

in the South Island with an estimated butterfat content milk of 4 per cent. are receiving 19d. per gallon, whilst the North Island producers with an estimated butterfat content milk of 4·3 per cent. are only receiving 18·3d. per gallon; but there is another factor in that the winters in the South are perhaps harder than in the North, and the heavier weighting on the winter price has a good effect in maintaining winter supplies.

(2) *Extension of National Milk Scheme to cover Payment for
“Surplus Milk”*

The main point of distinction between the operation of the National Milk Scheme during the 1945–46 year as compared with the previous milk year was the recognition by the Government that some payment for surplus milk was necessary—i.e., milk produced for town consumption, but in excess of actual consumption at any time.

The experience gained from the organized marketing of town milk during the first year of the national milk scheme revealed the fact that the peak requirements of town milk for human consumption were from Monday to Friday inclusive of each week. During the week-end, owing particularly to the closing of shops and offices, there was a marked falling off in sales; this factor was intensified by the non-delivery of milk to schools not only during the week-ends, but also during school holidays.

In consultation with the Town Milk Producers' Federation, the principle was adopted that if adequate provision had to be made for the full supply of milk during the peak of the week, the producer should not be required to take the full burden of the falling-off of sales during week-ends and school holidays.

The further point was also recognized that as the national milk scheme required each producer who was a member of a supply association to guarantee a daily nominated quantity at the lowest point of his production, there would be a surplus above this daily nominated quantity during the flush of the season and that such surplus would be inevitable if the guaranteed quantity was to be maintained at the lowest point. The Town Milk Producers' Federation suggested that the problem should be met by the addition to the 1945–46 national milk prices of a 1d. loading to cover the surplus milk factor, but, after a conference with the Milk Marketing Division on this point, the following procedure was agreed upon:—

- (a) The Minister of Marketing, through the Milk Marketing Division, agreed to purchase daily a fixed gallonage of milk from each supply association, based on the average of Monday to Friday consumption:
- (b) In addition to this contract quantity (called the nominated quantity) the Minister of Marketing further agreed to purchase an additional 10 per cent. of that quantity if produced at any time during the milk year.

This, in effect, meant that the Government agreed that producer associations would be entitled to payment of the full national town milk prices up to the nominated quantity, plus 10 per cent., or actual sales, whichever was the greater.

The detailed agreement entered into between the Minister of Marketing and the Executive of the Town Milk Producers' Federation in respect of the 1945–46 milk year as it applied to approved producer associations is set out in Appendix C included in this report.