

REPORT

INTRODUCTION

FROM 1935 onwards, and particularly during the early war years, representations were made to the Government by town milk producers stating that they were dissatisfied with the prices being paid for town milk and the general lack of stability throughout the industry as a whole.

Producers, particularly during the period preceding the introduction of guaranteed prices, when depressed prices operated, were either offering milk to vendors at prices substantially below the real cost of production or were otherwise selling their own product direct to the consumer at cut rates. Consequently, the low standards adopted through these cut-rate methods unfortunately became the ruling standards. During the 1942-43 year in particular it was evident that producers, particularly in the South Island, were not prepared to operate under the existing circumstances any longer, and the curtailment of all milk-supplies to certain areas was at one time during this period a strong possibility. In these circumstances the Government decided that the whole situation should immediately be subject to investigation and report by a qualified tribunal, and on the 10th March, 1943, a Milk Commission was constituted under the provisions of the Commission of Inquiry Act, 1908, and the Commission of Inquiry Regulations 1941. The Milk Commission 1943 consisted of—

William Robert Tuck, Esq., of Auckland (Barrister and Solicitor), as Chairman.

George William Dell, Esq., of Christchurch (Secretary), Member.

Arthur Hugh Ward, Esq., of Wellington (Dairy Economist), Member.

The main points of the Commission's report and recommendations, which were made available to the Government before the end of 1943, were:—

- (1) The creation of a Central Authority to guide and control the proper development of the industry:
- (2) The setting-up of local Milk Authorities to ensure adequate organization of the liquid milk industry in each specified milk district:
- (3) The encouragement of town milk producer supply associations established on a co-operative basis in order to bring about unity and stability on the production side:
- (4) The determination on a national basis of such prices and conditions which, in the opinion of the Commission, would be sufficient to attract an adequate supply of good-quality milk throughout the year.

Prior to the appointment of the Milk Commission the Government had announced its policy of economic stabilization and had set up the Economic Stabilization Commission for the purpose of administering its stabilization policy. Milk was one of the main stabilized commodities, and therefore, when the report of the Commission was made available, it was referred immediately to the Economic Stabilization Commission for full consideration with a view to recommending to the Government the appropriate action that should be taken. The subsequent recommendations of the Economic Stabilization Commission envisaged the adoption by the Government of a short-term and long-term policy. The main features of the short-term policy were as follows:—

- (1) The immediate raising of the price payable to liquid-milk producers in Christchurch and Dunedin from the yearly averages of 11-17d. and 10-3d. respectively to a level of 11-5d. per gallon for both