

“(b) Payment will be made on weights in accordance with the normal custom of the trade as determined 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 warrant 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 assume responsibility for all insurance risk, including war risk, on meat in store after the expiration of seventeen weeks from date of killing.

“(3) Storage on meat suitable for export within the terms of the now current Price Orders which remains in store shall be payable by the Government after the expiration of seventeen weeks after the date of killing at a rate of 4s. d. per pound per calendar month.

“(4) In consideration of the Government undertaking to purchase export meat products in terms of this agreement, all freezing companies and meat operators will agree jointly and individually to maintain buying schedules at the fullest possible rate, and to consult the Government before making any alteration in any existing price schedule payable to producers for export stock. In addition, freezing companies and meat operators to agree to provide the Department of Agriculture with returns showing the prices paid to farmers and what deductions have been made to cover intervening charges from farm to f.o.b., together with any further information required in order to enable the Department, in consultation with the Meat-producers Board, to decide whether the prices being paid to growers are fair and reasonable.

“(5) The ‘open door’ to farmers at all freezing-works to be maintained, subject to any conditions that may be laid down by the Marketing Department involving the possible pooling of farmers’ individual consignments.

“(6) It is further agreed that the operations of freezing companies and buying operators shall again be subject to an audit by the Government in association with the New Zealand Meat-producers Board, either by the Auditor-General or by a private firm of auditors or by the Auditor-General and a private firm of auditors approved by the Government and reporting to it. The purpose of this audit shall be to investigate whether the prices paid and the various charges made by the trade between the farm and f.o.b. are fair and reasonable. The findings in the report by the auditors shall be taken into account when determining the remuneration of the freezing companies for their services in the season 1942-43.

“(7) It is understood that the details of procedure in terms of this agreement will be settled by the Primary Industries Controller in consultation with the New Zealand Meat-producers Board and the Marketing Department.

“(8) 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. 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.

“The Government also reserve the right to apply any restrictions on the killing of export stock that may be rendered necessary by shipping, marketing, or other difficulties. Any such restrictions will be made only after full consultation with the New Zealand Meat-producers Board.

“I trust that this agreement will operate satisfactorily, and will be pleased to receive early confirmation of acceptance by each freezing company and meat operator.”

The most important new features of this agreement were :—

(a) Payment for meat thirteen weeks after killing, irrespective of whether the meat remained in store or was shipped.

(b) Payment of storage on meat remaining in store after the expiration of seventeen weeks from date of killing.

(c) Assumption by the Government of responsibility for all insurance risk, including war risk, on meat in store after the expiration of seventeen weeks from date of killing.

It is pleasing to record that the procedure agreed upon worked smoothly and that the buying, slaughtering, and freezing of export meat continued in the usual way.