

purchasers accept the risk of insurance from factory-door, and also pay storage charges after twenty-eight days. A reply was received pointing out that the Food Ministry would not accept the risk of insurance from factory-door, but was willing to pay any storage charges incurred for a period over two months.

Finally a cable was received from the High Commissioner stating that the Food Ministry agreed to purchase the exportable surplus of butter and cheese for two years at 181s. per hundredweight for butter and 10½d. per pound for cheese, both f.o.b., first-grade, with a reduction in price in each case for a lower grade similar to that which applied to the contract for the previous season's supply. The Food Controller also agreed to buy whey, dairy, and milled butters and dairy cheese at a reasonable reduction on the above-mentioned prices for first-grade similar to those obtained in the purchase of the previous season's output. On further representation being made regarding the price for whey butter, this was increased to 162s. 4d. per hundredweight for first-grade—namely, 2d. per pound below that of creamery butter.

While it may be contended that the producers have received a high price for both butter and cheese, it is desired to point out that the butter-producers will not receive the full benefit of the prices obtained, as an agreement was arrived at with the New Zealand Government that the butter required for sale within the Dominion would be supplied at 1s. 5d. per pound in bulk at the factory-door, thus enabling the consumer to procure supplies from the retailer at 1s. 8d. per pound. This arrangement involved the formation of an equalization fund, whereby all exporting factories have to contribute a portion of the price received from the Imperial Government toward adjusting the price of butter sold in New Zealand as fixed by the Dominion Government. The terms of sale to the Imperial Government are, however, more advantageous than those obtaining last year, in that storage on all produce after two months is paid by the Imperial Government, and that advance-payments up to 90 per cent. in value are made available on all produce which has been in store fourteen days.

The delay in completing negotiations referred to above caused considerable inconvenience to dairy companies, and also delayed the issue of the "working arrangements," containing full details regarding the scheme, until the season was nearly over.

CONDITION OF MILK AND CREAM RECEIVED AT FACTORIES.

It is again necessary to draw attention to the question of effecting some improvement in the flavour and condition of a large portion of the milk and cream delivered to factories for the manufacture of dairy-produce. For some years past there has been a decided increase in the quantity of ill-flavoured and inferior cream produced under the system of separating it on the farms, familiarly known as the "home-separation system." In a lesser degree the same might be said of the whole-milk supply. Owing, however, to the daily delivery of the latter product during the greater part of the season, it does not show the same extent of deterioration as compared with cream, which is usually held on the farm for several days all the year round. The causes of this inferiority are well known to many of those connected with the industry, and therefore need not be detailed in this report. It is sufficient to say that a large portion of the milk and cream is produced under such conditions, and allowed to come in contact with dairy appliances on the farms which are so unclean and unwholesome as to be totally unfit for the handling of any food product, let alone one so susceptible to contaminating influence as the valued product of the cow. The personal inspection of many dairy-farm premises and milking appliances, separators, &c., by the instructors of the Division during the past year has again revealed a deplorable want of attention on the part of some owners to the ordinary laws of cleanliness. In fact, there were instances where a shocking state of affairs was discovered which could no longer be allowed to continue. Nothing short of immediate condemnation of such appliances can be agreed to.

Unfortunately, the control exercised by the Division over conditions of this nature is altogether inadequate, for the simple reason that the officers available for this class of instruction or inspection are too few in number. A wider and far-reaching extension of this branch of the work is without doubt most urgently required, in order that the dairy industry of the country may be carried on under conditions which will ensure the manufacture and export of products equal to—and, if possible, even better than—those of our competitors.

Grading of Creams

Ever since the system of home separation became general it has been a matter of extreme difficulty to manufacture butter of the best quality and which might be expected to realize the highest market price. During recent years the separation of cream on the farms has been undertaken in practically every dairying district in the Dominion, and bids fair to entirely supersede the whole-milk delivery system, except at the factories where casein is prepared from the skim-milk, or where facilities will be provided for the preparation of skim-milk powder. It is well known that much of the cream skimmed on the farms is treated by the owners in such a way that it becomes contaminated as the result of unclean separators and dairy utensils, or when stored on the farm under conditions which are far from being sanitary. When these defects are accentuated by failure to cool the cream, and the product is delivered to the factory only every second or third day, and sometimes at even longer intervals, the quality is so inferior that it is impossible to make anything but a secondary butter from this class of cream.

Many remedies have been suggested as a means of overcoming this serious menace to the industry, and the one which appears likely to be most successful is the grading of the cream on arrival at the factories, and the payment of same according to grade. So far, the grading of cream on a systematic basis has been confined mainly to the Auckland Province, where a number of factories have adopted it. At the outset a difference of only ½d. per pound of butter-fat was allowed as between first- and