

is an undesirable practice in the Christchurch area, where large quantities of cream are purchased from the West Coast of the South Island and brought by rail to Christchurch to be vended as sweet cream. This trade should be in the hands of the Dairy Farmers' Supply Association in order to enable them to dispose of surplus milk to the best possible advantage.

Considering the importance of the disposal of surplus milk as a whole, the Commission recommends the Central Authority to determine what priority can rightly be given to the Dairy Farmers' Co-operative Milk Supply Association to supply all milk and cream for milk products in the metropolitan area (other than butter and cheese) in order to dispose of surplus milk at the best price.

LICENSING OF SUPPLIERS

The Commission has heard much evidence in connection with the licensing of suppliers, and it has been put forward on more than one occasion that the Health Department should be given the right to control the quality of the milk from the farm to the consumer. At present this right can only be exercised by the Health Department from the farm-gate, and the jurisdiction of the Health Department does not extend to the milking-shed. The Commission is of opinion that the present arrangement is reasonably satisfactory, although there is undoubtedly scope for greater collaboration between the Health Department and the Department of Agriculture in following up complaints regarding milk. If the Dairy Farmers' Co-operative Milk Supply Association was made responsible not only for the supply of milk, but also for its quality, it is probable that the control of farm conditions could best be carried out by the Department of Agriculture, either through the Live-stock or Dairy Division in collaboration with the Supply Association. Consideration should further be given to any suggestion for expediting the follow-up of unsatisfactory milks by the Health Department.

With this qualification the Commission is of opinion that the present system of licensing suppliers is satisfactory and that, having been licensed by the Department of Agriculture, no further license should be required by the producer in order to supply city milk. He should, however, apply to the Dairy Farmers' Co-operative Milk Supply Association for membership (in accordance with recommendations stated in Chapter 7), and, having been accepted, he would then become a fully operative city-milk supplier.

The question of admitting to membership suppliers who are still on a seasonal basis of production—that is, producing far more milk in the summer than in the winter—is a matter of considerable importance and is again discussed at this stage because of its bearing on problems of supply. The supplier with a heavy summer production is the supplier who creates the major part of the surplus milk problem, and in Auckland it was on this point that the Auckland Metropolitan Milk Council had allowed considerations of economy existing within pools to override considerations of adequacy of supply. There appears to be at least one possible practicable method of exercising reasonable control over this question of the seasonal producer, and that is by the Dairy Farmers' Co-operative Milk Supply Association being given the right to set up two distinct types of membership:—

- (a) Membership in a permanent group of suppliers; and
- (b) Membership in a temporary, or "winter," group of suppliers.

The permanent supply group should be comprised of present full-time city-milk suppliers, plus any new suppliers whose winter production for the coming winter is estimated at, at least, say, 40 per cent. of their total season's production.

The temporary or "winter" group should be comprised of present suppliers who indicate that they do not wish to cater for all-the-year-round city-milk production and any new suppliers whose percentage of winter production to total production is estimated at appreciably less than, say, 40 per cent. The temporary group of suppliers would send the whole of their production in the summer months to the butter or cheese factories and would supply the city only in the autumn and/or winter according to their expressed wish.

No producer should be refused membership of a Dairy Farmers' Co-operative Milk Supply Association unless—

- (a) He has been refused a license by the Department of Agriculture;
- (b) The Dairy Farmers' Co-operative Milk Supply Association can show that their quota milk for the coming winter is at least 10 per cent. in excess of the stated estimated demand.

The Central Authority should confirm the refusal of any applications for membership. This safeguard is suggested as a means of policing any attempt by the Supply Association to restrict their membership before all supply commitments have been adequately safeguarded.

(NOTE.—The Central Authority, because it is aware of the number of licenses being refused, will be in a position to determine whether the price for city milk is proving unduly attractive compared with the price for dairy-factory supply. The Central Authority can then in its wisdom take appropriate action.)

PRODUCER-VENDORS

Producer-vendors should be members of the Supply Association, but should be allowed to continue to vend the production from their own farms plus a controlled amount in the winter which may be purchased from the Supply Association at rates to be determined by the Central Authority. It is the recommendation of the Commission that the Central Authority consider whether producer-vendors should be limited to vending only the milk produced from their own farms or an amount not exceeding, say, 40 gallons daily, whichever is the higher.

In deciding the amount of milk which producer-vendors should be allowed to purchase in the winter the Central Authority must give full weight to the influence of seasonal conditions, &c. The purpose of this recommendation is to ensure that producer-vendors do not become an unduly heavy burden on the Supply Association, but the Commission is of opinion that they should be members of the Supply Association in order that they will bear their fair share of the cost of surplus milk.

To the extent that producer-vendors achieve a level supply and do not have to rely upon the Supply Association for milk in the winter, then to that extent should they be permitted to retain the full amount of the retail price, less a reasonable levy to the association. To the extent that they rely upon considerable quantities of winter milk from the association, then to that extent should they bear their full share of the cost of surplus milk. Just how this could be apportioned must remain to be determined by the Central Authority.