

It is estimated that these prices, which include an increase in factory-cost allowances, will enable efficient dairy-factory companies to pay to suppliers 25·907d. per pound for butterfat for butter-manufacture and 27·907d. per pound for butterfat for cheese-manufacture.

The structure of the guaranteed price now becomes—							Pence per Pound of Butterfat.
Interest on capital	..	..	..	..	..	..	3·240
Farm working and maintenance costs	..	..	..	..	..	..	10·011
Labour reward	..	..	..	..	..	..	14·196
							27·447
Less standard allowance for pigs	..	..	..	..	..	..	1·540
Standard average "pay-out" to suppliers for butter-manufacture							25·907

The above price represents an increase in terms of butterfat of 2·516d. on the adjusted figure for the period 1st November, 1946, to 31st July, 1947. It is made up of 0·52d. for labour reward and 1·996d. for farm working and maintenance costs.

The increase in labour reward will provide for an additional 5s. per week per adult male unit of farm labour. The total labour reward equivalent in farm workers' wages, including the allowance for board and lodgings, then become £5 15s. per week, to which must be added the 16s. 6d. allowance for work done at week-ends and holidays.

The Dairy Board made representations to the Commission for an increase in the amount provided for board and lodging to be effective from the date of any retrospective increase in the labour reward. After consideration, the Commission decided to refer this matter, together with the modification of rates of wages necessitated by the increase in the labour reward to the Hon. the Minister of Labour, for submission to the parties concerned.

The increase of 1·996d. in farm working and maintenance costs makes provision for ascertained increases in costs and in accordance with Government policy costs, previously met by way of "subsidy."

The largest factor in these increased costs arises from the passing into price of fertilizer subsidies, for which purpose there is an allowance of 1·54d. per pound of butterfat. This, on 12,000 pounds of butterfat, provides an additional allowance for fertilizer of £77.

This arrangement simplifies the position, and it can be taken that production costs on existing standards in the guaranteed-price structure are allowed for in the price and that there are no subsidies or farm and factory cost allowances.

As early as the change can be arranged, payment will be made to dairy companies on the 20th of each month for butter and cheese graded during the preceding month.

The existing uniform arrangement of debiting dairy companies with two months' storage will be continued, but payment is being made earlier for the purpose of assisting dairy companies in their finances.

PREMIUMS FOR QUALITY, AND QUANTITIES OF BUTTER AND CHEESE PAID FOR AT DIFFERENTIAL PRICES

Under the Dairy-produce Export Prices Order 1939 provision is made for additions to or deductions from the basic purchase-prices for butter and cheese according to quality as disclosed by the grading-points awarded to the dairy-produce. This system of price differentials provides a stimulus to the production of dairy-produce of higher quality.

The following tables show for the 1946–47 season the quantities of butter and cheese purchased for export and paid for at the respective differential prices. For comparison purposes the totals for the previous five seasons are also shown.