

estimate of total shipments in 1942. New Zealand is asked to produce the maximum quantity possible in the forms of canned and dried meat, in order to reduce the balance of the 328,000 tons for which refrigerated space is needed, to the lowest practicable figure. The agreement recognizes that circumstances may make it impossible to lift the whole of the balance of frozen meat ascertained in accordance with the formula set out above, and the Ministry of Food has therefore agreed to purchase this quantity whether shipped or not.

PURCHASE AND SALE PROCEDURE AND ESTABLISHMENT OF MEAT POOL ACCOUNT.

For the 1940-41 season the New Zealand Government undertook to purchase the normal exportable surplus, irrespective of shipping. This arrangement expired on 30th September, 1941. Proposals for the purchase of export meat for the 1941-42 season formed the basis of discussions between the Hon. the Minister of Marketing and the New Zealand Meat-producers Board, and representatives of the meat industry. Negotiations with the New Zealand Meat-producers Board, as representing the producers of meat for export, proceeded on the mutual recognition of the following points:—

- (1) The continued stability of the industry could be safeguarded only by a renewal of the Government's undertaking to purchase the normal exportable surplus, irrespective of the implications of the new agreement to be made between the New Zealand and United Kingdom Governments.
- (2) The average weight of export lamb and mutton should be maintained as low as possible in order to ensure that, within a given tonnage, the greatest possible number of animals could be slaughtered and frozen for export.
- (3) It was in the interests of the industry as a whole that the export value of ewe mutton should not be allowed to fall to canning values only. In order to provide a fund which would enable ewe-mutton values to be maintained at a fair and reasonable level, the producers agreed to make some contribution from the prices which they would otherwise have received for exportable classes of meat.

Whilst these discussions were proceeding, advice was received from the United Kingdom Government of the increases in prices of export meat, applicable from 1st October, 1941, as mentioned above. These increases in prices materially assisted in the solution of the problem confronting the Government and the New Zealand Meat-producers Board, and after discussion an agreement was reached that in fixing the opening schedule buying prices the producers should receive substantially the same opening price this season as they did last season, but they would forego any increased prices which may have been available as the result of the increases granted by the United Kingdom Government or by increases at that time in the value of pelts. The Government on its part agreed to purchase the normal exportable surplus of meat, subject to any restrictions on killing that might be rendered necessary by shipping, marketing, or other difficulties, but it was agreed that any such restrictions would be made only after consultation with the Board.

The agreement provided that the Government would establish a "Meat Pool Account" from the proceeds secured from the additional prices granted by the United Kingdom Government and from the agreed reduction in the Marketing Department's f.o.b. price schedule arising from adjustment of pelt values as mentioned above. The purpose of the establishment of this account was primarily to provide a fund for maintaining the value of ewe mutton and canning beef at a reasonable level, to meet interest, storage, and insurance charges on meat, and to provide for the capital liability on emergency cannery plant and buildings and cool stores. It was further agreed that if at the end of the emergency period a surplus remained in the Meat Pool Account, the Government and the Meat Board would consult to determine how any such surplus could be utilized for the benefit of the industry. Should there be a deficit in the account at the end of the emergency period, such deficit would remain the responsibility of the New Zealand Government. The arrangement also provided for consultation between the Government and the Meat Board in regard to the administration of the Meat Pool Account.

The terms of the agreement subsequently concluded between the Government and the freezing companies and meat operators covering the purchase of export meat products for the 1941-42 season were recorded in a letter addressed by the Minister of Marketing to the Chairman of the North and South Island Freezing Companies' Association, reading as follows:—

"I desire to confirm the discussions between us with regard to the procedure to be followed in connection with the purchase of export meat products by the New Zealand Government in respect of the 1941-42 season. The terms which are accepted as constituting an agreement between the freezing companies, the meat operators, and the Meat-producers Board acting on behalf of producers who wish to have export meat killed on their own account as vendors, and the Government as purchaser, will therefore be as follows:—

- "(1) The Government agrees to purchase all meat and edible offals killed and passed for export during the 1941-42 season ending on 30th September, 1942, of the types, at the prices, and on the conditions contained in the now current Marketing Department Prices Orders and circular letters of instructions. Payment will be made as follows:—

"(a) At the expiration of thirteen weeks from the date of killing (based on the weekly killing returns of each freezing company) the Government will effect purchase and make the appropriate payment to the owners, irrespective of whether such meat remains in store or has in fact been shipped. The payment by the Government of the full purchase-price thirteen weeks after killing is a compounding of an alternative payment procedure of 50 per cent. in two months and the balance in four months after killing. If any meat is destroyed or damaged otherwise than by ordinary depreciation through long storage before the expiration of seventeen weeks after killing, or before placement to f.o.b. within that period, then the responsibility shall lie with the freezing company to the extent of its warranty as set out below, or with the owner, as the case may be.