

Our detailed report and recommendations are as follows :—

INTRODUCTION

THE Commission was appointed on 12th March, 1943, to inquire into and report upon the following matters :—

- (a) The present circumstances of the supply of milk to the four metropolitan areas of Auckland, Wellington, Christchurch, and Dunedin, and to such other areas as may from time to time be directed by the Minister of Agriculture :
- (b) The alteration and reorganization in methods of supply, collection, treatment, and distribution that may be necessary in such areas to ensure at reasonable prices adequate supplies of milk of high standard :
- (c) The supply of milk for the Armed Forces, including Allied Forces, in such areas.

The problems presented by this order of reference are complex and of considerable magnitude. It is not possible to state exactly what is the total annual value of the milk distributed to consumers of all classes in the four metropolitan areas, but it appears to be not less than £2,500,000. The number of dairies licensed for the supply of milk within the four metropolitan areas approaches 2,000, with a cow population of over 60,000.

The problems are problems of greatest moment. All the medical evidence presented to the Commission emphasized the fact that milk is at once the most valuable of all articles of diet and the most dangerous means for the spread of disease. New Zealand has been developing the milk industry with a view to securing adequate supplies to meet the increasing needs of a growing population with an increasing *per capita* consumption. It has also directed attention to ensuring that that milk shall be safe and of good quality. The Health Department has endeavoured, and is endeavouring, to increase consumption per head of the population, and it has control of the scheme to provide a free issue of milk to all children in kindergartens and primary and secondary schools. The Department of Agriculture has devoted attention to securing the most sanitary conditions in dairies producing for town supply and insists on the observance of regulations as a condition of the issue of a license to supply milk for consumption in its liquid form. The Health Department has been endeavouring to enforce the provisions of the Sale of Food and Drugs Act to ensure the maintenance of the approved standards of quality and purity.

The purpose of the policy expressed in these provisions and administration is at present threatened with defeat. During part of the time occupied by our inquiry in three of the areas the provision of school milk was almost entirely suspended because supplies were not available. Supplies to the Armed Forces were cut down. Deliveries to wholesale purchasers such as milk-shops and milk-bars were reduced. In one area even supplies to household consumers were severely rationed. Even more serious is the fact that milk was being drawn from suppliers outside those whose equipment for town milk-supply has been developed through years and who have been licensed for the purpose. Milk was drawn from suppliers to factories situated up to 100 miles from the centres, and, though in some cases the supplies were satisfactory, such a state of affairs can only be described as dangerous. It means that the organized control of quality is being defeated. And it must be remembered that the rationing of supplies took place only after the resources of the factory suppliers in an area extending up to 100 miles from the centre had been extensively utilized. It is true that special circumstances contributed to this state of affairs. There had been, on the one hand, a heavy demand for the defence Forces, and, on the other hand, a falling-off in production due to lack of fertilizer and of adequate efficient labour. In the Auckland district a long drought seriously reduced production. But all these influences, save the drought in Auckland, were foreseen. They all are still operative, and there is no reason to expect that they will be less serious in their operation during the coming year. The demand for the Armed Forces must be anticipated, and it must be borne in mind that approximately 10 per cent. of the population of New Zealand is under arms and must ultimately be absorbed in the civilian population. Only in Auckland was the effect of the drought very serious, and there the frequency of dry seasons is a fact that must always be noted in planning the supply of milk for the metropolitan area.

The Commission has regarded the metropolitan milk-supply as one part of the liquid-milk industry of the country, and the liquid-milk industry, in turn, as a division of the great dairy industry. The production of milk on the dairy-farm involves the same kind of activity and is subject to the same influences whether it is sold for consumption as liquid milk within the Dominion or is manufactured into butter or cheese either for internal consumption or for export. And the two parts of the industry are inter-related in important practical ways. As the demand for liquid milk increases, the sources of increased supply must be found largely in the herds supplying the factories. Not only so, but slight influences may readily cause a change-over from one form of farm economy to another. A difference in price between milk for town consumption and that for the cheese or butter factory may be too narrow to induce the dairy-farmer to maintain the drudgery of all-the-year-round milking; and, as has often happened and is happening to an increasing degree, he may quickly change over to seasonal milking for the factory. This fact alone is sufficient to make it impossible to consider the town milk-supply as a completely separate industry.

The Commission has studied the supply to the four metropolitan areas as a part of the liquid-milk-production section of the dairy industry. The population supplied in these areas probably exceeds 600,000. That means that another 1,000,000 draw their supplies outside this area. Many of the problems of the metropolitan areas are problems of the smaller cities and towns. The Commission is not entitled to extend the inquiry beyond the areas specified in its order of reference, but it has recognized the wider implications of the various proposals considered; and it has been compelled to recognize that already at times resort is had to the same sources of supply by the populations of different centres, and that competing interests may need to be reconciled in the not distant future.

The Commission has particularly considered the features of a long-term policy, but has had regard also to the need of short-term adjustments. Had the circumstances of the present time been normal we still would have adopted this attitude. Fixed methods have been developed in the city milk-supply industry in each of the metropolitan areas. In our opinion some of these methods need to be modified and some radically altered in order to meet expanding needs and to satisfy the rising standards of life in New Zealand without necessitating undue increases of price to the consumer. But the industry