

Fixation of these prices involved, in terms of the economic stabilization policy, subsidy payments to the producers, and this function was administered by the Town Milk Office. The cost was met by the War Expenses Account, and the amount involved for the period totalled £12,753.

*(2) Payment of 1943-44 Farm-costs Allowance to Town Milk Producers*

Concurrently with the payment of special winter price subsidies to the Christchurch and Dunedin producers, the Town Milk Office was also charged with the responsibility of administering the payment to producers of milk for the metropolitan areas of Auckland, Wellington, Christchurch, and Dunedin, of the town milk equivalent of the 0.767d. per pound butterfat farm-costs allowance granted during the 1943-44 season to suppliers to butter and cheese companies.

The town milk equivalent of this increase was 0.33d. per gallon. This payment was also met by the War Expenses Account, and the total cost to the 31st August, 1944, was £18,035.

*Basis of National Milk Scheme and Preparation of the Milk Bill*

The report of the Milk Commission had strongly recommended the desirability of the adoption of a national price payable to producers as a guaranteed price and directly related to the existing formula and standards operating for the dairy industry under the guaranteed prices scheme. This recommendation was adopted by the Minister of Marketing in consultation with the Economic Stabilization Commission, and the further decision was made to fix an official town milk year commencing on the 1st September in each year and ending on the 31st August of the subsequent year.

These decisions were finally embodied in a national milk scheme to be administered by the Town Milk Office as from the 1st September, 1944.

Parallel with the development of a national milk scheme which determined the economic basis for the industry, a Milk Bill determining the general organizational pattern for the town milk industry was prepared for submission to Parliament. This Bill was introduced to the House of Representatives in November, 1944, and became the Milk Act, 1944, on the 15th of the following month.

On the economic side, the main provision of the Act was the establishment of the Milk Marketing Division of the Marketing Department as the State Department charged with the responsibility for the supervision of the economic welfare of the town milk industry, and replacing the temporary Town Milk Office. In addition, a Central Milk Council was set up under the Act to become the Central Authority to guide and control the organizational development of the industry in terms of the general pattern recommended by the Commission.

The Milk Marketing Division also became the administrative Department for the Central Milk Council.

*Relationship between the Marketing Department and the Central Milk Council*

The Marketing Department, through the Milk Marketing Division, is primarily interested in ensuring the economic stability of the town milk industry, whilst the Central Milk Council is more particularly concerned with creating satisfactory organization through local Milk Authorities so as to safeguard the aspects of quality and service relating to the production, treatment, and distribution of town milk.