

# BULK PURCHASE OF 1940-41 SEASON'S BUTTER AND CHEESE BY UNITED KINGDOM GOVERNMENT.

No formal contract was completed between the United Kingdom and the New Zealand Governments for the bulk purchase of the 1940-41 season's butter and cheese. The conditions of purchase and sale were settled in exchanges between the two Governments, the short details being as follows :—

## Butter.

*Quantity.*—One hundred and twenty thousand tons from production 1940-41 season, with shipments extending from 1st September, 1940, to 31st August, 1941.

### Price—

Creamery Finest Grade, 93 points and over: 112s. 6d. sterling per hundredweight delivered f.o.b. ocean steamer.

Creamery Finest Grade, 90 to 92½ points: 111s. 3d. sterling per hundredweight f.o.b.

Creamery Second Grade: 107s. 6d. sterling per hundredweight f.o.b.

Whey First Grade: 104s. 6d. sterling per hundredweight f.o.b.

Whey Second Grade: 100s. 6d. sterling per hundredweight f.o.b.

*Payment.*—In the event of delay in shipment owing to the inability of the Ministry of Food to provide ocean-going ships, the Ministry of Food undertakes to make payment on account amounting to 50 per cent. of the value of any butter which has had to remain in cold store one month longer than would have been required by the agreed monthly shipping schedule.

*Storage.*—The New Zealand Government will be responsible for storing butter in suitable stores at suitable temperature in New Zealand and will be responsible for placing butter on board steamers for shipment as they become available.

The United Kingdom Government undertake that, in the event of butter having to be kept in store in New Zealand for an unduly long period owing to the inability of the Ministry to provide ocean-going ships, they will be prepared to make payments towards the consequential additional costs of storage in accordance with arrangements to be agreed with the New Zealand Government in the light of actual experience.

## Cheese.

*Quantity.*—One hundred and seven thousand tons from production 1940-41 season, with shipments extending from 1st September, 1940, to 31st August, 1941.

### Price—

Finest and First Grade, 91 points and over, 64s. 3d. sterling per hundredweight delivered f.o.b. ocean steamer.

Second Grade, 62s. 3d. sterling per hundredweight f.o.b.

(All cheese to be white and unwaxed.)

*Payment.*—In the event of delay in shipment owing to the inability of the Ministry of Food to provide ocean-going ships, the Ministry of Food undertakes to make payment on account amounting to 50 per cent. of the value of any cheese which has had to remain in cold store one month longer than would have been required by the agreed monthly shipping schedule.

*Storage.*—The New Zealand Government will be responsible for storing cheese in suitable stores at suitable temperature in New Zealand, and will be responsible for placing cheese on board steamers for shipment as they become available.

The Ministry undertake that, in the event of cheese having to be kept in store in New Zealand for an unduly long period owing to the inability of the Ministry to provide ocean-going ships, they will be prepared to make payments towards the consequential additional costs of storage in accordance with arrangements to be agreed with the New Zealand Government in the light of actual experience.

*Shrinkage in Weight.*—Shrinkage at the rate of 2½ per cent. will be deducted from the checked packed weights of cheese. Should the actual shrinkages, as ascertained in London, in respect of the cheese from any particular dairy company prove to be consistently higher than 2½ per cent., the shrinkage deduction on subsequent shipments will be increased accordingly unless it is evident that such excess shrinkage arises from abnormal periods of storage.

During negotiations on contracts for the second year of war the New Zealand Government had again urged that the contract arrangements should cover the period of the war and a suitable period thereafter. The United Kingdom Government was unwilling to agree to this course, but as an alternative the Minister of Food (Lord Woolton) agreed that the following letter from him to the New Zealand Government should be attached to, and read with the contracts :—

"We have undertaken to purchase 107,000 tons of cheese, this being the maximum quantity which you consider would be available in the forthcoming season.

"With regard to butter, I understand that it is the desire of your Government to contract 130,000 tons, but we felt it necessary, for reasons of which you are aware, to insert a figure 120,000 tons in the head of agreements. I wish to assure you, however, that it is our intention, subject to our ability to take delivery, to accept additional quantities, and we are in fact arranging our shipping schedule on this basis. It is understood between us that our general arrangements for purchase and sales of butter and cheese will continue for the duration of the war and for a period thereafter to be agreed upon. The quantity to be purchased under arrangement will be as nearly as possible practicable (subject to shipping and other considerations) to the maximum for which you are able to contract, the price being determined by negotiations between our two Governments in May of each year.