

*“ Commencement and Authority.*

“ The introduction of the Control was announced by you to a meeting representative of all interests held in Parliament Buildings on the 16th November, 1939. They were advised that on behalf of the Marketing Department I would undertake the control, purchase, and sale of the sheep-skins produced in New Zealand and such treatment and processing as might be considered necessary.

“ The necessary authority to conduct the control purchase and sale of sheep-skins was given to Mr. R. C. Burgess, Public Accountant, of Dunedin, by a delegation of powers held by the Minister of Marketing pursuant to the Marketing Act of 1936 and the Marketing Amendment Acts of 1937 and 1939. Additional powers were delegated by the Minister of Agriculture pursuant to the Primary Industries Emergency Regulations 1939. This delegation of powers was restricted to sheep-skins only, and the conditions were subject to amendment or cancellation at any time by the Minister of Marketing.

“ The conditions attaching to the Control were advised to be—

“ (1) The purchase and sale of skins would be carried out in such a manner as would ensure the maximum return to the producer, the prevention of the taking of excess profits by any person, and the use, as far as possible, of the normal channels of buying, selling, and processing :

“ (2) In the allocation of any work to fellmongers and other persons for the acquisition and processing of sheep-skins a regard would be had for the services normally provided by such persons before the introduction of the Control :

“ (3) The profits from the sale of the accumulated stocks at the time of the introduction of the Control would go to the War Expenses Account.

*“ Cost of Running the Control.*

“ As you advised me when you wrote confirming my appointment, these are the actual expenses, and are not calculated at so much per pound weight of skins handled. The expenses are subject to review from time to time.

*“ Outline of Operations.*

“ The skins are purchased at schedule prices by appraisalment at duly fixed appraisalment points. The schedule prices are fixed from time to time with your approval, and endeavour to relate the full selling-price, less the cost of running the Control, back to the producer. The producers of the skins are the butchers (including freezing companies for their skins from sheep and lambs they sell on the domestic market) and farmers.

“ The skins come to the appraisalment points through the same channels as they came through prior to the Control. Country dealers are licensed to operate in their usual districts and buy from the producers and sell to the Control through the brokers. The broker dealers are the few concerns who previously bought from producers and marketed their purchases not through the brokers, but themselves direct to fellmongers or to export. The brokers are the stock and station agents who previously auctioned skins coming to their stores from clients for sale. The stores of the brokers and broker dealers are the appraisalment points.

“ Grading and packing to f.o.b. of dried skins for export is done by contract with packing houses at 8d. per pound. This rate is subject to review from time to time.

“ Skins are not sold by the Control to the fellmongers, the normal fellmongering is done on behalf of the Control at rates fixed after investigation. These rates are subject to review, and returns are required from the fellmongers continuously whereby a check is maintained on the resulting products. The sale of the resulting slipe wool is to the United Kingdom under the Wool Purchase Agreement, but the pickled-pelt market is still free, and the resulting pickled pelts are sold through normal trading channels.

“ The United Kingdom has purchased the whole exportable surplus of dried skins, and the Bradford Wool Control gives advice of the United Kingdom and French requirements. Sales to Canada and the United States of America are made with the consent of Wool Control, Bradford, but any profits from such sales over and above the United Kingdom prices are shared equally between the two Governments in accordance with the general provision covering all wool sales outside the United Kingdom.

“ Except to a very limited extent at the commencement of the Control, it has not been found practicable to use either the New Zealand exporters or their overseas agents for Canadian and American sales, and apparently all French and United Kingdom deliveries are made direct by Wool Control, Bradford, without the use of agents.

*“ United Kingdom Purchase.*

“ The negotiations were conducted by cable, and as a result proved difficult and protracted. The first cable to the effect that skins were wanted was received early in December, and finality was reached only early in May of the following year. The quantity of skins to be purchased was defined as the normal exportable surplus after normal use in New Zealand.

“ Certain interests here suggested that this definition might be elastic and that, if fellmongering in New Zealand were to be more profitable than drying and exporting, such should be considered normal use here. Such a definition in such circumstances would considerably reduce the exportable surplus. In reply to a specific question by cable, the United