

*Whey, Milled, and Dairy Butter.*

Some of the whey butter manufactured has been of a quality that reflects credit on the manufacturer. A number of brands coming forward for grading bear testimony to good workmanship and careful attention. At too many factories, however, the whey butter is regarded only as a subsidiary issue and receives little consideration. There has been a steady increase in the quantity manufactured, and all dairy companies should now expect their managers to give this department of the work the attention it deserves. Given such attention it has been amply demonstrated that a good merchantable article can be produced.

The quantity of milled butter evidences an abnormal increase. Last July and August those using butter for manufacturing purposes stored considerable quantities of creamery butter in anticipation of a rise in price. This action obviated the necessity of drawing on the summer market for the usual quantities of dairy and milled butters, consequently more of the latter was available for export. The Butter Prices Equalization Fund payments were not paid on dairy butter used for local consumption. This consideration induced many to use creamery butter on their tables instead of dairy, and greater quantities of dairy butter were therefore milled and sold for export. The increase in our exports of this class of butter has been due, therefore, to adventitious circumstances, and the volume is unlikely to be maintained when conditions revert to normal. The decrease in the gradings of dairy butter is doubtless explained by the increase in milled butter.

*Moisture in Butter.*

During recent years the cost of producing butterfat has practically doubled, and in addition there has been the ever-increasing cost of manufacturing butterfat into butter. It is a duty a manager owes his dairy company to see that he makes as much butter per pound of butterfat as practicable. To do so he must ensure that his butter contains as near the legal limit for water as prudence will permit. Many managers are doing their best to follow this principle. Owing, however, to faulty testing-appliances, to lack of proper care in testing, or to taking unjustified risks with high-water-content butter, a number of instances have been discovered where butters offered for export have shown a water content beyond the legal limit. Where the excess of moisture has been small and has constituted the company's first offence, such butters have been returned to the factory. Other butters have been reconditioned and the water content reduced at the company's expense. Owing to lack of care on the part of some managers being rather too much in evidence it appears probable that before long it may be considered advisable to recommend legal proceedings.

*Distribution of Butter for Local Consumption.*

During the months June to September inclusive the quantity of butter held by dairy companies and others, outside the Imperial Government Supplies Department, was insufficient to meet requirements for local consumption. Arrangements were made by the Department of Agriculture for the purchase from the Imperial Government of the quantities necessary to supplement the available "free" butter for New Zealand's winter requirements. An Order in Council of 17th June fixed maximum sale prices for butter made up to the end of July at 1s. 5½d. ex store, and 1s. 9d. retail. In order that the Government butter might be placed on the market as necessary, this Division was called upon to effect sales to the usual distributors as stocks were required. These transactions represented over 69,000 boxes of butter, and enabled consumers to get what quantities were needed until the spring make had sufficiently developed to ensure ample supplies. With the advent of the current season's make on the local market new prices were fixed. This was done per medium of an Order in Council dated 18th October, 1920, fixing local prices for the current season's make at 2s. 3d. cash over the counter, and 2s. 5d. booked and delivered. These prices were in force until the end of the financial year, when the contract between the Imperial Government and the dairy factories was completed.

*Butter Prices Inquiry Committee.*

The contract arranged last spring for the disposal to the Imperial Government at 280s. per hundredweight, or 2s. 6d. per pound f.o.b., of our surplus butter to the end of March, made necessary an adjustment of the local retail price. It was the opinion of many urban consumers that the cost of production did not warrant the local consumers paying a price on a parity with the value for export.

A Select Committee of the House of Representatives, known as the Butter Prices Inquiry Committee, was set up to take evidence and report on the matter. A considerable number of witnesses representing producers and consumers were interviewed. A representative of this Division attended each sitting of the Committee. From the point of view of indicating cost of production, evidence was tendered by a number of dairymen from various districts of the Dominion. Balance-sheets representing dairy-farm operations were produced, and these disclosed the fact that dairy-farmers were not receiving more than they might be reasonably entitled to expect. The Committee was "of the opinion that the dairy-farmers are entitled to the full benefit of the market price for butter."

The Butter Prices Equalization payments were then arranged, so that the dairy-farmer could get the market price for such butter as went into local consumption. To effect this and at the same time fix a retail price of 2s. 3d. cash over the counter, the consumer was assisted to the extent of 6d. per pound from an equalization fund established by the Government.