

question to see in what way the public might be protected. I might state that the Council's committee has no power whatever in the matter of fixing the price of its milk. They are bound by the prices arranged between the Board of Trade and the farmers, who settle on the price we have to pay. The Act under which the City Council committee is brought into existence provides a fixed amount that has to be paid to the vendors for a term of only two years, and what price will be charged for distribution. Therefore, whatever price is fixed by the Board of Trade, there must be added to that the cost of transport to the city, and the cost of handling, pasteurizing, and all station charges. The prices fixed for this year are—from the 1st September to the 31st March, 1921, 1s. 4d. per gallon; from the 1st April to the 31st May, 1s. 6d. per gallon; and from the 1st June to the 31st August, 2s. per gallon. Those are the prices fixed by the Board that we must pay.

3. *Mr. Powdrell.*] Have you worked it out for the year?—Yes. We are going on the assumption that the public cannot afford to pay more for the milk in the winter-time than they can afford to pay for it in the summer-time, and we have accepted the policy that we should meet with a loss in the winter-time for the purpose of averaging up the exact charge for all the year round.

4. *The Chairman.*] You have a fixed price for the year to the consumer?—Yes, a fixed price of 8d. per quart for the year. That includes delivery in half-pints, pints, or quarts at the door of the consumer. I have here a statement of the changes that have taken place since 1915. In the year 1915–16 the wholesale price of milk was 10·25d. per gallon: that was the average price. In the year 1920–21, 18·33d. per gallon. That works out at an increase of 78·83 per cent. in the wholesale price. The retail price to the consumer was 19d. in 1915–16, and 32d. in 1920–21, making a rise of 68·42 per cent.; making a rise of 78·83 per cent. in the wholesale price as against a rise of 68·42 per cent. in the retail price. Members will see from that that the Council's committee has endeavoured in every possible way to reduce and keep down the price to the public. I should like to mention here that the actual prices fixed by the Board of Trade for Auckland for delivery to the people, which is not controlled by any Council system, are, to the householder, retail, 8d. per quart in the summer-time and 9d. per quart in the winter. That would represent a difference if in Wellington of something over £8,000 per annum. In connection with Wellington I would like to mention that all would admit that it will cost more to get the milk into our city, because it has all to come over the hill by rail long distances to the city. Your Committee will therefore see that so far as the Council's control of the supply is concerned, it has had the effect of slightly reducing the price as compared with what would have occurred. Unfortunately, I was only rung up late last night, and have not been able to prepare any statement for the Committee.

5. Could you prepare a statement and hand it into the Committee later on?—I would be only too pleased to let the Committee have it.

6. *Mr. McLeod.*] It would be interesting to this Committee to know the increase in the cost of distribution from 1915 to 1921?—Yes. I might tell you this: that the cost of distribution was fixed at a reasonably high price to provide a certain amount of compensation. The City Council had no power to pay compensation to the vendors who had been in business prior to this concern coming into operation. We estimated that the net cost of distribution at that time was 4½d. per gallon, and the price finally arranged at 7d. a gallon was to cover the compensation for two years. That would leave the Council free at the end of the second year to walk in and take over the control of the supply, in the meantime the vendor having been fully compensated. However, when that Bill came before the Bills Committee of the House they added another year, over which you will recognize we have no control whatever, so this cost of 7d. per gallon is not varied. As to the cost of distribution, it has not gone up with the cost of labour, because the Council has not moved in that matter. The vendor, however, will not make as much money as it was the purpose of the Committee he should have made to compensate him at the end of the time. Probably the extra year put on by Parliament will give him that extra money.

7. I had a statement from a man who had a fair-sized run which he has had for the last ten years, and he says the cost of distribution is now running over 70 per cent. above what it was in 1914, and that includes the upkeep of the business?—That is quite thinkable, because in these towns they go all over the place. There is a good deal of duplication, and probably even a single cart will traverse fifteen or twenty miles every day. There is the horse upkeep and the material, which has considerably increased. We have got that down to a minimum, and probably our cost would not increase in the same ratio. However, that they have increased there is no doubt.

8. You say the cost is now 2s. 8d. per gallon to the purchasers in the towns?—Yes, 8d. per quart.

9. There is an inclination to throw the whole responsibility of that increased cost on to the farmer; but has not the cost of distribution added very largely to that?—It has certainly not added anything in Wellington. It cost us in our first year's operations for transport and factory expenses 3·4d. per gallon, and there is a small fraction of addition in the cost this year. It is the purpose of the Council committee to put in a new station if the Parliament will permit it. By that we will reduce the cost again, because it will all be automatic from the time the milk runs in at one end until it runs into the bottles at the other. It will be sold in sealed containers, and the distribution will be much cheaper.

10. *Mr. Powdrell.*] The farmer knows what he gets for milk at the farm for butter or for cheese: what are you paying, net, for milk at the farm or at the factory?—We took over a co-operative dairy factory at Rahui, near Otaki. At that factory we guarantee the farmer ½d. per pound butterfat in excess of any factory within seventy-miles radius of that factory. To give his encouragement to have his farm registered as a dairy farm for the purpose of the city supply he is assured that we will take, first, all of his milk; second, that he will get ½d. per pound for butterfat in excess of the price offered by any butter or cheese factory within seventy-miles radius of our factory, so that when you know the cost of butterfat you know that ½d. more is paid by us at Rahui.

11. *The Chairman.*] Then he has to work to supply in winter?—In the winter he gets the price fixed by the Board of Trade for Wellington. I do not know that I have anything further to add, but I shall be glad to answer any questions.