being exported to the United Kingdom and the Continent from New Zealand, arrangements were made during the year to appoint an additional officer to assist Mr. Wright. Mr. A. C. Ross, Dairy-produce Grader in charge at Duncdin, was appointed, and left New Zealand for London in November last. Mr. Ross's capabilities are well known, and his appointment has given general satisfaction to those engaged in the industry.

PRESERVATIVES IN BUTTER.

It has now been finally decided by the Departmental Committee set up by the British Ministry of Health that the use of preservatives in butter consumed in the United Kingdom should be prohibited, and this will come into force from the 1st January, 1928. Many dairy companies in New Zealand manufacture their butter free of preservative, and will not be affected by this regulation, but the period of grace allowed is intended to give the remainder ample time to adjust their methods to meet the new requirements.

DAIRY-PRODUCE BOARD.

Some of the Board's proposals have a direct or indirect bearing on the work of this Division. The Board or committees of the Board have consulted us on these matters, among which reference may be made to the use of a national brand on all first-grade butter and cheese for export, also the segregation from first grade of a higher class, which will probably be known as "finest."

DAIRY LABORATORY AND EXPERIMENTAL FACTORY.

Mention was made in last year's report that the Government had sanctioned the erection and equipment of a dairy laboratory and experimental factory, and it was expected that the erection of the buildings would be proceeded with at an early date. Plans and specifications were duly prepared, and tenders invited for the erection of these buildings, but the lowest tender was considerably in excess of the architect's estimate. A modification of the plan has now been prepared, and it is hoped that the buildings will be taken in hand at an early date.

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During the year the Federation of Dairy Factories in Taranaki, with assistance from the Government, established a dairy research laboratory at Hawera, and Mr. P. O Veale, B.A., M.Sc., was appointed to take charge for the Federation. The equipment of this laboratory is now practically completed, and the institution is proving of material assistance to dairy-farmers and factory-managers in the Province.

CERTIFICATE-OF-RECORD TESTING OF PUREBRED DAIRY COWS.

The official year under review has shown a decrease in the number of entries for certificate-of-record testing. The highest number of cows on this test for any one month during the past season was 786, which was for the month of September, 1925. This compares with 1,093 for November, 1924, the highest month for the 1924–25 season. Taken on a per breeder basis the number of cows works out at 2.84 for the 1925–26 season, as against 3.45 for the previous year.

Association Testing of Ordinary Herd Cows.

During the season 1924–25 some 196,850 cows were tested under this system. Statistics for the season just ended are not yet complete, but figures available to date show that there is likely to be a decrease of twenty to twenty-five thousand cows from the previous season. A proportion of the testing-work has again been carried out by officers of the Dairy Division, and returns for forty-three associations, including 9,801 cows, have been figured at the Dairy Division's headquarters. The totals for cows tested and returns figured by Dairy Division officers are fifty-nine associations, comprising some 18,000 cows.

The "group" system of testing has again extended, and it is expected that the figures for the season just ended will show about 105,000 cows tested thereunder. The figures for the preceding season for cows tested under the group system were 100,055, or some 59.9 per cent. of the cows tested by other than Dairy Division officers.

STAFF.

I have pleasure in acknowledging the very helpful and valued assistance rendered by Mr. W. E. Gwillim, Assistant Director, in the work of the Division during the year. Mr. A. C. Ross was transferred to London to assist Mr. Wright, and Mr. A. Milne, who had previously resigned from the service, was reappointed as Grader in charge at Dunedin. Messrs. J. O'Dea and S. Clayton, Graders in charge at Wellington and Lyttelton respectively, were given additional duties as Supervising Graders, the former for the North Island and the latter for the South Island. In this capacity periodical visits are paid to each grading-port to ensure a uniform standard of grading being in operation throughout the Dominion.

The members of the staff of the Division have all rendered good and loyal service, and their hearty co-operation has been a very pleasing feature throughout a busy year.

APPRECIATION.

The Division is pleased to record its appreciation of the valuable services rendered by the Department's Chemist and the Live-stock Division Bacteriologist. Thanks are also extended to the management of the various freezing companies, which handle dairy-produce at the grading-ports, and to the secretaries of the cattle-breeding associations for their hearty co-operation and willing assistance in the work affecting their particular branches. The co-operation of the Forest Products Branch of the State Forest Service has been very helpful during the year, and we gratefully acknowledge the assistance received.