

The vendors and the producer-vendors in Dunedin are united in one body, the Dunedin Milk Vendors' Association, Incorporated. There is no such division as exists in Christchurch between the vendors of raw milk and the vendors of pasteurized milk. And the producer-vendors have found their community of interest with the vendors rather than with the producers. This may be due in part to the long disorganized condition of the dairy-farmers. It does not appear to be due in the case of the Dunedin producer-vendors to dependence on a proportion of purchased milk, because they manage to maintain a level supply and their purchases are negligible.

Until the incorporation of the Dairy Farmers' Co-operative Milk Supply Co., Ltd., the effective control of the industry was in the hands of the vendors. As elsewhere, they studied the market and knew its requirements. They studied also the sources of supply and placed their orders to the best commercial advantage. Their contracts for supply were made by the large companies in personal negotiation with the individual farmer. The terms of the contracts were framed in the way best calculated to promote the profit of the companies and to avoid loss. This was understandable and inevitable. An essential term of the contract was that payment was regulated on the winter average—that is to say, on the average supply for June, July, and August. This, of course, was to promote high production in the winter period and to guard the vending companies against loss in handling surplus milk in the summer. It has not been highly successful in promoting a level supply, but it has given rise to misgiving and complaint that some of the milk that in summer is paid for as surplus—that is, at factory rates—is sold for town consumption.

Under control by the Dairy Farmers' Co-operative Milk Supply Co., Ltd., the contracts are negotiated between two strong bodies, and special regard is paid to the protection of the interest of the producers. This is reflected in the terms of the contracts now entered into. Copies of the standard forms of contract used are included in the Appendix. It is also represented in the control of surplus that passes to the farmers' own company. A ground for misgiving and suspicion is removed, and the producer can now manage his own business. He must suffer any loss consequent upon the production of a large surplus or upon an unprofitable disposal of surplus. He now has this satisfaction: that the regulation of percentage of surplus and the utilization of that surplus are matters within his own control. There can be no denial of the fact that the town-milk-supply industry in Dunedin has fallen into a lamentable condition and both the dairy-farmer and the consumer have been victims of the failure. The Commission is of opinion that the existence in the past of a well-organized farmers' co-operative supply association would have avoided much of the mischief that has been suffered and that the maintenance of such a body clothed with adequate powers is a condition essential to recovery and to progress.

SUPPLY

Natural Conditions

The main areas of production for the Dunedin City Milk Supply are the Taieri Plain, the Otago Peninsula, and the hilly country surrounding the metropolitan area. The Taieri Plain consists of first-class land, but many parts of it are heavy, become very wet in the winter, and pug readily. But it is extensive and capable of carrying a cow population sufficient to meet all the requirements of the metropolitan area for many decades. The major portion of the land in the vicinity of the city is hilly and of poor fertility, and is better suited for grazing than for dairying.

The climate in the area is severe, the winters being cold and wet, and falls of snow being frequent. As a consequence of this severity the pasture becomes very sparse in the winter, and winter feeding must be abundant if supplies of fresh milk are to be obtained throughout the year. In this connection it may be mentioned that liberal use of brewers' grains is made by dairy-farmers, and particularly by producers and producer-vendors whose farms are close in to the city. Four thousand tons of those grains are available annually. Covering of cattle is a necessity, and housing is generally adopted. The conditions make the work of the dairy-farmer in the winter both arduous and disagreeable.

Cows

Within the potential area of supply there are 14,053 cows. Of these, only 7,250 are owned by 343 dairy-farmers, who hold permanent licenses to supply town milk. Not all of these are supplying the metropolitan area. Approximately fifty farmers have been granted temporary licenses which entitle them to supply milk in an emergency only.

The Commission was advised by the Department of Agriculture that—

“In the last five years winter milk-production for town supply on both the Peninsula and the Taieri has shown a marked tendency to decline. On the Peninsula, for example, in this period more than twenty suppliers, on farms ranging from 70 to 200 acres, have gone out of dairying. This involves a reduction of between four hundred and five hundred cows.

“With this decline in dairying, and its consequent effect on winter milk-production, a winter shortage of milk from normal sources of supply has been established, which is increasing each winter.”

The decline in the number of cows on licensed dairy-farms in the area is shown by the following figures:—

Year	Number of Cows.					
1938-39	..	..	..	..	..	8,945
1939-40	..	..	..	..	..	7,131
1940-41	..	..	..	..	..	7,214
1941-42	..	..	..	..	..	7,353
1942-43	..	..	..	..	..	7,250

The decrease since 1938-39 has been heavy. A drop of 1,695 represents a high percentage of the total. The returns as at June, 1943, show only 6,882 cows, indicating that the decline is continuing. It must be borne in mind that a number of registered dairies are on farms supplying Port Chalmers and other places as far north as Seacliff. Many of the cows are not milked for town supply in the metropolitan area, but the metropolitan area has suffered its full share of the reduction.

Methods of Production

The herds are mixed. There is a small percentage of Jersey cows in the herds and a fair number of the Shorthorn crossbred cattle, but Friesians are prominent. It is difficult to get accurate figures from which to compute average volume of production. Some dairy-farmers record over 600 gallons per cow, but a fair estimate of the overall average would probably be 500 gallons. The condition of