		Butter. d.	Cheese. d.
	Depreciation—		
20.	Implements, &c.	0·267	0·257
21.	Farm buildings	0·183	0·167
22.	Milking plant	0·247	0·197
23.	Horse	0·129	0·146
24.	Tractor and/or truck	0·139	0·071
25.	Total depreciation (items 20 to 24)	0·965	0·838
26.	Insurance (labour and fire, &c. (excluding house))	0·059	0·061
27.	Telephone	0·069	0·070
28.	Rural delivery	0·008	0·007
29.	Subscription to farmers' organizations	0·020	0·020
30.	Accounting-expenses	0·016	0·016
31.	Truck and/or car registration, and drivers license	0·051	0·061
32.	Car expenses (for farm use only)	0·188	0·177
33.	Other sundries	0·030	0·030
34.	Herd-testing and calf-marking	0·079	0·061
35.	Rates	0·376	0·424
36.	Land-tax	0·014	0·016
37.	Sundry overhead expenses (items 26 to 36)	0·910	0·943
38.	Cow and pig food, &c., purchased	0·277	0·273
	Main-working-expenses (items 1 to 18)	2·917	2·873
	Total depreciation (items 20 to 24)	0·965	0·838
	Sundry overhead expenses (items 26 to 36)	0·910	0·943
	Cow and pig food, &c., purchased (item 38)	0·277	0·273
	Total working and maintenance expenses	5·069	4·927

NOTE.—To the total working and maintenance cost per pound of butterfat for farms supplying cheese-factories, approximately 0·14d. per pound of butterfat should be added, being the assessed farm portion relating to costs of milk-delivery to factory not elsewhere shown.

The standard for pig returns was 1·54d. per pound of butterfat. This figure is probably below the average of efficient farmers as the Dominion average was taken ; this average includes farms where no pigs are kept and farms supplying casein-factories. In all other cases the standards were worked out on the investigations made and the information obtained. In considering the figure for pigs it should also be noted that the figure for dairy-farm working and maintenance costs includes (*a*) purchased pig-foods, medicines, &c., and (*b*) depreciation on piggeries, and in the allowance for cow capitalization there is provision for the investment on pigs and pig equipment.

The allowance for factory-costs and all other costs to f.o.b. ocean steamer was for butter 2·25d. per pound of butterfat and for cheese 3·25d. per pound of butterfat. In the overrun of 21·75 per cent. and the cheese-yield of 2·45 lb. there is a margin in favour of reasonably efficient factories working under average conditions.

The allowance on a two-unit farm for housing and other perquisites was 30s. a week, and labour reward for the farmer at £4 a week.

The history of the dairy industry shows clearly that high prices do not necessarily promote the stability of the industry, because of the tendency to capitalize the benefits in inflated land and stock values. The guaranteed price should not be such as will induce persons to capitalize its benefits, especially as the trend of land and stock prices in 1936–37 was of a hardening nature.

The standards of efficiency are greatly exceeded by the more efficient dairy-farmers of New Zealand, and the allowances for working and maintenance costs are on such a scale that, if they are expended for the purposes specified, only an inefficient farmer, or a farmer working under unusual conditions or in abnormal circumstances, could fail to attain the average of the per-cow per-acre and per-man standards mentioned. Any excess of efficiency above these standards and any increase in pig returns represents an additional return to the efficient farmer. And it must be remembered that an efficient farmer in usual circumstances and in normal conditions is fully protected from the vicissitudes of the external market.

With the allowances for labour there is no justification for any unpaid or sweated labour to be utilized on any efficient dairy-farm in New Zealand, and if there is any unpaid labour employed the farmer is increasing his own personal income. It should, of course, be stressed that there is nothing essentially reprehensible in the utilization, within reasonable limits, of family labour. By the adoption of 6,250 lb. of butterfat as the production of a full-time labour unit a reasonable payment is provided for all labour units employed, whether male or female labour, members of the family, or employees. The data collected show that approximately only 20 per cent. of the labour employed in the industry is hired labour.

The new procedure has been organized for the purpose of inducing the average efficient farmer to work his holding and to pay him for his knowledge and experience, and for time worked, whilst freeing him from the menace of price-fluctuations.