

The introduction of such a grade would have several advantages. In particular, it would induce the production of higher-quality beef, the encouragement of which has been lacking since the abandonment of chilling for export.

Price Order.—In Dunedin it was stated specifically by the representative of the local Master Butchers' Association that many of its members did break the price order. In other centres there was a general implication that the current price order was being evaded extensively, and that this was the reason why some butchers had been able to carry on successfully.

The Commission feels justified in concluding from the evidence that in fact breaches of the price order are fairly widespread. The Commission deplores this state of affairs, but, owing to lack of satisfactory evidence on the point, does not conclude that it is impossible for butchers to operate over the whole year at a reasonable profit under the present retail prices. Indeed, some butchers said that their profits were reasonable; and one firm operating a chain of shops said further that their profits were better under control than previously. The position seems to be that the accountancy methods of most butchers do not enable them to determine from month to month whether or not their profit position is satisfactory. There is no certainty that, if the present level of retail prices were raised, the butchers would be more disposed to observe the price order.

The master butchers maintain that the current price order, which is still based on the original order made in 1941, is no longer adequate because conditions in the industry have altered considerably in the past seven years owing to such changes as rationing, grading, extension of meat-export houses in the local wholesale trade, and increased wages and costs generally. The butchers consider that the price order should be completely revised in the light of present-day conditions.

The Commission is not in the position to carry out the extensive survey required to make recommendations as to detailed prices, nor would such action be desirable as it would conflict with the functions of the Price Tribunal.

We understand that an application for a review of the price order has already been lodged with the Director of Price Control by the New Zealand Master Butchers' Federation, and that the review is being held in abeyance pending the findings of this Commission.

We consider that the review should be proceeded with immediately and that when the investigation is being made the Price Tribunal should closely examine and give due consideration to the effect on the industry of the following matters:—

- (a) The alleged widespread evasion of the price order.
- (b) Rationing.
- (c) Grading.
- (d) The extension of the export houses in the local meat trade.
- (e) The high winter price for stock, particularly in the South Island, and the seasonal retail price increases in both Islands which, it is contended by the master butchers, are inadequate as to amount and duration.

Rationing of Meat.—The Commission had evidence that the saving of meat through rationing was out of proportion to the expense and inconvenience involved. However, statistical evidence as to the actual saving through rationing was conflicting, and in the time at its disposal the Commission was unable to resolve the conflict.

The Commission's view is that the abolition of rationing would assist the butchery trade and that a report should therefore be obtained from the Government Statistician, acting in conjunction with the other Government Departments concerned. If this report shows that the saving from rationing is not material, it should be abolished.

GENERAL

The marked trend of butchers away from abattoir killing to purchase from meat-export houses seems to the Commission to be largely due to an increasing preference by butchers for buying on a weight-and-grade basis.