being more concentrated, it effects a considerable saving in tinplate. Preparations are now under way for the establishment of a commercial plant in the North Island capable of supplying the United Kingdom order. In the experimental and developmental work in New Zealand, care has been taken to adhere closely to the processing conditions and other requirements laid down by experts in the United Kingdom.

Other details of the contract arrangements with the Ministry of Food are:—

(*a*) Prices to be paid by the Ministry are to be based on the frozen schedule prices for export meat, plus costs of processing and a contribution towards the capital cost of the plant at the rate of 20 per cent. per annum spread over the period of the contract—namely, three years. It has been agreed that if, at any time before the expiration of three years, New Zealand is asked to cease production the United Kingdom Government will make up its capital contribution to what would have accrued under the three-year contract.

(*b*) The Ministry will accept the production risk, provided the Cambridge (United Kingdom) processing formula is followed and complete technical supervision is exercised in New Zealand.

ACCOUNTS.

The meat accounts covering the completed operations for the 1940–41 season and the operations for the 1941–42 season up to 31st July, 1942, are shown in the accounts section at the end of this report, pages 23 and 24. The completed operations for the 1940–41 season are referred to on page 10 of this report, the final surplus being shown as £121,088.

The accounts for the 1941–42 season comprise—

(*a*) Purchase and Sale Account, 1941–42 Season's Killings shipped up to 31st July, 1942. This account shows the transfer to the Meat Pool Account of £974,881, being the surplus on 1941–42 season's killings shipped up to 31st July, 1942, after allowance to the Department for administration and general expenses of ½ per cent. on sales.

(*b*) Administration and General Expenses Account, showing the allocation of expenses for the year ended 31st July, 1942, to the Purchase and Sale Accounts for the 1940–41 and the 1941–42 seasons.

(*c*) Meat Pool Account to 31st July, 1942 (see page 24 of this report). This account shows a surplus at 31st July, 1942, of £794,801, against which items still have to come to charge, notably in respect of losses on meat for canning.

(*d*) Meat Account, which shows a surplus at 31st July, 1942, of £150,599.

WOOL.

BULK PURCHASE OF WOOL BY THE UNITED KINGDOM GOVERNMENT, AND PURCHASE AND SALE PROCEDURE.

The annual report of the Department for the 1939–40 season gives details of the bulk purchase and sale arrangements between the United Kingdom and the New Zealand Governments for greasy and slipe wool, and of the agreements between the New Zealand Government and the woolbrokers, woolbuyers, and woolscourers covering services to be performed by them respectively in the preparation of wool for appraisal, the appraisement of wool, and the scouring of wool selected for that purpose.

The terms and conditions governing the purchase of wool by the New Zealand Government are set out in the Purchase of Wool Emergency Regulations 1939.

Payment for greasy wool is made to woolbrokers on behalf of woolgrowers, and for slipe wool to freezing companies and exporters. In each case payment is made fourteen days after date of appraisal. The appraisal values are calculated after allowance for actual tare, and when payment is made the retention moneys (5 per cent.) are deducted.

In July, 1942, the final payments were made by the Department for greasy and slipe wool. These final payments represent the full amounts of the retention moneys, plus the differences in price necessary to bring the over-all average of the appraisement prices for both greasy and slipe wool up to the over-all average appraisement prices—12·25d. per pound greasy wool and 16·9766d. per pound slipe wool—which are represented by the f.o.b. sale prices to the United Kingdom Government. Accordingly the final payments made by the Department for the 1941–42 season were: Greasy wool, 6·464927 per cent. of the appraisal values; and slipe wool, 6·722473 per cent. of the appraisal values.

Payment for wool (other than wool sold to local manufacturers) is made by the United Kingdom Government on appraisal at the f.o.b. sale prices of 10·55d. per pound sterling for greasy and 13·75d. per pound sterling for slipe.

Note.—The United Kingdom Government has announced (May, 1942) an increase of 15 per cent. in the ex-store price of wool, not including the additions for storage and handling charges which enter into the total price paid. The result is that the prices which apply for the *1942–43* season are as follows, the previous prices being shown in parentheses:—

Prices for 1942–43 Season.

	Greasy Wool. Per Pound. d. d.	Slipe Wool. Per Pound. d. d.
Appraisal prices (New Zealand currency) ..	14·0875 (12·25)	19·523 (16·9766)
F.o.b. prices for sale to the United Kingdom Government (sterling)	12·027 (10·55)	15·797 (13·75)

Payment by local manufacturers for the 1941–42 season was made on "prompt" date at appraisal values, plus the standard charges of brokers, appraisers, and Marketing Department.

The contract for sale of wool by the New Zealand Government is with the United Kingdom Ministry of Supply, but all instructions regarding shipment and accounting for wool are given by the Wool Control at Bradford.

APPRAISAL PROCEDURE.

The procedure for appraisal of wool outlined in the report for the year ended 31st July, 1941, was followed during the 1941–42 season.