

now one for the Milk Marketing Division. It was felt necessary to arrange for zoning to continue because the margins for distribution were based on zoned deliveries, and it was felt that the only effect of releasing zoning would mean application for increase in margins, thus increasing the amount of money to be found by the Government by way of subsidy.

(6) *Organization of Emergency Milk Supplies*

During the 1945-46 milk year widespread drought conditions were experienced during the summer and autumn periods in the following milk districts: Whangarei, Auckland, Hamilton, Rotorua, Gisborne, Napier, Hastings, and Nelson. In order to avoid a severe rationing of milk-supplies to the public, the Milk Marketing Division, in collaboration with the producer associations and local Milk Authorities in each area, organized, wherever possible, a supply of additional quantities of milk to meet the emergency. These efforts succeeded, and actual rationing to the public was avoided in all areas. However, the success was achieved only by going very much farther afield to secure milk and thereby incurring heavy additional transport and handling charges. This expenditure had to be met by special vote from the Consolidated Fund. The total quantity of emergency milk purchased and transported to consuming areas during this period was 1,063,857 gallons, and a further quantity of 23,137 gallons was held available, but was separated at the production point because of non-usage.

(7) *Wellington City Council Milk Department: Alteration to Price-fixing Procedure*

Prior to the introduction of the Economic Stabilization Emergency Regulations, the Wellington City Council purchased their milk from producer associations by annual contract which covered not only conditions of supply, but all prices payable to producers. The legislative authority validating this procedure made provision, in the event of the City Council and the producers failing to reach agreement on prices, for the matter to be determined by arbitration.

With the introduction of the Government's economic stabilization policy the Minister of Marketing became the price fixing authority and determined prices payable by the Wellington City Council to their suppliers. At the same time, after consultation with the Wellington City Council, the Milk Department was placed on a marginal basis as other plants in respect of the collection, treatment, bottling, and distribution of their milk-supplies.

By agreement with the City Council, margins for each of these defined services were fixed, and if the difference between the price payable to the producers and the return from the sale to the public at stabilized prices proved insufficient to cover marginal payments, the Council was reimbursed to the extent of the deficiency by subsidy payments from the Consolidated Fund, through the Milk Marketing Division.

During the 1945-46 milk year it was found that, by placing the Wellington City Council on a marginal basis as from the 1st September, 1945, it had become involved in a trading loss of some £11,545, which could not be recovered by the Council during the subsequent summer season. The trading year of the Council commences on the 1st April of each year, and in the past it had been the practice of the Council to carry a deficit in the Trading Account at the end of the winter period when high prices were payable to the producers, and to recover this amount during the following summer period