

SUPERVISION AND INSPECTION OF SHIPPING, TRANSPORT, AND STORAGE OF DAIRY-PRODUCE.

In the report for the 1936-37 season an outline was given of the measures adopted by the Department's Inspectors to safeguard the quality of butter and cheese. The Department has three officers in New Zealand and one in London engaged on this work. These officers collaborate with officers of the Dairy Division of the Department of Agriculture in New Zealand and London in connection with the care of produce in cool stores.

The officers of the Department exercise supervision and inspection of the methods of handling, transport, and storage of dairy-produce in transit from the dairy-factories and during loading into overseas vessels. There is thus complete supervision at all stages from factory in New Zealand to cool stores in the United Kingdom.

During the 1937-38 season this work has been fully maintained. All overseas vessels' refrigerated spaces for carriage of dairy-produce have been inspected, and conditions of transport and handling at main ports and outports have been reported on.

When necessary, the attention of the representatives of the shipping companies has been drawn to any unsatisfactory conditions found in ships' refrigerated spaces, and in all cases the requirements of the Department's Inspectors have been met.

The system of supervision and inspection of shipping, transport, and storage of dairy-produce is a factor in the determination of the basis of the contract for insurance and of the insurance rates charged. The excellence of the results achieved is reflected in reduced insurance rates, and is further evidenced by the provision in the insurance contract that the system of supervision and inspection be continued.

MARINE INSURANCE.

All butter and cheese exported from New Zealand and purchased by the Department is protected by a comprehensive insurance contract which covers the produce until thirty days after arrival in the United Kingdom. The contract also covers the cream and milk which is made into butter and cheese intended for export, and which is identifiable as such, from the time such cream and milk is received at the factory until the produce is placed f.o.b. ocean steamer. Until the cream and milk is manufactured into butter and cheese, the cover is against fire risk only. The Department pays the insurance underwriters' flat rates covering the complete risk, and charges to dairy-factory companies the portion of the premium which represents the risk up to f.o.b. ocean steamer.

Practically all the important insurance interests in the United Kingdom have a share in the contract, and British insurance companies as distinct from Lloyds take approximately two-thirds of the total risk and Lloyds underwriters one-third.

The contract expired on 31st August, 1938, and was renewed for a further term of three years at reduced inclusive rates as follows :—

Butter	..	..	..	..	..	..	4s. 3d. per cent.
Cheese	..	..	..	..	..	..	4s. 3d. per cent.

These new rates show a decrease from the previous rates of 13·7 per cent. in the case of butter and 22 per cent. in the case of cheese, and represent an annual saving in insurance premiums of £9,000. It is a condition of the contract that the Department will maintain its present system of supervision and inspection of storage and loading in New Zealand, transport to United Kingdom, and unloading into port stores.

The portion of the premium which represents the risk up to f.o.b. ocean steamer, and which is charged to dairy factory companies, is as follows :—

Butter	..	..	..	..	..	..	0·565d. per box.
Cheese	..	..	..	..	..	..	0·935d. per crate.

COLD STORAGE IN THE UNITED KINGDOM.

Arrangements and charges for cold storage and handling of New Zealand butter and cheese in the United Kingdom were set out in last year's report.

Owing to an increase in port wages in the United Kingdom, the consolidated rates under the Department's contracts have been increased by 4½ per cent. This increase is smaller than the increase which applies in the case of other imported dairy-produce, by virtue of special terms in the contract governing alterations in United Kingdom award rates of wages.

FREIGHT RATES.

The freight contract for butter and cheese, meat, and fruit will expire on 31st August, 1939. The freight rates for butter and cheese are—

Butter, 2s. 11½d. per box	..	..	..	..	} Both rates in sterling.
Cheese, ¼d. per pound	..	..	..	..	