

has been organized and personal interests have been created in such a way that serious personal hardships would be inflicted if far-reaching changes were effected suddenly. Moreover, production of milk is sensitive to economic changes and sudden changes, no matter how well justified they may be on social grounds, may readily defeat the object they were intended to attain. The fact is that the present is not a normal time, and every consideration against seriously disturbing change is reinforced by the need to achieve the maximum co-operation in every vital service. We think, therefore, that we should regard the present stage in the milk industry as one of gradual transition from an old order to a new one.

Closely related to this distinction between a long-term policy and a short-term policy is the policy of establishing conditions such that they themselves will bring about a progressive improvement in the conduct of the industry. This is to be regarded not merely as a method of transition, but rather as part of the long-term policy itself. As an example, it may be possible to alter in a definite way both producer and consumer prices and so meet a present need. On the other hand, it may be possible to prescribe a method of ascertaining producers' and vendors' costs from time to time and to prescribe a rule of varying prices in accordance with changing costs. Again, some particular method of treating milk might be made compulsory in all cases. On the other hand, conditions may be established that not only make such treatment possible on terms that are fair to all producers, but advantageous to them as well. These are two examples only of a number of matters that call for consideration, but they serve to illustrate a distinction. In the opinion of the Commission the policy of ensuring and shaping development by direction of the forces operative within the industry is the right one to adopt whenever such a policy is open. There are cases in which we think definite change should be made immediately, but such cases are only apparent exceptions and the necessity for prescribed changes arises mainly as part of the policy of establishing conditions of progress.

In considering the conditions of progress, prominence must be given to the importance of making conditions such that the persons directing any operation of the industry will best advance their own economic interests when they render the best service to the community. For example, the Commission was impressed in several of the centres by the evidence of an increasing dependence on accommodation milk for supplies in winter. The production of milk in the winter means heavier cost because of heavier feeding. This is an important item when any attempt is made to approximate to a level supply. Except where the conditions for the production of winter feed are favourable, this in itself encourages seasonal milking with dependence on accommodation supplies for winter. And this tends to dependence on stripper milk, milk from late calvers, and from cows that have aborted. It also means, in practice, dependence on supplies produced at a distance and under conditions that are below the standard normally required for a town milk-supply. The result is the double evil of constant threat of shortage and growing dependence on supplies drawn from unsatisfactory sources. Obviously the conditions to be established in the industry ought to be such that it will be unprofitable to those responsible to develop that dependence, and profitable to encourage the development of an even supply, or, where it is more economic to develop it, the extension of the normal area of supply to include districts where winter production is less costly.

At the very outset of its inquiry the Commission was faced with the necessity of considering the fundamental organization of the industry. The questions arising in connection with the alteration and reorganization of methods of supply, collection, treatment, and distribution are questions with implications much deeper than would appear on a superficial interpretation of that phrase. The methods of supply, for example, include methods of controlling the organization of that supply, and those vary in the several metropolitan areas. In the opinion of the Commission it is impossible "to ensure at reasonable prices adequate supplies of milk at a high standard" unless reorganization of the fundamental methods is effected. Our recommendations and the reasons for them will be found in Part II of this report. It should be stated here that, in the opinion of the Commission, the guiding principle to be adopted in organizing each operation in achieving a satisfactory supply is that, as far as practicable, the authority and the responsibility for the operation should be conferred upon the group that must perform it. This applies with particular force to the question of supply. The farmers or dairymen who produce the milk generally have their activities regulated by the vendors. This is true to an extent even in Wellington. We know of no good reason why the farmers who do the work should not be called upon to organize the supply and be made responsible for doing so. The dairy-farmers have proved beyond question their capacity to direct and control their industry to their own advantage and to the good of the community. There is no reason to doubt that the farmers concerned with the supply of milk to the four metropolitan areas will, within their own sphere of operations, prove themselves equally capable and reliable.

In the limited time at our disposal we have not been able to obtain in all matters particulars as full and as accurate as ought to be collected and tabulated. Neither dairy-farmers and their organizations, nor treatment houses and other large vendors, nor the small vendors and producer-vendors, nor, indeed, local authorities, have kept records in anticipation of such an inquiry as we have conducted. As a result we have been unable to ascertain exactly many facts that would have enabled us to present a full account of the industry in each centre or to make final recommendations in respect of all details of importance. By way of illustration of incompleteness, but not as supplying an exhaustive list, we may mention the proportions of milk produced in the different seasons; the way in which sales have been distributed between retail quantities, wholesale quantities, and quantities sold under special contract; between the rates or prices charged for the different classes, the quantities of milk used for sweet cream, ice-cream, and for other purposes; the true cost of the several items for which a margin must be allowed to vendors.

The Commission has had the co-operation of nearly all parties, and is particularly indebted to the Auckland Metropolitan Milk Council and to the Milk Department of the Wellington City Council for the assistance given. The records kept by the Auckland Metropolitan Milk Council are much fuller than those kept elsewhere, and the Council and its officers went to considerable trouble to assist the Commission. The officers of the Milk Department of the Wellington City Council, who were called upon at very short notice, lent every assistance. In Part II of this report we make certain recommendations in reference to records. It is hoped that the records of the future and their compilation will enable each developing and changing situation to be studied and comprehended readily and with certainty. In the meantime, with the co-operation we have enjoyed, we have managed to obtain approximate results and to reach conclusions that we believe will assist the discovery of immediate solutions of the more important and more urgent problems presented by the industry.