

The margin for distribution to households of 9d. per gallon is based on a vendor operating on his own account and distributing 60 gallons of retail loose milk per day, the basis used being the standard round set out in Appendix 2, pages 113–14, of the Milk Commission's report.

Margins were fixed pursuant to section 6 of the Marketing Amendment Act, 1937, by the Minister of Marketing giving notice in writing to all interested persons.

(4) *Summary of 1944–45 Operations*

(a) On the 31st August, 1945, there were twenty-six producer organizations guaranteeing 61,400 gallons of milk per day. A schedule detailing each organization and the daily quantity of milk guaranteed is contained in Appendix A of this report.

(b) The total expenditure by way of subsidy payments on milk supplied for human consumption for the period December, 1944, to 31st August, 1945, amounted to £250,917. See Appendix B of this report.

PROGRAMME FOR THE SECOND YEAR OF THE NATIONAL MILK SCHEME, ENDING THE 31ST AUGUST, 1946

(1) *Increase in National Town Milk Producer Price*

In keeping with the procedure adopted in previous years, the increases paid to the dairy industry were passed on to the producers of milk for town supply. The increases involved in the 1945–46 season were 5s. per week increase in the labour reward both to the owner and to the employee, and an increase of £25 per year in farm-costs, increasing the total return to the town milk producer from £1,187 2s. 7d. in 1944–45 to £1,238 2s. 7d. in 1945–46, the equivalent increase on a town milk supply basis being 0·61d. per gallon. Therefore, the Minister of Marketing advised producer associations that he approved of the following average yearly prices being paid to organizations approved under the National Milk Scheme:—

North Island and those parts of the South Island qualifying with the North Island for an average			
4·3 per cent. test milk	..	..	14·85d. per gallon.
Remainder of the South Island for an average			
4 per cent. test milk	..	..	14·55d. per gallon.

The above average prices were payable in practice in accordance with the following seasonal differentials, all prices being on the basis of per gallon "at the farm-gate":—

(a) All places adjudged to have a 4·3 per cent. B.F. test—

September–January (inclusive)	..	..	12d.
February–April (inclusive)	..	..	15d.
May–August (inclusive)	..	..	18·3d.

(b) All other places—

September–February (inclusive)	..	..	12d.
March–April (inclusive)	..	..	13·3d.
May–August (inclusive)	..	..	19d.

These seasonal differential prices were arrived at by agreement between the Minister of Marketing and the Executive of the Town Milk Producers' Federation, and were subject to variation in any particular district where the circumstances warranted a departure from the general scheme.

In fixing the seasonal differential the producers affected made their representations; and the South Island representatives on the Executive preferred the second set of prices. In regard to these seasonal differential prices there might appear to be an anomaly in that during the winter period producers