

The consumption of milk in the schools is much heavier in March than it is in December, and since the full effect of the milk-in-schools policy was first felt in the 1937-38 period there has not been much difference in the total volume of sales in the area in those two months. In the 1942-43 period the daily consumption in March exceeded that of December by 1,748 gallons, but this, no doubt, was abnormal. Until March, 1937, the highest daily average for any one month supplied under the milk-in-schools scheme was 375 gallons. In March, 1937, it was 1,123 gallons, and since that date it has risen to as high as 1,350 gallons. Since the milk is used only on school days, the consumption on any one day may appreciably exceed this quantity. The figures for consumption seem to indicate that the increase in consumption has not kept pace with the increase in population, or, perhaps, that the ordinary per-head consumption has to a marked degree adjusted itself to the provision of milk in schools.

Future Expansion of Demand

If the standard of 1 pint per person per day, which is well below the standard set by health authorities, were observed, the daily consumption by a population of 223,700 would be 27,962 gallons, and to this would have to be added the consumption by shipping, by the Armed Forces, and that at the schools outside the metropolitan area. The quantity of milk consumed on school days by school-children in the outside districts at the rate of $\frac{1}{2}$ pint per day each would amount to, approximately, 1,800 gallons.

For the time being the daily consumption by the civilian population, the needs of shipping, the requirements of the Armed Forces, and the supply to children of schools in outside districts is the measure of the demand. In anticipating the demands in the future regard must be had to the growth in the population, including the school population, the normal increase in supply, and the stimulus to milk-consumption by the activities of the Health Department and other health authorities. Against this must be placed whatever reduction there may be on repatriation when the members of the Armed Forces are dispersed and our own men return to civilian life.

ORGANIZATION

The two outstanding features of the organization of the milk-supply to the Auckland area are the control exercised by the Metropolitan Milk Council and the existence and operation of the tight pools.

Milk Council

The Milk Council was constituted under legislation passed in 1933 and commenced operations in 1934. In order fully to appreciate its policy and administration it is necessary to bear in mind the conditions in which it was born. For some time there had been an abundant supply of milk, and a vigorous price war was waged between various companies. There was much complaining about the chaotic condition of the industry and of the poor return being obtained by the dairy-farmer for his product. Fears were entertained that a continuance of the unrestricted competition would, by impoverishing the farmers, imperil the supply.

The new Council took up its duties and applied itself energetically to its task of organizing the industry and protecting the consumers in respect both of adequacy of supply and of high quality. It has discharged a variety of duties, but four features of its administration have been conspicuous.

It has controlled the issue of licenses to dairy-farmers. This was, from the outset, part of the policy of bringing order out of chaos, and has been continued as part of a policy of maintaining order in the industry. In order to supplement the supply in the autumn and winter months without increasing the summer surplus it has devised a system of temporary licenses which authorize the holders to supply milk during a part of the year only.

It has rationalized the distribution of milk. Before the zoning system was introduced it took steps to reduce the waste caused by duplication of services; and when the zoning system was adopted it organized a scheme of zoning that left little to be desired.

It has adopted its own system of testing directed to raising the standard of the milk sold and to maintain the higher standard. With the same object in view it has limited the hours of delivery by requiring all milk supplied to households to be delivered before 7.30 a.m. The explanation of this early hour is that the atmosphere in Auckland is very humid and that consumers should be able to depend for their milk at breakfast on that morning's delivery and not on the supply of the previous day.

It has controlled the issue of licenses to milk-shops so as to bring about the elimination of uneconomic duplication of selling agencies. Shops already holding licenses were allowed to continue them, but new licenses have been granted only in cases in which the additional agencies were justified on economic grounds. And this control has extended to cases in which licenses have lapsed and application made for new licenses to replace them.

The powers of the Council are limited. They cannot prosecute in all cases of breach of the law. They can refuse to issue licenses and they can cancel licenses. But cancellation is a severe penalty, and in periods of shortage it is difficult to apply. The prospective effect on the city's supply would prevent its application to any really large vendor.

Tight Pools

In the Auckland area there is a system of what are described as tight pools. These are groups of suppliers associated with particular treating and vending houses. Licenses are granted to dairy-farmers by the Milk Council not to supply milk to the town generally, but to supply a particular house. The Council cannot compel a treating-house or a pool to accept a particular supply. It authorizes, but does not oblige. The number of licenses in each pool is controlled by the Council with the object of preventing the creation of too large a surplus with a consequent low pay-out to the licensees. A further feature of the system is the grant of temporary licenses under which dairy-farmers are licensed to supply milk for limited periods only. Apprehension is felt lest if licenses are freely granted an excess quantity of milk will come on the market, an increasing proportion will have to be supplied as surplus milk to the cheese-factory, the payment per gallon to the dairy-farmer will fall, and the supply to the metropolitan area will be endangered.

An examination of certain features of this system in operation is illuminating. There are five tight pools in Auckland, which for the purpose of this statement are designated Pool A, Pool B,