

With the discontinuance of the International Hide Committee and with overseas ceiling prices ceasing to operate as from the end of June, 1946, and the consequent rise in hide prices in New Zealand, the export levy was found to be totally inadequate for the purpose of meeting claims against the Fund.

The change in overseas conditions was estimated at the 30th June, 1946, to produce a debit balance, as between export levy and claims against the Fund, of £120,000 by 31st January, 1947. As the result of a special meeting of the Hides Committee held on 3rd July, 1946, a letter was sent to the Economic Stabilization Commission, together with a report on the financial position, requesting payment of £40,000 immediately, and pointing out that £120,000 would be required (estimated on end of June prices) by 31st January, 1947.

A reply to our letter of the 3rd July, 1946, was not received until the 22nd of July, when the following communication arrived :—

“ I have to advise that Government has decided that immediate action will be taken to set up machinery which will result in the major portion of the recent increases in hides and calf-skin prices being withheld from producers and paid to the industry stabilization accounts.

“(Signed) L. C. WEBB,
“ Director of Stabilization.”

The following reply to the above was sent on 23rd July :—

“ Further to your letter of 22nd July, 1946, I would point out that it does not clarify the position so far as the Hides Committee is concerned. The Committee desire to know what is to be the policy in regard to the levy and also in regard to the Fund generally. I have discussed the matter with members of the Committee, who point out that the Committee *per se* is not concerned with policy, but solely with administration. They are of the opinion that policy matters should be decided by Government in consultation with representatives of all interested parties.

“(Signed) H. G. ANDREWS,
“ Secretary, Hides Committee.”

Overseas prices rose so quickly in July, 1946, that the estimated 31st January, 1947, deficit of £120,000 became an established fact by 31st July, 1946, and at a meeting held on 5th August, 1946, the Committee decided to suspend all hide sales until further notice.

The deficit at the 31st August, 1946, rose to £180,000, and after discussions with the Stabilization Commission and in view of the stock position throughout the country the Committee decided at a meeting on 4th September, 1946, to permit the resumption of sales until further notice.

This information was passed on to the Economic Stabilization Commission the same day, also advising that, following on the discussions with the Commission, the levy had been raised from the 1½d. basis to 10d. per pound and that the arrangement would continue until the meat schedule negotiations were completed, when the position would be reviewed and new arrangements made in regard to the levy and/or its disposal. The letter to the Commission pointed out that as the arrangement proposed was outside the powers conferred by the Hides Regulations, validating amendments were required immediately.

Under date of 5th September, 1946, the Commission replied that Government approved of the action taken by the Hides Committee in resuming sales and the rates of levy struck, advising that these rates be adjusted in accordance with export prices and that consideration of issuing validating amendments to the regulations be left over until a later date.

On the 6th September, 1946, arrangements were made for an overdraft at the Bank of New Zealand of £150,000 approved by the Minister of Finance under clause 24 of the Hides Emergency Regulations.

On the 14th November, 1946, a further letter was sent to Economic Stabilization Commission advising that the overdraft should be cleared by 31st January, 1947, and that once the Fund was in credit to the sum of £40,000 amendments to the regulations would be necessary.

The reply received dated 2nd December, 1946, read as follows :—

“ In reply to your letter of the 14th November, 1946, I have to advise that with the fixing at last season's levels of the value of hides in the export schedule, it is necessary for the Hides Committee to continue to adjust levy rate so as to bring values back approximately to the level in the export schedule.

“(Signed) L. C. WEBB,
“ Director of Stabilization.”