PART A(1) - Production

Stabilization measures:

Basic prices for milk fat and solids non-fat for 1982-1983 season

(a) In June 1982 the Dairy Products Prices Authority set the 1982-83 (season ending 31 May 1983) basic price for milk fat at 318 cents per kg. of milk fat. The new basic price structure and the changes from 1981-82 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1981-82</th>
<th>1982-83</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk fat value</td>
<td>201</td>
<td>224</td>
<td>+11.4</td>
</tr>
<tr>
<td>SNF value</td>
<td>84</td>
<td>94</td>
<td>+11.9</td>
</tr>
<tr>
<td>Total</td>
<td>285</td>
<td>318</td>
<td>+11.6</td>
</tr>
</tbody>
</table>

Supplementary minimum price scheme

(b) The supplementary minimum price for milk fat has not yet been set for the 1982-83 season. No supplementation was made during the 1981-82 season because market realisations were significantly above the guaranteed minimum of 280 cents per kg. of milk fat.
PART B - Internal prices and consumption

1. Representative current retail prices for major dairy products are as follows:

- **Liquid milk (whole)**: $NZ 0.30 per 600 ml. (see note: end of paragraph)
- **Butter**: $NZ 1.10 per 500 grs. pack
- **Cheese**: $NZ 3.45 per 1 kg. block

**Note:** Standard price: above standard prices are charged in a number of areas to cover higher costs of milk processing and distribution in those areas.

2. Consumption trends

**Liquid milk:** Liquid milk consumption continues to decline with successive price increases. In June 1982 the consumer price of milk was increased from 25 cents per 600 ml. to 30 cents per 600 ml. In the six months following the previous price increase (August 1981) milk sales fell by just over 2 per cent.

**Butter:** As with liquid milk, butter consumption has been trending downward as a result of the removal of government subsidy and retail price increases. Consumption levels have also been affected by competition from polyunsaturated table margarine. Total market offtake of butter in 1981 (year ending May) was around 42,000 metric tons, giving a per capita consumption of 13.5 kgs.

**Cheese:** Although the rate of growth has slowed down in recent years, cheese continues to be the growth product on the domestic market.