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experimental dairy factory equipped for the manufacture of butter and cheese. The report of Sir Frank Heath caused the erection to be deferred. Much consideration has since been given the matter, and the decision to erect a Dairy Institute at Palmerston North has made a revision of the previous decision necessary.

It has now been decided that the Dairy Division's laboratories shall be on the land belonging to the Crown at Palmerston North and adjacent to or in the buildings erected for the purposes of the Dairy Institute. Dairy Division officers are to have access to the Dairy Institute dairy factory when the Division desires to undertake experimental work. While the arrangement has certain disadvantages, it is hoped the future will prove the decision to have been made wisely.

GENERAL REGULATIONS UNDER THE DAIRY INDUSTRY ACT, 1908.

Reference has already been made to the Dairy-produce General Regulations gazetted in November last. The regulations these supersede were gazetted in 1899. Many of those old regulations were no longer applicable. Many new phases of endeavour in connection with the industry had been undertaken, and any administration in connection with these from the Department's standpoint had to come directly under the general provisions of the Dairy Industry Act in a general way rather than under the regulations. A few regulations had been made subsequent to 1899, and the latest regulations not only amend the original regulations by deletions and consolidate those retained, but they have been so extended as to be quite up to date so far as present requirements necessitate. The necessity of gazetting special regulations this season with reference to the compulsory grading of cream made it appear to be wise to give effect to the revision and extension and consolidation to which reference has been made. It is pleasing that the consideration given to this work was such that no serious complaint has since arisen. Much credit is due to Mr. F. S. Pope, Assistant Director-General, for lengthy painstaking work in this connection. Constructive criticism of the earlier drafts by such bodies as the Dairy-produce Control Board, the executive of the National Dairy Association, the Proprietary Dairy Factories' Association, the Milking-machine Vendors' Association, the Federation of Dairy Factories in south Taranaki, and representatives of South Island dairy companies manufacturing butter is gratefully acknowledged.

The issue of these regulations is causing more work to devolve on officers of this Division. One phase of this new work includes the testing for accuracy of all Babcock or Gerber test bottles and pipettes used in the testing of milk or cream when payment is to be made on the basis of pounds of butterfat. This work is being undertaken during the winter months, so as to cause least possible inconvenience to dairy companies. Further, we have made arrangements to do the work at Auckland, New Plymouth, Wellington, Lyttelton, and Dunedin. This should meet the position in a very practical manner.

CERTIFICATE-OF-RECORD TESTING OF PUREBRED DAIRY COWS.

The past year failed to improve the position regarding our certificate-of-record testing, a further decrease in the number of entries having been experienced. During the calendar year 1926 some 756 certificates were issued, as compared with 506 for 1925. In December, 1926, there were 700 cows on C.O.R. test, which was the highest number under this test for any one month during the past season. This compares with 786 for the month of September, 1925. The 700 cows mentioned were tested by 205 breeders, making an average of 3.41 per breeder, which, from this point of view, shows an improvement over the figure of 2.84 for the 1925–26 season.

ASSOCIATION TESTING OF ORDINARY HERD COWS.

Statistics relating to herd-testing show that during the season 1925–26 some 169,776 dairy cows were tested for butterfat-yield. Our figures for 1926–27 are not yet to hand, but it is not expected that an increase over the previous year will be evidenced. Of the total just quoted, 105,227 cows were tested under the "group" method.

The Dairy Division continues to render assistance by carrying out a proportion of the testing-

The Dairy Division continues to render assistance by carrying out a proportion of the testingwork, and during the season just ending our officers have done the testing of samples and figuring of returns for 8,601 cows. Of this number, returns for 6,740 cows have been compiled at the Dairy Division's headquarters. The 8,601 cows tested by Dairy Division officers were included in forty-four associations.

STAFF.

The able assistance rendered by Mr. W. E. Gwillim, Assistant Director, is gratefully acknowledged. Messrs. J. O'Dea and S. Clayton, Graders in Charge at Wellington and Lyttelton respectively, have continued their additional duties as Supervising Graders, and made periodical visits to the various grading-ports in their respective districts.

The season has been a particularly busy one for the staff, and their willing and efficient service is highly appreciated. The instructors in buttermaking have had a very arduous time in the initiation of the compulsory grading of cream, and the fact that there have been but few complaints in connection with the cream-grading testifies to attentive, tactful work on the part of these officers.

APPRECIATION.

The valuable assistance rendered by the Department's Chemist, the Bacteriologist, also the helpful co-operation of the Forest Products Branch of the State Forest Service, are gratefully acknowledged. Thanks are also extended to the cattle-breeding associations and to the various freezing companies for their able and willing assistance during the year.