

MILK.

With few exceptions little trouble was experienced in connection with milk-prices throughout the Dominion. Changes in price have taken place in most of the centres in consequence of the high prices ruling for butter-fat supplied to cheese, butter, and dried-milk factories. Orders in Council were gazetted fixing the maximum retail price at Wanganui, Wellington, Hutt, and Petone at 5½d. per quart. Later in the year a further increase of ½d. took place, making milk 6d. per quart, and even at this price supplies have not been adequate, especially in Auckland and in Wellington. In the former city the drought experienced in the late summer was responsible for a shortage of feed, and in Wellington supplies could only be secured at heavy expense and from farms far removed from the city. In Wellington the control of the milk trade is now in the hands of the Wellington City Council, therefore the Order in Council fixing the price of milk in Wellington has been revoked. The local experiment is being closely watched by the Board, which is working in co-operation with the Council authorities. Recently a block system of delivery was inaugurated, and this will undoubtedly save the expense and waste connected with the old method of delivery whereby several milkmen were engaged in supplying milk to one street. As long as the present prices obtain for butter-fat used in the manufacture of cheese, butter, glaxo, and condensed milk the Board sees little prospect of milk-prices being reduced to the New Zealand consumer.

CEMENT.

During September of last year an investigation into prices ruling for cement was asked for by several complainants, and these complaints were subsequently supported by a common resolution passed by various City and Borough Councils. The resolution read as follows: "That as a matter of the very greatest national importance this Council unanimously urge upon the Government the necessity of closely looking into the manufacture and carriage of cement, as we honestly believe that it can be made available to consumers at a very much lower cost than at present prevailing."

Before the war the average price of cement to the consumer was about £3 15s. per ton in Auckland, a price arrived at by acute competition. At this price the cement companies showed that they were certainly not doing well, one company at least being unable to pay dividends for a long period. In addition to the companies in active operation a new company had large cement-works in course of erection. After arranging for a capital of approximately £467,000 the company went into liquidation before the works were completed. Two other North Island companies had expended £300,000 altogether in plant and machinery, and in the South a large amount of capital was also invested. The Board found that the position at the date of inquiry (September, 1918) was that the existing mills were capable of producing much greater quantities of Portland cement than there was demand for, and some mills therefore had to close down.

Since the beginning of the war sales have fallen off materially. The reasons for this are probably as follows: Government and public bodies have curtailed public works to a minimum; not many buildings of a residential nature are being gone on with, and the principal activity in the building line has been in new business premises, hospitals, and freezing-works extensions. As a result the cement-making plants are not working to their full capacity, and this in itself has considerably increased the per-ton cost of production.

Since July, 1914, when the price was £3 15s. per ton, substantial increases have taken place in manufacturing-costs, amounting to quite as much as the rise in the selling-price of cement. These increases are approximately as follows (per ton of cement): Coal, 5s. to 6s.; bags, 5s. to 6s.; labour, 2s.; freights, 2s. to 6s.; stores and renewals, including explosives, gypsum, flints, castings, tubes, &c., 5s. to 6s.; say, a total of £1 2s. to £1 3s. per ton of cement.

The increase of the selling-price to £4 16s. per ton did not therefore appear unreasonable to the Board, and compared favourably with the Australian price of about £4 19s. per ton.

A further complaint was made that the various cement companies agreed amongst themselves regarding districts in which sales should be made. From the evidence taken by the Board it appeared this position was forced upon the companies owing to difficulty in obtaining shipping to carry on regular services to some of the ports. South Island mills supply the North Island whenever freights will allow—as, for instance, Wellington, Wanganui, and New Plymouth; but it was shown that freights from the southern ports to Napier and Gisborne were eagerly competed for by produce-merchants, and it was therefore more expedient for the Auckland mills to supply these ports owing to regular steamers offering. Sales were seldom made in Dunedin by the North Island mills, as the local mill could supply all demands; but as far south as Timaru and Hokitika quotations were given and sales made where practicable by North Island mills. Expediency was found to be the chief factor in the mills refraining from overlapping in distribution.

SECTION II.—CONTROL OF TRADE AND INDUSTRY.

Under section 6 (g) of the Cost of Living Act the Board is empowered to advise the Governor as to how "the trade, industry, and commerce of New Zealand can be best encouraged, developed, and protected." Now that the war has been brought to a successful termination it seems appropriate to the Board, in conformity with the powers conferred upon it by this section, to discuss the broad outline of a policy for the encouragement, development, and protection of New Zealand's trade and commerce, and to endeavour to define the limits within which the Government should control industry. There are discernible in the discussion on this question two distinct schools of thought—one school advocates an extension of Governmental interference with industry, and another school urges that Governmental interference with trade should immediately cease. There is a consensus of opinion, however, that