

Attention is directed to the shipping report of the Dairy-produce Control Board which is printed as Appendix IX. This comprehensive report reviews the existing system and gives the tonnage quantities from all ports, together with a description of the facilities provided for the loading of dairy produce.

#### 264. Recommendations for Improvement of Shipping Service :

The Commission considers that with the guarantee of quantities to the shipping companies, a more centralized shipping service could be established which would give regular weekly arrivals at United Kingdom ports. To this end, the Dairy-produce Control Board, or the Council of Production and Trade acting in its interests, should have authority to negotiate shipping contracts, without being unduly subservient to meat or any other interests.

The recommendations of the Dairy-produce Control Board in regard to improvements in the shipping service are as follows :—

- (1) That a contract be made with the overseas shipping lines calling for a vessel to be despatched each week with a minimum of 50,000 boxes of butter and 10,000 crates of cheese for London from Auckland and Wellington combined, with the inclusion of New Plymouth whenever possible. Such vessels to complete the journey in thirty-five days and to arrive in London at weekly intervals.

- (2) That any vessel allotted to load the equivalent of 40,000 freight carcasses or more in dairy-produce and meeting with delay at roadstead ports for forty-eight running-hours through *weather conditions* other than rain shall, at the request of the Board, proceed upon her voyage to the next port of loading. Any dairy-produce not loaded at any port through such circumstances shall, whenever possible, be replaced with other dairy-produce from following ports of loading, and any dairy-produce short-shipped at the port where delay occurs shall be added to the next available loading.

(In the event of failure on the part of the shipowner to agree to such a clause, then the Board to reserve the right to reduce quantities allotted in order to minimize any overloading of the market by arrivals, due to delays under the special circumstances mentioned.)

- (3) That the Dairy-produce Export Control Act be amended in order that the dairying industry may negotiate its freight agreements to the best advantage of the industry.

During the taking of evidence a representative of one of the roadstead port authorities indicated his approval of clause 2 above, which refers to the loading of dairy-produce at roadstead ports.

The Commission recommends that an endeavour be made to effect the improvements which have been suggested by the Dairy-produce Control Board in clauses (1) and (2).

#### 265. Storage and Handling of Dairy-produce in the United Kingdom :

Since the establishment of the Dairy-produce Control Board there has been a great improvement in the storage and handling facilities for dairy-produce in the United Kingdom. Methods of handling have been speeded up, insulated barges are now used where transport from ship to cool store is by water, produce is placed direct into cool store from overseas ships, railway wagons are insulated, and cool-store temperatures are controlled. These improved facilities have been secured under cold-storage contract arrangements entered into by the Board, and at the same time the regularizing of the system has permitted of reductions in storage rates.

A report from the Dairy-produce Control Board dealing with the storage and handling facilities for dairy-produce is printed as Appendix XI. This report gives full particulars of conditions of storage at various ports in the United Kingdom, with quotations of storage rates.

The Commission recommends that the whole question of storage and handling of dairy-produce continue to be a responsibility of the Dairy-produce Control Board.

#### 266. Insurance :

Witnesses expressed unanimous approval of the insurance arrangements entered into by the Board on behalf of the industry. The Board has taken out a comprehensive cover which runs from the time of receipt at the factory of the milk or cream, until sale of the produce on the overseas markets. Improvements in the shipping and storage facilities for dairy-produce have almost eliminated insurance claims for deterioration of produce in transit, with the result that insurance rates have been reduced since 1924 by 38 per cent. in the case of cheese and by 33 per cent. in the case of butter. Attention is drawn to the report, printed in Appendix X, of the Dairy-produce Control Board on insurance of butter and cheese.

The Commission recommends that the Dairy-produce Control Board should continue to make the insurance arrangements for the industry.

#### 267. Limits to Economies which can be effected :

The Commission has not had an opportunity of making a general survey of costs of butter and cheese manufacture, but from the evidence submitted it is clear that, apart from factories which on account of size or special disability are uneconomic, the standard of efficiency in relation to costs is high. Indeed, there are grounds for suspecting that in some cases the limits of efficient cost reduction have been exceeded, and lower quality has resulted. A saving of wages or the use of cheaper materials of manufacture will not represent real economy if poor quality of produce is the result. In general, it can be said that possible savings in manufacturing and other costs up to f.o.b. ocean