

“(b) If, at the expiration of three calendar months from the date of killing (based on the weekly killing returns of each freezing company), any meat is still in store the Government will then make an advance to the owner reasonably equivalent to 50 per cent. of the price of the meat. When any meat has been in store for six calendar months after the date of killing the Government will then purchase the meat and pay the balance of the price reduced by the costs between the freezing companies' store and f.o.b. If any meat is destroyed or damaged after an advance has been made in respect of it and before the Government purchases it, the owner will allow or repay to the Government the whole or part of the advance proportionate to the extent to which the meat is destroyed or damaged, other than damage caused by ordinary depreciation through long storage.

“(c) Payment will be made on weights in accordance with the normal custom of the trade as settled by the Primary Industries Controller. Companies will be responsible for condition and quality of all meat in store at any time whether before or after the date of purchase of the meat by the Government, in accordance with the warranty given by the companies as follows :—

“*Warranty.*—‘The companies will exercise all reasonable care and diligence in treating, freezing, handling, and taking care of the meat entrusted to them and in maintaining in good working-order the premises and plant used for that purpose. It is understood that goods held in refrigerated stores become stale as a result of lengthy storage, and this factor must be recognized as an unavoidable source of deterioration of goods so stored for which the freezing companies cannot be held responsible. If any damage occurs or any defect arises as a result of a breach of this warranty, the freezing companies will pay to the Government the loss arising from that damage or defect.’

“(2) The Government will act as insurer of the freezing companies and other owners in respect of war risk on meat in store after the expiration of three calendar months from the date of killing on payment by the freezing companies or owners of the appropriate insurance premium at the general war-risk rate determined by the Government.

“(3) Storage on meat suitable for export within the terms of the now current Price Order which remains in store shall be payable by the Government after the expiration of six calendar months after the date of killing at a rate to be settled by agreement when the result of investigations now proceeding is known, and not to exceed $\frac{1}{16}$ d. per pound per month.

“(4) It is understood that the meat interests will be given the benefit of any better terms than those now arranged which may be secured by the New Zealand Government in its negotiations with the United Kingdom Government.

“(5) It is understood that details of procedure in terms of this agreement will be settled by the Primary Industries Controller after consultation with the Marketing Department and the Meat Producers Board.

“(6) Any question to be settled or dispute arising under this arrangement will, if no other provision is made above, and if the parties cannot agree, be settled by arbitration under the Arbitration Act.

“The object of this agreement is to enable buyers of export meat to continue to purchase in the usual way and to enable freezing companies to continue to slaughter and freeze for export without alteration of the procedure now operating. This is made without prejudice to freezing charges. The export buyers and freezing companies therefore agree to give to the Government the earliest possible notice if changing conditions in any way prejudice the attainment of this objective. It is also understood that buying schedules will be maintained at the fullest possible rate, and any reduction in schedule rates will be made only if the Primary Industries Controller is satisfied that such a reduction is justified. Full information will be supplied promptly by the export buyers and freezing companies to the Primary Industries Controller to enable him to satisfy himself that this understanding is being carried out.

“As stated in my letter of 4th March, the Government appreciates the manner and spirit in which the negotiations have been conducted by all parties, and I have every hope that the co-operation already afforded to me as Minister of Marketing will continue in the future.”

It will be noted that the foregoing agreement, in addition to providing for purchase by the Government of all meat killed and passed for export during the 1940-41 season, provided (in the event of undue delay in shipment) for payment for meat in store and for payment of storage charges.

It is pleasing to record that the procedure agreed upon worked smoothly and that meat buying from producers was continued as usual.