

1948  
NEW ZEALAND

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# MILK MARKETING DIVISION

REPORT OF THE DIRECTOR OF MILK MARKETING FOR THE PERIOD ENDED  
31ST AUGUST, 1947

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*Presented to Both Houses of the General Assembly Pursuant to the Provisions  
of the Marketing Act, 1936*

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THE DIRECTOR OF MILK MARKETING to the Hon. the MINISTER OF MARKETING.

Wellington, 25th August, 1948.

I HAVE the honour to present herewith, pursuant to the provisions of the Marketing Act, 1936, a report of the operations of the Milk Marketing Division for the period ended 31st August, 1947.

I have, &c.,  
H. H. INNES,  
Director of Milk Marketing.

The Hon. the Minister of Marketing.

## REPORT

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### 1. FIXATION OF NATIONAL TOWN MILK PRODUCER PRICE, 1946-47 MILK YEAR

For the milk year commencing 1st September, 1946, and terminating on 31st August, 1947, the national town milk price was fixed at the level of 15·63d. per gallon, which represented an increase of 0·78d. per gallon on the previous year's price of 14·85d. This increase represented the town milk equivalent of the increase to the guaranteed price for dairy-farmers of 0·52d. per pound butterfat on account of higher labour reward and 0·761d. per pound butterfat representing increased working and maintenance costs. This average price of 15·63d. was, in consultation with the Town Milk Producers' Federation of New Zealand, divided into the following seasonal differentials:—

	Per Gallon. d.
Summer period (September to January inclusive) .. ..	12·75
Autumn period (February to April inclusive) .. ..	15
Winter period (May to August inclusive) .. ..	20·36

These prices were payable to approved producer organizations in respect of the full nominated quantity plus agreed surpluses if produced, or actual town milk sales, whichever were the greater.

### 2. FURTHER EXTENSION OF THE NATIONAL MILK SCHEME TO COVER PAYMENT FOR ADDITIONAL SURPLUS MILK

During the 1945-46 milk year, payment of surplus over and above the nominated quantity to the extent of 10 per cent. was recognized. On behalf of milk producers, however, their federation claimed that this surplus factor was particularly inadequate as far as the summer period was concerned, when a flush of production was inevitable. After consultation between the Minister of Marketing and the federation, it was agreed that the surplus factor for the summer period be increased to 17 per cent., the autumn and winter periods remaining at 10 per cent.

### 3. TERMS OF AGREEMENT BETWEEN THE MINISTER OF MARKETING AND THE TOWN MILK PRODUCERS' FEDERATION OF NEW ZEALAND

The terms of the agreement entered into between the Minister of Marketing and the Town Milk Producers' Federation of New Zealand covering the operation of the National Milk Scheme for the 1946-47 year was broadly on the same basis as that operative during the previous year and published in detail in the first annual report of this Division. The only major alterations for this year included the provisions to recognize the increase in the surplus milk factor to 17 per cent. for the summer period and to pay for any surplus milk produced in the winter period at the average price of 15·63d. per gallon.

### 4. BASIS OF REALIZATION FOR SURPLUS MILK DIVERTED FOR DRIED MILK, CHEESE, OR BUTTER MANUFACTURE

After consultation with the Town Milk Producers' Federation it was agreed that in respect of the 1946-47 milk year the credit on surplus milk to be given to the Government on quantities diverted to dried milk, cheese, or butter manufacture were to be on the following basis:—

	Per Gallon. d.
For dried milk .. ..	9·1
For cheese .. ..	8·75
For butter .. ..	7·85

All prices to be credited as at the farm gate.

5. LIST OF TOWN MILK PRODUCER ORGANIZATIONS, TOGETHER WITH DAILY NOMINATED QUANTITIES APPROVED BY THE MINISTER OF MARKETING IN RESPECT OF THE 1946-47 MILK YEAR

District.	Name of Association.	Nominated Quantity.
		Gallons.
Whangarei ..	Whangarei Co-operative Milk Marketing Co., Ltd. ..	1,250
Auckland ..	New Zealand Co-operative Dairy Co., Ltd. ..	14,662
	Stonex Co-operative Milk Producers, Ltd. ..	6,994
	North Shore Milk Producers Co., Ltd. ..	2,450
	Auckland Milk Co., Ltd. ..	5,094
Hamilton ..	Hamilton Co-operative Milk Producers Co., Ltd. ..	2,800
	New Zealand Co-operative Dairy Co., Ltd. ..	1,055
Rotorua ..	Rotorua Co-operative Milk Producers Co., Ltd. ..	940
Tauranga ..	Tauranga Milk Producers' Association ..	740
Whakatane ..	Whakatane Milk Producers' Association ..	455
Gisborne ..	Gisborne Co-operative Milk Producers' Association, Ltd. ..	1,950
Te Puke ..	Te Puke Milk Producers' Association ..	90
Napier-Hastings ..	Hawke's Bay Raw Milk Producers' Co-operative, Ltd. ..	3,500
Waipukurau ..	Waipukurau Milk Producers' Association ..	130
Dannevirke ..	Maharahara Co-operative Dairy Co., Ltd. ..	725
Palmerston North ..	Manawatu Co-operative Milk Producers Co., Ltd. ..	2,820
Levin ..	Levin Milk Producers' Association ..	380
Wanganui ..	Wanganui Co-operative Milk Supply Co., Ltd. ..	2,550
Feilding ..	Feilding Milk Producers' Supply Association ..	320
Hawera ..	Hawera Co-operative Milk Supply Association, Ltd. ..	525
Eltham ..	Eltham Co-operative Dairy Co., Ltd. ..	126
Stratford ..	Stratford Milk Producers' Association ..	405
New Plymouth ..	New Plymouth Dairy Farmers' Co-operative Milk Supply Association, Ltd. ..	1,975
Raetihi ..	Raetihi Milk Producers' Association ..	290
Nelson ..	Nelson Co-operative Milk Producers' Association, Ltd. ..	1,725
Blenheim ..	Blenheim Co-operative Milk Supply Co., Ltd. ..	770
Westport ..	Westport United Dairies, Ltd. ..	460
Christchurch ..	Christchurch Metropolitan Milk Suppliers Co-operative Association, Ltd. ..	3,200
	Canterbury Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	12,500
Timaru ..	South Canterbury Co-operative Milk Supply Co., Ltd. ..	2,300
Waimate ..	South Canterbury Co-operative Milk Supply Co., Ltd. ..	220
Oamaru ..	North Otago Milk Producers' Association ..	880
Dunedin ..	Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	6,200
	Town Milk (Dunedin), Ltd. ..	2,600
Ashburton ..	Ashburton Milk Producers' Association ..	320
Invercargill ..	Southland Co-operative Milk Supply, Ltd. ..	2,560
Opotiki ..	Opotiki Milk Producers' Association ..	115
Mount Maunganui ..	Mount Maunganui Milk Producers' Association ..	88
Balehutha ..	Dairy Farmers' Co-operative Milk Supply Co., Ltd. ..	360
Taumarunui ..	Taumarunui Milk Producers' Association ..	352
	Total ..	86,876

6. FIXATION OF PROCESSING AND DISTRIBUTIVE MARGINS

The national milk margins covering pasteurization, chilling, bottling, and wholesale and retail distribution remained unchanged during the year. These were published in full in the first annual report of the Division.

7. WELLINGTON CITY COUNCIL PRICE STRUCTURE AND RECONCILIATION WITH HUTT VALLEY TRADE

The supply of milk to the Wellington metropolitan area, which includes the Hutt Valley, is not handled under the National Milk Scheme, and a totally different price structure is provided for the purchase of milk from town milk producers. Following upon the increase under the National Milk Scheme of 0.78d. per gallon, consultations

were held between the Wellington Dairy Farmers' Co-operative Association, Ltd., the Wellington City Council, and the Milk Marketing Division, and resulted in the following price schedules being determined upon for the 1946-47 milk year:—

Summer period	..	..	..	17·75d. per pound butterfat, plus 5·39d. per gallon added value.
Autumn period	..	..	..	17·75d. per pound butterfat, plus 7·79d. per gallon added value.
Winter period	..	..	..	17·75d. per pound butterfat, plus 85 per cent. of 17·75d., plus 7·54d. per gallon added value.

By agreement, also, the processing and distributive operations of the Wellington City Council and of milk vendors in the Hutt Valley are governed by the same margins as those applied under the National Milk Scheme, and on the basis of stabilized retail prices an annual reconciliation is made between the Milk Marketing Division, the Wellington City Council, and the Wellington Dairy Farmers' Co-operative Association, Ltd. In respect of the 1946-47 milk year this arrangement resulted in the payment of subsidies to the industry through the Wellington City Council to an amount of £108,833 12s. 11d., and direct to the Wellington Dairy Farmers' Association in respect of raw milk trade in the Hutt Valley to the sum of £3,289 18s. 3d.

#### 8. WELLINGTON THIRTY-MILE PRODUCERS: PAYMENT OF SPECIAL WINTER FEED ALLOWANCE

Milk producers within a thirty-mile radius of Wellington were paid a special winter feed allowance of  $\frac{1}{2}$ d. per gallon on total sales for the 1945-46 milk year. For the present year, 1946-47, the procedure was altered, by agreement, to the basis of the payment of 1·1d. per gallon on milk produced during the autumn and winter periods. This allowance involved the payment by the Milk Marketing Division of subsidies amounting to £8,454 on milk handled during the milk year ended 31st August, 1947.

#### 9. ORGANIZATION OF EMERGENCY MILK SUPPLIES

During the year drought conditions were experienced, particularly in Auckland, and emergency milk to the extent of approximately 89,922 gallons had to be secured from emergency cheese-factories in the Aka Aka and Hauraki Plains areas. These arrangements involved the payment of additional amounts totalling £1,548.

#### 10. PAYMENTS MADE BY THE MILK MARKETING DIVISION IN RESPECT OF MILK SUPPLIED FOR HUMAN CONSUMPTION FOR THE PERIOD 1ST SEPTEMBER, 1946, TO 31ST AUGUST, 1947

(a) Payments made under National Milk Scheme to producers, treating houses, and vendors	..	..	..	..	£	442,349
(b) Cost of surplus milk scheme	..	..	..	..	..	67,898
(NOTE.—The cost of purchasing milk at national milk price after deducting actual realizations was the equivalent of 0·6927d. per gallon of actual town milk sales)						
(c) Payment of winter feed allowances	..	..	..	..	..	8,704
(d) Payment of administration levy to producer associations	..	..	..	..	..	7,895
(e) Payment of levies to local Milk Authorities	..	..	..	..	..	9,498
(f) Payment of additional transport and handling costs incurred in obtaining emergency milk supplies	..	..	..	..	..	1,548
						£537,892

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