

The delivery of a greater number of gallons per man is associated not only with a direct saving in labour-costs, but, because of fewer rounds, would result in savings on transport and all other costs associated with a round.

A further point affecting costs of distribution is the amount of milk delivered per call or, as it would be in most cases, per household. Accurate and detailed figures are difficult to obtain, but the Commission has been able to obtain general information indicating the following position for retail distribution:—

Wellington	..	..	..	..	..	2.13 pints per customer.
Hutt Valley	..	..	..	..	..	2.25 pints per customer.
Auckland	..	..	..	..	..	1.78 pints per customer.
Christchurch	..	..	..	..	..	1.95 pints per customer.
Dunedin	..	..	..	..	..	1.91 pints per customer.

The lower delivery figure for Auckland would be a contributing factor to the higher cost of retail distribution. The stepping-up of the *per capita* consumption to at least 1 pint per head would assist to a limited extent in lowering distribution-costs.

Another factor which has played a considerable part in increasing the cost of labour in Auckland is the fact that there has been considerable difficulty in obtaining roundsmen and, in many cases, high costs of overtime have been incurred. This is particularly so in the case of one firm whose accounts were investigated at the instigation of the Auckland Metropolitan Milk Council, and the distribution-costs were found to be approximately 11.5d. per gallon. This cost, however, was burdened to a very considerable extent by unduly high wage-costs due to overtime and the training of new men, so that the action of the Auckland Metropolitan Milk Council in moving the cost of delivery from 8d. to 10d. in the summer of 1941 cannot be accepted as typical of present distribution-costs or as indicating that distribution-costs as a whole had moved up to that level. One firm whose accounts were examined by the investigating accountant had incurred a total of over £500 during an eight months' period in avoidable overtime costs. Another firm incurred £322 in a six-month period.

The Commission is of opinion that if hours of distribution could be adjusted to permit of all roundsmen working full award hours on delivery, then with the savings that have been achieved through front-gate delivery and zoning, and that should accrue with the delivery of all bottled milk, a cost of 9d. to 9½d. per gallon would be an adequate margin to allow for the cost of retail distribution.

A further question of considerable importance is the method of payment for milk. At the present time the roundsman spends approximately three hours per week collecting accounts. If the Metropolitan Milk Council in each area were given authority to issue tokens as is done by the Wellington Municipal Milk Department, the cost of collecting accounts would be completely avoided and considerable savings would accrue to the company, both in the matter of bad debts and in the cost of keeping and collecting accounts.

It is the recommendation of the Commission, therefore, that the question of token payment for milk be thoroughly investigated, and, if practicable, powers be given to the Milk Councils to adopt this system. It is further of the opinion that the payment by the Wellington Milk Department of a commission of 2½ per cent. on the sale of tokens is too high, and as the sale is a service rendered to customers by retail shops this commission could, in the interests of economy of milk distribution, be reduced to, say, 1 per cent. or 1½ per cent.

(2) *Wellington.* Distribution-costs in Wellington are particularly low, mainly because of the system of distribution adopted and the high retail gallonage delivered per roundsman. This low cost strongly emphasizes the value of centralization either by a municipal enterprise or by general co-operative action of existing distributing interests. Centralization by co-operation between existing distributors is a matter which merits serious consideration by the Milk Councils in other areas with a view to cheapening the cost of delivery.

In Wellington a system is operated under which feeder trucks go out to the suburbs and keep each roundsman fully supplied with all the milk he requires. By this means the tremendous achievement of 120 gallons per roundsman has been obtained.

The Commission can see no reason why distribution in Wellington is any easier than in other areas. There are more hills, the suburbs are scattered, and the problems are the same as in the other areas. With proper organization, longer delivery-hours for the roundsmen, and consideration of the most efficient means of transport the Commission can see no reason why the costs of distribution should not be cheapened—that is, except in the case of Wellington.

(3) *Christchurch.*—Motor-vehicles are the main type of transport used, chiefly because of the difficulty with ice on the roads in winter. The average gallonage per round is approximately 85 and there is no doubt that further improvement along the lines mentioned in the case of Wellington could be effected with proper organization.

One particular firm which had been permitted to charge a higher rate for retail milk, because of circumstances connected with the quality of the milk, has stated a special case to the Commission. Difficulties were encountered by the firm when men were released for the Armed Forces and girls had to take over the retail distribution; but, whilst being fully sympathetic with this particular case, the Commission is of opinion that it has no power under its order of reference to direct any special attention to a differential price for any particular distributor. The Commission is also in principle opposed to differential prices for retail milk on the grounds that all milk should be of a uniformly high standard.

(4) *Dunedin.* Dunedin distribution-costs are similar to those in Christchurch, but the system of distribution presents a new problem. It is the practice in Dunedin for distributors to engage the services of boys, one or more of whom attend a distributing vehicle in company with the driver and assist in the vending. The boys are paid a wage varying from 10s. to approximately 30s. per week, and, although the system appears to have worked satisfactorily, the Commission attaches weight to the objections stated by the consumer representative in Dunedin, and considers that there are good grounds for objection in principle to such a practice. Proper organization, as in the case of Wellington, would place the distributing trade on a sound basis and would eliminate the necessity for the employment of boys under conditions which, particularly in winter, must certainly be severe.

(5) *Hutt City.*—The problem of milk-distribution in the Hutt Valley and bays area necessitates special and separate attention. All milk distributed in the Hutt is distributed unpasteurized, and,