

In considering delivery-costs, it has not been possible or practicable to ascertain separate cost of delivery to shops and to private households. The average cost of "mixed" deliveries in Wellington, Auckland, and Christchurch is approximately 1½d. per 4 lb. loaf.

The improvement of road-construction from macadam and wood block to bitumen, while of material advantage to motor traffic, has had the opposite effect on horse-drawn vehicles. It is recognized that delivery which was previously effectively and economically undertaken by one- and two-horse vehicles has now been rendered difficult by the danger which bituminized road-construction presents to horse traffic, and in consequence horse-vehicles are being displaced by motor transport. The quicker transit now made possible by motor transport has been accompanied by the tendency of bakers to cover a wider delivery area than that previously covered by horse-vehicles.

From the above statement showing cost of delivery per loaf it would appear that an adjustment between the cash-over-counter price and the delivered price is necessary. The cost of "mixed" delivery is approximately 1½d. per loaf, and it can reasonably be suggested that a purely retail delivery would in many cases be even more expensive. The householder who receives the additional service of delivery usually obtains the same at an advance of 1d. over the purchaser who calls at the shop for his supply. It is reasonable to suggest that the householder who has the bread delivered to his home should bear the full cost of this service. An adjustment of this position could well result in a reduced price cash over counter. In the event of a more equitable price-adjustment between these two classes of customers a percentage of uneconomic and unprofitable delivery would no doubt be eliminated.

The Parliamentary Wheat Committee's resolution refers to "the disparity in the cost of baking and distribution of bread in various centres." It is most difficult in the bakery business to point to any definite set of circumstances which would form an adequate and final explanation of the disparity referred to.

In the first place, flour-costs are, of course, an important factor, and the variation between flour-costs in the different cities has been indicated. A disparity in cost arises from the varying degree in which fancy bread or short-weight bread is made and sold in the several centres. Another cause of variation in cost is the extent to which individual bakers may use, for reasons of quality, the more expensive imported flour.

Notwithstanding a Dominion award of wages, a variation exists between the centres regarding the wage-cost per loaf. This difference is particularly noticeable in the Christchurch figures, and is probably due in large measure to the extensive use of up-to-date labour-saving machinery.

In the matter of delivery expenses, differences in cost are again very evident. Delivery expenses in Dunedin are distinctly lower than in the other centres, but comparisons in delivery costs are difficult, having regard to the varying degree in which delivery includes sales to shops.

The item of general expenses also shows considerable variation. Dunedin again appears lower than the other centres.

The disparity under this heading is attributable to the following causes:—

- (a) Large bakeries with high capital charges not working to capacity:
- (b) Heavy payments for office expenses in the larger units of the industry:
- (c) Relatively expensive maintenance charges in the larger factories:
- (d) Variation in cost of management and supervision as between the smaller bakehouses and the larger company-controlled units.

While the capital required in the industry is low relative to turnover there is nothing in the nature of a reasonably constant ratio between capital costs and sales.

Matters such as those mentioned above explain the relatively low production cost in Dunedin, where, in addition, the public secures the benefit of keen competition and reduced selling-margins. The Dunedin retailer appears to work normally on a margin of 1d. per 4 lb. loaf, which is less than in any of the other main centres.

The disparity in cost of production is not peculiar to New Zealand. The report of the Royal Commission which inquired into the prices of bread in Victoria reported on the 7th January, 1930, as follows: "The final analysis of returns from those bakers who made standard bread only during the period under review revealed a wide variation in the average cost to the manufacturer of a 4 lb. standard loaf delivered, the lowest cost being 8·787d., and the highest 10·869d. This variation is due to the varying prices paid for flour, the nature, magnitude, and location of the trade done, and the differing capacities and opportunities of those responsible for the management."

It is interesting to note the relation of the cost of bread in Sydney to the cost of flour, and to compare this with the position in a representative centre such as Christchurch.

The selling-price of flour to bakers in Sydney fixed recently by the New South Wales Government is £10 per ton.

The baker, from 1 ton of flour, will obtain 660 4 lb. loaves, the present selling-price of which is 10d. per loaf, cash over counter.

						£	s.	d.
The gross sales return will therefore be	..	..	..	..	..	27	10	0
Deduct cost of flour	..	..	..	..	..	10	0	0
Gross margin	..	..	..	..	..	£17	10	0

The position of the Christchurch baker is as follows:—

650 4 lb. loaves at 1s.						..	32	10	0
Cost of 1 ton flour						..	16	6	8
Gross margin						..	£16	3	4