The report of the Committee was considered by the Government, and the following statement was subsequently made announcing the prices for butter and cheese for the 1938–39 season :—

"In submitting its recommendations based on the evidence submitted to it, the Committee in its report stated that 'it cannot make a definite finding regarding the financial implications involved in the payment of the prices recommended. The decision as to both the prices to be paid and 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.'

"With this qualification the Committee recommended that the basic purchase price of butter f.o.b. should be 15·605d. per pound and the basic purchase price for cheese f.o.b. should be 8·775d. per pound.

"These prices would give a butterfat price for butter of 16·750d. (16¾d.) per pound and a butterfat price for cheese of 18·750d. (18¾d.) per pound.

"These prices are built up on the following bases :—

	d.
"Working and maintenance, including depreciation ..	5·695
"Capital charges : Interest	3·375
"Labour reward	9·220
	18·290
"Less pig returns	1·540
	16·750
"Add 2d. per pound butterfat price for cheese	18·750

"These butterfat prices or pay-outs would be realized by the Government purchasing the butter graded 93–93½ points at 15·605d. per pound and cheese graded 92–92½ points at 8·775d. per pound. The purchase at these prices, presuming that sales during the 1938–39 season realized the average of last season (118s. per hundredweight sterling for butter and 68s. 6d. per hundredweight sterling for cheese), would result in a deficit of £2,824,000.

"The working and maintenance costs allowed by the Committee show an increase of 0·625d. over last season's allowance ; capital charges, an increase of 0·315d., based on a capitalization of £75 per cow instead of £73 per cow allowed for the previous season.

"It was recommended that labour reward be increased by 1·43d. over the sum allowed last season.

"The figure for pig returns is the same as that allowed last season. These increases recommended by the Committee are as follows :—

	d.
"Working and maintenance	0·625
"Capital charges (interest)	0·315
"Labour reward	1·430
	2·370

"In the opinion of the Committee this price increase of 2·37d. was justified on the evidence and returns of farm production and costs submitted to it. Their recommendation as to price was based on an average butterfat production per adult male unit of labour of 5,750 lb. In arriving at this figure the Committee took as a standard 240 lb. of butterfat per cow, and it related a fifty-cow farm to 2·087 adult male units of labour.

"*The Government's Standard.*—The Government is of the opinion that a more correct standard of efficiency from the point of view of both farm and farmer would be represented by relating forty-eight cows producing 250 lb. of butterfat per cow to two adult male units of labour. This standard could be expressed alternatively as relating to fifty cows producing 240 lb. of butterfat per cow. Accepting this standard of efficiency, which the Government, after inquiry, considers is likely to be more nearly correct than that of the Committee, the production per adult male unit of labour is 6,000 lb. of butterfat. The Government having adopted this standard, the basic purchase price for butter becomes 14·89d. per pound, representing a butterfat pay-out for butter of 15·88d. per pound. This purchase price for butter represents an increase of 1·23d. per pound of butter on the price at which butter has been purchased for last season.

"In terms of butterfat pay-out for butter, the price represents 1·5d. per pound above the price for last season.

"On the question of butterfat production per cow the evidence was apparently insufficient to enable the Committee to adopt a definite single figure as representing an efficiency standard, and a range of 220 lb. to 260 lb. was therefore accepted as a basis. The middle figure of this range was 240 lb., and it appears that the Committee worked on that figure. The actual