, page 26.

run from January, 1936, to December, 1936. The first three contracts were fully described in the previous report* which also gave particulars of the results of the first two contract periods.

The Third Contract Period.

Number of pigs on contract.—The closing date for the receipt of contracts by the Pigs Marketing Board was 20th November, 1934. On this date, the contracts lodged with the Board were for 1,685,000 pigs, an increase of nearly 5 per cent. on the previous year. The bonus scheme, providing for the payment of premiums in respect of pigs contracted for delivery and delivered and accepted in the first four months of the year, was successful in securing a more even supply position. The distribution of contracts among individual curers was, however, irregular; some curers had only a small proportion of their estimated requirements, while others were well supplied. The number of pigs on group contracts and available for distribution among curers short of requirements showed a considerable reduction on the previous period and was inadequate to meet all needs. It was decided, therefore, to issue supplementary contracts.

The closing date fixed for the receipt of supplementary contracts was 22nd December. The contract (known as supplementary contract A) was between a registered producer and the Pigs Marketing Board, either direct or through an agent. The terms of the contract were the same as in the main contract except that there was no provision to secure regular deliveries throughout the year.

Contracts were received for an additional 111,000 pigs, making, with the direct contracts, approximately 1,800,000 pigs in all. This was a substantial increase in the actual contracting rate compared with the previous contract period, but the number of pigs on contract fell short of the number considered by the Bacon Marketing Board to be necessary to give an economic throughput to all registered curers.

Accordingly, the Pigs Marketing Board issued at the end of December, 1934, a further supplementary contract for the delivery of pigs during the period May to December, 1935. The terms of the contract (known as supplementary contract B) were identical with those of the first supplementary contract; and the closing date was 15th April, 1935. The contract was a direct contract between producer and curer but was to be valid only if the curer had not already obtained on previous contracts 70 per cent. of his stated requirements for the relevant period. The number of pigs contracted for on this contract was approximately 58,000.

As the number of pigs on contract still fell short of curers' requirements, the Pigs Marketing Board during May entered into direct

* Pages 27-39.

contracts with curers for approximately 165,000 pigs to be delivered between May and December. The Board decided, however, not to attempt to implement the contracts and agreed that curers should purchase pigs in the open market. The curers were required to make returns of these purchases to the Bacon Marketing Board.

The total number of pigs contracted for on direct, group and supplementary A and B contracts was 1,854,405 (see Table I, page 36). This was an increase of 248,096 pigs or 15 per cent. on 1934.

Distribution of Contracts and Pig Population.—Figures of contracting by district are not available for the whole of 1934, and a true comparison with that year is not possible. The following table shows, according to the districts defined in the Pigs Marketing Scheme, the number of pigs on contract in 1935 and in the last 10 months of 1934 :—

District.	Number of Pigs on Contract.		Per cent. of total.	
	Mar.-Dec. 1934. (10 months.)	1935. (12 months.)	1934.	1935.
South Western ...	277,064	365,140	20.9	19.7
South Eastern ...	208,881	291,093	15.8	15.7
Eastern ...	186,206	248,423	14.1	13.4
East Midland ...	163,865	215,573	12.4	11.7
West Midland ...	221,793	297,501	16.7	16.0
Northern ...	133,266	234,431	10.0	12.6
Wales ...	35,454	52,158	2.7	2.8
Scotland ...	98,009	150,086	7.4	8.1
... ..	1,324,538	1,854,405	100.0	100.0

The total increase recorded in the June 4th returns in the number of pigs in Great Britain between 1934 and 1935 was 547,000 or 15 per cent. The number of sows in Great Britain increased by 51,000 in 1934, and again by 47,000 in 1935.

The following table shows the pig population in 1934 and 1935 as recorded in the June 4th returns according to the districts of the Pigs Marketing Scheme.

District.	1934.	1935.	Increase of 1935 on 1934.	Bacon Pigs on Contract in 1935 expressed as a percentage of the pig popu- lation.
			Per cent.	Per cent.
South Western ...	507,639	596,906	17.6	61.2
South Eastern ...	552,836	615,392	11.3	47.3
Eastern ...	502,476	560,856	11.6	44.3
East Midland ...	493,547	546,555	10.7	39.4
West Midland ...	495,229	567,898	14.7	52.4
Northern ...	527,832	645,024	22.2	36.3
Wales ...	240,599	280,742	16.7	18.6
Scotland ...	206,279	260,213	26.1	57.7
Total ...	3,526,437	4,073,586	15.5	45.5

It will be seen that the districts with the largest increase in pig populations are the Northern and Scotland, and that these districts also show the most striking increases in contracting under the Scheme. In the South-Western and West Midland districts, however, sales of bacon pigs on contract were already high in relation to pig population.

Number of Pigs Delivered.—Table II on page 37 shows, for each month, the number of pigs delivered against contracts during 1935. Total deliveries by pig producers during the year amounted to 1,806,937 pigs, of which 1,781,333 were delivered against 1935 contracts and the remainder were contracted for delivery in 1934, but delivered in 1935. On 1935 contracts alone, therefore, there was a deficiency of 73,072 pigs, or 3.94 per cent., but including all deliveries the deficiency was only 47,468 pigs or 2.56 per cent. The deficiency attributable to swine fever and other unavoidable causes was 1.72 per cent. of the pigs contracted for. This result was a great improvement on the two previous contract periods when the deficiencies were 20.3 per cent. and 7.05 per cent. respectively. The actual increase in the number of pigs delivered compared with the previous twelve months was 369,539 or 25.71 per cent.

Although the bonus scheme was largely successful in obtaining a more even supply distribution over the year, the position was not wholly satisfactory. With the exception of April, when producers were doing everything possible to deliver their pigs in time for the bonus, monthly deliveries in the first half of the year were substantially less than in the latter half. Heavy deliveries of pigs in October and November caused reactions in bacon prices, which in turn caused the pig price for December to fall.

The following table shows by means of index numbers how the monthly deliveries have varied in the two years of the Scheme :—

*Monthly Deliveries of Pigs.
(Index Numbers.)*

	1934.	1935.
January	93	76
February	78	72
March	53	87
April	62	119
May	81	88
June	87	84
July	93	101
August	114	101
September	127	117
October	151	129
November	135	127
December	126	99
Average	100	100

The limits of variation have been reduced from 151 : 53 to 129 : 72—a very considerable reduction in the space of a year.

Contract Price.—The average monthly price in 1935 for the "basic" pig calculated in the manner described in the previous report* was 11s. 3½d. per score, including the premium of 2d. per score under the bonus scheme. In addition, curers paid to producers 1d. per score towards any insurance that the latter might desire to effect. The average price during 1934 was 11s. 11d. per score, which was reduced by the deductions for the repayment of the Government loan to 11s. 7½d. per score. The following table gives the standard price per score (excluding bonus payments) of the basic pig in each month in 1934 and 1935:—

<i>Month.</i>	<i>Price per Score of Basic Pig.</i>	
	1934. s. d.	1935. s. d.
January	12 0	11 3
February	12 0	11 5
March	12 6	11 11
April	12 6	11 0
May	11 11	10 11
June	11 8	11 5
July	11 7	11 9
August	11 6	11 4
September	11 5	11 0
October	12 2	10 2
November	12 0	11 4
December	12 1	10 2
Average	11 11	11 1½

The low price of bacon during August and again during November accounted for the particularly low price of 10s. 6d. per score in October and December. The ascertained bacon price over the year was generally lower than for 1934 and foodstuffs prices were on the average higher.

The premiums distributed to producers who qualified under the bonus scheme by delivering certain percentages of pigs in the first four months of the year, were 2.9d., 5.8d. and 8.7d. per score respectively in the three classes specified under that scheme. The total sum distributed in bonus payments was £121,500.

Bacon put into Cure by Registered Curers.

There was a substantial increase in bacon production by registered curers in 1935 compared with 1934. The following are the details:—

Year.	Average number of curers making returns.	Home carcasses and parts of carcasses put into cure.	Imported pigs, carcasses, and parts of carcasses put into cure.	Total.
1934	616	000 cwt. 1,491	000 cwt. 251	000 cwt. 1,742
1935	624	2,023	347	2,370
Increase per cent. over 1934 ...	—	35.7	38.2	36.1

Figures are not available for the output of curers exempted from registration under the Bacon Marketing Scheme.

Fourth Contract Period.

Prolonged discussions took place between the Pigs and Bacon Marketing Boards before the terms of the fourth contract were settled. The contract was issued in November, 1935.

Two forms of contract were prescribed, one for direct contracts between pig producers and curers and the other for direct contracts between pig producers and the Pigs Marketing Board. The latter contract, which took the place of the group contract, was designed to provide the Board with a "pool" of pigs which might be allotted to curers who had insufficient pigs on direct contract. The terms of the contracts are similar, but the "Board" contract allows the Board to expedite or postpone the delivery of pigs, and the producer receives an additional premium of 2s. 0d. per pig delivered under this contract. The closing date for the receipt of contracts by the Pigs Marketing Board was 26th November, 1935, but the period was extended, in the case of Board contracts, until 3rd December.

The terms of the 1936 contract are broadly the same as in the previous year. The main features of the contract are as follows:—

Basis of Contract.—The producer contracts to deliver a stated number of pigs in one or more of four weight classes* in stated months of the year with a tolerance of 10 per cent. in any month, subject to a maximum annual tolerance of 5 per cent. The number of pigs contracted for delivery in the first four months and the last four months of the year must not, respectively, be less than 25 per cent. or exceed 45 per cent. of the total number of pigs contracted to be sold during the year.

Delivery.—The pig producer is responsible for putting pigs on rail at his station; if he does not do so, the curer deducts 6d. from the price of the pig. The curer pays the transport charge, which is a flat rate of 1s. 8d. per pig from station to station, or 2s. 3d. per pig if the pigs are conveyed by road by the railway companies. A curer may arrange to transport the pigs in his own vehicles or arrange with the producer to carry them in the producer's vehicles, but the curer must in such cases pay the flat rate, and he may recover from the railway companies a rebate which varies according to the distance travelled. The flat rate charges are 2d. per pig higher than in 1935, but there have been increases in the scale of rebates.

Curer and producer may agree upon earlier or later deliveries than those specified in the contract. No pigs delivered after 28th February, 1937, will however be regarded as pigs delivered in pursuance of the contract.

Grading.—The five grades based on shoulder fat and belly measurements have been retained, with certain minor alterations.

Prices.—Pig prices continue to be fixed by reference to the ascertained price of bacon and the cost of the standard feeding stuffs ration on what is known as the "co-partnership" principle. A new formula has, however, been adopted, the starting point of which is that with bacon at 96s. and feeding stuffs at 7s. 6d. per cwt. the price of the "basic" pig (Class I, Grade C) is 11s. 7d. per score. For each rise or fall of 1s. 2d. per cwt. in the bacon price above or below 96s., 1d. per score is added to or deducted from the pig price so long as the bacon price is not more than 98s. 4d. and not less than 90s. 2d. For every 10d. rise in bacon prices above 98s. 4d. a further penny per score is added to, and for every 10d. fall below 90s. 2d. a further penny per score will be deducted from, the pig price.

As long as bacon prices are over 90s. 2d. per cwt., an addition or deduction of 1½d. per score is made in the pig price for rises and falls of 3d. per cwt. in the price of feeding stuffs above or below

* Class	I	Dead Weight	7 score to 8 score 10lb.
	II	"	8 score 11lb. to 9 score 5lb.
	III	"	9 score 6lb. to 10 score 10lb.
	IV	"	Over 10 score 10lb.

the basic figures of 7s. 6d. If, however, bacon prices are 90s. 2d. or less, the addition or deduction in respect of variations of 3d. in the price of feeding stuffs is only 1d. per score. Over and above the prices so calculated, an addition of 1d. per score is made to the pig price when the bacon price is between 88s. 7d. and 97s. 1d. inclusive.

A return to one of the price features of the 1934 contract is made by an allowance for variations in the value of offals.

The "bacon price" referred to is the average price realised for sizeable green Wiltshire-style bacon (certified by an independent accountant) over a period of four or five weeks ending near the middle of the month prior to that to which it relates, adjustments being made to take into account any variations in the realised value of offals. The price is ascertained at six factories, three chosen by the Pigs Marketing Board and three by the Bacon Marketing Board. The cost of feeding stuffs is calculated over a period of sixteen weeks by reference to a ration containing barley meal, weatings and protein and mineral matter in agreed proportions.

The price difference of 3d. per score between Class I and Class II pigs remains unchanged, but Class III pigs are paid for at the same price as Class II. The basic price of Class IV pigs is 9d. per score, instead of 1s. per score, less than that of Class I.

These prices do not apply to deliveries of pigs which are not in the class contracted for. Such pigs, if accepted by the curer, are to be paid for at special prices. Where, however, a producer has contracted to supply Class I pigs, he may include one pig below seven score (but not below 6 score 15 lb.) in each delivery without penalty.

The bonus scheme.—The bonus scheme issued in connection with the contract provides for bonuses A and B and a special bonus. Bonus A, which will be three times as large as bonus B, will be earned by a producer who delivers 33½ per cent. of his pigs in the first four months of the year; bonus B by the delivery of not less than 25 per cent. of the year's total in the first four months. The special bonus, which was designed to secure regular deliveries in the bonus period, will be paid on the lowest monthly scorage of pigs delivered by a qualifying producer and accepted in any of these months. One-third of the total net bonus fund will be devoted to the payment of the special bonus.

The same contribution as in the previous contract, namely 2d. per score on all pigs delivered and accepted, is payable by curers into the bonus fund.

Insurance.—Curers deduct 6d. per pig from the price payable to the producer. In return the producer is paid the full price for any pig damaged in transit or which is found to be suffering from any

disease which was not apparent when the pig left the farm. The curer may either insure against this risk or carry it himself.

Default by the producer.—A producer who defaults in the delivery of any pigs on direct contract (unless the default is due to unavoidable causes, such as accident or disease) is liable to pay 15s. per pig to the Pigs Marketing Board and 5s. per pig to the curer by way of liquidated damages. In the case of the "Board" contract, a defaulting producer pays £1 per pig to the Pigs Marketing Board.

If the producer is prevented from delivering pigs by accident, disease or any other cause outside his control, the Pigs Marketing Board undertake to do their best to make good the deficiency or, failing this, to pay the curer 3s. per pig, subject to a maximum liability on the part of the Board of £6,000 over the year.

Number of pigs contracted for; the supplementary contract.—The contracts received by the Pigs Marketing Board covered a total of slightly less than 2,000,000 pigs. Over 97 per cent. of these were on direct contracts with curers, and the number on "Board" contracts was insufficient to give all curers an economic throughput. A supplementary contract for supplying pigs to the Board was, therefore, issued. This contract was similar to the first "Board" contract for the same period, but the requirement to deliver at least 25 per cent. of contracted deliveries in the first four months was waived. The producer receives 1s. 6d. per pig above the contract price for pigs supplied on this contract. The closing date for the receipt of supplementary contracts was 14th January, 1936.

The number of pigs contracted for on these contracts was less than 50,000 so that the Pigs Marketing Board were still unable to fulfil curers' requirements. Accordingly, the Board, as in the previous year, agreed that curers should purchase pigs in the open market. Provision was made for the inclusion of 305,000 "open market" pigs in the "home quota", for the period March-December, 1936, on guarantees being obtained from individual curers that at least that number of pigs would be purchased. The Board also undertook to endeavour to secure that total purchases were not more than 450,000 pigs in the months March to December, 1936.

Regulation of Bacon Supplies.

The regulation of imports of bacon was continued by Order of the Board of Trade under the Agricultural Marketing Acts in the case of foreign supplies and by voluntary agreement in the case of Dominion supplies. The gross supplies of bacon, hams, salted pork and tinned hams from all sources (excluding the output of unregistered curers in Great Britain) in 1935 compared with 1932 and 1934 were as follows:—

	1932.		1934.		1935.	
	000 cwt.	Per cent.	000 cwt.	Per cent.	000 cwt.	Per cent.
United Kingdom*	1,750†	12·5	2,230	20·8	2,953	27·7
Dominion†	545	3·9	1,475	13·8	1,601	15·0
Foreign†	11,732	83·6	6,987	65·4	6,107	57·3
Total ...	14,027	100·0	10,692	100·0	10,661	100·0

* Includes imported pigs and pork cured in this country.

† Based on 1930 Board of Trade Industrial Census, the latest official figures available.

‡ Gross Imports. Exports and re-exports amounted to 279,000 cwt., 97,000 cwt. and 128,000 cwt. in 1932, 1934 and 1935 respectively.

In reply to a question in the House of Commons on 7th June, 1935, the Minister of Agriculture announced that the Government had had the Pigs and Bacon Marketing Schemes under review and they considered that certain developments of the general plan for regulating bacon imports and assisting the home producer might be made to the advantage of all concerned. They proposed that the policy of maintaining a regulated market should be continued, but were prepared to contemplate an increase in the volume of imported supplies, subject to a limited charge on imports from foreign countries, the proceeds of which could be devoted to the assistance of the home industry as the situation might require.

In reply to a further question on 9th December, 1935, the Minister made it clear that, under the proposals previously announced, the subsidy payable from the proceeds of the levy on imports of foreign bacon was to compensate the home industry for any fall in price resulting from the contemplated increase in imports. The proposals did not provide for additional assistance while the present degree of import regulation is maintained.

Complaints regarding the Operation of the Scheme.

It was mentioned in the last report* that the Committee of Investigation for Great Britain had had under consideration complaints by (1) the Parliamentary Committee of the Co-operative Congress as to the omission in the third contract of any obligation to insure pigs, and (2) The Parliamentary Committee of the Co-operative Congress and the National Federation of Meat Traders' Associations as to the requirements in the third contract regarding the flat rate system for the transport of all live pigs purchased by curers.

The Committee heard oral evidence and Counsels' arguments in both cases. In the transport complaint, the substance of their finding was that the flat rate system of transport was necessary for the

efficient operation of the Pigs and Bacon Marketing Schemes and that although some curers were, in consequence of the adoption of the flat rate system, undoubtedly paying more for transport than previously, the Pigs Marketing Board, in prescribing this system, had acted in the best interests of the pig industry as a whole.

In the insurance complaint, the Committee reported in favour of the compulsory insurance of pigs contracted for under the Pigs and Bacon Marketing Schemes. The Pigs Marketing Board were accordingly requested by "the Minister"* to prepare, in consultation with the Bacon Marketing Board, the insurance companies and any other interests concerned, an agreed scheme for insurance of all pigs consigned to registered bacon curers under contract after 31st December, 1935, and to submit the scheme to "the Minister."

The scheme mentioned on page 31 was thereupon prepared by the Boards, two firms of Lloyds' Underwriters having agreed to accept the risk for a premium of 1s. per pig. As the prescription of the 1936 contract was then a matter of urgency, "the Minister" did not ask the Pigs Marketing Board at that stage to prepare an alternative scheme for consideration, but he informed them that it was his intention to re-examine the matter at a later date in the light of the experience gained of the system proposed by the Board.

Amendments of the Schemes.

During 1934 the Pigs Marketing Board had under consideration a number of draft amendments to their Scheme. These were circulated to registered producers on 23rd November, 1934, and no request having been made for a poll, they were formally submitted to "the Minister" on 29th January, 1935.

In accordance with the provisions of the Marketing Acts, a period expiring on 16th April, 1935, was allowed for lodging objections or representations with respect to the proposed amendments. Objections to certain of the amendments were received from the Scottish Chamber of Agriculture, the Bacon Marketing Board, the National Federation of Meat Traders' Associations and the Parliamentary Committee of the Co-operative Congress, and, by direction of "the Minister", a public inquiry was held into the objections by Mr. N. L. Macaskie, K.C.

After considering the objections and the Commissioner's report the Minister modified the amendments. The amendments as modified were accordingly laid before Parliament, and affirmative resolutions of both Houses were passed in December, 1935.

Apart from certain drafting amendments, the amendments fell into two groups. The first of these made certain alterations in the electoral procedure and in the provisions for the payment of remuneration to members of the Board and permits the removal from

* "The Minister" means, in relation to a Scheme applicable both in England and Scotland, the Minister of Agriculture and Fisheries and the Secretary of State for Scotland, acting in conjunction.

office of the Chairman or Vice-Chairman in certain circumstances. The second group concerns some of the marketing provisions of the Scheme: the Board were given wider powers to regulate the transport of pigs, and certain alterations were made in the procedure with regard to the registration and confirmation of contracts. The amendments were brought into force, with effect from 21st December, 1935, by the Pigs Marketing Scheme (Amendment) Order, 1935.*

Amendments to the Bacon Marketing Scheme were submitted in March, 1934, and of these, three which were unopposed were approved in June, 1934.† The other two amendments were designed to enable the Board to determine the quantity of bacon that may be sold in any year by a registered curer and to secure that, in any expansion of the market for home-produced bacon, the extent to which any registered curer might participate with pigs of his own production should be regulated. These amendments were objected to, and a public inquiry was held into the objections, as recorded in the last report.

After considering the report of the Commissioner appointed to hold the public inquiry (Mr. N. L. Macaskie, K.C.) "the Minister" made minor modifications, and the amendments were approved by Parliament on 1st August. The amendments were brought into force with effect from 3rd August, 1935, by the Bacon Marketing Scheme (Amendment) Order, 1935.‡

Miscellaneous.

Accounts of the Boards.—The accounts of the Boards for the year ended 31st December, 1935, are printed in Appendix III.

In the case of the Bacon Marketing Board, the levy of 6d. per cwt. on bacon sales realised about £56,500. The total expenditure of the Board (excluding provision for contingent liabilities) amounted to £33,000. The costs of operating the Scheme during the year were approximately 3d. per pig delivered.

The chief item of income of the Pigs Marketing Board, the delivery and grading fees, realised nearly £130,000. The costs of operating the Scheme were approximately one shilling per pig delivered.

The Pigs and Bacon Marketing Boards have paid to the Exchequer during the year the sums of £2,033 and £678 respectively, certified by "the Minister" to represent the expenses of the Reorganisation Commission for Pigs and Pig Products attributable to the preparation of the Pigs and Bacon Marketing Schemes.

* S.R. & O. 1935, No. 1308.

† S.R. & O. 1934, No. 679.

‡ S.R. & O. 1935, No. 791.

Publicity.—In December, 1935, the Pigs Marketing Board decided to circulate a monthly news bulletin to all contracting producers. The first number was issued in January, 1936. The two Boards have staged a joint educational exhibit dealing with the production of bacon pigs at a number of agricultural shows throughout the year.

TABLE I.
SUMMARY OF CONTRACTS.

	England.	Scotland.	Gt. Britain.
<i>Number of Contracts</i>			
First Period (November, 1933 to February, 1934)	16,952	1,380	18,332
Second Period (March to December, 1934)	22,286	1,983	24,269
Third Period (January to December, 1935)	21,644	2,001	23,645
Fourth Period (January to December, 1936)	16,871	1,663	18,534
<i>Number of Pigs Contracted for</i>			
<i>First Period (4 months):—</i>			
Direct	446,855	24,747	471,602
Group	95,686	9,040	104,726
Total First Period	542,541	33,787	576,328
<i>Second Period (10 months):—</i>			
Direct:—			
(a) General	775,679	8,784	784,463
(b) Wiltshire	227,569	62,658	290,227
Total Direct	1,003,248	71,442	1,074,690
Group	223,281	26,567	249,848
Total Second Period	1,226,529	98,009	1,324,538
<i>Third Period (12 months):—</i>			
Direct and Livestock	1,416,702	121,949	1,538,651
Group	131,316	15,455	146,771
Supplementary	156,301	12,682	168,983
Total Third Period	1,704,319	150,086	1,854,405
<i>Fourth Period (12 months):—</i>			
Direct	1,771,338	169,639	1,940,977
Board	45,822	6,478	52,300
Supplementary	42,885	3,914	46,799
Total Fourth Period	1,860,045	180,031	2,040,076

TABLE II.

MONTHLY DELIVERIES OF PIGS AGAINST CONTRACTS, JANUARY—DECEMBER, 1935.

Month 1935.	Contracted for and delivered in 1935.						Contracted in 1934. Delivered in 1935.	Open Market Purchases 1935.		Total delivered and accepted 1935.	Numbers Rejected on all Contracts.	
	Direct Contracts.		Group Contracts.		Supplementary Contracts " A " and " B. "			Total.				
	Con- tracted.	De- livered.	Con- tracted.	De- livered.	Con- tracted.	De- livered.		Con- tracted.	De- livered.			
Jan. ...	109,963	92,071	8,930	5,228	1,286	332	120,179	97,631	12,207	4,177	114,015	1,151
Feb. ...	119,517	93,439	10,437	8,301	1,519	1,059	131,473	102,799	3,341	1,951	108,091	1,062
Mar. ...	140,164	116,587	14,410	10,839	2,893	1,535	157,467	128,961	1,262	601	130,824	1,939
April ...	161,095	157,683	19,655	17,454	4,111	2,942	184,861	178,079	428	223	178,730	2,328
May ...	100,438	114,993	7,209	9,315	12,145	8,918	119,792	132,226	215	167	138,153	1,877
June ...	111,087	104,735	9,582	9,746	14,989	11,720	135,658	126,201	229	112	139,680	2,240
July ...	118,176	122,974	10,685	12,131	17,854	16,632	146,715	151,737	246	90	166,696	2,583
Aug. ...	132,733	123,054	13,221	12,083	20,951	17,239	166,905	152,486	125	43	168,061	2,217
Sept. ...	132,844	142,702	10,448	13,158	25,950	20,252	169,242	176,112	100	58	183,913	2,279
Oct. ...	146,899	153,592	15,044	16,196	25,453	24,731	187,396	194,519	—	12	217,916	2,734
Nov. ...	139,704	150,955	15,068	17,721	22,072	22,071	176,844	191,377	—	17	209,806	2,591
Dec. ...	126,031	116,880	12,082	11,235	19,760	21,090	157,873	149,205	—	—	168,193	1,812
Total	1,538,651	1,489,665	146,771	143,407	168,983	148,261	1,854,405	1,781,333	18,153	7,451	1,927,078	24,813

MILK MARKETING SCHEME, 1933.

The Milk Marketing Scheme, which applies to England and Wales, came into operation on 6th October, 1933.

The total quantity of milk sold by registered producers under the Scheme from 6th October, 1933, to 30th September, 1934, was 845.3 million gallons; sales during the twelve months ended on 30th September, 1935, amounted to 981 million gallons, an increase of 135.7 million gallons or 16 per cent. The quantities sold under wholesale contracts and retail licences increased by 137.3 million gallons and 3.2 million gallons respectively, while farm production of cheese under the Scheme decreased by 4.8 million gallons.

The number of wholesale contracts in force rose from 76,407 in December, 1933, to 86,813 in September, 1935. Four regions, namely, the Far Western, Northern, South Wales and North Western, accounted for 80 per cent. of the additional contracts.

A detailed statement showing the quantities of milk sold under the Scheme since its inception until 31st December, 1935, is given in Table I on page 56.

The Board consists of 17 members; 12 are elected on a regional basis (one representative for each region except the North-Western, which has 2), 3 special members are elected by the registered producers in general meeting, and 2 members are co-opted by the elected members of the Board after consultation with the Market Supply Committee.

The elected personnel of the Board remained unchanged during 1935. Four of the regional members were due to retire in June; two were returned unopposed and the other two were re-elected. None of the special members was due to retire in 1935. Lord Cranworth, one of the co-opted members, resigned and was succeeded by Lord Eltisley.

The remuneration of the Board voted by the registered producers at the annual general meeting held on the 6th June, 1935, was:—Chairman £1,200, Vice-Chairman £700, other members £350 each.

The number of producers registered with the Board on 31st December, 1934, was 158,706. The number registered on 30th September, 1935, was 167,217. There were then 79,267 producers who held wholesale contracts, and 65,744 who held retail licences; and of these 19,927 sold both under a wholesale contract and by retail licence. On 31st December, 1935, the number on the register was 166,638, of whom approximately 36,641 did not hold either a wholesale contract or a producer-retailer's licence.

Wholesale Contracts.

The twelve months ended 30th September, 1935, constituted the third period for which contract terms have been prescribed by the Board for the sale of milk by wholesale. The two previous periods ran from 6th October, 1933, to 31st March, 1934, and from 1st April to 30th September, 1934. The terms of these contracts were fully described in the last report.*

* Cmd. 4913, pages 43-49.

The quantity of milk sold under the wholesale contracts during the year ended on 30th September, 1935, was 854 million gallons, and the receipts from the sale of this milk accruing to the Board were approximately £40.8 million. The corresponding quantity sold in the previous year was 716 million gallons, and the sum receivable was approximately £34.5 million. Particulars of regional sales are given in Table II on page 58.

The numbers of wholesale contracts in operation in September, 1935, compared with those for September, 1934, were as follows:—

Region.	No. of contracts,	
	September, 1934.	September, 1935.
Northern	6,610	7,585
North Western	19,643	21,090
Eastern	3,812	4,152
East Midland	6,755	6,849
West Midland	7,134	7,464
North Wales	1,751	1,907
South Wales	4,543	5,217
Southern	5,467	5,647
Mid Western	11,262	11,644
Far Western	6,326	8,727
South Eastern	6,617	6,531
Total	79,920	86,813

The numbers of contracts providing for level delivery and special service premiums in the two periods were:—

Region.	Level Delivery Contracts.		Other Special Services.		Total Premium Contracts.	
	1933-34.	1934-35.	1933-34.	1934-35.	1933-34.	1934-35.
1. Northern ...	1,387	1,074	624	156	2,011	1,230
2. North Western	4,157	3,988	1,209	905	5,366	4,893
3. Eastern ...	905	776	220	214	1,125	990
4. East Midland...	1,603	1,418	262	314	1,865	1,732
5. West Midland	1,104	999	202	210	1,306	1,209
6. North Wales ...	263	215	101	73	364	288
7. South Wales ...	703	556	288	323	991	879
8. Southern ...	1,204	1,023	363	338	1,567	1,361
9. Mid Western...	662	577	638	521	1,295	1,098
10. Far Western ...	1,469	1,409	196	207	1,665	1,616
11. South Eastern	1,663	1,519	638	668	2,301	2,187
Total	15,120	13,554	4,736	3,929	19,856	17,483

The number of wholesale buyers in the third contract period was 16,374 compared with 17,340 in the second period.

Sales by wholesale for liquid consumption.

The quantity of milk sold under the wholesale contracts for liquid consumption during the year ended September, 1935, was 552.3 million gallons compared with 523.8 million gallons in the previous year.

The monthly wholesale prices in the third contract period ranged between 1s. 5d. and 1s. 0d. a gallon, the weighted average price being 14.87d. per gallon over the year. About 60 per cent. of the milk was consigned on "direct contracts" that is to say, contracts for delivery direct to the purchaser's railway station or dairy, the remaining 40 per cent. being sold on "depot" contracts for delivery at approved collecting depots.

Sales for manufacturing purposes.

The following table shows the quantities of milk sold for manufacture into various commodities and the average prices realised during the years ended on 30th September, 1934 and 1935 respectively.

Product Manufactured.	1933/34.		1934/35.	
	Gallons of milk manufactured.	Average realisation price.*	Gallons of milk manufactured.	Average realisation price.*
		d. per gall.		d. per gall.
Butter	41,291,530	3.61 (4.50)	83,717,384	4.07 (5.36)
Cheese	61,635,709	3.60 (4.53)	91,390,191	3.50 (4.80)
Soft curd cheese and Cream Cheese.	—	—	1,240,375	7.50
Condensed Milk ...	34,045,238	6.00	49,208,506	6.00
Condensed Milk for export.	5,884,623	3.62 (4.62)	8,463,213	4.04 (5.28)
Milk Powder	8,357,747	5.03 (5.35)	12,967,136	4.50 (5.28)
Fresh Cream	32,530,318	7.96	41,347,704	7.50
Ice Cream	—	—	2,654,314	7.50
Tinned Cream	5,473,926	5.2	7,690,224	5.00 (5.36)
Chocolate	82,382	8.00	71,950	8.00
Sterilized milk for export.	—	6.00	4,257	6.00
Other Goods	3,322,088	9.00	2,933,747	9.00
Total	192,623,561	4.96 (5.49)	301,689,001	4.81 (5.64)

* The figures in brackets show the average prices after including the repayable advances under the Milk Act, 1934.

Price of Milk for Manufacture into Cheese.—The 1934/35 contract provided that the manufacturing price might be varied by agreement between the Board and the Central Milk Distributive Committee (representing the purchasers of milk by wholesale) or, failing agreement, on the certificate of a person brought into consultation pursuant to Section 13 of the Agricultural Marketing Act, 1933. An application was made to the Board by the Central Milk Distributive Committee for a revision in the price formula for milk for manufacture into cheese and butter, and the question was submitted to the late Mr. Edward Shortt, K.C., as the "consulted person". A compromise suggested by him that, during the months April-July, 1935, the price of milk for cheese should be based on the price of Finest White New Zealand cheese instead of on the average price of New Zealand and Canadian cheese, was accepted by both parties. In August and September the formula was to remain unchanged, but, as regards Canadian cheese, exceptional quotations and quotations for old cheese were to be excluded. The effect was that prices were rather more favourable to buyers, especially during the summer months. There was no change in the price formula of milk for butter.

Repayable advances under the Milk Act, 1934.—The amounts paid to the Board under the Milk Act by way of contingently repayable advances in respect of milk manufactured during the period October, 1934, to September, 1935, were as follows:—

Milk products manufactured at factories other than Board's factories.

	£	£
Butter	447,677	
Cheese	483,608	
Condensed milk for export	43,283	
Milk powder	41,956	
Tinned cream	11,465	
		1,027,989
<i>At Board's factories.</i>		
Butter	286	
Cheese	10,966	
		11,252
Farmhouse Cheese		62,636
TOTAL		1,101,877

Pool Prices and Producers' Net Returns.

Producers selling milk by wholesale are credited with the appropriate regional pool price for each gallon of milk sold. Each regional pool price is based on the realisation value of the milk sold in that region, whether for manufacture or liquid consumption,

but adjustments are made by means of the inter-regional compensation levy to ensure that the pool prices do not vary unduly as between the regions.

Regional pool prices for each region and each month from October, 1934, to December, 1935, are shown in Table III, on page 59.

The weighted average pool prices for the year ended 30th September, 1935, ranged from 11.39d. per gallon in the Far Western region to 12.78d. in the South Eastern region, the weighted average for the country as a whole being 11.99d. The corresponding weighted average for the previous year was 11.83d.

Theoretically, all milk delivered under the wholesale contracts is sold at the wholesale price, adjustments being made in the case of milk sold for manufacture by the allowance of rebates varying with the products manufactured. Before the pool prices are struck, deductions are also made to meet the expenses and liabilities of the Board, and to provide the sums necessary to pay the premium for accredited milk.

As stated previously, the weighted average wholesale price for milk sold for liquid consumption during the year ended 30th September, 1935, was 14.87d. per gallon. The rebates for manufacturing milk represented a deduction from the liquid price of 2.95d. per gallon; the lower price received for milk supplied to school children accounted for a further deduction of 0.22d.; the levy for the Board's expenses and for the provision of reserves amounted to 0.18d. and the amount required for the payment of the premium on accredited milk to 0.06d.; other deductions in respect of publicity, the rebates to farmhouse cheesemakers and the compensation paid to the Scottish Milk Marketing Board amounted to 0.1d. The credits received were: 0.24d. in respect of producer-retailers' contributions, 0.29d. in respect of the repayable advances under Sections 1 to 3 of the Milk Act, 1934, and 0.1d. in respect of payments received under Section 11. The net deduction from the average wholesale regional price was, therefore, 2.88d. per gallon, giving an average weighted pool price of 11.99d.

The pool price received by any individual producer is subject to deductions for transport charges and, in some cases, to charges for "transit risk" and collection in addition. On the other hand, he may qualify for the level delivery and accredited premiums, as well as for any additional premiums for special services that he may arrange with his buyer. The average effect of these adjustments, excluding the accredited premium, is shown in the following table for each region for the year 1934/35.

Region.	Average Pool Price.	Average Transport Deduction.	Average Premium Received (excluding the accredited premiums).	Average Net Return.
	d. per gall.	d. per gall.	d. per gall.	d. per gall.
Northern ...	12.10	2.02	0.11	10.19
North-Western ...	11.95	1.69	0.13	10.39
Eastern ...	12.45	1.88	0.13	10.70
East Midland ...	12.18	1.41	0.15	10.92
West Midland ...	11.47	1.98	0.08	9.57
North Wales ...	11.51	2.09	0.07	9.49
South Wales ...	12.05	2.58	0.07	9.54
Southern ...	12.50	1.49	0.16	11.17
Mid Western ...	11.59	2.29	0.06	9.36
Far Western ...	11.39	2.53	0.12	8.98
South Eastern ...	12.78	1.15	0.25	11.88
Weighted Average	11.99	1.83	0.12	10.28

Producer-Retailers.

Sales by producer-retailers during the year ended 30th September, 1935, amounted to 113.2 million gallons, compared with 110 million gallons in the preceding twelve months. The number of producer-retailers licensed by the Board was 65,744 in September, 1935, compared with 46,801 in September, 1934. Prior to 1st October, 1934, producer-retailers who sold less than one gallon of milk a day were not required to hold a producer-retailer's licence. From that date all producer-retailers were required to be licensed by the Board. There are about 20,000 licensed producer-retailers whose daily sales do not exceed one gallon, and the inclusion of these producers accounts for the increase in the number of licences in 1935.

Producer-retailers are required to contribute to the funds of the Board. The amount of the contribution in any region is equal to the sum of the inter-regional compensation levy, the accredited levy and three quarters of the difference between the wholesale liquid milk price (less the inter-regional and accredited levies) and the regional pool price. The producer-retailer is entitled to qualify for the level delivery premium and the accredited premium. A producer-retailer owning not more than 4 cows may elect to pay 10s. per cow per annum in lieu of the above contribution.

The average net contribution for the year, after making allowance for the level delivery premium, but not the accredited premium, was 1.99d. per gallon, compared with 0.89d. per gallon in the previous year. 88 per cent. of producer-retailers qualified

for the level delivery premium in 1934/35. The following table shows the net contributions for each region :—

Region.					1933/34.	1934/35.
					d. per gallon.	d. per gallon.
1.	Northern	...	...	...	0·80	2·01
2.	North Western	...	...	...	0·95	2·06
3.	Eastern...	...	...	...	0·65	1·78
4.	East Midland	...	...	...	0·87	1·95
5.	West Midland	...	...	...	1·24	2·40
6.	North Wales	...	...	...	1·01	2·27
7.	South Wales	...	...	...	0·89	1·92
8.	Southern	...	...	...	0·65	1·79
9.	Mid Western	...	...	...	1·16	2·44
10.	Far Western	...	...	...	1·12	2·37
11.	South Eastern	...	...	...	0·72	1·58
Weighted Average					0·89	1·99

The gross monthly contributions of producer-retailers in each region in 1934/35 are given in Table IV on page 60.

Retail Prices.

Minimum appropriate retail prices were prescribed by the Board for the year ended 30th September, 1935, for (a) urban districts etc. with populations of less than 10,000 and all rural districts, (b) urban districts etc. with populations of 10,000 to 25,000, and (c) urban districts etc. with populations exceeding 25,000.

In the first of these categories, the minimum retail price was 2s. 0d. per gallon in all months except May and June, when it was 1s. 8d. per gallon; in the second category, the price was 2s. 2d. per gallon in the six winter months (October-March) and 2s. 0d. per gallon in the six summer months; in the third category, the price was 2s. 4d. per gallon in the winter months and 2s. 0d. per gallon in the summer months, except in London and in districts within the South Eastern region, where the winter price was continued during April and September.

The contract permitted the minimum retail price in any district to be reduced by the Board if they were requested to do so by a majority of the retailers operating in the district. Following the receipt of resolutions from local retailers, the Board sanctioned reductions in 354 towns and villages during the contract period.

In a report* published in February, 1935, the Consumers' Committee for England pointed out that the retail price of milk had risen since the Scheme came into operation, and that there was

* Report of the Consumers' Committee for England, dated 18th February, 1935; obtainable from the Ministry of Agriculture, 10, Whitehall Place, London, S.W.1.

a danger that higher wholesale prices might stimulate production and at the same time lead to a decrease in consumption. They suggested that the retail margin should be fixed low enough to give not more than a reasonable return to the distributor working under the most economical conditions, or giving the least expensive service consistent with efficiency, or that it should be fixed in relation to the different types of distributive services. This report raised questions which came within the scope of the enquiry being conducted by the Milk Reorganisation Commission for Great Britain, and was accordingly forwarded to the Commission for consideration in connection with any proposals they might formulate for improvements in the system of organised milk marketing.

Contract Terms for the Fourth Contract Period.

The Milk Marketing Board were unable to reach agreement with representatives of the wholesale purchasers of milk as to the prices and terms of the contract to be prescribed for the twelve months commencing on 1st October, 1935. The Board thereupon prescribed the contract, and the prescription was followed by complaints made to the Minister by the Central Milk Distributive Committee and the Parliamentary Committee of the Co-operative Congress regarding the prices and certain of the terms prescribed. The Minister directed the Committee of Investigation for England to consider and report upon the complaints. In the meantime, by agreement between the parties, an addendum was made to the contract to permit the Board by resolution to vary the prices and terms if so ordered or requested by the Minister after consideration of the report of the Committee of Investigation and to allow the contract to be voided by any party thereto on notice given within 14 days of the notification of the resolution or of a notification that no resolution was required.

After considering the written representations of the Board on the complaints, the Committee of Investigation were of the opinion that they could not make a full and proper report without hearing evidence. The Committee met to hear evidence on 7th October, but Counsel for the Central Milk Distributive Committee applied for an adjournment of five weeks in order that the evidence necessary to his clients' case could be prepared. The Committee decided, however, to hear the opening speeches of Counsel and of the Right Hon. A. V. Alexander, who appeared for the Parliamentary Committee of the Co-operative Congress. These speeches were delivered on 7th, 8th, 9th and 10th October. The Committee then adjourned until 11th November. Owing to the General Election intervening and to the death of the Chairman of the Committee, the Right Hon. Edward Shortt, K.C., the hearing was not resumed until 19th December. Mr. James Whitehead, K.C., succeeded Mr. Shortt as Chairman of the Committee.*

* The Committee reported in April, 1936, and their report has been published.

The main features of the contract are described in the following paragraphs.

Basis of Sale.—A producer has the option of contracting to sell either on a "cow basis" or on a "gallone basis". On the "cow basis" he contracts to sell the whole output either from cows not exceeding a certain number or from a stated number of cows with an agreed maximum daily delivery. On the "gallone basis", the producer contracts to sell a stated daily quantity with a maximum variation of 10 per cent., receiving an additional premium of $\frac{1}{2}$ d. per gallon, or an exact stated daily quantity, for which the premium is 1d. per gallon. Provision is also made for semi-wholesale and "accommodation" sales of varying daily quantities carrying a premium varying from $1\frac{1}{2}$ d. per gallon upwards according to the quantity purchased. Where, however, the purchaser is a Local Authority, a voluntary hospital, a public body or a registered dairyman, the premium is $1\frac{1}{2}$ d. per gallon for all quantities.

Prices.—The average price per gallon prescribed by the Board for milk for liquid consumption was 1s. $3\frac{1}{2}$ d. per gallon. The monthly prices are given in the following table, together with those in the previous contracts :—

	First and Second Contract Periods Oct. 1933 to Sept. 1934.		Third Contract Period Oct. 1934 to Sept. 1935.	Fourth Contract Period Oct. 1935 to Sept. 1936.
	South-Eastern Region.	All other Regions.	All Regions.	All Regions.
	s. d.	s. d.	s. d.	s. d.
October ...	1 4	1 3	1 4	1 5
November ...	1 4	1 4	1 4	1 5
December ...	1 5	1 4	1 5	1 5
January ...	1 5	1 4	1 5	1 5
February ...	1 4	1 4	1 5	1 5
March ...	1 2	1 2	1 4	1 5
April ...	1 1	1 0	1 4	1 4
May ...	1 0 $\frac{1}{2}$ *	1 0 $\frac{1}{2}$ *	1 0 $\frac{1}{2}$ *	1 1 $\frac{1}{2}$ *
June ...	1 0	1 0	1 0	1 1
July ...	1 1	1 0	1 1	1 1
August ...	1 1	1 0	1 1	1 1
September ...	1 1	1 0	1 4	1 4
Average ...	1 2 $\frac{1}{2}$	1 1 $\frac{1}{2}$	1 3 $\frac{1}{2}$	1 3 $\frac{1}{2}$

* The $\frac{1}{2}$ d. in May represents the purchasers' share of the contribution for publicity. It has been excluded in the calculation of the average price.

The price per gallon of milk for manufacture into butter, cheese and condensed milk for export was, prior to 1st April, 1935, the

average price per lb. for the previous month of Finest White Canadian Cheese and Finest White New Zealand Cheese, less $1\frac{1}{2}$ d. and subject to a minimum of 4d. per gallon in the case of condensed milk for export. By the award of the "consulted person," to which reference has already been made, the price formula for cheese was slightly varied in the months April-September, 1935, but remained unchanged for butter.

The contract prescribed for 1935/36 made still further alterations in the price of milk for manufacture into these three commodities. The price of milk for manufacture into butter was fixed at $3\frac{1}{2}$ d. per gallon ($4\frac{1}{2}$ d. in Cornwall). The price per gallon of milk for manufacture into cheese (other than soft curd cheese and cream cheese) was :—

October, 1935, to February, 1936, and September, 1936.—

A sum equal to the average less a sum of $1\frac{1}{2}$ d. of (1) the average price per lb. for the previous month of Finest White New Zealand cheese and (2) the average of (a) the average price per lb. for the previous month of Finest White Canadian cheese (excluding old and exceptional quotations) and (b) the average price per lb. of Canadian Cheese New Season's make.

March to August, 1936.—The average price per lb. for the previous month of Finest White New Zealand Cheese less a sum of $1\frac{1}{2}$ d. per lb.

The same formula, subject to a minimum of 4d. per gallon, applied to condensed milk for export.

The prices of milk for manufacture into other commodities are given in the following table :—

Manufactured Product.	Oct. 1933 to March 1934.	April to Sept. 1934.	Oct. 1934 to Sept. 1935.	Oct. 1935 to Sept. 1936.
	d. per gall.	d. per gall.	d. per gall.	d. per gall.
Condensed Milk ...	6	6	6	6
Milk Powder ...	6	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$
Fresh Cream ...	9 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$
Bottled Cream ...	*	*	*	7 $\frac{1}{2}$
Tinned Cream ...	6 $\frac{1}{2}$	5	5	6
Chocolate ...	8	8	8	*
Sterilised Milk for Export	*	6	6	6
Soft Curd Cheese and Cream Cheese	*	*	7 $\frac{1}{2}$	7 $\frac{1}{2}$
Ice Cream ...	*	*	7 $\frac{1}{2}$	7 $\frac{1}{2}$
Other Products ...	9	9	9	9

* Not scheduled.

† Reduced to 7 $\frac{1}{2}$ d. in March 1934.

‡ Reduced to 5d. in March 1934.

In respect of milk manufactured in London, 1d. per gallon is charged in addition to the above prices.

Delivery.—As in previous contracts, delivery may be made direct to the purchaser's railway station or dairy or to a collecting depot approved by the Board, the producer paying the costs of carriage. The deduction allowed to the purchaser for "transit risk" on depot milk was prescribed at $\frac{1}{4}$ d. per gallon compared with $\frac{1}{2}$ d. a gallon in the third contract.

Conditions of Re-sale.

(a) *Re-sale by Wholesale or Semi-Wholesale.*—The contract provides that in the case of re-sale by the purchaser either by wholesale or semi-wholesale, the re-sale price must be not less than the price for liquid milk plus a premium varying from $\frac{1}{2}$ d. to $1\frac{1}{2}$ d. per gallon according to the quantity sold in each consignment.

(b) *Resale by Retail.*—The minimum retail prices prescribed for 1935/36 were the same as those for the previous 12 months, quoted on page 44.

The contract, like the previous one, allows the minimum appropriate retail price in any area to be reduced by the Board if they are requested to do so by a majority of the retailers in that area. In an area of which the population exceeds 25,000, however, the Board are required to consult the Central Milk Distributive Committee before reducing the minimum price.

Sales at the Farmhouse Door.—A new provision enables milk to be sold by retail at 1d. per quart less than the appropriate minimum price "at the farmhouse door," that is, to customers who call for milk at the premises on which it is produced.

Co-operative Societies Dividends.—Dividends may be returned on retail milk sales by registered co-operative societies in certain circumstances; other retailers may also allow dividends or discounts at a rate not exceeding that paid by any co-operative society operating in the district.

Quality of Milk.—The purchaser may terminate the contract if the milk delivered by the vendor contains less than 3 per cent. of milk fat or less than 8.5 per cent. of non-fatty solids.

Farmhouse Cheesemakers.

As explained in the previous report,* the Milk Act, 1934, makes provision for the payment of repayable advances in respect of milk manufactured into cheese on farms. The Board have accordingly issued for each contract period since 1st April, 1934, special contracts for farm cheesemakers under which payment at the following rates per gallon has been made to the producer in respect of milk manufactured into cheese on the farm :—

* Page 49.

**Milk manufactured into
Hard Cheese Soft Cheese**

1933/34 Contract			
1st April to 30th September, 1934		1d.	$\frac{1}{2}$ d.
		plus Milk Act advance in each case.	
1934/35 Contract			
1st October, 1934—30th April, 1935		3d.	$1\frac{1}{2}$ d.
		plus Milk Act advance, plus, if the advance is less than $1\frac{1}{2}$ d. one half the difference between the advance and $1\frac{1}{2}$ d.*	
1st May—30th, September, 1935		$2\frac{1}{2}$ d.	$1\frac{1}{2}$ d.
		plus Milk Act advance, plus, if the latter is less than $1\frac{1}{2}$ d., the difference between the advance and $1\frac{1}{2}$ d.	
1935/36 Contract			
1st October, 1935—30th April, 1936		$5\frac{1}{2}$ d.	5d.
1st May—30th September, 1936		$4\frac{1}{2}$ d.	4d.

* By agreement with the Board, farmhouse cheesemakers received the Milk Act advance plus the whole of the difference between that advance and $1\frac{1}{2}$ d. as from 1st April, 1935.

The Board deduct from these advances the levies for expenses and for the payment of the premium on accredited milk; but the farm cheesemaker is entitled to the accredited premium of 1d. per gallon if he qualifies.

The 1934/35 contract was available to producers owning 8 or more cows. Producers were required to manufacture all their milk into cheese during the six months April to September and could also do so in October or in all six winter months if they so desired.

The terms of the 1935/36 contract were made rather more favourable for producers. In addition to providing for substantially increased payments, the contract is available to producers owning 6 or more cows. Producers must undertake to manufacture all their milk into cheese in the five months May to September and in at least one other month.

The actual net advances per gallon (excluding the accredited premiums) paid to farm cheesemakers are shown in the following table :—

Month.	April—September, 1934.		October 1934—September 1935.	
	Hard Cheese.	Soft Cheese.	Hard Cheese.	Soft Cheese.
	d. per gall.	d. per gall.	d. per gall.	d. per gall.
October	—	—	5.28	3.78
November	—	—	4.96	3.46
December	—	—	4.50	3.00
January	—	—	4.82	3.32
February	—	—	4.52	3.02
March	—	—	4.56	3.06
April	2.58	2.08	4.25	2.75
May	2.60	2.10	3.875	2.625
June	2.52	2.02	4.00	2.75
July	2.25	1.75	3.571	2.321
August	2.17	1.67	3.569	2.319
September	2.14	1.64	3.544	2.294
Unweighted Average	2.38	1.88	4.287	2.892

The number of producers with farm cheesemakers' contracts and the gallonage of milk manufactured were as follows :—

Region.	April–September 1934.		October 1934–September 1935.			
	Con-tracts.	Gallonage.	Con-tracts.	Gallonage.		
				Oct.–Mar.	Apl.–Sept	Total.
Northern	103	247,555	105	87,735	235,153	322,888
North Western	625	9,131,899	310	1,418,761	4,387,585	5,806,346
West Midland	151	2,815,289	70	259,379	1,369,421	1,628,800
North Wales	97	1,513,330	44	115,750	721,779	837,529
Mid Western	320	4,913,602	274	542,872	4,673,002	5,215,874
Other Regions	28	224,367	17	48,876	145,047	193,923
Totals ...	1,324	18,846,042	820	2,473,373	11,531,987	14,005,360

Accredited Producers

The Board have prepared a register of accredited producers, and since 1st May, 1935, producers on the register have received a premium of 1d. per gallon on all milk sold by them. The conditions for enrolment prescribed by the Board are those required for the granting of a Grade A producer's licence under the Milk (Special Designations) Order, 1923. Any registered producer who presents a Grade A producer's licence to the Board is registered as an accredited producer. The usual fee for a Grade A licence, (£1 1s. per year) is payable by the producer to his Local Authority. Producers of Grade A (T.T.) and Certified milk who sell their milk through the Board are also entitled to be placed on the register.

The conditions of the Grade A licence require the maintenance of an approved standard of cleanliness in the cow-shed and dairy, quarterly veterinary inspection of the dairy herd and periodic testing of milk samples. In some areas the quarterly veterinary inspections are provided free of charge, but in others it is the practice of the licensing authority to charge for clinical inspections.

The cost of the premium paid to accredited producers is met from the funds of the Board. The amount required to pay the premium in terms of a levy on all sales, the number of producers receiving the premium, and the quantities of milk sold by them are given in the following table for 1935 :—

Month.	Levy.	No. of pro-ducers participating	Gallonage.
1935.	d. per gall.		
May	—	2,855	6,057,556
June	—	5,711	10,593,941
July	·179	7,602	13,208,404
August	·181	9,003	13,554,853
September	·206	9,936	13,882,116
October	·223	11,228	16,205,502
November	·254	12,740	16,991,325
December	·273	13,655	18,037,430

Manufacturing Operations of the Board.

During the spring of 1934, the Board acquired a factory at Aspatria (Cumberland) for the manufacture of cheese. In April, 1935, the Board took occupation of two more factories, one at Wem (Shropshire) and the other at Frodsham (Cheshire), both of which were later transferred to the Board's ownership. In September a further factory at Treloquithack (Cornwall) began to be operated on the Board's account, and the Board subsequently also entered into possession of part of the manufacturing premises of Norfolk Dairy Farmers, Ltd., at Norwich.

Either butter or cheese has been manufactured at each factory except Norwich, where the majority of the milk has been separated, the skim milk being sold back to the farmers and the cream dispatched to a butter factory. The total quantity of milk manufactured for the Board in the twelve months ended 30th September, 1935, was as follows :—

	Gallons.
Aspatria	1,409,522
Frodsham	439,987
Treloquithack	40,345
Wem	387,454

The Milk in Schools Scheme.

As was mentioned in the previous report,* Section 11 of the Milk Act, 1934, permits the Exchequer to contribute a sum not exceeding one-half of the expenses of a milk marketing board in carrying out any approved arrangements for increasing the total demand for milk, subject to a maximum contribution of £1,000,000. Under arrangements formulated by the Milk Marketing Board with the co-operation of distributors and approved by the Minister, milk is sold to school-children at $\frac{1}{2}$ d. for one-third of a pint; the retailer receives 6d. per gallon for distribution and the Board 6d. The Minister pays to the Board one-half the difference between the price received by them for school milk and the whole-sale liquid price on the first 18 million gallons consumed in each year, and one-quarter of the difference on any excess.

Between $2\frac{1}{4}$ and $2\frac{3}{4}$ million schoolchildren receive milk daily under the Board's arrangements as against some 900,000 formerly. The total quantity of milk consumed in the 1934/35 contract period was approximately $22\frac{3}{4}$ million gallons. The quantities of milk consumed in each month from October, 1934, are given in the following table :—

	1934/35		1935/36	
	Gallons Consumed	Estimated Average School-days	Gallons Consumed	Estimated Average School-days
October	1,972,000	23	2,272,000	23
November	2,448,000	21	1,951,000	21
December	1,771,000	15	1,562,000	15
January	2,174,000	18		
February	2,347,000	20		
March	2,388,000	21		
April	1,648,000	15		
May	2,246,000	21		
June	1,586,000	17		
July	1,833,000	20		
August	450,000	Holidays		
September	1,984,000	21		

According to returns collected by the Board of Education, the number of children in England and Wales participating in the scheme at the end of September, 1935, was 2,528,000.

The Nutrition Survey.

In connection with the Milk in Schools Schemes, the Board and the Scottish Milk Marketing Board have undertaken an enquiry into the nutritional value of milk. The scheme has been prepared and supervised by an Expert Sub-Committee of the Board's Advisory Committee on Milk Publicity, of which Lord Astor is the Chairman, and received the approval of the Minister and the Secretary of State for Scotland on 28th March, 1935. The object of the enquiry is to ascertain the effect upon health of the consumption of milk in varying quantities, and to obtain such further evidence as may be possible as to the relative nutritional value of raw as compared with pasteurised milk. The cost of the enquiry (estimated at £10,000) is being borne by the Government (under the Milk Act, 1934) and the English and Scottish Milk Marketing Boards, in agreed proportions.

The principal tests are being carried out at elementary schools in five centres, Burton-on-Trent, Huddersfield, Luton, Renfrew and Wolverhampton. The children—about 8,000 in all—have been divided into four groups. Children in the first group (the control) receive a biscuit but no milk, those in the second, $\frac{1}{2}$ pint of pasteurised milk, those in the third, $\frac{3}{4}$ pint of pasteurised milk and those in the fourth, $\frac{1}{2}$ pint of raw milk. Four full-time Medical Officers

have been appointed to conduct this part of the investigation, which will extend over a period of twelve months.

Research and Publicity.

Under the terms of the 1934/35 contract, producers and purchasers each contributed a sum of $\frac{1}{2}$ d. per gallon on all milk sold on wholesale contract in May, 1935, the resulting fund to be used as to one-tenth on research and the remainder on publicity. The National Milk Publicity Council agreed to the retention by the Board of £30,000 to meet half the cost of a publicity scheme which might rank for grant as to the other half under Section 11 of the Milk Act, 1934. A scheme was prepared by the Board and approved by the Advisory Committee on Milk Publicity for publicity by means of press advertising, a poster campaign and special forms of advertising covering particularly the period May to October, 1935, at an estimated cost of £60,000. The scheme was approved by the Minister and laid before Parliament; the total Exchequer grant paid was £29,125, being half the actual cost.

The Board have also encouraged the establishment of milk bars by operating a demonstration bar at various shows and exhibitions and providing advice on their establishment, but this activity did not qualify for Exchequer payments under the Milk Act.

The sum available for grants for research work was between £8,000 and £9,000. This sum has been apportioned between the Department of Scientific and Industrial Research, the Agricultural Research Council, the National Institute of Dairying at Reading, the London School of Hygiene and Tropical Medicine, and the Rowett Institute, in aid of various pieces of research work affecting the production and manufacture of milk and its nutritive value.

With the aid of funds provided by the Board an important investigation into production costs and the economics of milk production was commenced in November, 1934, under the auspices of the Conference of Advisory Agricultural Economists, and was continued in 1935. The Agricultural Economics Research Institute at Oxford and the Agricultural Advisory Departments of other Universities and Colleges in England and Wales participated in the scheme and financial and other economic data relating to milk production were collected from approximately 600 farms. An interim report of the investigation will probably be published when the analyses of the data have been completed.

The Reorganisation Commission.

As stated in the previous report*, the Secretary of State for Scotland announced in the House of Commons on 10th December, 1934, that he and the Minister of Agriculture were of opinion that

sufficient experience had been gained of the working of organised milk marketing in Great Britain to enable an examination to be usefully made of the possibilities of further improvement, including the question of co-ordination or amalgamation of Schemes. The Minister and the Secretary of State proposed, therefore, to constitute a Milk Reorganisation Commission for Great Britain to undertake this comprehensive survey.

The Commission was appointed on 11th February, 1935, with Mr. A. E. Cutforth, C.B.E. as Chairman, the other members being Professor A. W. Ashby, M.A., Sir Iain Colquhoun, Bart., D.S.O., Sir John Orr, D.S.O., M.C., M.A., M.D., D.Sc., F.R.S., and Miss D. S. Tomkinson, O.B.E., M.A., J.P.

The Commission's terms of reference are:—

1. To consider the working of organised milk marketing in Great Britain under Milk Marketing Schemes and its incidence on production, distribution and consumption, and to make recommendations for further improvement

2. To consider and report on the extent to which and the manner in which organisation could be facilitated by closer co-operation between the Marketing Boards concerned, or by the amalgamation of some or all of the Schemes, including any schemes at present under consideration, or by other adjustments, and to prepare schemes for giving effect to any such adjustments.

3. To consider and report on the extent to which, and the manner in which, the organisation of milk marketing in Great Britain could be facilitated by closer co-operation between Milk Marketing Boards in Great Britain and the appropriate authorities in Northern Ireland.

Miscellaneous.

Poll on the Question of Revocation of the Scheme.—The Scheme provides that a poll on the question whether or not the Scheme shall be revoked may be demanded at any time by any five hundred registered producers. The Agricultural Marketing Act, 1931, however, provides that no such poll shall be taken within two years of the declaration of the result of the initial poll without the consent of the Board. The two-year period expired, in the case of the Milk Marketing Scheme, on 6th September, 1935.

The Board received a petition signed by 545 producers demanding a poll at the end of December, 1934. This demand was, as permitted by the provisions of the Act, refused. A further demand for a poll signed by 500 registered producers was received in July, 1935, and the Board consented to the poll being taken. The register was closed on 1st August, and polling day was 15th August.

A postal vote was taken, the vote being counted by an independent person, and the result was declared on 19th August as follows:—

In favour of revocation ...	18,747 producers (19 per cent.) owning 222,722 cows (13½ per cent).
Against revocation ...	79,711 producers (81 per cent.) owning 1,431,342 cows (86½ per cent.)

Accounts of the Board.—A copy of the Board's accounts as at 31st March, 1935, is printed in Appendix III.

During the year, the Board have paid to the Exchequer £6,142, certified by the Minister to represent the expenses of the original Reorganisation Commission for Milk attributable to the preparation of the Scheme.

Cream Prices.—Arrangements have again been made during the year between the chief manufacturers of cream in the United Kingdom regarding the prices at which fresh cream shall be sold by wholesale.

An agreement has also been concluded between manufacturers in the United Kingdom, The Irish Free State and Denmark regarding the wholesale prices and conditions of sale of tinned cream.

Contraventions of the Scheme.—During 1935, penalties were imposed upon 316 registered producers for contravention of the Scheme. Sixty producers were penalised for selling milk by wholesale otherwise than under a contract prescribed by and registered with the Board; 54 for selling milk by retail without holding a producer-retailer's licence; 184 for failing to furnish information and returns; 3 for rendering false returns; and 15 for selling milk at less than the prescribed retail price. The aggregate amount of the penalties was £7,461.

TABLE I.
MONTHLY QUANTITIES OF MILK SOLD UNDER THE MILK MARKETING SCHEME, 1933.

Month.	Liquid Consumption.			Manufacture.			Total Gallonage.	Per cent. Liquid.	Per cent. Manu- facture.
	Under wholesale contracts.	By licensed producer- retailers.	Total.	Under wholesale contracts.	Farm Cheese Milk.	Total.			
1933—									
Oct.*	gallons. 37,446,043	gallons. 9,348,045	gallons. 46,794,088	gallons. 7,106,252	—	gallons. 7,106,252	gallons. 53,900,340	86·8	13·2
Nov.	43,049,808	9,785,108	52,834,916	8,832,933	—	8,832,933	61,667,849	85·7	14·3
Dec.	44,514,037	9,779,170	54,293,207	9,000,907	—	9,000,907	63,294,114	85·8	14·2
1934—									
Jan.	44,056,080	9,323,298	53,379,378	11,214,652	—	11,214,652	64,594,030	82·6	17·4
Feb.	41,050,170	8,260,345	49,310,515	11,380,342	—	11,380,342	60,690,857	81·2	18·8
Mar.	45,033,216	9,352,757	54,385,973	15,733,876	—	15,733,876	70,119,849	77·6	22·4
April	43,670,972	8,867,084	52,538,056	18,037,154	2,492,660	20,529,814	73,067,870	71·9	28·1
May	45,797,466	8,836,648	54,634,114	29,699,080	3,453,613	33,152,693	87,786,807	62·2	37·8
June	44,567,973	9,024,346	53,592,319	28,632,875	3,673,455	32,306,330	85,898,649	62·4	37·6
July	46,148,190	9,156,542	55,304,732	19,156,786	3,447,646	22,604,432	77,909,164	71·0	29·0
Aug.	44,497,922	9,253,496	53,751,418	18,123,528	3,004,916	21,128,444	74,879,862	71·8	28·2
Sept.	43,981,449	8,984,046	52,965,495	15,705,176	2,773,752	18,478,928	71,444,423	74·1	25·9
Total 1933/34	523,813,326	109,970,885	633,784,211	192,623,561	18,846,042	211,469,603	845,253,814	75·0	25·0

* 26 days only.

1934—									
Oct.	46,770,323	10,179,247	56,949,570	16,699,955	1,199,866	17,899,821	74,849,391	76·1	23·9
Nov.	45,892,229	9,729,413	55,621,642	15,893,676	305,869	16,199,545	71,821,187	77·4	22·6
Dec.	45,817,599	9,894,651	55,712,250	17,763,403	252,209	18,015,612	73,727,862	75·6	24·4
1935—									
Jan.	46,644,351	9,557,953	56,202,304	18,536,769	215,739	18,752,508	74,954,812	75·0	25·0
Feb.	42,711,251	9,007,501	51,718,752	18,479,117	212,791	18,691,908	70,410,660	73·5	26·5
Mar.	48,010,973	9,529,485	57,540,458	24,202,669	286,899	24,489,568	82,030,026	70·1	29·9
April	45,153,897	9,366,041	54,519,938	29,984,592	1,541,576	31,526,168	86,046,106	63·4	36·6
May	47,820,182	9,479,922	57,300,104	40,565,392	2,187,364	42,752,756	100,052,860	57·3	42·7
June	45,118,905	9,226,080	54,344,985	39,883,066	2,250,631	42,113,697	96,458,682	56·3	43·7
July	47,023,983	9,272,088	56,296,071	34,029,557	2,149,413	36,178,970	92,475,041	60·9	39·1
Aug.	45,436,971	9,168,277	54,605,248	25,619,893	1,843,149	27,463,042	82,068,290	66·5	33·5
Sept.	45,615,803	8,838,239	54,454,042	20,050,912	1,559,854	21,610,766	76,064,808	71·6	28·4
Total 1934/5	552,016,467	113,248,897	665,265,364	301,689,001	14,005,360	315,694,361	980,959,725	67·8	32·2
1935—									
Oct.	46,795,066	—	—	21,290,207	1,400,136	22,690,353	—	—	—
Nov.	45,436,293	—	—	19,259,058	516,502	19,775,560	—	—	—
Dec.	46,188,275	—	—	20,063,149	379,217	20,442,366	—	—	—

TABLE II.

SALES OF MILK ON WHOLESALE CONTRACTS IN EACH REGION.

Region.	1933/34.*				1934/35.			
	Liquid.	Manufacturing	Total.	Manufacturing as percentage of Total.	Liquid.	Manufacturing	Total.	Manufacturing as percentage of Total.
Northern ...	gallons. 34,564,245	gallons. 7,434,010	gallons. 41,998,255	Per cent. 17.7	gallons. 38,020,431	gallons. 16,956,174	gallons. 54,976,605	Per cent. 30.8
North Western ...	141,230,167	54,280,232	195,510,399	27.8	151,032,133	80,854,125	231,886,258	34.9
Eastern ...	30,231,518	2,704,972	32,936,490	8.2	33,429,346	6,660,894	40,090,240	16.7
East Midland ...	45,586,567	10,660,056	56,246,623	19.0	48,903,691	16,635,298	65,538,989	25.4
West Midland ...	35,903,304	28,005,634	63,908,938	43.8	34,221,278	40,458,694	74,679,972	54.2
North Wales ...	9,375,705	4,486,021	13,861,726	32.4	8,762,357	9,684,077	18,446,434	52.5
South Wales ...	16,587,398	8,018,075	24,605,473	32.6	20,823,472	12,747,359	33,570,831	38.0
Southern ...	51,155,293	6,913,655	58,068,948	11.9	55,119,439	11,353,023	66,472,462	17.1
Mid Western ...	69,851,501	55,463,248	125,314,749	44.3	64,890,133	79,047,749	143,937,882	55.0
Far Western ...	12,514,592	12,407,508	24,922,100	49.8	14,749,074	23,222,673	37,971,747	61.2
South Eastern ...	76,813,036	2,250,150	79,063,186	2.8	82,065,113	4,068,935	86,134,048	4.7
Total ...	523,813,326	192,623,561	716,436,887	26.9	552,016,467	301,689,001	853,705,468	35.3

* 360 days only.

Note.—The 1934/35 figures include all sales of milk to schools by producer-retailers. In 1933/34 such sales were included in sales by producer-retailers.

TABLE III.

REGIONAL POOL PRICES.

(Pence per gallon).

Region.	1934/35.												1935/36.			
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Weighted Average.	Oct.	Nov.	Dec.
Northern ...	13½	14	14½	14½	14	13	12½	9½	9½	10	10	12½	12.10	13½	13½	13½
North Western ...	13½	14	14½	14½	14	12½	12	9½	9½	9½	10	12½	11.95	13½	13½	13½
Eastern ...	14½	14½	14½	14½	14½	13½	12½	9½	10	10½	10½	13	12.45	13½	13½	14
East Midland ...	14	14	14½	14½	14½	13	12	9½	9½	10	10	13	12.18	13½	13½	13½
West Midland...	12½	13	14	14	13½	12½	11½	9	9½	9½	9½	12½	11.47	13	13	13½
North Wales ...	12½	13½	14	14½	13½	12½	11½	9½	9½	9½	10	12½	11.51	13½	13	13½
South Wales ...	13½	14	14½	14½	14	13	12½	9½	9½	10	10½	13	12.05	13½	13½	13½
Southern ...	14½	14½	14½	14½	14½	13½	12½	9½	10	10½	10½	13	12.50	13½	13½	14
Mid Western ...	13	13	14½	14	13½	12½	11½	9	9½	9½	9½	12½	11.59	13	13	13½
Far Western ...	12½	13	14	14	13½	12½	12	9	9½	9½	9½	12½	11.39	13	13	13
South Eastern ...	14½	14½	14½	15½	14½	13½	12½	10	10½	10½	10½	13½	12.78	14	14	14½
Weighted Average price...	13.56	13.81	14.35	14.46	13.99	12.87	12.06	9.35	9.54	9.84	10.01	12.73	11.99	13.42	13.34	13.56
Weighted Average price for corresponding month of 1933-34	13.51	14.00	14.34	14.01	13.61	11.99	10.63	10.01	10.24	10.51	10.76	10.77	11.83	—	—	—

TABLE IV.
GROSS CONTRIBUTIONS OF PRODUCER-RETAILERS IN EACH REGION.
(Pence per gallon).

1934/35.																1935/36.		
Region.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Average Contribution per gal.	Oct.	Nov.	Dec.		
Northern ...	1½	1½	2½	2½	2½	2½	3½	2½	2½	2½	2½	2½	2.46	3½	3½	3½		
North Western ...	2½	2½	2½	2½	2½	2½	3½	2½	2½	2½	2½	2½	2.54	3½	3½	3½		
Eastern ...	1½	1½	2½	2½	2½	2½	3½	2½	2½	2½	2½	2½	2.24	3½	3½	3½		
East Midland ...	1½	1½	2½	2½	2½	2½	3½	2½	2½	2½	2½	2½	2.42	3½	3½	3½		
West Midland ...	2½	2½	2½	2½	3	3	3½	2½	2½	3	2½	3½	2.85	3½	3½	3½		
North Wales ...	1½	1½	2½	2½	3	2½	3½	2½	2½	3	2½	3½	2.76	3½	3½	3½		
South Wales ...	1½	1½	2½	2½	2½	2½	3½	2½	2½	2½	2½	2½	2.42	3½	3½	3½		
Southern ...	1½	1½	2½	2½	2½	2½	3½	2½	2½	2½	2½	2½	2.23	3½	3½	3½		
Mid Western ...	2½	2½	2½	2½	3	3½	3½	2½	2½	3	2½	3½	2.81	3½	3½	3½		
Far Western ...	3	2½	2½	2½	2½	3½	3½	2½	2½	2½	2½	3½	2.85	3½	3½	3½		
South Eastern ...	1½	1½	2½	1½	2½	2½	3½	1½	1½	2½	2½	2½	2.03	2½	2½	2½		
Average Monthly Contribution (Un-weighted) ...	2.03	1.90	2.37	2.28	2.64	2.76	3.56	2.32	2.14	2.71	2.53	2.89	2.51	3.18	3.23	3.03		
Average Monthly Contribution 1933/34 ...	1.41	1.78	1.58	1.84	2.04	1.73	1.34	1.83	1.56	1.43	1.24	1.20	1.58	—	—	—		

POTATO MARKETING SCHEME, 1933.

The Potato Marketing Scheme, which applies to Great Britain, came into operation on 9th March, 1934.

The Board administering the Scheme is composed of 24 district members, 5 special members and 2 persons co-opted to the Board after consultation with the Market Supply Committee.* During the year, elections were held in five districts and resulted in two new members being elected to the Board. At the annual general meeting held on the 31st October, 1935, the two retiring special members were re-elected. The co-opted members were Mr. W. Gavin and Commander the Hon. A. D. Cochrane; the latter succeeded Capt. the Hon. J. G. Stuart who resigned from the Board on his appointment as a Lord Commissioner of the Treasury.

The remuneration of members of the Board voted at the annual general meeting was at the same rate as in the previous year, namely :—

Chairman		1,500
Vice-Chairman		850
Members of the Executive Committee		600
Chairman of the Basic Acreage Committee		200
Other members of the Basic Acreage Committee		150
Chairman of the Merchants' Authorisation Committee		300
Other members of the Merchants' Authorisation Committee		250
Other members of the Board		100

The number of producers registered with the Board in December, 1935, and their aggregate potato acreage are given below, with comparable figures for December, 1934.

	<i>Number.</i>		<i>Acreage.</i>	
	1934.	1935.	1934.	1935.
England and Wales...	52,708	51,632	430,000	409,000
Scotland	14,719	13,771	116,000	109,000
	67,427	65,403	546,000	518,000

Producers whose potato acreage is less than one acre are exempt from registration under the Scheme. Producers in the Orkney and Shetland Islands have been exempted from all the provisions of the Scheme by a determination of the Board.

* Until 31st October, 1935, the co-optation of persons to the Board was subject to the approval of the "Minister."

Potato Supplies and Prices.

Supplies.—The acreage under potatoes, the average yield per acre and the total production in Great Britain during the past six years are given in the following table :—

Year.	Area under potatoes.	Yield per acre.	Total Production.
	acres.	tons.	thousand tons.
1930/31	548,018	6.6	3,603
1931/32	574,874	5.5	3,154
1932/33	652,814	6.8	4,450
1933/34	671,447	6.8	4,555
1934/35	627,556	7.1	4,464
1935/36	594,392	6.3	3,765

Home supplies during the 1934/35 season varied little from the previous two years, though the proportion of sound ware potatoes was probably higher. The 1935 crop, however, was smaller than those of the previous three years, partly on account of a reduced acreage and partly on account of a lower yield per acre.

Information as to the supply position at different periods of the year has been obtained by the Board by means of periodical censuses of unsold stock remaining in the hands of registered producers and authorised merchants. The estimated stocks on the dates specified were :—

	Unsold stock on farms
	tons.
<i>1934/35 crop.</i>	
10th–11th November, 1934.	2,334,000 (ware of marketable quality)
16th–17th February, 1935.	1,185,000 (marketable ware over specified riddles)
4th June, 1935.	78,000 (marketable ware)
<i>1935/36 crop.</i>	
9th–10th November, 1935.	1,884,000 (marketable ware over 1½" riddle)

Prices in England.—The average of growers' prices for maincrop potatoes in 1934/35 was 75s. 6d. per ton, 16s. 6d. per ton above that of 1933/34 and 9s. 0d. per ton higher than in 1932/33. Prices were comparatively high in the early months of the season, due to a slow rate of marketing at that time before the size of the crop was accurately known. Prices also rose sharply at the end of the season, on account of a very severe frost which occurred in mid-May, causing damage to the new crop in many parts of the country and thereby increasing the demand for old potatoes.

Despite the smaller crop in 1935, growers' prices at the beginning of the season were much the same as in the previous year. In

December, however, the effects of the smaller crop began to be felt and prices rose to 115s. per ton, 46s. 6d. per ton higher than at the corresponding period in the previous year.

Wholesale and retail prices followed a very similar course to growers' prices throughout. Growers' and wholesale prices for the past four seasons to the end of 1935 are given in the following tables :—

Growers' Prices* per ton.

—	1932/33.	1933/34.	1934/35.	1935/36.
	s. d.	s. d.	s. d.	s. d.
September	68 6	53 6	91 0	87 6
October	66 0	57 6	86 0	88 6
November	70 0	58 6	81 0	91 0
December	70 0	59 0	68 6	115 0
January	69 6	59 0	67 6	
February	67 6	58 6	67 0	
March	59 0	57 6	65 0	
April	56 6	67 0	65 6	
May	71 6	62 0	89 0	
Average	66 6	59 0	75 6	

Wholesale Prices† per ton.

—	1932/33.	1933/34.	1934/35.	1935/36.
	s. d.	s. d.	s. d.	s. d.
September	84 0	73 6	117 0	108 6
October	86 6	79 6	109 0	109 6
November	87 0	82 0	103 6	113 6
December	85 6	80 0	95 0	132 6
January	89 0	79 6	92 6	
February	87 0	77 0	89 6	
March	83 0	76 0	85 0	
April	79 6	81 0	86 0	
May	87 0	80 6	101 6	
Average	85 6	79 0	97 6	

* Average to nearest 6d. of prices at Wisbech for King Edwards and white varieties.

† Average to nearest 6d. of prices of 1st and 2nd qualities Majestic and King Edward at 7 wholesale markets in England.

Prices in Scotland.—The average of growers' prices in Scotland in 1934/5 was 54s. 0d. per ton, 16s. 0d. per ton more than in 1933/34 and 24s. 0d. or 80 per cent. more than in 1932/33. The general trend of prices in the year under review was much the same.

as in England, but the fluctuations were relatively larger. Growers' and wholesale prices in Scotland for the past four seasons to the end of 1935 are given in the following tables :—

Growers' Prices per ton.*

—	1932/33.	1933/34.	1934/35.	1935/36.
	s. d.	s. d.	s. d.	s. d.
September ...	44 0	43 0	65 0	75 0
October ...	36 6	47 0	58 6	67 6
November ...	33 0	44 6	52 6	70 0
December ...	29 0	43 0	49 0	89 0
January ...	28 6	40 0	45 6	
February ...	26 6	38 0	44 0	
March ...	22 6	27 6	44 6	
April ...	17 0	30 6	52 0	
May ...	31 6	30 0	74 6	
Averages ...	30 0	38 0	54 0	

Wholesale Prices per ton.*

—	1932/33.	1933/34.	1934/35.	1935/36.
	s. d.	s. d.	s. d.	s. d.
September ...	60 0	54 6	87 6	100 0
October ...	53 0	63 6	77 6	88 0
November ...	47 0	62 6	72 0	91 0
December ...	46 6	60 6	70 0	112 0
January ...	46 6	60 0	67 6	
February ...	45 0	57 6	65 6	
March ...	41 6	46 6	67 0	
April ...	35 6	44 0	71 0	
May ...	48 6	45 0	91 6	
Averages ...	47 11	54 9	74 4	

* Averages to nearest 6d. of the prices at Aberdeen, Dundee, Edinburgh and Glasgow for Kerr's Pink, and other white varieties grown in grey soil.

Market Regulation.

Riddle Regulations.—The object of the riddle regulations is to regulate the quantity of home-grown potatoes coming on the market by prohibiting the sale for human consumption of small potatoes which pass through a square mesh of a prescribed size. The following are the riddle regulations which were in force during 1935 :—

Dates in force.	Size of riddle.	Varieties to which applicable.	Districts where applicable.
<i>1934/35 Crop.</i>			
6th December, 1934 to 29th January, 1935.*	1½"	King Edward, Red King and Golden Wonder.	Great Britain.
	1½"	Majestics ...	Scotland and North of England.
	1½"	Majestics ...	Wales and South of England.
	1½"	Other varieties ...	Great Britain.
29th January to 7th March.	1½"	King Edward and Red King (except limestone potatoes).	Scotland, Norfolk, Lincolnshire, Soke of Peterborough and Isle of Ely.
	1½"	White Varieties (except Kerr's Pink and Dunbar Red Soils).	Scotland.
		Riddles remained unchanged for other varieties	
7th March to 23rd May.	1½"	King Edward, Red King and Golden Wonder.	Great Britain.
	2"	Other Varieties.	Great Britain.
23rd May to end of Season.	1½"	King Edward, Red King and Golden Wonder.	Great Britain.
	1½"	Other Varieties.	Great Britain.
<i>1935/36 Crop.</i>			
1st August, 1935 to 23rd August.	1½"	All varieties.	Great Britain.
23rd August to 28th November.	1½"	All varieties.	Great Britain.
28th November onwards	1½"	All varieties.	Great Britain.

* On 3rd January, 1935, a slight alteration was made, certain parishes in Cambridge to which the 1½" riddle applied for Majestics being transferred to 1½" riddle.

The riddle regulation imposed in December, 1934, was designed to strengthen the market and check the overloading of supplies. Following the imposition of the riddle, the fall in potato prices, which had been practically continuous since the beginning of the season, was checked. Prices then remained fairly steady and the

regulation was continued, apart from some minor changes in January, 1935, until the beginning of March when the results of the census of stocks of potatoes remaining unsold in February were known. This census showed, in the opinion of the Board, a surplus of 111,000 tons over the estimated requirements for the remainder of the season, and the riddle regulations were strengthened in order to keep part of this surplus off the market. Prices showed no material change until the severe frost in May increased the demand for old potatoes. The riddle regulations were then relaxed.

The low prices obtained for the 1935 crop at the beginning of the season led to a riddle of 1½ in. being imposed generally at the end of August, but when prices began to rise the riddle was again reduced to the basic riddle of 1½ in.

The sale of "seconds."—In order to assist individual registered producers who had an unusually high proportion of small potatoes in their crop, the Board introduced in September, 1935, a scheme for the sale, as "seconds," of potatoes rather smaller than the minimum permitted under the riddle regulations. "Seconds" were defined to be sound, marketable potatoes which have passed through a riddle of 1½ in. but stand on a riddle of 1½ in. Producers had to satisfy the Board that they had a contract for the sale of such potatoes and they were required to use special bag labels issued by the Board. At first, permits for the sale of "seconds" were issued only to those registered producers who could show that at least one-fifth of their total crop consisted of "seconds," but this requirement was later waived and the definition of "seconds" was altered to apply to potatoes which passed through a riddle of 1½ in. but stood on a riddle of 1½ in.

Purchase of Potatoes in Scotland.—At the beginning of the 1934/35 season, the Board were faced with a local glut of supplies in Scotland coupled with very low prices which, it was feared, might lead to a collapse of prices in the rest of the country. The Board, after consideration, decided to purchase potatoes in Scotland to relieve the situation. Buying was continued throughout the season, and 9,423 tons were purchased, all of which were sold during May, 1935.

Basic Acreage and the Excess Acreage Levy.—As explained in the previous report,* each registered producer has been allotted a "basic acreage", calculated in the manner prescribed in the Scheme. If, in the opinion of the Board, their expenditure in the operation of the Scheme is likely to be increased as a result of plantings by registered producers in excess of their basic acreages, the Board may require the producers concerned to pay a special non-recurring levy not exceeding £5 per acre in respect of their excess acreage. The basic acreage of any producer who has

* Page 62.

paid the excess acreage levy is increased in subsequent years by the number of acres on which the levy was paid.

The total basic acreage of registered producers in December, 1935, compared with November, 1934, was as follows:—

	1934.	1935.
England and Wales	491,000	515,000
Scotland	138,000	145,000
Total	629,000	660,000

The following table shows the proportion of registered producers and the proportion of the total basic acreage owned by producers in various acreage categories:—

Basic Acreage.	Per cent. producers in group.	Per cent. basic acreage in group.
Under 5 acres	50.75	12.46
Between 5 and 10 acres	24.06	16.00
" 10 " 20 "	14.23	18.97
" 20 " 40 "	7.16	19.19
" 40 " 100 "	3.01	17.43
" 100 " 500 "	0.76	13.29
Over 500 acres	0.03	2.66

The table shows that half the registered producers have a basic acreage of less than 5 acres. On the other hand, the total amount of basic acreage is much more evenly distributed among the various groups.

Since April, 1934, the Board have required registered producers who have planted in excess of their basic acreage to pay a levy of £5 per acre. The amount of the excess acreage levies receivable in respect of the 1934 season was about £24,500, representing 4,900 acres. For the 1935 season, the excess acreage levy was assessed on 7,300 acres, but has been cancelled in respect of more than half of this area, either because the acreage in question was being used for growing seed potatoes, or for other reasons.

The Improvement of Trading Conditions.

Markets Plans.—One of the most important steps taken by the Board during the year was the initiation of "Markets Plans" to bring about some measure of price stability in the wholesale trade. These plans have developed out of an experiment introduced with the co-operation of distributors in the Glasgow area in July, 1934, for the voluntary regulation of distributive margins. In that area, the price cutting by wholesalers had been prevalent, and it was feared that prices might be affected over a large part of the country with consequential repercussions on producers' prices

as a whole. The experimental scheme proved successful in restoring stability, and the Board appointed a committee to consider the extension of the scheme on a national basis.

The generalised plan prepared by the committee suggested that "Markets Plan Committees" should be set up in defined areas to represent the authorised merchants established and trading in the areas. These Committees would recommend from time to time minimum prices below which specified kinds of potatoes should not be sold by wholesalers to retailers. The minimum prices should be arrived at by reference to growers' prices and should cover transport and distributive charges.

The Board have accordingly encouraged the formation of local associations of authorised merchants and the appointment of Markets Plan Committees. The Board assist the associations when formed and are able to give support to the Markets Plan Committees through the conditions of authorisation.

The Markets Plan Committee settles the merchant's margin for the district, subject to the approval of the Board, and also ascertains from time to time the average "arrived" price (i.e. the average cost to the merchant of potatoes delivered at his warehouse) for different varieties. The minimum price for sales by a wholesaler to a retailer is then determined by adding the approved margin to the arrived price, the minimum price being also subject to the approval of the Board. The merchant's margin varies from 10s. to 15s. per ton and is intended to cover the normal costs of wholesaling, including warehouse maintenance, delivery and a fair profit. In Scotland, where the margin is £1, it also includes bagging.

The growth of the Markets Plans Schemes has been rapid. At the end of 1935 plans were in operation in some 40 districts, covering all the important potato markets in Great Britain with the exception of London and Liverpool.

Authorisation of Merchants.—The main conditions of authorisation were described in the last report.* These have since been revised in certain respects, the most important new condition being the requirement to adhere to the appropriate Markets Plan. The Board also take power to examine an authorised merchant's books. The list of authorised merchants has been revised, "re-authorisation" being granted to those merchants who agreed to accept the new conditions.

A committee of the Board was set up to deal with applications for authorisation, which up to 31st August, 1935, amounted to 6,000. Of these, some 2,000 were applications clearly made under a misapprehension; for example, retailers and growers have applied. The number of merchants authorised by the Board was 3,700 at the date mentioned, and the revised list of authorised merchants issued at the beginning of January, 1936, contained 3,534 names.

In dealing with the applications, the Merchants' Authorisation Committee has consulted, in appropriate cases, the National Federation of Fruit and Potato Trades, Ltd., and the Scottish Potato Trade Executive; many applications have also been remitted to the Potato Advisory Committee of the appropriate county branch of the National Farmers' Union and the National Farmers' Union of Scotland.

Authorisation of Auctioneers.—When sales on commission were prohibited following a poll under paragraph 70 (2) of the Scheme, the Board decided to exempt from the prohibition sales at auctions approved by them. The Board have since laid down the conditions that must be adhered to by authorised auctioneers. The most important of these are:—

(i) that the auctioneer shall not handle by auction in any year a greater quantity of potatoes than his average for the three years ended 31st December, 1934, and that his monthly sales shall not be substantially heavier than in the corresponding months of previous years;

(ii) that a reserve price, not less than the local wholesale price, shall be placed on each transaction; and

(iii) that returns of quantities sold and prices realised shall be made to the Board.

About 120 auctioneers have been authorised by the Board.

Market Intelligence.—The Board have continued and extended the arrangements described in the last report* for the provision of a market intelligence service. Notice boards are now maintained in 84 of the principal potato markets throughout Great Britain, and these are kept posted with the most up-to-date market information available.

The Disposal of Surplus Potatoes.

A committee of the Board has, during the year under review, been examining the possibilities of manufacturing various industrial products from potatoes. The only activity which has so far commended itself to the committee as offering reasonable prospects of success is the manufacture of feeding stuffs for stock. After a full examination of the project, the Board made an agreement with the Farmers' Marketing and Supply Company, Ltd., under which the Company were to erect a factory at Wisbech for the manufacture from surplus potatoes of a balanced meal for stock feeding, the Board guaranteeing supplies if the Company were unable to secure sufficient. The price to be paid by the Company for potatoes was to be subject to approval by the Board.

Contracts were entered into for the supply of potatoes to the factory in the latter part of 1935, the agreed price being £1 per ton

delivered at the factory, and the factory was opened on 12th December. The maximum throughput of the factory is about 250 tons a week.

The "Bishop Auckland Experiment."

Another feature of 1935 was the experiment in the distribution of potatoes at especially low prices to unemployed persons in Bishop Auckland. The experiment attracted considerable attention, and a report* on it was issued by the Board.

The object of the experiment was to discover if there were potential new outlets for sales at differential prices; and if the differential prices could be justified economically on the basis of the difference in services rendered. The Board were anxious that the experiment should be carried through with the co-operation of distributors and without injuring their interests.

The experiment started in February, 1935, and was continued for 8 weeks. The procedure followed was for vouchers to be issued to the unemployed at the local Employment Exchange. These vouchers, after having been stamped by a retailer, enabled the holder to obtain a specified quantity of potatoes, depending on the size of his family, at 4d. a stone. (The prevailing retail price was 7d. a stone). The potatoes had to be fetched in the buyer's own bag from a central warehouse, open on two days a week, and were sold for cash. Retailers were compensated for their loss of trade by receiving from the Board 1d. per stone on the vouchers stamped by them.

The population of Bishop Auckland is 19,000 of whom 2,400 were then unemployed, representing, with their dependents, one third of the population. During the course of the experiment 21,000 vouchers were issued. Of these 19,400 were used, and 182 tons of potatoes were sold.

Retailers were asked to make returns of their sales before, during and after the experiment, so that the effect on retail sales could be estimated. The average weekly sales shown by these returns were as follows:—

			tons.	cwt.
Before experiment	...	...	16	12½
During experiment	{ at shops	...	9 tons	18½ cwt.
	{ at warehouse	...	22 tons	15 cwt.
			32	13½
After experiment	...	...	13	14

Sales in retail shops fell to 60 per cent. of normal during this experiment; the quantity sold in the warehouse, however, even after making allowance for excess sales during the last week,

* "An experiment in the Distribution of Potatoes at Bishop Auckland (February to March, 1935)": Potato Marketing Board Miscellaneous Publications No. 2, price 1/- post free.

represented 131 per cent. of the normal. The Board estimated that if allowance is made for a decrease in sales by fish friers, the total increase in sales could hardly be less than 69 per cent.

The total cost of the experiment to the Board was £297, of which £111 was the cost of warehouse distribution and £121 represented the compensation to retailers; the balance is accounted for by loss in weight when bagging the potatoes and the loss in selling at 53s. 4d. per ton potatoes that had been bought at the current market price of 59s. 0d. per ton. The actual cost of distribution by the Board was 14s. per ton, or a fraction over a 1d. per stone.

At the end of their report, the Board set out some of the conclusions to be drawn from the experiment. They say that it definitely shows that, in a town with a high proportion of low level incomes and even at a time when prices are low, the consumption of potatoes can respond to price to a remarkable degree; also that it is possible to devise machinery for the distribution of cheap surplus supplies without endangering the existing price structure or destroying the retailers' contact with their customers, and that given the goodwill of retailers, the machinery works smoothly.

The Board recognise that there are a number of difficulties in the way of extending the principles of this experiment on a larger scale. They point out that, in this case, selling at reduced prices involved the Board—and therefore producers generally—in a loss, though in certain circumstances it might be of advantage to a producers' organisation to dispose of a surplus at reduced prices. The Board conclude that the experiment appears to show that a class of consumers is prepared to accept a smaller service from the retailer in return for lower prices; but such special sales should not be allowed to damage normal sales or upset the retail price structure which must remain the chief consideration.

Miscellaneous.

Standard of Dressing for Ware Potatoes.—The Board invited registered producers to adopt the following standard for ware potatoes:—

1. *General Conditions.*—Potatoes must be reasonably clean, free from soil, healthy and suitable for human consumption. Cracked or misshapen potatoes must be excluded.

2. *Size.*—The minimum size as determined by the Board's minimum riddle regulations for the time being in force.

3. *Tolerance.*—(a) *Size.*—The weight of potatoes per cwt. which may pass through a riddle having a square mesh, as specified by order of the Board, or as defined in paragraph 67 of the Scheme, or such riddle above the minimum riddle as may be prescribed in any contract between buyer and seller, shall be as follows:

Minimum riddle prescribed.	Allowance.	No potatoes must pass through
1½"	3 lb.	1½" riddle
1¾"	3 lb.	1¾" "
1½"	4 lb.	1½" "
1¾"	5 lb.	1¾" "
2" (or above)	6 lb.	1½" "

(b) Waste.—The maximum allowance per cwt. for appreciably diseased, damaged, cut, cracked or greened potatoes is 6 lb.

(c) *Variety, etc.*—At least 95 per cent. by count of the potatoes must conform to specification as regards variety and type of soil.

The Board have power under Section 69 of the Scheme to prescribe the manner in which potatoes shall be graded by registered producers. Compulsory grades for potatoes may be introduced after experience of voluntary standards has been gained.

Finance.—A copy of the Board's accounts for the year ended 31st August, 1935, is printed in Appendix III. As in the previous year, a levy of 5s. per acre planted with potatoes was made on all registered producers during September. The amount of the annual acreage levy collectable in the year ended 31st August, 1935, was £135,000. The amount collectable in respect of the special levy of £5 per acre made on producers who planted in excess of their basic acreage was £13,500.

Publicity.—The Board have maintained producer and consumer publicity activities under the supervision of their Publicity Committee. Stands were taken at a number of agricultural shows during the year as well as at the Ideal Home Exhibition, and posters, recipe books, etc., have been distributed.

A series of mass meetings of registered producers has been held during the year at which members of the Board have explained the Scheme and the operations of the Board. The meetings were also valuable in providing members of the Board with first-hand impressions of the views of growers in various districts.

Penalties.—During 1935, penalties amounting in the aggregate to £1,013 were imposed on 296 registered producers. The majority of the penalties were imposed for failure to make the returns required by the Board.

Four successful prosecutions were also instigated by the Board against unregistered producers who were selling potatoes in contravention of the Scheme.

Varieties Grown by Registered Producers.—No. 3 of the Miscellaneous Publications of the Board, entitled "The Area under Potatoes in Great Britain", contains information as to the varieties of potatoes grown by registered producers in 1934 and 1935, showing the acreage, by county, of each variety.

The following figures show the proportion of the total acreage planted by registered producers classified as First Earlies, Second Earlies and Maincrop in England and Wales, Scotland and Great Britain respectively in 1934 and 1935:

	Great Britain.					
	England and Wales.		Scotland.		Great Britain.	
	1934.	1935.	1934.	1935.	1934.	1935.
First Earlies	Acres. 62,216	Acres. 57,330	Acres. 16,066	Acres. 15,616	Acres. 78,281	Acres. 72,946
Second Earlies	39,344	27,073	13,864	12,167	53,208	39,240
Maincrop	322,849	309,283	84,735	77,973	407,584	387,256
Varieties not specified	533	6,776	224	1,125	757	7,901
Total	424,941	400,462	114,889	106,881	539,830	507,343
	Per cent. 15	Per cent. 14	Per cent. 14	Per cent. 15	Per cent. 14½	Per cent. 14
	9	7	12	11	10	8
	76	77	74	73	75½	76
	—	2	—	1	—	2
	100	100	100	100	100	100

Of the maincrop varieties, King Edward VII and Majestic were by far the most popular, accounting for 38 per cent. and 35 per cent. respectively of the total maincrop acreage in 1935; these varieties with Kerr's Pink amounted to 85 per cent. of the total. Great Scot (71 per cent. of the acreage) was the most popular Second Early variety, and Eclipse, Epicure, Ninetyfold and Sharpe's Express (together 84 per cent. of the acreage) the most popular First Earlies.

ABERDEEN AND DISTRICT MILK MARKETING SCHEME, 1933.

This Scheme for the regulation of the marketing of milk produced in the counties of Aberdeen and Kincardine came into operation on 1st August, 1934.

As explained in the previous reports, the Board is composed of the members of the Committee of Management of the Aberdeen and District Milk Agency and four representatives elected annually by the registered producers who are not members of the Agency. At the first annual general meeting of the registered producers held on 28th March, 1935, the four members serving on the Board in the latter capacity were re-elected and thereafter Mr. J. A. Mackie, 82, Market Street, Aberdeen, and Mr. J. G. Singer, 80, Guild Street, Aberdeen, who were appointed by the Secretary of State to be members of the Board for the first year, were co-opted to membership for a further period in accordance with Section 14 of the Agricultural Marketing Act, 1933.

The registered producers at the general meeting voted the sum of £600 as remuneration to the members of the first Board, excluding the Chairman, to be divided amongst them as they might determine. The Chairman's remuneration is determined by the Board.

When the Scheme came into operation, the Board took over the working of the creamery of the Aberdeen and District Milk Agency at Kittybrewster, Aberdeen. The creamery is used as a depot for the collection, treatment and distribution of milk and for the manufacture of milk products. Negotiations were concluded in April, 1935, for the transfer of the creamery and other assets of the Agency to the Board as at 31st July, 1934, at a valuation of £9,500. After adjustments in respect of rent and other charges, the net amount payable was £8,240, of which a sum of £4,000 was left on loan to the Board. It was agreed in the negotiations that the Agency would remain in existence as a non-trading agricultural society registered under the Industrial and Provident Societies Acts, 1893 to 1928.

The total number of producers registered under the Scheme on 31st December, 1935, was 823, of whom 489 were ordinary producers (i.e., producers selling milk by wholesale to or through the agency of the Board), 326 were producer-retailers, and 8 were producers of Certified milk. Of the producers selling milk by wholesale, 95 also sold a proportion of their milk by retail. Provision is made in the Scheme for the exemption from registration of producers who sell milk only in small quantities to employees or to neighbours for their own consumption. In January, 1935, the Board decided that producers selling not more than two gallons daily to not more than

six customers should be granted exemption under that provision. After consideration of representations made by the Aberdeen and District Producer-Retailers' Association and further review of the position, the Board resolved in October, 1935, to reduce the qualifying limits for this exemption to a maximum sale of one gallon daily and a maximum number of four customers and to examine, with full regard to the circumstances in each case, any applications for exemption of producers whose sales exceed the modified limits.

The statement on page 80 gives particulars of the sales of milk under the Scheme in each month during the period ended December, 1935, and of the utilisation of the milk.

Payments to Producers.—The ordinary producers receive monthly payments from the Board for the basic quantities of their supplies at the Standard Price (i.e., the price for the sale of milk to distributors for liquid consumption) less the contribution per gallon required to cover the loss incurred in marketing milk which fails to realise that Price and to meet the administrative expenses. For supplies in excess of these quantities, they are paid a surplus price less a contribution per gallon at the same rate as that deducted in respect of the basic quantities. Apart from the allocation of interim and final basic quantities to new producers, no revision was made up to 31st December, 1935, in the basic quantities determined by the Board at the inception of the Scheme.

The following statement shows in respect of each month during the period December, 1934, to December, 1935, the gallonage of the sales by the producers within the limits of their basic quantities and in excess of these quantities, the net prices per gallon paid to the producers, and the amount of the producers' contributions:—

	Basic Quantities.		"Surplus" Supplies.		Producers' Contribution per gallon.
	Gallons.	Net price per gallon.	Gallons.	Net price per gallon.	
1934.		d.		d.	d.
December ...	498,768	12	22,858	5	2
1935.					
January ...	505,846	13	24,131	7	2
February ...	480,890	13½	19,381	7	1½
March ...	517,794	13	26,545	7	2
April ...	509,291	13	23,430	5	2
May ...	552,521	12	32,966	4	3
June ...	536,294	11	32,925	3	3
July ...	546,231	11	24,946	3	3
August ...	523,705	12	12,737	6	2
September ...	484,354	12½	9,366	4½	2½
October ...	507,649	13	15,114	5	2
November ...	495,278	13	26,902	5	2
December ...	515,421	13½	32,669	6	1½
Total gallonage for the year 1935	6,155,274 (95·63%)	—	281,112 (4·37%)	—	—
Monthly average prices ...	—	12·5	—	5·2	2·2

The weighted average of the prices per gallon paid to the producers for their sales of "basic quantity" and "surplus" milk over the year 1935 was 12.51d. and 5.11d. respectively.

The Board debit each producer's account with the amount actually paid at the standard rates in respect of the haulage of his milk for delivery at the distributor's premises or at the Board's creamery. The standard haulage rates prescribed by the Board are as follows:—

	Per gallon.
Not exceeding 5 miles	½d.
Over 5 but not exceeding 15 miles	¾d.
Over 15 but not exceeding 20 miles	1d.
Over 20 but not exceeding 30 miles	1½d.
Over 30 miles	1½d.

Producer-retailers and producers of Certified milk make their own arrangements for the sale of their milk at the prices prescribed by the Board. The monthly contributions payable by these producers to the Board were assessed throughout the year 1935, as previously, at the rate of £2 per cow per annum calculated on the return of their sales and taking the average production at two gallons per cow per day. Milk produced by them in excess of the requirements of their customers may be sold to or through the agency of the Board and paid for at the net "surplus" price.

Liquid Milk Prices.—Particulars were given in the last report* of the prices determined by the Board for the period ended October, 1935. The prices prescribed for the year ending October, 1936, are on a similar scale, viz. :—

Standard Price for the sale of untreated milk to distributors.
—1s. 3d. per gallon, with reduction to 1s. 2d. per gallon during May, June and July. 1s. 4d. per gallon throughout the year to distributors in Peterhead.

Retail Prices—

To domestic consumers—main area of Scheme—2s. per gallon.

In 30 specified rural districts—1s. 8d. per gallon.

In 9 specified rural districts—1s. 4d. per gallon.

To hotels, restaurants, etc. (in quantities of not less than 2 gallons)—1s. 6d. per gallon.

To institutions supported by voluntary contributions—
Not less than the Standard Price.

To institutions under control of local authorities—Not less than 1d. per gallon over the Standard Price.

Grade A (T.T.) Milk.—To distributors—in bulk 1s. 6d. per gallon, in bottles 1s. 10d. per gallon—minimum retail price—2s. 4d. per gallon.

Certified Milk.—To distributors—1s. 10d. per gallon—minimum retail price—2s. 4d. per gallon.

As shown in the statement on page 80, part of the milk surplus to the demand for liquid consumption within the area of the Scheme is sold for liquid consumption in other markets. This milk is supplied to English buyers at the prevailing regional liquid milk prices in England, the cost of treatment and transport of the milk being met by the Board.

Manufacturing Milk Prices.—In the early months of the operation of the Scheme when the agreements made by the Aberdeen and District Milk Agency were operative, no milk was sold specifically for manufacture, but all the distributors received 5 per cent. of their total purchases of milk at the modified price of 8d. per gallon. On the discontinuance of that arrangement as at 30th November, 1934, supplies of milk for manufacture were made available at the price of 9d. per gallon. As the Board were not satisfied that the whole of the milk purchased at that price was being used for manufacture, they suspended as from 1st March, 1935, the sale of milk at less than the Standard Price with the exception of supplies at 9½d. per gallon for the manufacture of ice-cream, and undertook to provide the distributors at wholesale rates with their requirements of cream, butter and cheese from the Board's manufactures of these products. This action of the Board, together with other matters, formed the subject of complaints which were referred to the Committee of Investigation for Scotland (see page 78).

In accordance with the assurance given to the Secretary of State, the Board arranged as from 1st September for the supply, on request, of milk at the price of 7½d. per gallon for the manufacture of cream. They also granted rebates for the reduction to 9d. per gallon of the price of milk supplied during the period from 1st March to 31st August on production of proof of its use for manufacture.

With these adjustments the total quantities of milk sold for the manufacture of milk products from December, 1934, to December, 1935, inclusive, were as follows:—

115,274	gallons at 9d. per gallon for use for any manufacturing purpose.
99,221	" " 7½d. " " " " " manufacture of fresh cream.
34,551	" " 9½d. " " " " " " " " ice cream.
810	" " 4d. " " " " " " " " cheese.

250,056 gallons at an average price of 8.45d. per gallon.

Manufacturing Operations of the Board.—The total quantities of milk used by the Board for the manufacture of milk products from

the commencement of the operation of the Scheme up to 31st December, 1935, were as follows :—

Product.	Gallons.	Percentage.
Fresh cream	318,807	43.34
Butter	295,864	40.22
Cheese	120,970	16.44
Total	735,641	100.00

The Milk Act, 1934.—The advances payable to the Board under Sections 1 and 2 of the Act in respect of milk used by the Board for the manufacture of butter and sold or used for the manufacture of cheese during the period ended 31st December, 1935, amounted to £2,103 17s. 3d.

In accordance with arrangements approved by the Secretary of State under Section 11 of the Act on 30th May, 1935, the Board, with a view to increasing the demand for milk, organised a publicity and propaganda campaign, which was carried out on similar lines to that undertaken by the Scottish Milk Marketing Board, at an estimated total cost of £1,600. In addition to the arrangements made under the approved scheme, the Board, for purposes of propaganda, installed and operated temporary milk bars at the Highland and Agricultural Society's Show and at a Trade Exhibition held in Aberdeen during the year.

The Board also co-operated in the arrangements made by the English and Scottish Milk Marketing Boards under Section 11 of the Act for an investigation of the nutritional value of milk (see pages 18 and 52) by supplying milk free of charge for a calf-rearing experiment undertaken at the Rowett Research Institute, Aberdeen, as a subsidiary to the main investigation.

Complaints regarding the operation of the Scheme: Consumers.—Complaints were made to the Consumers' Committee for Scotland on behalf of the consumers in rural districts in Aberdeenshire regarding the increase in the retail price of milk in these areas as a result of the operation of the Scheme. The Committee reported to the Secretary of State that, having regard to the proximity of rural consumers to the source of supply and in view of the simplicity and much smaller extent of the services given to such consumers as compared with the services rendered in processing and distribution of milk for urban consumers, they considered that the charging of the same retail price of 2s. per gallon to both classes was not justifiable.

The Board granted authority for the sale of milk by retail at minimum prices of 1s. 4d. and 1s. 8d. per gallon in certain specified rural districts.

Distributors.—Complaints were made by the Aberdeen and District Retail Dairymen's Association, the Northern Co-operative Society and a private manufacturer with respect to—

(a) the Standard price for milk determined by the Board for the period 1st January to 31st October, 1935, which allowed of an average distributive margin over the year of 9½d. per gallon.

(b) the termination by the Board as from 28th February, 1935, of the arrangements for the supply of milk for manufacturing purposes at manufacturing rates;

(c) the fixing of semi-retail prices by the Board, defined as applicable to all sales except retail sales and sales to institutions—i.e., prices for sales to hotels, restaurants, etc.;

(d) the haulage rates prescribed by the Board for the period 1st January to 31st October, 1935.

The Committee of Investigation for Scotland, to whom the complaints were referred for consideration and report, found that the Board's action under heads (a), (b) and (d) of the complaints was contrary to the interests of the complainants, but, except as regards the discontinuance of the supply of milk for manufacture at manufacturing prices, they did not find that it was not in the public interest. No finding was made in the case of (c), as it appeared at the hearing before the Committee that the question was one of dispute between the complainants and other distributors, producer-retailers and consumers who were not represented at the inquiry.

An assurance was given by the Board that they would make available on request supplies of milk for manufacture, from such surplus milk as remains after the liquid milk demand has been satisfied, at prices related to the price of the product manufactured, subject to the reservations that in allocating supplies the demand for milk at the highest rates should first be satisfied and timeous notice should be given by buyers of the quantities of milk required by them for manufacture. On the understanding that this assurance would be satisfactorily carried out, the Secretary of State considered it unnecessary to take further action on the Committee's findings.

Miscellaneous: Contraventions of the Scheme.—The number of penalties imposed by the Board on registered producers from the commencement of the Scheme up to 31st December, 1935, was forty-two, amounting in the aggregate to £210. These penalties were imposed mainly in respect of failure to supply information required by the Board.

Inquiry into the costs of milk production.—The Board undertook to provide a contribution of £150 for the year 1935/36, in supplement of the contribution of a similar amount for the previous year, towards the expenses of the inquiry into the cost of milk production which is being carried out by the Advisory Officers in Agricultural Economics attached to the three Agricultural Colleges in Scotland in collaboration with the Advisory Officer in Farm Economics of the Department of Agriculture for Scotland.

Accounts of the Board.—Copies of the Profit and Loss Accounts and of the Board's Balance Sheets as at 31st December, 1934, and 31st December, 1935, are printed in Appendix III.

ABERDEEN AND DISTRICT MILK MARKETING SCHEME, 1933.
MONTHLY QUANTITIES OF MILK SOLD BY REGISTERED PRODUCERS.

Month.	Total Gallonage.		Sold to or through the agency of the Board.		Sold by Producer-Retailers and Producers of Certified milk.		Sold for Liquid Consumption within area of Scheme.		Sold for Liquid Consumption outwith area of Scheme.		Sold or used for Manufacture of milk products.†	
	Gallons.	Per cent.	Gallons.	Per cent.	Gallons.	Per cent.	Gallons.	Per cent.	Gallons.	Per cent.	Gallons.	Per cent.
1934—												
*August	670,980	75.72	508,063	75.72	162,917	24.28	531,935†	79.28	112,724	16.80	26,321	3.92
*September	641,451	74.80	479,867	74.80	161,584	25.20	503,689†	78.55	120,240	18.75	17,522	2.70
*October	662,741	76.45	506,962	76.45	155,779	23.55	516,886†	77.99	127,094	19.18	18,761	2.83
*November	653,252	75.57	493,642	75.57	159,610	24.43	504,570†	77.23	127,932	19.60	20,750	3.17
December	683,020	76.37	521,626	76.37	161,394	23.63	500,252	73.25	94,004	13.76	88,764	12.99
Total for 1934	3,311,444	75.80	2,510,160	75.80	801,284	24.20	2,557,332	77.23	581,994	17.58	172,118	5.19
1935—												
January	688,393	76.99	529,977	76.99	158,416	23.01	493,771	71.73	131,284	19.07	63,338	9.20
February	604,580	79.44	480,271	79.44	124,309	20.56	437,536	72.37	129,875	21.48	37,169	6.15
March	699,518	77.82	544,339	77.82	155,179	22.18	497,741	71.15	121,223	17.33	80,564	11.52
April	687,969	77.43	532,721	77.43	155,248	22.57	488,264	70.99	102,743	14.92	96,962	14.09
May	748,832	78.20	585,487	78.20	163,345	21.80	510,086	68.13	106,130	14.17	132,616	17.70
June	736,589	77.28	569,219	77.28	167,370	22.72	500,503	67.95	141,784	19.25	94,302	12.80
July	744,182	76.75	571,177	76.75	173,005	23.25	510,501	68.59	151,403	20.35	82,278	11.06
August	709,910	75.42	536,442	75.42	173,468	24.58	536,163	75.53	118,428	16.68	55,319	7.79
September	655,050	75.37	493,720	75.37	161,330	24.63	499,686	76.29	94,743	14.46	60,621	9.25
October	684,731	76.34	522,763	76.34	161,968	23.66	508,600	74.28	124,960	18.25	51,172	7.47
November	677,282	78.10	522,180	78.10	155,102	21.90	494,089	73.08	141,145	20.84	41,212	6.08
December	703,127	77.95	548,090	77.95	155,037	22.05	501,080	71.29	143,263	20.37	59,619	8.34
Total for 1935	8,340,163	77.17	6,436,386	77.17	1,903,777	22.83	5,978,020	71.68	1,506,981	18.07	855,162	10.25

* The figures given in the last report have been revised.

† In these months the sales to the distributors of 5 per cent. of their supplies at reduced rates were recorded as having been sold for liquid consumption.

‡ The figures in this column include about 40,000 gallons lost by shrinkage, etc., during the seventeen months' period after acceptance of the milk by the Board.

NORTH OF SCOTLAND MILK MARKETING SCHEME, 1934.

This Scheme, which applies to the counties of Inverness, Nairn, Ross and Cromarty, Sutherland and Caithness, came into operation on 1st October, 1934.

The first Board consisting of the five members named in the Scheme and two members appointed by the Secretary of State held office until 5th July, 1935, and was then replaced by a Board of five members elected at the first annual general meeting of the registered producers. After consultation with the Market Supply Committee and with the approval of the Secretary of State, the members elected to the Board co-opted Mr. P. M. Pottie, Achareith, Nairn, and Mr. J. Ross, S.S.C., 57 Castle Street, Edinburgh, to be additional members.

The general meeting of the registered producers voted the sum of £450 as remuneration to the members of the first Board, excluding the Chairman, to be divided amongst them as they might determine. The Chairman's remuneration was fixed by the Board at £250.

The total number of producers registered under the Scheme on 31st December, 1935, was 379, of whom 128 were producers selling milk by wholesale to or through the agency of the Board, 241 were producer-retailers, and 10 were producers of Certified and Grade A (T.T.) milk. The majority of the producers selling milk by wholesale also sell a proportion of their production of milk by retail. Producers who sell milk only in small quantities to their employees or neighbours for their own consumption are exempt from registration under the Scheme, the limits fixed by the Board as qualifying for this exemption being a maximum sale of three gallons daily to not more than five customers. The sales of a very large number of the producers of milk in the area of the Scheme are within these limits.

The statement on page 85 shows the quantities of milk sold by the registered producers in each month during the period ended 31st December, 1935, and gives particulars of the utilisation of the milk.

Prices and sale of milk for liquid consumption.—The prices determined by the Board for the year 1935 were on the following scale:—

Standard Price for the sale of untreated milk to distributors.—
1/3d. per gallon, with reduction to 1/2d. per gallon in April, May, June and July.

Retail Prices:—

Charitable institutions ...	1/4d. per gallon.
Domestic consumers ...	2/- per gallon.
Other institutions, hotels, restaurants, etc.—less than 10 but more than 2 gallons ...	1/8d. per gallon.
exceeding 10 gallons ...	1/6d. per gallon.

The prices for Grade A (T.T.) and Certified milk were 2d. and 4d. per gallon respectively more than the price for ordinary milk.

The Board determined the prices for the year 1936 on a similar scale except for the maintenance of the Standard Price at 1s. 3d. per gallon in each month throughout the year.

Of the total supply of milk under the Scheme during the year 1935 amounting to 1,913,625 gallons, 1,752,608 gallons (91.58 per cent.) were sold for liquid consumption within the area of the Scheme. In addition 57,583 gallons (3.0 per cent.) were sold to English buyers at the regional liquid milk prices prescribed by the English Milk Marketing Board.

Prices and use of milk for manufacture.—The total quantity of milk sold for manufacture during the year amounted to 87,236 gallons, of which 64,259 gallons were supplied at 10d. per gallon for use for any manufacturing purpose, 4,567 gallons at 7½d. and 8d. per gallon for the manufacture of fresh cream, and 18,410 gallons at prices varying from 3d. to 4d. per gallon for the manufacture of butter.

The Board found it necessary in certain months to arrange for the use of milk for manufacture on their behalf. The total quantity used for that purpose during the year amounted to 16,198 gallons, of which 13,862 gallons were manufactured into cheese and 2,336 gallons into butter.

Payments to producers.—As explained in the last report,* the Scheme, like the Aberdeen and District Milk Marketing Scheme, provides for the operation of a "basic-surplus" plan in accordance with which producers selling milk to or through the agency of the Board qualify for payment at the Standard Price for supplies within the limits of their basic quantities and at a surplus price for supplies in excess of these quantities. The payments are made subject to the deduction of a contribution per gallon of the amount required for the operation of the "pooling" provisions of the Scheme and for administrative expenses.

The producers' basic quantities as determined by the Board at the inception of the Scheme by reference to their production of milk for sale during the months of September to December, 1933, were continued without variation during the year 1935.

The following statement shows in respect of each month during the year 1935 the gallonage of the sales by the producers to or through the Board within the limits of their basic quantities and in

excess of these quantities, the net prices per gallon paid to the producers, and the amount of the producers' contributions :—

	Basic Quantities.		"Surplus" Supplies.		Producers' Contribution per gallon.
	Gallons.	Net price per gallon.	Gallons.	Net price per gallon.	
		d.		d.	d.
January ...	60,003	13½	1,591	4½	1½
February ...	55,496	13½	861	4½	1½
March ...	63,949	13½	2,247	4½	1½
April ...	75,485	12½	3,510	4½	1½
May ...	78,431	12½	5,623	5½	1½
June ...	77,007	12½	6,390	5½	1½
July ...	81,048	12½	5,536	5½	1½
August ...	77,863	13½	3,469	4½	1½
September ...	71,456	13½	1,805	4½	1½
October ...	69,947	13½	1,524	4½	1½
November ...	66,584	13½	1,530	4½	1½
December ...	68,057	14	1,479	5	1
Total for the year 1935.	845,326 (95.96%)	—	35,565 (4.04%)	—	—
Monthly average prices	—	13.20	—	4.79	1.46

The weighted average of the prices per gallon paid to the producers for their sale of "basic quantity" and "surplus" milk over the year 1935 was 13.17d. and 5.01d. respectively.

The Scheme empowers the Board to arrange for the payment of the costs of haulage of milk sold to them or through their agency, and to debit the accounts of producers with haulage charges calculated at standard rates according to the distance of each producer's farm or premises from the nearest of the three prescribed centres—viz. Inverness, Dingwall and Wick. Difficulties arose in putting these provisions of the Scheme into operation and, in the meantime, each producer has been responsible for meeting the actual cost of haulage of his milk.

The contributions payable by producer-retailers and producers of Grade A (T.T.) and Certified milk in respect of sales made by them under their own arrangements are at the rate of 7/10ths and 9/10ths respectively of that payable in respect of sales to or through the agency of the Board. Producer-retailers are allotted basic quantities for use in selling to or through the agency of the Board supplies of milk in excess of their customers' requirements, and

all milk of the official grades tendered to the Board is paid for at the net price payable for the basic quantities of the ordinary producers.

Milk Act, 1934.—Advances amounting to £343 18s 11d. were payable to the Board in respect of 33,214 gallons of milk sold or used by the Board for the manufacture of butter and 20,894 gallons used for the manufacture of cheese during the period from the commencement of the Scheme on 1st October, 1934, to 31st December, 1935.

Reference was made in the last report* to the approval under Section 11 of the Act of arrangements proposed to be made by the Board for the supply of milk at reduced prices for consumption in the schools. The conditions within the area of the Scheme are, however, such that it has not been found practicable to give effect to these arrangements except on a small scale. During the later months of the year, milk was being supplied to about 2,000 children attending schools in Inverness, Wick, Brora and Helmsdale. The total quantity of milk supplied up to 31st December, 1935, amounted to 7,869 gallons of which 4,528 gallons were of Grade A (T.T.) milk. The contribution payable from the Exchequer in respect of the supply of that quantity of milk at the reduced prices was £153 9s. 10d.

Miscellaneous.—A certificate under Section 22 (2) of the Agricultural Marketing Act, 1933, was given by the Secretary of State on 31st January, 1935, that the expenses incurred by the persons who submitted the Scheme in connection with the promotion, submission and bringing into operation of the Scheme amounted to £318 13s. 9d.

The loan of £500 made to the Board from the Agricultural Marketing (Scotland) Fund to provide for expenses in connection with the initial poll of the registered producers was repaid in full by three instalments in the months of October and November, 1935.

The Board agreed to provide for the year 1935/36 a contribution of £100, being the same amount as in the previous year, towards the expenses of the inquiry into the cost of milk production which is being carried out by the Advisory Officers in Agricultural Economics attached to the three Agricultural Colleges in Scotland in collaboration with the Advisory Officer in Farm Economics of the Department of Agriculture for Scotland.

Accounts of the Board.—Copies of the Profit and Loss Account and of the Balance Sheet of the Board as at 31st May, 1935, are printed in Appendix III.

NORTH OF SCOTLAND MILK MARKETING SCHEME, 1934.
MONTHLY QUANTITIES OF MILK SOLD BY REGISTERED PRODUCERS.

Month.	Total Gallonage.	Sold to or through the agency of the Board.		Sold by producer-retailers and producers of Certified milk.		Sold for liquid consumption.		Sold or used for manufacture of milk products.	
		Gallons.	Per Cent.	Gallons.	Per cent.	Gallons.	Per cent.	Gallons.	Per cent.
1934—									
October ..	150,378	67,987	45.21	82,391	54.79	135,950	90.40	14,428	9.60
November ..	137,896	61,143	44.34	76,753	55.66	126,671	91.86	11,225	8.14
December ..	144,841	62,153	42.91	82,688	57.09	132,653	91.58	12,188	8.42
Total for 1934	433,115	191,283	44.16	241,832	55.84	395,274	91.26	37,841	8.74
1935—									
January ..	143,109	61,815	43.19	81,294	56.81	130,928	91.49	12,181	8.51
February ..	137,510	56,579	41.14	80,931	58.86	125,913	91.57	11,597	8.43
March ..	147,527	66,326	44.95	81,201	55.05	137,359	93.10	10,168	6.90
April ..	161,885	79,148	48.89	82,737	51.11	150,153	92.75	11,732	7.25
May ..	172,047	84,170	48.92	87,877	51.08	159,789	92.87	12,258	7.13
June ..	173,188	83,533	48.23	89,655	51.77	161,715	93.38	11,473	6.62
July ..	184,813	86,806	46.97	98,007	53.03	172,880	93.54	11,933	6.46
August ..	179,459	81,528	45.43	97,931	54.57	170,377	94.94	9,082	5.06
September ..	164,444	73,501	44.69	90,943	55.31	160,524	97.61	3,920	2.39
October ..	154,837	69,576	44.93	85,261	55.07	152,729	98.64	2,108	1.36
November ..	146,184	66,360	45.39	79,824	54.61	142,821	97.69	3,363	2.31
December ..	148,622	67,760	45.60	80,862	55.40	145,003	97.57	3,619	2.43
Total for 1935	1,913,625	*877,102	45.83	1,036,523	54.17	1,810,191	94.58	103,434	5.42

* The Board paid the producers for supplies exceeding this total by 3,789 gallons, the quantity lost by shrinkage, etc., during the year after acceptance of the milk by the Board.

PART II.**SCHEMES SUBMITTED BUT NOT YET IN OPERATION.**

No Schemes were submitted in 1935. The following draft Schemes were, however, still under consideration during the year :—

Scheme.	Date of Notice of Submission.	Area of Scheme.
Sugar Marketing Scheme.	1934. 9th February.	Great Britain.
Moray and Banff Milk Marketing Scheme.	1st May.	Counties of Moray and Banff.
Sugar Beet Marketing Scheme.	11th May.	Great Britain.
Argyll Milk Marketing Scheme.	6th July.	Parts of Argyll not included in Scottish Milk Marketing Scheme.
Scottish Raspberry Marketing Scheme.	11th December.	Part of Scotland.

Particulars of the progress of these Schemes are given in Appendix I.

Sugar and Sugar Beet Draft Marketing Schemes.

These Schemes were submitted in 1934 and the preliminary statutory steps, including the holding of public inquiries into objections, were taken in that year. Subsequently, as noted in the last report,* action on the Schemes was suspended pending consideration of the report of the inquiry into the Sugar Industry conducted by the Committee under the Chairmanship of Mr. Wilfred Greene, K.C. (now Lord Justice Greene).

On 30th July, 1935, the Government issued a White Paper in which they indicated their policy with regard to the future of the sugar industry. In view of the Government's proposals for the industry (which were subsequently embodied in the Sugar Industry (Reorganisation) Bill), the Sugar Marketing Scheme was not proceeded with.

As regards the Sugar Beet Marketing Scheme, the White Paper stated that it would be "for the promoters of the Scheme to re-examine it in the light of the new conditions and to decide whether they wish the Scheme to proceed, subject to such modifications as the Ministers concerned may propose." The promoters notified the Minister on 1st November, 1935, that they had decided to proceed with the Scheme. In view, however, of the alterations necessary to bring the Scheme into line with the new proposals, the promoters thought it desirable to withdraw the Scheme and re-submit it in amended form.

Moray and Banff Milk Draft Marketing Scheme.

As explained in the last report,* consideration of the draft of this Scheme, which was submitted in May, 1934, was suspended at the request of the promoters' Committee pending their proposals for modification of its provisions. Having decided to make several important amendments in the Scheme, the Committee submitted a revised draft on 12th October, 1935. After consultation with the

Milk Reorganisation Commission for Great Britain, however, it was suggested to the Committee that further action should be deferred until the Report of the Commission is available.

Argyll Milk Draft Marketing Scheme.

Reference was made in the last report* to the submission of this Scheme in June, 1934, for application to that part of Argyllshire not included within the area of the Scottish Milk Marketing Scheme. The Scheme was designed to secure for some 26 farm cheesemakers the repayable advances from the Exchequer under Section 3 of the Milk Act, 1934, in respect of milk converted into cheese at farms, provision being made for exemption from registration of producers of milk not intended for sale or use for manufacture. In view of the difficulty of devising a workable scheme on that basis and of the appointment of the Milk Reorganisation Commission for Great Britain, the promoters agreed that the Scheme should be held in suspense pending the Commission's Report.

Scottish Raspberry Draft Marketing Scheme.

The submission of this draft Scheme in December, 1934, was referred to in the last report.† By the main provisions of the Scheme, the Board will be vested with regulatory and trading powers to act as a central marketing organisation for the regulation of the sale of raspberries for manufacture into jam, or for canning. The proceeds from the sales of raspberries, to or through the agency of the Board will be "pooled" with a view to payment to the growers for their supplies at average seasonal prices, subject to adjustments in respect of raspberries sold for canning or other purposes necessitating special expense in picking or packing and in respect of fruit of inferior quality. Sales of raspberries in packages not exceeding 24 lbs. in weight will be exempt from marketing regulation under the Scheme.

The period for lodging objections and representations with respect to the Scheme expired on 23rd January, 1935. There were seven objectors but, after discussions with the promoters' Committee, four of them withdrew their objections. Mr. Charles Mackintosh, Advocate, held a public inquiry into the outstanding objections in Edinburgh on 16th and 17th April.

It was strongly represented at the inquiry that provision should be made in the Scheme for the limitation of the quantity of raspberries which the Board would be bound to accept from the registered producers in seasons of heavy production when the supplies available are likely to exceed the requirements of the jam manufacturers and canners. As a result of this proposal, opposition to the Scheme developed amongst the producers in Lanarkshire where raspberries are grown mainly for the fresh fruit trade. Progress with the promotion of the Scheme was accordingly deferred to permit full discussion of the proposal amongst the representatives of the growers in different districts, but the producers in Lanarkshire maintained their opposition and expressed a desire to be excluded from the operation of the Scheme.

The question of the reduction of the area of the Scheme and other modifications to be made in its provisions prior to its submission to Parliament were under consideration at the close of the year.

APPENDIX I.

STATEMENT SHOWING PRINCIPAL DATES IN THE PROGRESS OF MARKETING SCHEMES.

Regu- lated Product.	Area of Scheme.	Persons Sponsoring Submission of Scheme.	Date of Notice of Sub- mission.	Date of Public Inquiry.	Date of Approval by Parliament.		Date of Approval Order and S.R. & O. Number.	Date Scheme came into force.	Date of Initial Poll.	Result of Poll (per cent. in favour).		Date on which Provisions of Scheme were brought fully into operation.
					House of Com- mons.	House of Lords.				Votes.	Produc- tive Capacity	
Rasp- berries	Scotland (main- land).	Representative Group of Producers.	23.2.32	4.10.32	21.3.33	23.3.33	24.3.33 (252/S.13)	27.3.33	11.7.33	Per cent. 48.4	Per cent. 39.9	Poll un- favour- able.
Hops ...	England.	N.F.U.	11.3.32	2.6.32 to 17.6.32	5.7.32	6.7.32	7.7.32 (505)	8.7.32	5.8.32	94	92.8	6.9.32.
Milk ...	Scotland (South of Grampians).	Committee appointed by General Meeting of Producers.	10.6.32	21.11.32 to 28.11.32	11.5.33	24.5.33	25.5.33 (479/S.26)	26.5.33	12.9.33	77	78	1.12.33.
Pigs ...	Great Britain.	N.F.U. and N.F.U. of Scotland.	20.1.33	24.3.33 to 5.4.33	28.6.33	4.7.33	5.7.33 (686)	6.7.33	5.8.33	99.5	99.3	9.9.33.
Bacon	Great Britain.	Bacon Section of Food Manufac- turers' Federation, Inc.	24.1.33	29.3.33 to 5.4.33	28.6.33	4.7.33	5.7.33 (683)	6.7.33	5.8.33	69	92	9.9.33.

8

Milk ...	Scotland (Coun- ties of Aber- deen and Kin- cardine).	Aberdeen and Dis- trict Milk Agency.	17.2.33	12.6.33 to 14.6.33	27.3.34	15.3.34	28.3.34 (309/S.21)	29.3.34	18.6.34	79.4	87.4	1.8.34.
Milk ...	England.	N.F.U.	21.3.33	6.6.33 to 29.6.33	27.7.33	27.7.33	28.7.33 (789)	29.7.33	2.9.33	96.4	96.6	6.10.33.
Potatoes	Great Britain.	N.F.U. and N.F.U. of Scotland.	28.3.33	5.7.33 to 13.7.33	20.12.33	12.12.33	20.12.33 (1,186)	21.12.33	1.2.34	90.4	90.6	9.3.34.
Milk ...	Scotland (Coun- ties of Inver- ness, Nairn, Ross and Cro- marty, Suther- land and Caith- ness).	J. C. Stewart, Esq. (Solicitor) on be- half of 204 Pro- ducers.	30.6.33	—	5.7.34	5.7.34	6.7.34 (703/S.42)	7.7.34	20.8.34	72.9	75.8	1.10.34.
Sugar...	Great Britain.	General Committee of United Kingdom Sugar Industry.	9.2.34	1.5.34 to 9.5.34	Scheme not proceeded with.							
Milk ...	Scotland (Coun- ties of Moray and Banff).	Committee repre- senting 76 Produ- cers.	1.5.34*	—	Consideration of Scheme suspended.							
Sugar Beet	Great Britain.	N.F.U. and N.F.U. of Scotland.	11.5.34	30.7.34 to 31.7.34	Scheme withdrawn by promoters for amendment.							

* This draft Scheme was suspended and a revised draft submitted on 12.10.35.

Regu- lated Product.	Area of Scheme.	Persons Sponsoring Submission of Scheme.	Date of Notice of Sub- mission.	Date of Public Inquiry.	Date of Approval by Parliament.		Date Scheme came into force.	Date of Initial Poll.	Result of Poll (per cent. in favour).		Dates on which Provisions of Scheme were brought fully into operation.
					House of Com- mons.	House of Lords.			Votes.	Produc- tive Capacity	
Milk ...	Scotland (the part of the County of Argyll not covered by the Scottish Milk Marketing Scheme).	Scottish Agricultural So- ciety on behalf of 22 Producers.	6.7.34	—	Consideration of Scheme suspended.						
Rasp- berries	Scotland.	Committee appointed by General Meeting of Producers, and on behalf of 243 Producers.	11.12.34	16.4.35 and 17.4.35	*						

AMENDMENTS OF MARKETING SCHEMES.

(a) In accordance with the First Schedule to the Agricultural Marketing Act, 1931.

Scheme.	Result of Poll of Registered Producers (if demanded). (Per cent. in favour of submission.)		Date of Notice of Submission.	Date of Public Inquiry.	Date of Approval by Parliament.		Date of Approval Order, and S.R. & O. number.
	Votes.	Productive capacity.			House of Commons.	House of Lords.	
Hops Marketing Scheme, 1932 ...	Per cent. 98.2	Per cent. 97.7	23.6.33	11.9.33 to 14.9.33	12.7.34	5.7.34	13.7.34 (841)
Bacon Marketing Scheme, 1933...	—	—	16.3.34	18.7.34	26.7.35	1.8.35	2.8.35 (791)
Bacon Marketing Scheme, 1933...	—	—	16.3.34	—	—	—	20.6.34 (679)
Pigs Marketing Scheme, 1933 ...	—	—	1.3.35	13.6.35 and 14.6.35	17.12.35	18.12.35	20.12.35 (1308)

(b) By Order made by "The Minister" under Section 14 of the Agricultural Marketing Act, 1933.

Scheme.	Title of Order.		Date of Order and S.R. & O. number.
Scottish Milk Marketing Scheme, 1933 ...	Scottish Milk Marketing Board (Co-opted Members) Order, 1934...		15.6.34 (845/S. 37).
Bacon Marketing Scheme, 1933 ...	Bacon Marketing Board (Co-opted Members) Order, 1934...		20.6.34 (794).

(c) *By Order made by "The Minister" under Section 4 of the Agricultural Marketing (No. 2) Act, 1933.*

Scheme.	Title of Order.		Date of Order, and S.R. & O. number.
Pigs Marketing Scheme, 1933	...	Agricultural Marketing (Guarantee No. 1) Order, 1934	25.6.34 (685).

(d) *By Order made by "The Minister" under Section 9 (5) (a) of the Agricultural Marketing Act, 1931.*

Scheme.	Title of Order.		Date of Order, and S.R. & O. number.
Scottish Milk Marketing Scheme, 1933	...	Scottish Milk Marketing Scheme (Amendment) Order, 1934	28.12.34 (1437/S. 74).
Do.	...	Scottish Milk Marketing Scheme (Amendment) Order, 1935	18.7.35 (691/S. 31).
Do.	...	Scottish Milk Marketing Scheme (Amendment No. 2) Order, 1935	18.12.35 (1246/S. 55).

4

APPENDIX II.

PARTICULARS OF LOANS TO MARKETING BOARDS FROM THE AGRICULTURAL MARKETING FUNDS.

I.—*Loans to Boards administering Schemes applicable to Great Britain.*

Board.	Date of Advance.		Amount of Advance.		Date of Repayment.	Amount Repaid, including Interest.		Purpose of Loan.
	English Fund.	Scottish Fund.	English Fund.	Scottish Fund.		English Fund.	Scottish Fund.	
Pigs Marketing Board	21.7.33	15.9.33	£ 4,500	£ 500	31.12.34	£ 4,713 12 6	£ 523 7 8	Initial Poll expenses. Initial working expenses. Payment of compensation to registered producers under the Bacon Scheme for losses occasioned by the working of that Scheme and the Pigs Scheme.
Pigs Marketing Board	22.11.33	31.10.33	3,870	430	31.12.34	4,025 13 3	448 4 2	
Bacon Marketing Board	26.6.34	28.6.34	144,000	16,000	30.1.35	145,613 10 1	16,166 11 3	

II.—*Loans from the English Fund to Boards administering Schemes applicable to England only.*

Board.	Date of Advance.		Amount of Advance.	Date of Repayment.		Amount Repaid, including Interest.	Purpose of Loan.
Hops Marketing Board	6.8.32	...	£ 550	29.11.32	...	£ 555 10 0	Initial poll expenses.
Milk Marketing Board	5.9.33	...	8,500	10.11.33	...	8,500 0 0	Initial poll expenses.
Milk Marketing Board	7.9.33	...	13,750	10.11.33	...	13,750 0 0	Initial working expenses.

III.—Loans from the Scottish Fund to Boards administering Schemes applicable to Scotland only.

Board.	Date of Advance.	Amount of Advance.	Date of Repayment.	Amount Repaid, including Interest.	Purpose of Loan.
		£		£ s. d.	
Scottish Raspberry Marketing Board...	{ 7.7.33 15.2.34	200 205	— —	— —	Initial poll expenses. The loan has been written off as irrecoverable, the result of the initial poll having been unfavourable to the continuance in force of the Scheme.
Scottish Milk Marketing Board	{ 2.6.33 27.7.33 4.10.33	500 500 500	29.12.33	1,510 8 7	Initial poll expenses.
Aberdeen and District Milk Marketing Board	21.6.34	500	—	—	Initial poll expenses. Loan due to be repaid on 21.6.36.
North of Scotland Milk Marketing Board	17.10.34	500	{ 16.10.35 29.10.35 8.11.35	518 2 3	Initial poll expenses.

APPENDIX III

ACCOUNTS AND BALANCE SHEETS OF MARKETING BOARDS.

THE HOPS MARKETING BOARD.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1935.

A.--1934 Crop Disposal Account.

[illegible]

B.—EXPENSES ACCOUNT.

To CROP EXPENSES:—	£	s.	d.	BY AMOUNT TRANSFERRED FROM 1934 CROP DISPOSAL ACCOUNT under Section 38 of the Scheme	£	s.	d.
Warehouse Rents, Insurance and Carriage ...	24,988	2	6	...	54,331	18	1
Weighing and Examination of Hops ...	22	10	0	...	620	0	0
Interest Account ...	6,714	16	6	INTEREST ON INVESTMENT (net) ...	147	0	0
				" VALUATION APPEAL FEES ...			
" ADMINISTRATION EXPENSES:—				" REPAYMENT OUT OF SALES OF ALL-FAULT HOPS of advances made to 1933 Crop Disposal Account ...	242	11	6
Management and Office Salaries ...	3,075	17	1				
Board Members' Expenses ...	661	12	10				
Rent, Rates and Insurance ...	370	9	2				
Lighting, Heating and Cleaning ...	177	12	3				
Postages, Telegrams and Telephones ...	230	11	1				
Printing and Stationery ...	567	6	10				
General Expenses... ..	135	6	10				
Legal, Audit and Accountancy Expenses ...	773	13	6				
" BOARD MEMBERS' FEES:—							
Year to 31st May, 1935:—							
In accordance with a Resolution of the Annual General Meeting of 25th May, 1934	4,800	0	0				
" PERMANENT JOINT COMMITTEE EXPENSES ...	164	9	7				
" ELECTION OF BOARD EXPENSES ...	82	13	3				
" DEPRECIATION OF FURNITURE AND EQUIPMENT	81	5	7				
" RESERVES FOR UNDETERMINED EXPENSES AND CONTINGENCIES ...	10,183	6	8				
" BALANCE CARRIED TO BALANCE SHEET	2,311	15	11				
	£55,341	9	7		£55,341	9	7

96

BALANCE SHEET, 31ST MARCH, 1935.

	£	s.	d.	BY FURNITURE AND EQUIPMENT AT COST LESS DEPRECIATION, as at 31st March, 1934	£	s.	d.
To CREDITORS AND ACCRUED CHARGES ...	12,635	19	11	...	346	18	0
" TO AMOUNT DUE TO PRODUCERS FROM SALES OF 1934 CROP ...	1,496	6	8	Additions during year ...	59	10	3
" RESERVES FOR UNDETERMINED EXPENSES AND CONTINGENCIES:—				Less: Depreciation at 20% per annum ...	406	8	3
As at 31st March, 1934 ...	15,750	0	0		81	5	7
Less Board Members' Fees for the Year to 31st May, 1934, in accordance with a Resolution of the Annual General Meeting of 25th May, 1934 ...	4,933	6	8	" INVESTMENT AT COST:—			
	10,816	13	4	£40,000 2% Treasury Bonds, 1935/38 (Market Value, £40,212 10s. 0d.) ...	40,023	0	0
Add Amount transferred from Annexed Account ...	10,183	6	8	" DEBTORS AND PAYMENTS IN ADVANCE ...	15,247	6	10
				" CASH AT BANK ...	15,490	11	9
" INCOME AND EXPENDITURE ACCOUNT:—							
As at 31st March, 1934 ...	33,594	18	9				
Add Balance as per annexed account ...	2,311	15	11				
NOTE.—No account has been taken of any hops remaining unsold at 31st March, 1935.							
	21,000	0	0				
	35,906	14	8				
	£71,089	1	3				

97

W. J. WOOLRICH,
G. H. EDWARDS,
S. WEST,

Members of the Board.

G. J. BELLEW, Secretary.

To the Producers registered under the Hops Marketing Scheme, 1932, as amended by the Hops Marketing Scheme (Amendment) Order, 1934.

I have to report that I have audited the above Balance Sheet and Income and Expenditure Account of The Hops Marketing Board, and have obtained all the information and explanations I have required. In my opinion such Accounts are properly drawn up so as to exhibit a true and correct view of the state of the Board's affairs according to the best of my information and the explanations given to me and as shown by the books of the Board.

Alderman's House,
Bishopsgate, London, E.C.2,
17th May, 1935.

BASIL E. MAYHEW,
(BARTON, MAYHEW & Co.)
Chartered Accountant.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY, 1935.

Postages, Telephones and Telegrams	3,229	8	8
Bank Charges and Stamp Duty on Cheques	1,895	12	8
General Expenses	951	16	3
Audit Fee and Accountancy Charges	£2,000	0	0
Loss Proportion debited to Creameries	650	0	0
Legal and Litigation Expenses	1,350	0	0
Rent, Rates and Insurance	4,440	14	5
Official Journal	1,892	10	11
Joint Permits and Haulage	557	9	0
Committee Expenses	84	7	2
Subscriptions (under Section 16 (b))	890	0	6
Bad and Doubtful Debts	3,459	4	10
Formation and Preliminary Expenses written off	48,078	0	6
Depreciation on Furniture and Equipment	2,899	1	9
Head and Regional Offices	5,110	0	7
Transfers to Reserves—			
(a) Loan Redemption Account	11,941	7	6
(b) General Reserve Account	194,625	10	0
—Balance transferred	206,566	17	6
	£4,085,571	2	1

BALANCE SHEET AS AT 31ST JANUARY, 1930.

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
I. LOAN	...	...	...	I. LAND--At Cost	...	...	...
Of which advanced to date	...	...	...	II. BUILDINGS--At Cost, Less Sold	...	...	...
II. SUNDRY CREDITORS--	...	...	...	III. PLANT--At Cost, Less Sold	...	...	...
(a) Ordinary Producers	...	...	...	IV. OFFICE FURNITURE AND EQUIPMENT--	...	...	...
(b) Farm Cheesemakers--Esti-	...	...	...	(a) Head and Regional Offices--	...	...	...
mated Liability	...	...	...	At Cost, less Depreciation,	...	...	...
(c) Hauliers	...	...	...	as at 31st January,	...	...	...
(d) At Creameries--On Open	...	...	...	1934 ...	...	...	...
Account	...	...	...	Additions	...	...	...
(e) Charges Accrued and Sundry	...	...	...		...	...	...
Credit Balances	...	...	...		...	...	...
III. RESERVE ACCOUNTS--	...	...	...		...	...	...
(a) Loan Redemption--	...	...	...		...	...	...
Transferred from	...	...	...		...	...	...
Profit and Loss	...	...	...		...	...	...
Account	...	...	...		...	...	...
Deduct Expenses	...	...	...		...	...	...
written off as	...	...	...		...	...	...
per Contra	...	...	...		...	...	...
(b) Depreciation Reserve--	...	...	...		...	...	...
Creameries	...	...	...		...	...	...
(c) Creamery Reserve--	...	...	...		...	...	...
As at 31st Janu-	...	...	...		...	...	...
ary, 1934	...	...	...		...	...	...
Less Transferred	...	...	...		...	...	...
to General Re-	...	...	...		...	...	...
serve...	...	...	...		...	...	...
(d) General Reserve--	...	...	...		...	...	...
As at 31st Janu-	...	...	...		...	...	...
ary, 1934	...	...	...		...	...	...

87211	★ Add Transferred from Creamery Reserve ...	12,334	0	0
	Transfer from Profit and Loss Account	194,625	10	0
	Deduct Goodwill written off per Contra--	£237,506	12	3
	£ s. d.			
	Cost of Valuation	14,586	0	0
	and Purchase of Creameries			
	written off per Contra--	9,359	11	10
	Remuneration of Board to 10th May, 1934--	2,500	0	0
		28,445	11	10
		211,061	0	5
		£242,727	13	9

Note:--

The Board have agreed to grant a Bond for £200,000 and Disposition and Assignment of the Heritable Properties as Security for the Loan.

R. L. GARDINER, Accountant. STAIR, Chairman.
T. G. WILSON, Vice-Chairman.

X. PRELIMINARY EXPENSES--At Cost, less amount written off	£2,890	1	9
Less Amount written off at date	2,890	1	9
XI. LOAN EXPENSES--At Cost	£2,354	13	1
Less Sum written off per Contra	274	14	2
XII. STOCKS ON HAND AT CREAMERIES--As certified by Marketing Officer	...	...	...
XIII. SUNDRY DEBITORS--			
(a) Distributors, less Bad and Doubtful Debts	£285,802	13	11
(b) Category Producers	88,530	3	6
(c) At Creameries--On Open Account	52,621	13	0
(d) Deposits and Sundry Debit Balances	8,149	13	6
XIV. EXCHEQUER AND MILK MARKETING BOARD (ENGLAND AND WALES)--			
(a) Exchequer--Estimated Advance under Milk Act, 1934...	£49,386	10	2
(b) Milk Marketing Board (England and Wales)--Estimated Compensation...	53,708	0	0
XV. CASE--			
(a) In Bank	£40,000	0	0
(b) Remittances in Transit	1,757	5	11
(c) On Hand--Head Office	890	7	2
(d) On Hand--Creameries and Regional Offices	1,064	2	5
	43,711	15	6
	£783,312	6	8

X8 (5) : 51 235
236

I have examined the Books and Accounts of The Scottish Milk Marketing Board for the year ended 31st January, 1935, and have to report that :—

(a) In my opinion the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Board's affairs and that the Profit and Loss Account contains a true and correct record of the Income and Expenditure of the Board according to the best of my information and the explanations given to me and as shown by the Books and

(b) That the said Balance Sheet and Profit and Loss Account are sufficiently vouched, all subject to the following observations :---

1. The Register of Producers records a number of Producers whose production, if any, has not been dealt with in the Books of the Board and I am informed that this is due to the fact that the necessary information has not been supplied by those Producers or, alternatively that such persons are properly exempt from the provisions of the Scheme, but have not made application to have their names removed from the Register.
2. The Assessments on Category Producers have been shown at the amount assessed by the Board.
3. The Amounts credited in the Accounts in respect of Exchequer Advances in terms of Section 11 of the Milk Act, 1934, and of Compensation from the Milk Marketing Board (England and Wales) are the amounts due, as estimated by the Board, pending the completion of negotiations which are at present in progress.

- 2. The Assessments on Category Producers have been shewn at the amount assessed by the Board.**

3. The Amounts credited in the Accounts in respect of Exchequer Advances in terms of Section 11 of the Milk Act, 1934, and of Compensation from the Milk Marketing Board (England and Wales) are the amounts due, as estimated by the Board, pending the completion of negotiations which are at present in progress.

GLASGOW,

24th May, 1935.

ALEXANDER MURDOCH, C.A.:

Public Auditor,

PIGS MARKETING BOARD.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1935.

EXPENDITURE.		£	s.	d.
OFFICE EXPENSES, including Salaries, Wages, Rent, Insurance, Printing, Stationery, Telephones, Telegrams, Postages, etc...				
MARKETING EXPENSES:—		£53,070	11	7
Graders' Wages and Expenses	...£19,360	4	2	
Agents' Commissions	... 11,427	18	0	
Pig Movement Expenses, Agricultural Show Expenses, etc.	... 1,780	9	4	
Board's Travelling Expenses	...	32,568	11	6
Legal Expenses and Professional Charges	...	2,223	9	3
Interest	...	2,947	8	6
Reorganisation Commission's Expenses	...	22	16	0
Development Board Charges	...	2,032	15	9
		7,600	0	0
		£100,465	12	7
Depreciation	...	1,353	18	7
Allocation to Reserve for Claims on Contracts; 16 per cent. on Income as per Section 43 of the Scheme...	...	15,899	0	0
Transfer to Reserve for Bad and Doubtful Debts	...	500	0	0
		£118,218	11	2
Surplus carried down	...	15,422	9	6
		£133,641	0	8

104

104

105

105

REPORT OF THE AUDITORS PURSUANT TO PARAGRAPH 32 OF THE PIGS MARKETING SCHEME, 1933.

We have to report that we have audited the foregoing Income and Expenditure Account and Balance Sheet of the Pigs Marketing Board, made up to 31st December, 1936, and have obtained all the information and explanations we have required. Subject to the notes thereon, we are of the opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the Board's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Board.

Alderman's House,
Bishopsgate, E.C.2.
25th February, 1936.

BARTON MAYHEW & CO.,
Chartered Accountants,
Auditors.

1935 PIGS DELIVERY BONUS FUND ACCOUNTS.
PIGS MARKETING BOARD ACCOUNT.

	£	s.	d.	£	s.	d.
Amount due by Registered Curers to Pigs Marketing Board in respect of deliveries up to 31st December, 1935	120,314	2	7	Collected by Pigs Marketing Board up to 31st December, 1935:—		
				Paid into Joint Account...	£105,267	16 1
				Balance in hands of Pigs Marketing Board	79	6 0
				Outstanding for Collection by Pigs Marketing Board from Registered Curers at 31st December, 1935	105,347	2 1
					14,967	0 6
					£120,314	2 7

106

PIGS AND BACON MARKETING BOARDS' JOINT ACCOUNT.

	£	s.	d.	£	s.	d.
Amounts paid in by Pigs Marketing Board	105,267	16	1	Interim Distribution to Registered Pig Producers, November, 1935	76,267	12 8
Interest up to 31st December, 1935	221	2	2	Class A Bonus at 6d. per Score.		
NOTE.—In accordance with the terms of the 1935 Bonus Scheme the Interest on the Joint Account is payable to the Pigs Marketing Board against their expenses of administering the Scheme.				Class B Bonus at 4d. per Score.		
				Class C Bonus at 2d. per Score.		
				Cash at Bank:—		
				On Deposit Account	£29,138	18 3
				On Current Account	82	7 4
					29,221	5 7
					£105,488	18 3

An audited Statement of Account will be issued when the final payment is made.

107

BACON MARKETING BOARD.*

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1935.

	£	s.	d.		£	s.	d.
EXPENDITURE.				INCOME.			
Salaries	7,891	19	10	Bacon Levy payable by Registered Producers	56,541	0	1
Expenses of Officials, Inspectors and Members of the Board	3,659	3	6	Fines and Penalties	167	16	8
Printing and Stationery	997	7	6	Sundry Receipts	14	16	0
Rent and Lighting	1,470	15	9	Interest	289	8	4
Postages, Telegrams and Telephones	703	6	10				
Legal and Professional Charges	2,031	3	11				
Ascertainment Fees	600	0	0				
Office and General Expenses	612	10	8				
Scottish Office Expenses	78	14	4				
Insurance and Bank Charges	112	16	0				
Agricultural and other Show Expenses	818	14	9				
Remuneration of Members of the Board	4,750	0	0				
Amount written off Furniture, Fittings and Office Equipment	918	16	3				
Contribution to Bacon Development Board	7,550	0	0				
Income Tax on Bank Interest	71	4	3				
Research and Special Expenses	112	14	3				
Preliminary Expenses (Proportion of Expenses of Reorganisation Commission chargeable to this Board)	677	11	11				
Provision for Contingent Liabilities	13,580	0	0				
	£46,636	19	9				
Balance, being excess of Income over Expenditure carried to Balance Sheet	10,376	1	4				
	£57,013	1	1				
					£57,013	1	1

* The Bonus Fund Accounts are printed with the accounts of the Pigs Marketing Board, see opposite page.

BALANCE SHEET AS AT 31ST DECEMBER, 1935.

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
SUNDY CREDITORS AND ACCRUED CHARGES		1,685 14 9	FURNITURE, FITTINGS AND OFFICE EQUIPMENT		
SPECIAL RESERVES			At cost, <i>less</i> Depreciation :—		
Estimated Balance of Contribution to Bacon Development Board in respect of 1935	4,550 0 0		As at 31st December, 1934	1,137 17 0	
Provision for Contingent Liabilities... ..	13,580 0 0		Additions during 1935... ..	280 19 3	
		18,130 0 0		£1,418 16 3	
INCOME AND EXPENDITURE ACCOUNT			<i>Less</i> Amount written off for year to date	918 16 3	500 0 0
Balance at Credit as at 31st December, 1934		19,098 12 7	MOTOR CAR for Inspector at cost <i>less</i> Depreciation		90 0 0
<i>Add</i> Excess of Income over Expenditure for year to date per account		10,376 1 4	STOCK OF STATIONERY		1 0 0
		29,474 13 11	SUNDY DEBTORS		
			On Bacon Levy Account	5,600 0 0	
			Miscellaneous Accounts	187 1 1	
			Deposit	3 0 0	
					5,790 1 1
			CASH AT BANK AND ON HAND		
			On Current Account	309 10 5	
			On Deposit Account	42,534 2 6	
			Cash on Hand	65 14 8	
					42,909 7 7
					£49,290 8 8

E. BOSWALL DOWN } *Members of the Board.*
J. W. JOHNSON }

J. A. D. GILLESPIE, C.A.,

Assistant Secretary and Accountant.

REPORT OF THE AUDITORS PURSUANT TO PARAGRAPH 33 OF THE BACON MARKETING SCHEME, 1933.

We have audited the attached Bacon Indemnity Account and the foregoing Income and Expenditure Account and Balance Sheet of the BACON MARKETING BOARD, made up to 31st December, 1935, and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Board's affairs as at 31st December, 1935, according to the best of our information and the explanations given to us and as shown by the books of the Board.

LONDON, E.C.2.

MANN, JUDD, GORDON & CO.,

Chartered Accountants

BACON INDEMNITY ACCOUNT.

RECEIPTS AND PAYMENTS ACCOUNT.

(i) *Compensation Paid to Registered Producers in respect of Losses incurred during the period from 15th September, 1933, to 31st December, 1933.*

RECEIPTS.		PAYMENTS.	
	£ s. d.		£ s. d.
Advance from Ministry of Agriculture and Fisheries...	144,000 0 0	Compensation paid to Registered Producers ...	158,987 11 0
Advance from Department of Agriculture for Scotland	16,000 0 0	Legal Expenses and Stamp Duty	422 19 0
		Balance Transferred to Repayments Account	589 10 0
	£160,000 0 0		£160,000 0 0

(ii) *Repayments of Advances from Ministry of Agriculture and Fisheries and Department of Agriculture for Scotland.*

RECEIPTS.		PAYMENTS.	
	£ s. d.		£ s. d.
Balance Transferred from above account	589 10 0	Repayments to Ministry of Agriculture and Fisheries, and Dept. of Agriculture for Scotland	160,000 0 0
Amounts received from Pigs Marketing Board	161,190 11 4	Interest paid on advances	1,780 1 4
	£161,780 1 4		£161,780 1 4

MILK MARKETING BOARD.
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1935.
(1) GENERAL POOL ACCOUNT.

	£	s.	d.	£	s.	d.
To amount payable to Producers	35,888,472	18	6	By Pool Balance brought forward, as at 1st April, 1934	30,434	15 9
" Amounts payable to Farmhouse Cheesemakers, under the Milk in Schools Scheme and liability to Scottish Milk Marketing Board...	862,592	11	7	" Balance of Inter-Regional Compensation Fund brought forward as at 1st April, 1934	183,942	0 7
" General Expenses Levy	588,567	15	5	" Charges to Purchasers for Milk Sales (less Reserve)	35,355,732	15 3
" Publicity Levy (N.M.P.C. and Research)—				" Licensed Retailers' Contributions (less Reserve)	548,920	10 7
Wholesale Producers ... £39,321 2 4				" Advances receivable under the Milk Act, 1934...	1,343,199	1 5
Purchasers 39,321 2 4						
Licensed Retailers 6,903 12 8						
" Pool Balance unallocated	85,545	17	4			
	37,050	0	9			
	£37,462,229	3	7			

110

(2) INTER-REGIONAL COMPENSATION FUND ACCOUNT.

	£	s.	d.	£	s.	d.
To Apportionment of Levy to Regional Pool Accounts	3,348,881	18	0	By Balance brought forward as at 1st April, 1934...	183,942	0 7
	£3,348,881	18	0	" Levy charged to Regional Pool Accounts	3,164,939	17 5
					£3,348,881	18 0

(3) INCOME AND EXPENDITURE (GENERAL EXPENSES) ACCOUNT.

	£	s.	d.	£	s.	d.
To HEAD OFFICE EXPENSES—				By General Expenses Levy—		
Office Rent and Maintenance 18,372 2 3				Amounts charged to General Pool Account	588,567	15 5
Insurance 254 18 5				Contract Registration Fees, Sales of Schemes and Sundry Revenue	9,415	8 11
Lighting and Power 969 6 0				Penalties received	4,163	0 2
Equipment Hire and Maintenance 7,711 1 8				Reserve for Cost of Collection and Distribution of the proceeds of Milk sold in the month of March, 1934, brought forward	21,899	12 0
Printing and Stationery 26,509 1 3						
Postage and Telephone 18,067 2 11						
Salaries and Wages 126,784 3 6						
Office Expenses 9,128 5 7						
	207,786	1	7			
" REGIONAL EXPENSES—						
Regional Committees Expenses and Elections 4,511 8 10						
Regional Offices 41,508 9 10						
General Publicity, Experimental and Survey Work	46,019	18	8			
Bank Interest and Charges	5,127	0	8			
Expenses of Members of the Board	24,811	4	0			
Legal Services	3,580	6	1			
Audit Fee	6,961	8	3			
Expenses of Annual General Meeting	2,400	0	0			
Depreciation of Furniture and Equipment	2,327	16	1			
Reserve for Cost of Collection and Distribution of the proceeds of Milk sold in the month of March, 1935	4,182	10	6			
Balance carried to Balance Sheet	25,500	0	0			
	295,349	10	8			
	£324,045	16	6			

111

	£	s. d.	£	s. d.
1890	1	0	1	0
1891	1	0	1	0
1892	1	0	1	0
1893	1	0	1	0
1894	1	0	1	0
1895	1	0	1	0
1896	1	0	1	0
1897	1	0	1	0
1898	1	0	1	0
1899	1	0	1	0
1900	1	0	1	0
1901	1	0	1	0
1902	1	0	1	0
1903	1	0	1	0
1904	1	0	1	0
1905	1	0	1	0
1906	1	0	1	0
1907	1	0	1	0
1908	1	0	1	0
1909	1	0	1	0
1910	1	0	1	0
1911	1	0	1	0
1912	1	0	1	0
1913	1	0	1	0
1914	1	0	1	0
1915	1	0	1	0
1916	1	0	1	0
1917	1	0	1	0
1918	1	0	1	0
1919	1	0	1	0
1920	1	0	1	0
1921	1	0	1	0
1922	1	0	1	0
1923	1	0	1	0
1924	1	0	1	0
1925	1	0	1	0
1926	1	0	1	0
1927	1	0	1	0
1928	1	0	1	0
1929	1	0	1	0
1930	1	0	1	0
1931	1	0	1	0
1932	1	0	1	0
1933	1	0	1	0
1934	1	0	1	0
1935	1	0	1	0
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1966	1	0	1	0
1967	1	0	1	0
1968	1	0	1	0
1969	1	0	1	0
1970	1	0	1	0
1971	1	0	1	0
1972	1	0	1	0
1973	1	0	1	0
1974	1	0	1	0
1975	1	0	1	0
1976	1	0	1	0
1977	1	0	1	0
1978	1	0	1	0
1979	1	0	1	

Notes.—1. There are sums unascertained due to and by the Board in respect of deliveries of milk prior to 31st March, 1935, but not notified to the Board before closing the Accounts.

2. There are contingent liabilities in respect of—

(a) Remuneration of Members of the Board.

(b) Contracts for the purchase of and sale of milk made or confirmed by the Board for the year to 30th September, 1935.

Balance of Income and Expenditure Account for the year ended 31st March, 1935, per Account No. 3 above ...	295,349 10 8
	202,752 8 2
	38,817 16 6

(c) **Liability** under the Milk Act 1934, to pay certain monies to the Treasury in certain contingencies therein specified.

9 10 8	498,131 18 10
	£4,645,552 19 4
J. SANDFORD SMITH, <i>Chief Accountant.</i>	

118
T. BAXTER, Chairman.
S. FOSTER, General Manager.

We have audited the foregoing Accounts and Balance Sheet of the Milk Marketing Board, made up to 31st March, 1935, and have obtained all the information and explanations we have required. Subject to the notes thereon, we are of the opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Board's affairs according to the best of our information and the explanations given to us and as shown by the books of the Board.

BARTON. MAYHEW & CO.,

Chartered Accountants

Auditors:

POTATO MARKETING BOARD.

Dr.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 1935.

Cr.

To GENERAL ADMINISTRATION CHARGES:—

Head Office:	£	s.	d.	£	s.	d.
Salaries and Wages	15,016	14	8			
Rent, Lighting and Insurance	3,056	4	5			
Repairs and Alterations to Premises	82	19	2			
Telephone	461	19	9			
Postage	4,097	11	11			
Stationery and Office Equipment	4,841	18	6			
Travelling Expenses	1,010	8	9			
Hire of Machinery, including cost of Service	708	1	9			
General Expenses	889	19	8			

30,255 18 7

Less: Amounts received from Merchants in respect of Lists of Authorised Merchants

1,798	13	0	28,457	5	7
-------	----	---	--------	---	---

Regional Offices:

Salaries and Wages	12,896	16	4
Car and Travelling Expenses	7,793	15	7
Rents, Rates, Lighting and Insurance	1,357	15	8
Repairs and Alterations to Premises	42	9	9
Telephone	1,169	0	1

By ANNUAL ACREAGE LEVY COLLECTABLE	£	s.	d.	£	s.	d.
" EXCESS ACREAGE LEVY COLLECTABLE	17,782	11	10	135,063	19	7
Less: Amount collected to 31st August, 1934, and included in Accounts to that date	4,252	0	0			
" PENALTIES RECEIVED				13,530	11	10
" BANK INTEREST				308	2	0
" SUNDRY RECEIPTS				445	17	3
				24	18	11

114

Postage and Stationery	651	15	8
Expenses and Meetings of Merchants	61	18	1
General Expenses	614	19	3

24,558 10 5

Less: Surplus on Sale of Potatoes purchased by Board in Scotland

1,345	11	0	23,212	19	5
			6,704	14	6

" PUBLICITY

" RESEARCH AND EXPERIMENTAL EXPENSES—					
Bishop Auckland Experiment	297	11	0		
General	330	2	3		

" EXPENSES OF ELECTIONS AND MEETINGS OF PRODUCERS

172	9	11	627	13	3
-----	---	----	-----	----	---

" REMUNERATION OF MEMBERS OF THE BOARD, voted at the Annual General Meeting, 18th October, 1934

9,255	10	9			
-------	----	---	--	--	--

" EXPENSES OF MEMBERS OF THE BOARD

4,939	1	8			
-------	---	---	--	--	--

" LEGAL AND PROFESSIONAL FEES AND EXPENSES

2,014	18	10			
-------	----	----	--	--	--

" AMOUNT WRITTEN OFF FURNITURE, FITTINGS AND OFFICE MACHINERY

2,792	2	10			
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" BALANCE CARRIED DOWN

71,106	12	10	£149,373	9	7
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115

THE ABERDEEN & DISTRICT MILK MARKETING BOARD.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST AUGUST, 1934, TO 31ST DECEMBER, 1934.

	£	s.	d.
To Salaries, Wages and National Insurance	1,480	11	1
" Trading, General and Administrative Charges, etc.	971	7	7
" Rent, Rates and Insurance	106	4	8
" Repairs and Renewals	210	0	7
" Railway Carriage and Haulage	4,119	14	3
" Heating, Lighting, Power and Water	182	8	3
" Interest on Purchase Price of Agency	172	14	1
" Interest on Loan from Department of Agriculture...	7	5	10
" Subscription to the North of Scotland College of Agriculture towards cost of the Inquiry into the cost of Milk Production	37	10	0
" Reserves:—	£	s.	d.
Capital Expenditure	2,750	0	0
Bad Debts	500	0	0
	3,250	0	0
Profit for Period	£10,537	16	4
	149	2	5
	£10,686	18	9

BALANCE SHEET AS AT 31ST DECEMBER, 1934.

LIABILITIES.		ASSETS.	
£	s. d.	£	s. d.
Loan from Department of Agriculture	...	Plant, Heritable Property, etc., taken over from the Aberdeen and District Milk Agency, Ltd.	...
Bank	500 0 0	Plant Added Since	9,500 0 0
Sundry Creditors	854 19 2	Expenses of Promotion of Scheme	587 5 8
Aberdeen and District Milk Agency, Ltd.—	27,041 2 6	Sundry Debtors	...
Purchase Price	...	Stock in Hand	...
Reserves:—	8,240 15 1	Cash in Hand	...
Capital Expenditure	2,750 0 0		...
Bad Debts	500 0 0		...
Profit and Loss Account	149 2 5		...
	£40,035 19 2		£40,035 19 2

Aberdeen, 16th March, 1935.—I beg to report that having had access to all books, deeds, documents, and accounts of the Board, and having examined the foregoing Profit and Loss Account and Balance Sheet, and verified the same with the books, deeds, documents, accounts, and vouchers relating thereto, now sign the same as found to be correct, duly vouched, and in accordance with Law.

9, Golden Square, Aberdeen.

J. PATRICK JEFFREY, C.A., Auditor.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST DECEMBER, 1935.

	£	s.	d.	£	s.	d.	£	s.	d.
To Salaries, Wages and National Insurance	...	...	3,941 18 6	By Ordinary Registered Producers' Contributions	...	...	62,344 13 6		
" General, Administrative and Trading Charges, etc.	...	...	3,306 10 8	" Registered Producer-Retailers' and Graded Milk Producers' Contributions	...	...	5,484 4 8		
" Repairs and Renewals	...	...	399 5 9				£67,828 18 2		
" Railway Carriage and Haulage	...	...	593 14 8	NOTE.—The above includes sums raised for Capital purposes.					
" Heating, Lighting, Power and Water	...	...	11,646 12 7	Less—Losses on handling Milk Surplus to the Area's liquid requirements, including difference between standard price and price of Milk sold for manufacturing purposes					
" Advertising—Paid to Date	...	...	916 17 9				40,966 15 5	26,862 2 9	
" Interest on Loans and Bank Overdraft	...	...	1,923 18 2					63 0 0	
" Subscription to the North of Scotland College of Agriculture towards cost of the Inquiry into the cost of Milk Production	...	...	379 5 11					28 19 11	
" Transfers to Reserves	...	...	136 10 0					13 8 9	
" Capital Expenditure	...	...	£ s. d. 3,121 10 5						£26,967 11 5
Bad Debts	...	...	550 16 7						
			3,672 7 0						
" Balance—Profit for year	...	...	£26,917 1 0						
			50 10 5						
			£26,967 11 5						

120

	£	s.	d.	£	s.	d.	£	s.	d.
Loan from Department of Agriculture	...	...	500 0 0	Plant and Heritable Property—					
Bank	...	...	2,427 13 11	Value cost at 31/12/34	...	...	10,087 5 8		
Aberdeen and District Milk Agency Limited—Loan	...	...	4,000 0 0	Added during year at cost	...	...	1,811 6 4		
Sundry Creditors	...	...	33,148 8 2				£11,898 12 0		
Reserves—				Less—Written off per contra	...	...	4,898 12 0	7,000 0 0	
Capital Expenditure—									
Balance at 31/12/34	...	...	2,750 0 0	Expense of Promotion of Scheme—					
Added during year	...	...	3,121 10 5	At 31/12/34	...	...	972 18 5		
			£5,871 10 5	Less—Written off per contra	...	...	972 18 5		
Less—Written off per contra									
Expenses of promotion of Scheme	...	...	972 18 5	Sundry Debtors	...	...	...	33,170 0 2	
Plant, etc.	...	...	4,898 12 0	Stock in hand	...	...	...	776 16 7	
			5,871 10 5	Cash in hand	...	...	...	28 18 2	
Bad Debts—									
Balance at 31/12/34	...	...	500 0 0						
Added during year	...	...	550 16 7						
			£1,050 16 7						
Less—Written off	...	...	350 16 7						
			700 0 0						
Profit and Loss Account—									
Amount at Credit at 31/12/34	...	...	149 2 5						
Add—Profit for year	...	...	50 10 5						
			199 12 10						
			£40,976 14 11						

I have examined the Books and Accounts of the Aberdeen and District Milk Marketing Board for the year ended 31st December, 1935, and beg to report that in my opinion the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Board's affairs, and that the Profit and Loss Account contains a true and correct record of the Income and Expenditure of the Board according to the best of my information and the explanations given to me and as shown by the Books. I note that remuneration to the members of the Board at the same rate as last year is included in the above Accounts. I have further to report that Claims under Sections 1 and 2 of the Milk Act, 1934, in respect of milk used in the manufacture of cheese and butter have been lodged with the Department of Agriculture up to 31st December, 1935. There has also been lodged under the provisions of Section 11, Claims in respect of the proportion of the amounts expended on advertising. No monies have been received on account of the above, nor has any credit been taken for these Claims in the accounts to 31st December, 1935.

J. PATRICK JEFFREY, C.A., Auditor.

ABERDEEN, 12th March, 1936.

121

PROFIT AND LOSS ACCOUNT.

122

BALANCE SHEET AS AT 31ST MAR.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Sundry Creditors and Credit Balances ...	...	5,064	17	7	Office Furniture ...	...	134	12	2
Bank Overdraft ...	...	286	13	6	<i>Less—Depreciation date ...</i>	off to	44	17	4
Department of Agriculture— Loan for 2 years at 3½ per cent.	...	500	0	0	Equipment ...	...	196	19	7
Loan Redemption Account ...	...	150	0	0	<i>Less—Depreciation date ...</i>	off to	65	13	0
General Reserve Fund ...	...	100	0	0	Stocks on hand—	...			
Profit and Loss Account— Balance at Credit ...	...	81	2	0	Milk ...	...	7	19	10
					Cheese ...	...	235	16	2
					Sundry Debtors and Debit Balances ...	...	...	...	...
					Promotion Expenses ...	...	318	13	9
					<i>Less—Written off to date ...</i>	...	106	4	6
					Expenses of Poll, Preliminary Expenses and Expenses of a non-recurring nature	...	740	2	0
					<i>Less—Written off to date ...</i>	...	246	14	0
					Cost of Enquiry on Production of Milk ...	...	100	0	0
					<i>Less—Written off to date ...</i>	...	25	0	0
					Cash on hand ...	...	...	...	...
							...	...	...
							£8,162	13	1

JAS. C. STEWART, Secretary.

ALEX. MUNRO, Chairman.
JOHN REID, Member of the Board.

I have examined the Books of the North of Scotland Milk Marketing Board for the period from 6th July, 1934, to 31st May, 1935, and have to report that :—

(a) In my opinion the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Board's affairs and that the Profit and Loss Account contains a true and correct record of the Income and Expenditure of the Board according to the best of my information and the explanations given to me and as shown by the Books, and

(b) That the said Balance Sheet and Profit and Loss Account are sufficiently vouched, subject to the following observation :—

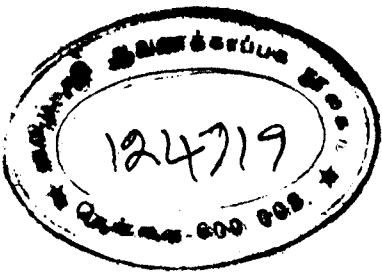
The amounts credited in the Accounts in respect of Exchequer advances in terms of Section 11 of the Milk Act, 1934, are amounts due, as estimated by the Board, pending the completion of negotiations which are at present in progress.

INVERNESS,

22nd June, 1935.

DONALD HEPBURN, C.A.,

Auditor.



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236



Ministry of Agriculture and Fisheries
Scottish Office

Report on Agricultural Marketing Schemes

FOR THE YEAR

1935

*Presented to Parliament by the Minister of Agriculture and
Fisheries and the Secretary of State for Scotland by
Command of His Majesty
October, 1936*

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