

2. The procedure by which this undertaking will be implemented is as follows: For the period commencing 1st October, 1942, until the 30th September, 1943, the Marketing Department will purchase export meat products at the f.o.b. prices which have been determined after agreement with your Board and representatives of the meat operators, and details of which are set out in the schedule attached. After the opening schedule (which has also been determined by agreement between your Board and the meat operators) has been established, any rise or fall in the prices received by freezing companies for pelts and hides and the increments on wool are to be reflected in the schedule price in the usual way now common to the trade.

3. The trade to provide the Department of Agriculture with returns showing the prices paid to farmers and what deductions have been made to cover the 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 Board to decide whether the prices being paid to growers are fair and reasonable.

4. The "open door" to farmers to be maintained, subject to any conditions which may be laid down by the Marketing Department involving the possible pooling of farmers' individual consignments. It is understood that whilst the "open door" remains operative, meat operators may approach me for a general revision if at any time it is proved that undue advantage is being taken by producers in the direction of killing on own account for the purpose of obtaining returns from wool above the average allowed in fixing the schedule.

5. It is further agreed that the Government will consult the Board in regard to the administration of the Special Account created from the proceeds secured from the additional prices granted by the United Kingdom Government and the agreed reductions in the Marketing Department's f.o.b. price schedule. Against this Special Account will be debited the assessed costs and liabilities incurred by the Government in respect of the purchase of export meat products, both frozen and canned, and the erection and operation of emergency cool storage and canning plants. If at the end of the emergency period there is a surplus remaining in the account, the Government and the Board will consult to determine ways and means by which such amount can be utilized for the benefit of the industry. Should there be a deficit in the Special Account at the end of the emergency period such deficit will remain the responsibility of the New Zealand Government. The termination of the emergency period shall be determined by the New Zealand Government.

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 audit shall be for the purpose of a general survey as a basis for future discussions on the variations, if any, to be effected in freezing and slaughtering charges and in buying expenses.

7. It is understood between us that the overhead expenses of the Marketing Department and the Department of Agriculture will continue to be a first charge on the f.o.b. price schedules already determined, and that in addition the estimated expenses of your Board will continue to be paid to your Board by the Marketing Department.

8. It is further agreed that the Government will continue to maintain close collaboration with the Board on all matters vital to the export meat trade of the Dominion.

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 1942-43 season, were recorded in a letter addressed by the Hon. the Minister of Marketing to the Chairman of the North and South Island Freezing Companies' Association, reading as follows:

1. The Government agrees to purchase all meat and edible offals killed and passed for export during the 1942-43 season ending on 30th September, 1943, 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.

(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 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 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 1/48d. 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 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. It will be understood that whilst the "open door" remains operative meat operators may approach me for a general revision if at any time it is proved that undue advantage is being taken by producers in the direction of killing on own account for the purpose of obtaining returns from wool above the average allowed in fixing the schedule.

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 audit shall be for the purpose of a general survey as a basis for future discussions on the variations, if any, to be effected in freezing and slaughtering charges and in buying expenses.

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.

The Fat-stock Disposal Order 1941 is being replaced by the Fat-stock Disposal Order 1942.