

H.M.A. & PROPOSED CO-OPERATIVE

Throughout the earlier stages of considerations including the meeting of 17 March last I accepted the suggestions that a high percentage of H.M.A. funds could properly be regarded as belonging to those people who were likely to become members of the proposed Co-operative.

I am now satisfied that this is not correct and I am also satisfied there can be no proper ground for lending any of the funds at low rates of interest.

Arbitration as suggested should establish a proper basis for fund allocation.

Any pressure to allocate funds to any section of the industry prior to arbitration would be quite wrong and could be interpreted as an attempt to force concessions that may not be available after the facts relating to the funds are properly considered.

If a co-operative wishes to buy the South Island operations, or part of them, as at 31st October 1981 it could do so by agreeing to borrow a sum equal to the purchase price at an interest rate and on a repayment basis to be determined by arbitration. The sum of money involved would be comparatively small and the decisions to be subject to arbitration could not substantially affect the viability of the operation.

The Authority should proceed to offer the Auckland property for sale by auction (with a reserve \$450,000) - possession date 31st March or 1st April 1981 - terms cash.

Within that time the arbitration issue will have been settled and if the Co-operative then had the desire and the resources to buy or rent a property it could do so. On the other hand if it then seems necessary that the Authority should obtain other property we could proceed. However this would seem now to be a most unlikely event.

Of one thing I feel certain - the capital investment in the present building is too high for either the Authority or a Co-operative - and we should sell for cash.

P. BERRY
CHAIRMAN
NEW ZEALAND HONEY MARKETING AUTHORITY

25/7/80