marketing is 12·89d. per hundredweight, or a total saving on an export of 150,000 tons of £161,125. Correspondingly, the saving on cheese marketing amounts to 8·275d. per hundredweight, or a total saving on an export of 85,000 tons of £58,614. Thus on the export trade in butter and cheese there is an approximate annual saving to the industry of £219,739.

Dairy Industry Account.

The financial operations of the Dairy Industry Account for the export season ended 31st July, 1937, were recently completed, and the final result showed a deficit on the year's operations of £272,109. In terms of the undertaking given to the dairy industry, this deficit is the responsibility of the Government.

In regard to the export season ending on 31st July, 1938, the actual total realizations will not be available for some months, but estimates have been prepared based on information supplied by the London Manager of the Department. It has been estimated that for the season realizations from overseas sales will average 117s. 6d. per hundredweight for butter and 66s. per hundredweight for cheese. On the basis of the guaranteed prices as fixed at the beginning of the season, those realizations would show a surplus of £914,666 on export butter and a deficit of £86,100 on export cheese. There is a surplus on butter sold locally of approximately £100,000, making in all a total estimated surplus of £928,566.

Guaranteed prices adjustment.

In the Primary Products Marketing Amendment Act, 1937, the Government was empowered to make adjustments in the guaranteed prices announced at the beginning of any season, so that if circumstances warranted an increase in prices the necessary statutory authority would be provided. The Government has realized that during the season just closing dairy-farmers have experienced difficulty in obtaining farm labour at the wages they could afford to pay, and in order to meet this difficulty, and also to make some compensation for any increased farm costs, the Government considered that an additional payment to the dairy-farmers for their produce was justified. It was therefore decided that the guaranteed prices, as fixed in August, 1937, should be increased by 0·41d. per pound for butter and 0·21d. per pound for cheese. These increases apply to all butter and cheese which is exported with the concurrence of the Department after the 31st July, 1937, and which is manufactured from milk or cream delivered to a dairy factory on or after the 1st August, 1937, and before the 1st August, 1938. The increased amounts of 0·41d. per pound on butter and 0·21d. per pound on cheese will also be paid on butter and cheese manufactured during the period mentioned and sold locally. These additional payments will absorb approximately £815,349 of the estimated surplus, leaving an estimated credit balance of £113,217.

The guaranteed prices as now increased are as follows:—

CREAMERY BUTTER.

	Price per Pound. d.
Finest grade—	
94 points and over	13·785
93 to 93½ points (basic guaranteed price)	13·66
First grade—	
92 to 92½ points	13·5975
90 to 91½ points	13·41
Second grade	12·91

WHEY BUTTER.

First grade	12·66
Second grade	12·16

CHEESE.

Finest grade—	
94 points and over	7·90625
93 to 93½ points	7·875
First grade—	
92 to 92½ points (basic guaranteed price)	7·75
91 to 91½ points	7·6875
Second grade	7·50