

The Government, taking all these factors into account, announced that they would buy all butter and cheese which is exported after 31st July, 1937, and which is manufactured on or before 31st July, 1938, at the following prices per pound f.o.b. ocean steamer :—

Current year's
guaranteed
prices.

CREAMERY BUTTER.

	Price per Pound. d.
Finest grade—	
94 points and over	13·375
93 to 93½ points (basic guaranteed price) ..	13·25
First grade—	
92 to 92½ points	13·1875
90 to 91½ points	13·00
Second grade	12·50

WHEY BUTTER.

First grade	12·25
Second grade	11·75

CHEESE.

Finest grade—	
94 points and over	7·69625
93 to 93½ points	7·665
First grade—	
92 to 92½ points (basic guaranteed price) ..	7·54
91 to 91½ points	7·4775
Second grade	7·29

Allowing 2¼d. per pound butterfat for costs between delivery at factory and on board ship, the return to the farmer from an efficient dairy factory should be 13·88d. per pound of butterfat for butter.

This price is made up as follows :—	Price per Pound. d.
Working and maintenance costs	5·07
Allowance for interest on capital	3·06
Labour on farm	7·29
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	15·42
Less return from pigs	1·54
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	13·88
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In order to cover the difference in costs of production and in returns from by-products in the case of butterfat for cheese, the purchase-price of cheese is so fixed that the average efficient cheese-factory will pay out to its suppliers 2d. per pound butterfat over the pay-out for butter, or 15·88d. per pound.

The Government are satisfied that the prices guaranteed represent a fair and just payment to dairy-farmers for their produce, and that these prices, fixed entirely in accord with the Government policy, will give an efficient dairy-farmer a security of living-standard better than he has known for many years.

Pay-out on shipment at a known price sufficient to cover his costs gives the farmer the position that is due to him as a contributor towards the national income and development.

The Government desire in concluding this section of the Financial Statement to stress the imperative need of maintaining and even improving the quality of our products. The name of New Zealand stands very high in overseas markets for quality, and every dairy-farmer and factory-worker should accept a personal responsibility for maintaining that quality.

High quality
essential.