

during the war has been based, in connection with the controlling of prices. They offer the wool-growers 45 per cent. increase on the average price for 1913-14 for all grades of wool. I presume that before any definite conclusion is arrived at by this conference a committee will probably have to be set up to go into the comparative prices for 1913-14 and the present-day prices. If the wool-growers agree to the proposal, the Imperial Government proposed to take delivery of the wool at a point named by the Government of this Dominion. I have not consulted my colleagues on this particular point, but seeing that shearing is in full swing it is certain that there cannot be any other point at which to deliver the wool than through the channels through which it has hitherto gone, which means that whatever mercantile firm, store, bank, Harbour Board shed or office the wool has been delivered at for shipment hitherto the Government will take delivery at that particular place, and pay cash to the grower. The whole of the incidental charges connected with the shipping, wharfage, and freight will be paid by the Imperial Government. This proposed 45 per cent. additional price is for the wool delivered at the ordinary wool-stores throughout the Dominion.

Mr. HOLMES: Who pays the commission?

Hon. Mr. MACDONALD: There is no commission as far as I know. They ask that the wool shall be delivered at the store, shed, or railway-station, and once it is delivered there the Imperial Government pay the whole of the charges.

A DELEGATE: Do they pay for the wool at the same time?

Hon. Mr. MACDONALD: That is another stipulation: the Government will pay, on behalf of the Imperial Government, prompt cash on delivery of the wool immediately weights and specifications are available and everything has been certified to be in order by those so appointed. There will be no waiting for the money. It is prompt cash on delivery at the stores. Recognizing that the industries of this country largely work in with the big mercantile firms and the banks, of course the producers will probably appoint their agents to receive the money before the wool leaves the shed for shipment, or as soon as it is ready for shipment.

Mr. ROBERTS: How will the local mills get their wool?

Hon. Mr. MACDONALD: All those questions have been considered, and due provision will be made for the twelve thousand or thirteen thousand bales required for the khaki cloth, and also for other materials made by the local mills. The Government will take care of that.

Mr. PEARCE, M.P.: How is it proposed to arrive at the value of the wool?

Hon. Mr. MACDONALD: I will explain later on. But, no doubt, every producer in this room knows what his wool brought in 1913-14, and it is definitely stated that the price now to be paid will be based on the average price realized in 1913-14, with 45 per cent. additional. The Imperial Government further stated that when the wool arrives in England, after the Imperial Government have taken all they require for Imperial or military purposes, any surplus available will be put on the market and submitted to open competition, and if there is a surplus profit over and above the cost price of the Imperial Government one-half of such profit will be the property of the Imperial Government and the other one-half will be returned to New Zealand; but if there is a loss on the sale the whole loss will be borne by the Imperial Government. It is also proposed that all existing purchases shall be cancelled. The transportation of the wool—providing of ships and freight—will be the business of the Imperial Board of Trade. I have cabled the Prime Minister for information on certain points, but a reply has not yet come to hand. Now, looking at the whole position broadly the producers here have first to remember that in getting this 45 per cent. they are obtaining £3,350,000 more for their wool of the same poundage than they received in 1913-14; secondly, that they get paid cash for the wool in New Zealand; and, thirdly, that they will have no responsibility about shipping or the transport of the wool, which is a matter for the Imperial Board of Trade. I do not wish to influence you in any way, but the Prime Minister is of opinion that if things do not go in the direction the Imperial Board of Trade are working there may be very serious difficulties in connection with the transport of wool from this Dominion. Ever since the beginning of the war there has been great difficulty in regard to the transport of our produce, and you have only to look at the morning papers to see the number of ships that are going down daily by submarines. These ships are lost to the Empire. There are also those ships which are required for the transport of the thousands of soldiers to the various fronts, and for the returned wounded. There has therefore been great difficulty in dealing with the exports of this country, but up to the present everything possible in the way of providing transport and shipping for our requirements has been done. We have now arrived at the stage when everything is becoming more difficult—the manning of the ships and the replacing of those lost. In regard to the wool requisition, the whole question has arisen within the last few days; all the information has been by cable; and as to the reason for the Imperial Government's action, of course, I cannot go deeply into it, but I am prepared to give you all the information that is in my hands or at the disposal of the Government in regard to the matter. I have prepared a confidential circular briefly outlining the proposed offer and terms for the use of members of the conference:—

(Confidential.)

Imperial Government Supply Department, Wellington, 14th November, 1916.

*Proposal of Imperial Government to Requisition New Zealand Wool.*

1. Telegraphic information has been received from the Right Hon. the Prime Minister that, as the outcome of a conference between himself, the Right Hon. Sir Joseph Ward, the High Commissioner, and representatives of the Imperial Government, a proposal has been formulated to requisition all New Zealand wool.