

the opinion of the Committee the allowance for labour, which is applicable to both hired and family labour, removes any possible justification for the utilization of unpaid labour or the undue employment of family labour on any efficient dairy-farm in New Zealand. The precise ratio in which the management and labour reward is divided between the farmer and his employees is, subject to any statutory requirements, a matter of arrangement.

The Committee thinks it advisable, before leaving the question of labour on dairy-farms, to draw the attention of the Government to the desirability of providing means whereby assistance may be given towards providing houses for married employees on dairy-farms. It is thought that the drift of men from the farms might be arrested if married men, to whom permanence of employment and family life in healthful surroundings would be an attraction, could be suitably housed.

RECOMMENDATION AS TO PRICES.

Evidence was submitted supporting prices ranging from 17-889d. per pound of butterfat to 19-919d. per pound of butterfat. After giving the fullest consideration to all the evidence presented, the Committee has come to the conclusion that the price of butter, assessed in conformity with its order of reference, should be calculated on a basis designed to provide a butterfat payment of 16-75d. per pound. The Committee therefore recommends that the prices of butter and cheese manufactured from cream and milk supplied to dairy factories between 1st August, 1938, and 31st July, 1939, and placed on board ship, with the concurrence of the Primary Products Marketing Department, for export from New Zealand shall be as set out hereunder. It is also recommended that the differential premiums for quality remain as at present.

Costs.							Per Pound Butterfat for Butter.
							d.
Working and maintenance costs (including depreciation)	..	..	..	..	..	..	5-695
Capital charges (interest)	..	..	..	..	..	..	3-375
Labour reward	..	..	..	..	..	..	9-220
							18-290
Less pig returns	..	..	..	..	..	..	1-540
Butterfat price for butter	..	..	..	..	..	..	16-750
Equivalent f.o.b. basic purchase price per pound of butter	..	..	..	..	..	..	15-605
							Per Pound Butterfat for Cheese.
							d.
Butterfat price for cheese	..	..	..	..	..	..	18-750
Equivalent f.o.b. basic purchase price per pound of cheese	..	..	..	..	..	..	8-775

The present basic f.o.b. purchase prices for butter and cheese are 13-66d. and 7-75d. per pound respectively. It is reasonable to estimate that the average market realizations for the 1937-38 season will be 118s. per hundredweight for butter and 68s. 6d. per hundredweight for cheese. If it be assumed that during the 1938-39 season the same average market realizations, neither more nor less, will be obtained as in the estimate for the season now ended, and for approximately the same quantities of butter and cheese, the deficit on the season's operations may be estimated at:—

							£
On butter	..	..	..	..	..	..	2,030,000
On cheese	..	..	..	..	..	..	794,000
Total	..	..	..	..	..	..	£2,824,000

Against this estimated deficit is to be set any surplus for the season 1937-38.

In submitting its report the Committee recognizes that its functions are purely investigational and advisory. It recognizes also that, owing to the impossibility of forecasting, even approximately, market realizations for a year ahead, it cannot make a definite finding regarding the possible financial implications involved in the payment of the prices it has recommended. The decision as to both the prices to be paid and the extent of the financial implications involved is necessarily dependent on general considerations of Government policy regarding finance, and the Committee can therefore only submit its recommendations in accordance with its order of reference.