

ACCOUNTS.

The dairy-produce accounts covering the completed operations for the 1940-41 season and the operations for the 1941-42 season are shown in the accounts section at the end of this report, pages 21 and 22.

The completed operations for the 1940-41 season are referred to on page 4 of this report. After sale of the balance of the 1940-41 season's dairy-produce which was in store at 31st July, 1941, the final result of the operations for the complete 1940-41 season is a surplus of £151,989.

The accounts now presented for the 1941-42 season cover purchases of butter and cheese by the Department up to 31st July, 1942. The following table shows the quantities so purchased, the total season's production for export, and the stocks in store awaiting purchase at 31st July, 1942:—

	Purchases up to 31st July, 1942.		In Store not yet purchased at 31st July, 1942.	Total Season's Production for Export.
	Shipped.	In Store.		
Creamery butter	Boxes. 3,583,640	Boxes. 319,971	Boxes. 113,669	Boxes. 4,017,280
Cheese	Crates. 1,809,354	Crates. 212,098	Crates. 80,326	Crates. 2,101,778

NOTE.—The season's production of whey butter amounting to 124,920 boxes was also purchased by the Department "in store" for manufacture into dehydrated butterfat.

The accounts for the 1941-42 season comprise Purchase and Sale and Revenue Accounts, Administration and General Expenses Account, and Dairy Produce Account.

It will be observed from the accounts that the purchase and sale transactions to 31st July, 1942, show a surplus of £186,846 after allowance has been made for administration and general expenses. The cheese "change-over" account shows a surplus at 31st July, 1942, of £539,897, against which there are contingent liabilities (see page 22) of £284,000. The Dairy Produce Account at 31st July, 1942, shows a deficit of £997,070, subject to the contingent liability of £284,000 already referred to.

MEAT.

REVIEW OF COMPLETED FINANCIAL OPERATIONS FOR THE 1940-41 SEASON.

The accounts presented with the report for the 1940-41 season covered purchases of meat by the Department up to the 31st July, 1941, and showed a deficit of £6,115. On page 23 of this report accounts are shown covering the purchase and sale transactions in respect of the 1940-41 season's meat, which took place after 31st July, 1941, and which showed a surplus of £127,203. Thus the final net surplus on purchase and sale of the complete 1940-41 season's meat was £121,088.

BULK PURCHASE OF 1941-42 SEASON'S MEAT BY UNITED KINGDOM GOVERNMENT.

The contract between the United Kingdom and New Zealand Governments for the 1940-41 season (the second year of war) provided for the purchase of 248,000 tons of meat, shipped or unshipped, from the production year ending 30th September, 1941, and from the "carry-over" from the previous season. The actual liftings of meat under the 1940-41 season's contract were 268,650 tons, which left a "carry-over" in store at the end of September, 1941, of 77,902 tons of export meat.

For the 1941-42 season (the third year of war) the United Kingdom Government contracted to purchase 190,000 tons of frozen meat shipped or unshipped, and 37,150 tons of canned meats. The equivalent in carcass meat of 37,150 tons of canned meat is 111,500 tons, so that the contract for purchase of frozen and canned meats represents a total quantity of 301,500 tons carcass meat. It was provided that if the Dominion should not succeed in canning the contract quantity of 37,150 tons, the surplus carcass meat would fall to be dealt with under the terms of the paper issued by the United Kingdom Government "Statement of Policy in regard to New Zealand Surpluses" (see page 3 of this report). Briefly, the terms of this surpluses agreement provided for a production objective for New Zealand for the 1941-42 season of 301,500 tons of meat, made up (as stated above) of 190,000 tons frozen meat, plus 111,500 tons of carcass meat for canning. The United Kingdom Government agreed to share equally with the New Zealand Government in the liability for the production of this 301,500 tons meat, but any production in excess of this figure would be the entire responsibility of the New Zealand Government. The United Kingdom Government undertook to lift additional quantities of frozen meat if freight became available.

INCREASE IN PRICES FOR 1941-42 SEASON'S MEAT PURCHASED BY THE UNITED KINGDOM GOVERNMENT.

The general conditions of the 1941-42 season's bulk purchase contract, including the shipment and payment procedure, remained unaltered. Purchase-prices were, however, increased by $\frac{3}{4}$ d. per pound sterling for beef and beef offals, lamb and lamb offals, and baconer carcasses and cuts, and by $\frac{1}{4}$ d. per pound sterling for mutton and mutton offals and pork and pork offals.

Frozen meat liftings have been substantially in excess of the contract quantity, and it is now anticipated that the total quantity of frozen meat liftings for the twelve months ended 30th September, 1942, will be approximately 297,866 tons, with a resulting "carry-over" of meat for export at 30th September, 1942, of 40,567 tons. Included in this "carry-over" of 40,567 tons is meat reserved for the armed forces service requirements in New Zealand, Pacific Area, and Middle East, amounting to approximately 20,000 tons.

NOTE.—For the calendar year 1943 the United Kingdom Ministry of Food has undertaken to purchase meat up to the total quantity shipped in the calendar year 1942. In arriving at the total tonnages, the calculation includes the carcass equivalent of canned meat, dried meat, and also shipments to the Middle East, and on this formula the figure of 328,000 tons was arrived at as the