

the year round in the milk-consumption areas of the Dominion, and also aims to ensure adequate returns to those engaged in the trade. A guaranteed farm-gate price is paid to town milk producers, and various margins are paid for services performed from farm gate to consumers, while the selling-prices are fixed by Price Orders. The difference between the guaranteed farm-gate price plus margins and the Price Order price is met by way of subsidy. The producers give quotas for the milk which they can produce on each day of the year. The town milk price is paid on such quantities, but to allow for seasonal variations in production, the price is also paid on percentages of surplus above the guarantees. In accordance with the agreement with the Town Milk Producers' Federation, these are 17 per cent. in five spring and summer months, and 10 per cent. for the remainder of the year.

NATIONAL TOWN MILK PRODUCER PRICE

For the 1947-48 milk year the national town milk producer price was fixed at 19-4526d. per gallon, as compared with the price of 19-1352d. per gallon for the previous year.

In accordance with the agreement with the Town Milk Producers' Federation which operates until the 31st August, 1950, and of which detailed information was given in the last annual report, the town milk price is arrived at on a formula which takes the average pay-out of cheese-factories as its starting point. The producer prices thus, by and large, follow any changes in the guaranteed price for export dairy-produce. An increase in the guaranteed price was made from the 1st June, 1949. Accordingly, a corresponding alteration was necessary in the national town milk producer price, this increase being fixed at 0-8372d. per gallon.

The town milk producer price is paid out according to seasonal differentials which were as follows :—

North Island—	Pence per Gallon.
September, 1948, to January, 1949 16-00
February, 1949, to April, 1949, inclusive 20-00
May, 1949 24-05
June to August, 1949, inclusive 24-8872
 South Island—	
October, 1948, to February, 1949, inclusive 16-00
September, 1948, March and April, 1949 20-00
May, 1949 24-05
June to August, 1949, inclusive 24-8872

In addition, special seasonal differentials were fixed to meet the specific problems in certain districts.

Where surplus milk was diverted to butter or cheese factories, the following standard credits were taken as realizations on such surplus so diverted—for cheese 10-9d. per gallon and for butter 10d. per gallon. These realizations are built up by way of subsidy to ensure the full town milk producer price on the percentages of surplus recognized. From the 1st June, 1949, the realizations were increased to 11-5d. per gallon for cheese and 10-6d. per gallon for butter.