

1922.

## NEW ZEALAND.

IMPERIAL PURCHASE OF NEW ZEALAND WOOL-CLIPS,  
1916-17, 1917-18, 1918-19, AND 1919-20(CABLES, CORRESPONDENCE, REPORTS OF CONFERENCES, GAZETTE NOTICES, AND LONDON  
ACCOUNTS RELATING TO).*Laid on the Table of the House of Representatives by Leave.*

## CORRESPONDENCE RELATING TO THE 1916-17 WOOL-CLIP.

Letter from the WAR OFFICE, London, to the Right Hon. W. F. MASSEY, Prime Minister for New Zealand, London.

SIR,—

War Office, London S.W., 6th November, 1916.

I am commanded by the Army Council to refer to the conference which took place this afternoon in Lord Derby's room concerning the purchase of colonial wool.

I am to state that the probable need of wool for the military purposes of the War Department and those of the Allies is so great as to render it desirable, in the opinion of the Council, that the Governments of New Zealand and Australia should be approached with a view to arrangements being made for the sale to the War Department of the whole of the New Zealand wool-clip and the Australian crossbred clip.

This course is also necessary in order to check possible speculation, to enable transport to be properly organized, and to render possible the continuance of control over production, and the limitation of the profits of manufacturers which are now being exercised in this country by the War Department.

With regard to the question of prices, the Council are impressed by the representations made this afternoon, and they are prepared to agree to the suggestion made that the schedule of prices to be paid to the growers should be based on the average prices paid in the season 1913-14, plus 45 per cent. The Council are aware that these prices may be slightly less than those prevailing last season, but they desire me to point out that the Imperial Government will assume under this scheme all the chances of the market for the whole of the clips, and the whole responsibility for securing tonnage for shipment, or, in the alternative, for storage in New Zealand and Australia. Further, it is to be noted that the British grower is paid only 35 per cent. above pre-war prices, and the French grower only 25 per cent. for their wool.

It is anticipated that the bulk of the wool will be required for clothing the British and Allied Armies, and under the arrangements now in operation for the limitation of manufacturers' profits in the worsted and woollen industries the full advantage of prices at which the wool is purchased will be secured to the War Department. It may, however, appear to be desirable to dispose of a portion of the wool for other than military purposes, and in this case it will be sold at the prices available for the particular purposes for which it is to be used, having regard to war conditions. It is suggested that any profit which results from such transactions should be shared equally between the Imperial Government and the Colonial Government concerned. It is, of course, understood that any loss would fall upon the Imperial Government.

It is suggested, if your Government is prepared to agree to these proposals, that the New Zealand Government should undertake on behalf of the War Department to make all necessary arrangements for purchase in New Zealand and for delivery on board ship.

In view of the urgency of the matter the Council will be glad if you will as soon as possible communicate these proposals for the favourable consideration of your Government, and that, if your Government is able to agree to them, you will be willing to give your valuable assistance to the officers of this Department in working out the details of the scheme.

I am, &c.,  
R. H. BRADE.

The Right Hon. W. F. Massey, Prime Minister of New Zealand,  
Hotel Cecil, London.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

London, 8th November, 1916.

WITH reference to requisitioning wool, am of opinion that price quoted below market values. On the other hand, proposal means solution of shipping difficulty, as Imperial Government take full responsibility, and by prompt cash wool-grower would be safe. Advise full consideration and not to accept offer hurriedly.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

London, 9th November, 1916.

FIRSTLY, myself, Ward, Mackenzie met in conference with representatives of Imperial Government with reference to their proposed requisition all New Zealand wool. Imperial Government willing to pay 45 per cent. increase in average price of each quality wool season 1913-14; delivery to be made either port, railway-station, or store approved Government of New Zealand; British Government pay cost of dumping and incidental handling. During June British wool requisitioned on 35 per cent. and French 25 per cent. over pre-war rates. Since then prices have been advanced considerably. In the event of whole quantity not being required for military purposes, surplus to be placed in open market. If profit realized, half such profit to go to New Zealand; if loss, whole of same to be borne by Imperial Government. Terms prompt cash on delivery. Any existing contracts to be cancelled.

Secondly, suggest that small but representative conference producers and others interested in wool should be convened as soon as possible for purpose of considering proposal. It is proposed to requisition also Australian crossbred wool on same terms as New Zealand.

Telegraph result with least possible delay.

#### FIRST CONFERENCE OF REPRESENTATIVES OF THE WOOL INDUSTRY WITH THE HON. MINISTER OF AGRICULTURE.

WELLINGTON, 14TH NOVEMBER, 1916.

THE following delegates were present:—

*Wool-growers.*—H. D. Acland, President New Zealand Sheepowners' Federation; G. D. Greenwood, Canterbury Sheep-farmers; John Turnbull, Gore Wool-growers; George Chewings, Southland Frozen Meat Company and Agricultural and Pastoral Society; Guyon Macdonald, Timaru Agricultural and Pastoral Association; Hugh Burrell, Feilding Agricultural and Pastoral Association; Ernest Short, Manawatu and West Coast Agricultural and Pastoral Association; H. Akers, Manawatu and West Coast Agricultural and Pastoral Association; J. Knight, Feilding Agricultural and Pastoral Association; F. H. Labatt, Secretary New Zealand Sheepowners' Federation; W. F. Parkinson, President Sheepowners' Union, Canterbury; W. W. McRae, North Canterbury Sheepowners; R. H. Aldworth, Ohariu, Wellington; S. Bryant, Ohariu, Wellington; P. C. Gray, East Southland district with Gore as the centre, and Stock Agents' Association; G. A. Marchant, Central Taranaki; H. P. Best, Taranaki; J. M. Arundel, Tokomaru Bay; E. C. Jack, Secretary New Zealand Farmers' Union; Thomas Moss, President Farmers' Defence Committee; T. Hodgins, Pahiataua; Ewen Campbell, Wanganui; William Peat, Wanganui; E. MacGregor, Waikato Graziers' Vigilance Committee; W. H. Field, M.P., Otaki; Allan Robinson, Wanganui County; Walter Seavill, Raglan and Waikato Counties; M. A. Elliott, Manawatu Wool-growers and Auckland Wool-growers; G. V. Pearce, M.P., Egmont Agricultural and Pastoral Association and Taranaki Farmers' Union; W. Van Asch, Hawke's Bay Farmers' Union; H. M. Campbell, Hawke's Bay Agricultural and Pastoral Society; A. D. McLeod, Wairarapa; Hugh Morrison, Wairarapa; W. Perry, Masterton Agricultural and Pastoral Association and member of the Board of Agriculture; E. Averill, Board of Agriculture; Sir J. G. Wilson, Board of Agriculture; Sir Walter C. Buchanan, M.L.C., Carterton Agricultural and Pastoral Association; C. H. Ensor, President Canterbury Agricultural and Pastoral Society; J. Talbot, Timaru; David Jones, North Canterbury Farmers' Union; C. de V. Teschemaker, Marlborough Sheep-farmers' Union and Agricultural and Pastoral Society; John Clark, Gisborne Sheep-farmers; R. Acton-Adams, Otago and Southland Sheepowners' Union; James Begg, Otago Farmers' Union and Sheepowners' Association; P. Patullo, Hawke's Bay Sheepowners' Union; W. D. Lysnar, Gisborne Sheep-farmers; H. G. Okey, M.P., Taranaki Agricultural and Pastoral Society; L. A. Nolan, Taranaki; C. H. E. Rhodes, Rangitikei; H. Lethbridge, representing Lethbridge and Marshall, Turakina; P. A. McHardy, Palmerston North.

*Representing Banking Institutions.*—R. A. Holmes, Chairman.

*Wool-buyers.*—Messrs. R. Nettleton, N. Andrews, H. T. Milnes, Walter Hill, Denny, Prevost, Sant, Clark, Jowett, T. O. Price, Barker, Brown, Arlow, Tartakover, Leithhead, Baker, F. Myers, Andreac, H. Hill, A. Nicholls, W. Scott, Carney, Bourke, Roberts, Christenson, Davidson, Kearsley, Wilson, Anderson, A. McMillan, Cunningham, Churchward and Smith, C. F. Oliver, D. A. Fay, Storey, Gifkins, A. E. Donne (Wellington Woollen Company), J. Morrison and Co. (representative, J. Harrison-Jones).

*Wool-brokers.*—Messrs. Bennett and Waterhouse (New Zealand Wool-brokers' Association), Mabin (Wellington Association), Kettle (Napier Association), Boyle and Kitto (Christchurch Association), Black (Dunedin Association), Rawnsley (Timaru Association), Mitchell (Invercargill Association), and Perkins (Auckland Association); also Messrs. Stewart (Dalgety and Co.) and Keeling (Bank of New Zealand).

*Frozen Meat Companies.*—W. G. Foster, Wellington Meat Export Company; E. Short, Feilding Meat-freezing Company; H. G. Stringer, Feilding Farmers' Frozen-meat Company; J. A. Mitchell, Nelson Freezing Company; W. Cameron, Wellington Farmers' Meat Company and Taranaki Farmers' Meat Company; J. Milne, Wellington Farmers' Meat Company and Taranaki Farmers' Meat Company; Kinross White, North British and Hawke's Bay Freezing Company; John Clark, Gisborne Sheep-farmers' Frozen Meat Company, Poverty Bay Farmers' Freezing Company (Limited); W. Sherratt, Tokomaru Freezing Company; J. T. Rogerson, Longburn Freezing-works; J. Marx, New Zealand Bacon and Packing Company; W. D. Powdrell, Patea Freezing-works, Whakatane Freezing-works; J. S. Jessep, Wairoa Farmers' Co-operative Freezing Company, Hawke's Bay; S. J. Ambury, Auckland Farmers' Freezing Company; J. Borthwick (T. Borthwick and Sons, Limited); A. Rowlands, Westfield Freezing Company (Limited), Whangarei Freezing Company (Limited); James Begg, South Otago Freezing Company; George Chiewings, Southland Frozen Meat Company; S. V. BurrIDGE, Gear Company; W. Murray, New Zealand Refrigerating Company; H. G. Warren, Nelson Bros. (Limited), Tokomaru Farmers' Freezing Company; W. H. Millward, Gear Company; Ewen A. Campbell, Wanganui Freezing Company.

*Also present.*—The following gentlemen also attended the conference: N. L. McBeth, D. Caldwell, H. Best, W. Oxley, F. Iron, H. R. McElrea, F. H. Sandall, J. Mattheson (Invercargill), Baden Powell (Bristol and Dominions Company), J. Lane, T. Preston, C. Matthews.

The Hon. W. D. S. MacDonald, Minister of Agriculture, presided.

Hon. Mr. MACDONALD: Gentlemen, I desire to thank you for so quickly responding to my invitation to meet me in conference to-day, but no doubt one might have expected a ready response and large gathering on such an important occasion. Probably the proposals of the Imperial Government to requisition the New Zealand wool-clip, and also the Australian wool-clip, has come with a certain amount of surprise to the sheep-farmers and others interested, as it has to the Government of the Dominion.

A DELEGATE: The Australian wool-clip is half sold.

Hon. Mr. MACDONALD: That may be the case, but the Australian clip will be treated on exactly the same basis as the New Zealand clip: that is the information I have received from the Imperial Government and the Prime Minister of this country. A cablegram on the subject was received as late as yesterday afternoon, and I expected further cable advice from the Prime Minister this morning, but so far it has not arrived. The Home Government have decided to submit proposals to both the Australian and New Zealand Governments for the requisitioning or commandeering of the whole of the wool-clips, and as a member of the Government of New Zealand I recognize the position is one that requires very grave consideration; therefore I do not ask the delegates to come to any hasty conclusion in the matter. The Government recognize that the farmers have to maintain a sound financial position in order to enable them to meet their obligations, and we also recognize that if the farming community do not maintain a sound financial position the Government of the country cannot be sound. Everybody who has been watching the trend of events appreciates the very difficult position the Imperial Government is placed in. We are at grips with Germany, and to-day it is a question of the life or the death of the Empire. We have in this Dominion to-day wool-buyers who have been representing here for many years big English firms; but there is another class of wool-buyer who has sprung up in this and other countries—the speculative wool-buyer—who is attempting to cut across the interests of the Empire in this time of stress, and that is why the farmers and producers should realize that it is not all a question of pounds shillings and pence, but that there is a great probability that unless some definite step is taken regarding the wool-clip of this season, both in Australia and New Zealand, it will fall largely into the hands of the speculative community, when, of course, the Imperial Government will have to pay exorbitant prices for the supplies that are so absolutely necessary for England and her Allies. If England and her Allies do not succeed in this war your property in this country will be valueless, and it will be quite immaterial what profits you make. A few weeks ago we did not expect to have to deal with this question. The Government were asked not to issue permits to any country excepting the United Kingdom, but before the decision was given practical effect to we had a further request from the British Government to prepare for the requisitioning of the whole wool-output. Then, there is another matter: Besides having to fight the enemy England has to try to keep on good terms with the neutral countries, and when an irresponsible man gets up and asks "Why does not the British Government do so-and-so?" it indicates that he is not aware of the circumstances dominating the position. What we want to do is to try to get a reasonable amount of justice for all concerned; but to attain that end you have to make many allowances that would no doubt be severely criticized in normal times. Throughout the war the population of this country has shown the utmost loyalty to the Empire and to our own Government, and I hope that whatever decision is arrived at by the different branches of trade represented here to-day, they will not look upon the proposal as an attempt to take away any rights they possess, but that the Government are submitting the scheme out of necessity: that they want to control the wool-supplies in the interests of England and her allied armies, and to prevent those supplies falling into the hands of speculators either here or in England. I am not here to ask you to accept the price offered, but I do ask you to do what is honest, equitable, and just to this country and to the Empire. This brings me to the point where I should state that a few days ago the Acting Prime Minister received a cablegram from the Prime Minister in England stating that the Imperial Government proposed to requisition all the New Zealand wool, and that the proposal had come as a surprise, but that the people of New Zealand must not be alarmed at the decision. Then a further cablegram arrived intimating the price the Imperial Government proposed to offer the wool-growers. The proposals are as follows: they wish to take as a basis the pre-war prices of the season 1913-14, on which all the emergency legislation

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.

2. In connection therewith, in view of the importance of the proposal, I desire to consult freely representatives of wool-growers and all interested in the wool industry.

3. I have therefore invited representatives to meet me to-day to consider the proposals which the Government have received.

4. The proposals are: That the Imperial Government accept as a basis the average price realized for each quality of wool for the season 1913-14, and is prepared to pay an advance of 45 per cent. thereon. Delivery to be made at either port, railway-station, or store as approved by the Government of New Zealand.

5. All handling-expenses from the point of delivery decided upon to be borne by the Imperial Government.

6. I am further advised that, in the event of the whole of the wool not being required for military purposes, the surplus is to be placed on the open market, and if it should be that a profit is realized, half of such profit is to revert to the New Zealand wool-growers, but if any loss results the whole of such loss will be borne by the Imperial Government.

7. The terms of payment will be prompt cash on delivery.

8. It is also intimated that as a condition of the requisition all existing contracts shall be cancelled.

9. For the information of the conference I am able to make it known that the necessary transport will be arranged by the Imperial Board of Trade.

W. D. S. MACDONALD, Minister in Charge.

Mr. VAN ASCH: Is the wool to be valued by the experts at different ports, or is every producer to be paid 45 per cent. more than he received for his wool in 1913-14? Supposing I sold my wool at the first sale that season for 10d., and my neighbour at the next sale got 1d. more, will the latter obtain the 45 per cent. on his extra 1d. rise, or will the whole of the wool sold that season be revalued for the purposes of the present proposal?

Hon. Mr. MACDONALD: I take it that the price will be based on the average prices of the different classes of wool for the 1913-14 season, which will be the maximum price throughout. If one man gets "panicky" and wants his wool sold here, while another wishes his clip shipped Home, it would be impossible to deal with all such individual cases. I take it the price is going to be the average price for all grades of wool. That will be the average price for the North Island. Probably the finer first half-breds and Corriedales of the South Island will be assessed on a different basis altogether. I have not gone into that question, but the Government do not wish to force the sheep-farmers to agree to anything they do not clearly understand, and I suggest that after the proposal has been considered and debated the wool-growers should select a committee from this conference, and that the wool-buyers and also the brokers should do the same—and probably the fellmongers and other kindred industries might each like to appoint a similar committee—the mercantile firms, the freezing companies, and the banks are also interested. It is the wish of the Government to allow everything to proceed through the same channels as previously. Mr. Massey's cablegram gives all the information I have, and is as follows: "9th November, 1916.—Myself, Ward, and Mackenzie met in conference with the representatives of the Imperial Government with reference to the proposed requisitioning of all New Zealand wool. Imperial Government willing to pay 45 per cent. increase on average price of each quality of wool season 1913-14. Delivery to be made either at port, railway-station, or store through the Government of New Zealand. British Government pay cost of dumping and incidental handling. From June the British Government requisitioned all the British wool at 35 per cent. increase on the 1914 price, and the French requisitioned the whole of their country's wool at 25 per cent. over pre-war rates. In the event of the whole quantity of New Zealand wool not being required for military purposes, surplus to be placed in open market. If profit realized one-half such profit to go to New Zealand; if loss, whole of the same to be borne by the Imperial Government. Terms, prompt cash on delivery; all existing contracts to be cancelled." I think that the average price will be readily ascertained. The value of crossbred wool was from 11d. to 11½d. in 1913-14. The wool bought by the majority of buyers is graded, say, A, B, C, D classes, and the buyers pay an average price for different grades; they work out their own average table and know the result. Those are all the points I need refer to. If there are any matters connected with the price about which you wish to have more exact information it will be a simple matter to cable for it, and your decision can be deferred until you are finally satisfied by a reply from Mr. Massey as to what is the exact position.

Sir W. C. BUCHANAN: The first step to be taken by this conference would appropriately be to back up the dominating note of the Minister's forcible speech—viz., that this meeting is unanimous in its support of the steps proposed to be taken by the British Government as outlined in the proposal now before the meeting, and which the Imperial Government deem it necessary to take in connection with the needs of the Empire. I think this conference should pass a unanimous vote—I am sure it will—in this matter, and thus back up the action of the Imperial Government and their Allies in this great crisis. I will therefore move, That this meeting desires to express its wish to support the Imperial Government in every way possible in order to assist in the successful conclusion of the war.

Mr. BOYLE: I have much pleasure in seconding that resolution.

Sir J. G. WILSON: As one of the older pastoralists and members of the farming community I should like to support Sir Walter Buchanan's motion. If the British Government does really require our wool for Imperial and war purposes—and it is evident that it does require this help to enable it to win the war—then we should all agree to the proposal as far as we possibly can, provided the matter is properly arranged and that the arrangements are satisfactory.

Mr. H. CAMPBELL: The wool-growers would like to discuss the Imperial Government's proposal as a separate body, and I suggest they be given the use of a committee-room.

Hon. Mr. MACDONALD: Whatever the conference finally decides it will in all probability split up into three separate sections, and rooms and clerical assistance will be arranged accordingly.

Mr. ACLAND: On behalf of the Sheepowners' Federation we would like to have a meeting of the sheepowners and wool-growers as soon as possible before coming to any decision on the matter.

Mr. LYSNAR: I suggest that we come to no conclusion in the meantime. We all have Imperial ideas and aspirations, but we want some facts to go on before voting on Sir Walter Buchanan's motion.

Sir W. C. BUCHANAN: My resolution has nothing to do with the details of what the Minister proposes on behalf of the Imperial Government, but merely affirms the unanimous desire of this conference of wool-growers to support the Imperial and New Zealand Governments in this matter, and so help to win the war.

Mr. LYSNAR: As long as that is the spirit of the motion there can be no objection to it; but we want to be free in the end to vote for or against the proposal after we have weighed all the facts. I therefore have great pleasure in supporting Sir Walter Buchanan's resolution.

The motion was carried unanimously, and with acclamation.

Mr. TESCHEMAKER: Do you suggest that each section of the conference—wool growers, buyers, and brokers—should appoint a separate committee to talk over their respective interests? Some of us do not know one another, but we all have a duty to perform to our respective interests and districts, and I think the opportunity of a separate committee meeting should be afforded.

Hon. Mr. MACDONALD: I suggest that if it so desires each section should appoint a committee to go into the proposal, or it can discuss the question as a separate body without setting up a committee. Then, later on, the result of the deliberations can be placed before the conference as a whole.

Mr. PEARCE, M.P.: It is evident to me that the proposal is to ask the wool-growers to take a lesser price than the present market price in New Zealand. It has been stated—and I wish the Minister to say if the statement is correct—than in commandeering our meat the Home Government simply dealt with the matter on a commercial basis—as a business deal—declining to allow us to interfere in any way with the sale, distribution, or profit in England. If that is to be the case with the wool it will be a guide to the conference as to whether it also should deal with the wool-clip as a business proposal, and on the present market price.

Hon. Mr. MACDONALD: There is a great deal of difference in the two matters. In the case of the meat there were other contracts hanging on the New Zealand contracts. The New Zealand meat contract was not the only meat contract the Imperial Government were concerned with, and had they altered the conditions under which they were dealing with New Zealand meat, they would probably have lost the supply, in one instance, of 50,000 tons of beef a month. There was a clause in the agreement with the New Zealand meat-producers that they should nominate their agents at the other end for any free meat available. Once the Imperial Government sold the meat at the Smithfield end and cleared themselves it did not matter into whose hands it went. They could not follow it up into the retail trade from the wholesale.

Mr. PEARCE, M.P.: They took up the position that the deal was then complete.

Hon. Mr. MACDONALD: They took up the position that they would not interfere with the dealer in England, or any general domestic-policy question, as the National Ministry had been formed there—as here—only to cope with questions relating directly to the war. They wanted certain products for their Allies—Russia, Italy, and France—and, no doubt, in the case of the wool it is desired to send it to its destination without, if necessary, transshipping it from the hold of the ship. But if we are to have wool-sales here there will be commissions, claims, and other troubles arising, and the whole of the wool would have to be collected again, so you can see that the proposal of the Imperial Government is going to save time. Under an agreement with the Argentine the Home Government obtained a supply of 50,000 tons of beef, delivered monthly, on condition that they allowed the Argentina people a free market for the rest of their beef, mutton, and lamb in England. That is the position with regard to the meat; but in connection with the wool, on whatever basis you make the calculation there is no question, judging by the latest cabled reports from England, that the prices offered here under this proposal of the Imperial Government are less to a certain extent than the present market rates. But basing the price at a 45-per-cent. increase on the 1913-14 rates, according to the figures available from various departments, this proposal shows a slight increase on the present prices of certain grades of this country's wool. However, that is a detail matter for later consideration. The main question I wish to put to the conference is, are the wool-growers going to agree to the proposal? If that is affirmed, then all subsidiary questions of storage, freights, shipment, and those affecting the wool-buyers and the brokers may be considered on another basis. The main point is, as Mr. Pearce has stated, to consider whether it is a sound commercial proposition, and whether we can fall in with the views of the Imperial Government and meet them in the spirit we should. Another question we are concerned with is that of the valuation of the clip. The New Zealand Government wish to give the producer every possible assistance, and if any man suffers by comparison with 1914 prices he must have the right of appeal for a special valuation.

Sir W. C. BUCHANAN: The Government and the settlers will get into no end of difficulties if the basic price is not fixed—that is, the price when the clip is shorn. In the case of the clip shorn in 1913-14 I may point out that some of that wool has not been sold yet. The other point is this: that if the Government wants to keep out of difficulty in regard to the price that the settler is going to receive, if that is fixed on any other basis than the account sales of the settler, then I give warning at once that there will be a field of difficulties to be faced. The price received by the settler, no matter whether the wool is sold locally or in England, cannot very well be an unfair price. There will be no hardship to the settler in having the basic price fixed upon what he receives for his clip of 1913-14.

Under any other method of valuation I am satisfied there will be an outcry that in many cases there will be unfair valuations.

Mr. H. D. AGLAND: I would like to ask if time will be given to allow sheepowners to confer. The various sheepowners have not had an opportunity of getting their various committees together and consulting. Really, until 10 o'clock to-day there has not been an opportunity to discuss this matter. The sheepowners have practically got no mandate from their different bodies: that is the difficulty. Although we purport to represent the various sheepowners, we have got no mandate from them, and I think we would like time to consider this question.

Hon. Mr. MACDONALD: As the whole of the gentlemen representing the different interests are here, I think a portion of the forenoon might profitably be spent in considering the question, and the conference may take further time if it so desires to discuss the proposal. I may point out that whatever position the Imperial Government takes up, they have got powers which neither this conference nor anybody else in the Dominion can alter. They can instruct us to prohibit the export of all wool except to the Imperial Government. I want the different sections interested to discuss the matter fully. They can meet in different rooms if necessary.

Mr. C. H. ENSOR: I would like to ask if the British Government will accept counter-proposals. For instance, we might ask if, instead of commandeering the wool—the raw material—might it not be better to commandeer the manufactured article—the clothing and blankets?

Hon. Mr. MACDONALD: I am pretty well convinced that the conference is going to make counter-proposals, but whether the Imperial Government will accept them I am not prepared to say; but whatever the counter-proposals may be, if they are in reason—and I am convinced they will be reasonable—I shall be quite prepared to send them on to the proper quarter for consideration. But with regard to the manufactured article, I may point out that what the Imperial Government ask for is the New Zealand wool-clip.

Mr. WALTER HILL: The wool-growers have their position defined, but there are other sections of the trade that have nothing to go upon. Can you give us a lead in which way the wool-buyers should discuss the matter? We have absolutely nothing to discuss at present. I may point out that last year the farmers shipped 227,000 bales and the wool-buyers shipped 308,000 bales. What is our position? It has taken me twenty-five years to build up a business, for which apparently I am to get no consideration. There are fifty or sixty firms: are they to be closed up, or what is their position?

Hon. Mr. MACDONALD: You have purchased this year's clip?

Mr. WALTER HILL: Yes.

Hon. Mr. MACDONALD: There is a proposal to cancel all purchases for this season. If that is not a matter for the consideration of yourself and your fellow wool-buyers I think it should be. One of the proposals of the Imperial Government is to purchase the New Zealand wool-clip and cancel all purchases. That is why the wool-buyers have been invited to this conference. If these contracts are cancelled they should state what they are entitled to, so as to enable me to send a proposal to Mr. Massey to convey to the Imperial Government. That is what you have to discuss. If all the wool-buyers have been buying wool, and all these arrangements are to be cancelled, they have a great deal to consider. The New Zealand Government are only submitting the proposals, and if you can put forward a good case for compensation for having your contracts cancelled, that will be a matter for the Imperial Government to consider.

Mr. WALTER HILL: I am quite prepared to accept your dictum with regard to the cancelling of contracts; but it was with regard to the organization that I represent—firms are to be closed up, firms with great responsibilities behind them—it was with regard to these organizations generally. I think everybody is loyal and willing in case of necessity to hand over to the Government, at a price which may be stated, anything which they possess; but I think we ought to have some indication as to what is going to happen to us as business firms in the event of this change taking place.

Hon. Mr. MACDONALD: You have to remember that these are extraordinary times, and the Government has to do extraordinary things. My own view is that nothing unjust or unreasonable will be done. In regard to some questions that have been asked, I may say that we are going, if possible, to run the export of wool on exactly the same lines as in previous years so far as it is possible. There will be no difficulty about it to my mind, and if the export men and brokers and representatives of mercantile firms look at it in the way I have indicated they will not see any difficulty at all.

Mr. BENNETT: You have announced that the price will be based on the 1913-14 seasons, plus 45 per cent., and in addition to that you say that those prices will be paid on delivery in the store. That means that the price paid to the grower will be better by the charges that would accrue to him in the ordinary course. That appreciation in price does not appear on the face of the proposal, and it has struck me that the offer is better to that extent than appears on the face of it.

Hon. Mr. MACDONALD: That is quite clear, Mr. Bennett.

Mr. WILSON: I would like to know what position the wool-scourers, fellmongers, &c., will be placed in under this scheme.

Hon. Mr. MACDONALD: I would like those interested to form committees and tell me exactly how they look at it. When you put your position in concrete form you can let me know, and I can then discuss it and deal with it.

Sir J. G. WILSON: You have been asked whether you are prepared to agree to this conference being adjourned. In regard to the meat-supply, I may point out that Mr. Massey adjourned the meeting for a fortnight, and the question was considered at a second meeting. You will have to finally place before the sheepowners the conditions under which they are working.

Hon. Mr. MACDONALD: That is the suggestion, but in the meantime this conference can discuss the proposal. This question, however, is quite different to the meat question. I want to tell the wool-growers that we cannot have a fortnight's delay about this, because the wool is coming in fast, and we must take advantage of every boat leaving for Home. That is why Mr. Massey asks me to telegraph the result with as little delay as possible. We have got less shipping-space available to-day,



and we want to fill every ship that leaves this country. This gathering can take the remainder of this week if they please and ask for more information from England if they desire; but there is going to be no waste of time over this matter, and I do not think anybody wants to waste time.

Sir W. C. BUCHANAN: Can you explain to us any particular reason why any surplus wool not required by the Imperial Government, when put on the market and sold, why one-half the profit, if profit there be, should be returned to the grower? I think that is surplusage altogether. I think the Imperial Government should take up the position that the wool belongs to the Imperial Government—the Imperial Government has bought it.

Hon. Mr. MACDONALD: I do not think there is any need discussing that. I think everybody realizes the position that if the pastoralists come to a decision to sell the wool to the Government under these proposals, there is no question but that any wool put on the market in open competition will fetch very high prices. I think the Imperial Government is fair in saying that if prices jump up “We will let the growers have some of the advantage of the profits on surplus wool.”

Mr. W. H. FIELD: Can we make counter-proposals in regard to the whole question? I notice that the offer is 45 per cent. on the price for the 1913–14 season. Can you indicate what the scope of our counter-proposals may be?

Hon. Mr. MACDONALD: I take it that every sheep-farmer will come to a conclusion as to what he really intends to do. The conference can make any number of counter-proposals, but there is no use in making counter-proposals which will not be acceptable to the Imperial Government. The offer of 45 per cent. is a substantial increase on 1914 prices, and is practically on a par with present prices, and with the prices already paid this season. If, in the opinion of members of the conference, the proposals of the Imperial Government are going to bear unjustly or harshly on any section of the people, then it is for them to state their case and submit a counter-proposal.

Mr. KETTLE: As a broker I can quite understand the uncertain feeling in the growers' mind as regards the valuation. There can only be one way in which this can be done, and that is by appointing expert valuers to value each clip of wool on its own merits. In Great Britain the Government has already requisitioned the wool-clip there. Surely they have got a method there which we could adopt.

Sir W. C. BUCHANAN: They have got experts there, and we have not got them here.

Mr. KETTLE: We have in this room expert buyers from the Old Country. I can quite realize the uncertainty in the minds of the growers in regard to the valuation. After the brokers and buyers meet we may have some suggestions to make as to how the valuation should be done. We want to see the thing carried out in a way that will be fair to all. I think what we have to consider is the method in which the valuing is to be done. You may have the case of a man whose last year's wool was in bad condition, and this year's wool may be in splendid condition, so that there may be quite 2d. per pound between the two values. You must take his wool on this year's condition. I think it is possible we may suggest some method by which you can arrange a fair and equitable valuation. You have to take into consideration valuation on the condition of the wool this year, and not the condition of past years.

Mr. E. SHORT: Is it the intention to commandeered wool already on the sea?

Hon. Mr. MACDONALD: I am only dealing with the wool now here. In reply to Mr. Kettle, I may say that the basis is to be the clip of 1913–14. Except in special areas of a county where there may have been fires or drought, the differences will not be very great. Last year the wool was in good condition, because people were not overstocked. The wool brokers and valuers may suggest a fair method of valuation. If the growers consider the method is not fair they will very soon point out where they consider it is unfair. I suggest that the conference should set up committees representing the different sections of the trade. Suggestions may then be made as to what system of valuing you think is fair. I have submitted to you the offer of the Imperial Government. They want to base their prices for this season's clip on 45 per cent. increase on the 1913–14 wool-clip.

A DELEGATE: Net or gross?

Hon. Mr. MACDONALD: It is the net general average of the different grades.

Mr. G. V. PEARCE: The first question is the question of price, and I think this meeting should understand from what point of view we are to look at the matter—whether we are to decide it from a patriotic or business point of view—because we must turn the offer down from the latter.

Mr. J. TALBOT: The point has been raised whether we should not have an opportunity of going back to our constituents before this matter is finally settled. Most of us have come here at twenty-four hours' notice. We would like in regard to the large question to have a little time to consult with our own people. It is pretty awkward if we have to go back and tell them, “We have settled all your business and sold all your wool for you.”

Hon. Mr. MACDONALD: I have put the position to the conference as plainly as I can. All I want to say is this: whilst I am not prepared to allow this conference to go on till Christmas or indefinitely, I throw the onus absolutely on the conference as to whether they are going to say Yea or Nay to this proposal, or submit counter-proposals; but delay means losing the chance of getting our exports away, and I tell you that there is to be no export from this country until a decision has been arrived at by this conference.

Mr. MABIN: It comes to this: that unless a decision is come to in a few days shearing will have to be held up.

Hon. Mr. MACDONALD: There will be congestion all round.

Mr. ANDERSON: Is it not a fact that the British farmers did not pay excess profits tax, and received 35 per cent.?

Hon. Mr. MACDONALD: I will look up that point. In reply to a question that has been asked, I may say that I want the wool-growers to have a conference and say whether they accept the proposal or whether they will submit counter-proposals. They might also say how they think the



valuing should be done. And the wool-brokers and the wool-buyers might also make recommendations. I think that every sheep-farmer and every person interested in this business knows that time is the essence of the contract in this matter, and we want to arrive at a decision and get a reply sent to the offer of the Imperial Government, so as to avoid disorganization of trade and congestion in this country. It is absolutely essential that a decision should be come to as quickly as possible. Every possible assistance which the Government can give to the producer and to all sections of the industry will be given freely. I know that you as producers will do what is equitable and just, as you have done since the commencement of the war.

Mr. G. D. GREENWOOD: There is one aspect of the question that has not been touched upon. We in New Zealand are to have our wool commandeered. The other parts of the Empire have not been asked. The effect of this commandeering of our wool will be to enormously increase the price of all wool placed on the market. Therefore the other parts of the Empire will benefit by this commandeering of our wool.

The various sections of the conference then held separate meetings as follows: Wool-growers (chairman, Mr. H. D. Acland), wool-buyers (chairman, Mr. Walter Hill), wool-brokers (chairman, Mr. W. S. Bennett).

Subsequently the above sections brought in the following reports:—

#### MINUTES OF MEETING OF WOOL-GROWERS.

Wellington, 14th November, 1916.

Mr. H. D. ACLAND was voted to the chair.

Mr. G. V. PEARCE moved, "That this meeting accept the Government's proposal to commandeer the wool on condition that the price to be fixed is the present selling-price in New Zealand."

Mr. W. VAN ASCH seconded the motion.

Mr. HUGH BURRELL moved, as an amendment, "That the offer of the Imperial Government be accepted, subject to a 50-per-cent. increase on the 1913-14 prices, and that no refund in profits be asked for."

Mr. T. HODGINS seconded the amendment.

Sir W. C. BUCHANAN moved, and Sir J. G. WILSON seconded, "That the further consideration of the amendment be adjourned till 10 o'clock to-morrow morning." Negatived.

The conference divided on the amendment: Ayes, 24; Noes, 25: majority against, 1. Amendment negatived.

The conference divided on the motion: Ayes, 25; Noes, 22; majority for, 3. Motion agreed to.

Mr. W. D. LYSNAR moved, "That any surplus wool should be sold in England or elsewhere by public auction."

Mr. EWEN CAMPBELL seconded.

Motion, by leave, withdrawn.

Mr. W. D. LYSNAR moved, "That a Committee be set up to report to this conference to-morrow morning at 10 o'clock on suggested basis of prices, with power to call in whoever they think desirable. The committee to consist of Messrs. Acland, Pearce, Ewen Campbell, Van Asch, Macgregor, Greenwood, Burrell, Acton-Adams, Teschemaker, Turnbull, Lysnar, Marchant, and Perry."

Motion agreed to.

#### *Meeting of Committee.*

At the meeting of the committee the following resolutions were agreed to:—

#### A.

That the wool-brokers be requested to give to the wool-growers, the average values of the various qualities of wool at the present date—14th November, 1916.

That the brokers be asked to give us the values of 1913-14 clip, and the difference in percentage between the different values of these years and the present prices.

That this committee recommends the conference to accept the following prices as the average for the different qualities of wool undermentioned:—

Merino, super ..	..	..	..	..	d.	21
„ medium ..	..	..	..	..	..	19
„ inferior ..	..	..	..	..	..	14½
Half-bred, super ..	..	..	..	..	..	21½
„ medium ..	..	..	..	..	..	19½
Crossbred, super ..	..	..	..	..	..	18½
„ medium ..	..	..	..	..	..	16
Coarse crossbred ..	..	..	..	..	..	15½
„ 36s. ..	..	..	..	..	..	14½
„ inferior ..	..	..	..	..	..	13

And that valuers be appointed to value each parcel of wool, and decide whether the wool is above or below the average value, and, if so, to what extent. And that in the event of the Government paying all charges after delivery in store, the prices to be reduced by ½d. per pound.

#### MEETING OF WOOL-GROWERS.

The conference resumed at 10 a.m., 15th November.

The report of the committee was presented and considered.

On the motion of Mr. W. D. LYSNAR it was agreed, "That the report be referred back to the committee, with the suggestion that the figures be reconsidered on the basis of yesterday's motion

in view of the new figures produced to-day by the wool-brokers; also to report on the basis of accepting last year's prices; also to report on 1913-14 values, with 55 per cent. added.  
Messrs. Begg, Puttallo, and Short were added to the committee.

14th November, 1916.

*Particulars of Prices ruling To-day as estimated by the Brokers and supplied to the Committee by Mr. Bennett in accordance with Resolution "A."*

RANGE OF VALUES.				d.	d.
Merino, super	..	..	..	20	to 22
„ medium	..	..	..	18	„ 20
„ inferior	..	..	..	13	„ 16
Half-bred, super	..	..	..	20	„ 22½
„ medium	..	..	..	18½	„ 20
Crossbred, super	..	..	..	18	„ 19
„ medium	..	..	..	15	„ 16½
„ coarse	..	..	..	14½	„ 16
„ „ 36s.	..	..	..	13½	„ 15
„ „ inferior	..	..	..	12½	„ 13½

At a second meeting of the committee an amended report and recommendation was adopted for submission to the conference. An amendment, moved by Mr. Acton-Adams, to omit the figures was negatived by nine votes to six.

CONFERENCE.

The conference resumed, and the following report of the committee was considered :—  
That this committee recommends :—

1. That the terms offered by the Imperial Government for merino wool be accepted as the basis of valuation.
2. That the offer of the Government be accepted for all other classes of wool at the January, 1916, sales prices in New Zealand; the valuers appointed to value the wool at prices above and below the average of each class as the experts shall determine. The basis of valuation to be as under :—

	d.
Super half-bred	19½
Medium to good half-bred	17
Inferior half-bred	14
Super crossbred	18½
Medium to good crossbred	16½
Inferior crossbred	13½
Lincoln and Leicester	15¾
Lambs, good	16¾
„ medium	13¾

3. That this committee is against the principle suggested of an addition of 45 per cent. as being unfair to some classes of wool.

The above resolutions were adopted by the conference.

The following amendment to clause (2), moved by Mr. Begg and seconded by Mr. Acton-Adams, was negatived : “ (2.) That all other classes of wool be offered to the Imperial authorities at a value to be based on the purchases at the New Zealand wool-sales of 1915-16.”

The following resolution was adopted : “ That it be a recommendation that the 11lb. per hundred-weight allowance for draught be abolished, and the actual weight of wool be paid for in full.”

The conference set up a committee before adjourning as follows : Sir J. G. Wilson, Sir W. C. Buchanan, Messrs. W. D. Stewart, W. Perry, Ewen Campbell, H. D. Acland, and G. V. Pearce.

It was agreed that such committee should not deal with any counter-proposals from the Imperial Government.

COMPARISON OF 1913-14 PRICES WITH PRESENT DAY ON PERCENTAGE BASIS STATED VERBALLY BY BROKERS, BUT NOT GUARANTEED AS ACCURATE AND ONLY APPROXIMATE.

Class of Wool.				Average, 1913-14.	To-day.	45 per Cent. on Same.	Actual Increase on To-day's Prices.
				d.	d.	d.	Per Cent.
Super half-bred	..	..	..	12	21¼	17½	75
Medium half-bred	..	..	..	11½	19¼	16½	75
Inferior half-bred	..	..	..	9½	15	13¾	60
Super crossbred	..	..	..	11	18½	16	75
Medium crossbred	..	..	..	10¼	15¾	14¾	60
Coarse crossbred	..	..	..	9½	15¼	13¾	65
36s	..	..	..	9	14¼	13	60
Inferior	..	..	..	8	13	11½	60
Merino, super	..	..	..	12½	21	18¼	70
„ medium	..	..	..	11	19	16	75
„ inferior	..	..	..	9	14½	13	55

It was also stated that the mean average increase was 66½ per cent.

## WOOL-BUYERS' MEETING.

Wellington, 14th November, 1916.

*Resolution passed for submission to the Minister.*

1. That if wool is requisitioned by the Government the Minister be requested to allow contracts made prior to the Government's warning to stand, and then take over all wool at a price to be decided on, or pay the buyer a satisfactory commission to cover expenses and remuneration.
2. That the time of the Government's warning be reckoned as midnight on Wednesday, the 6th November.
3. That the Minister be asked whether wool actually shipped will be interfered with.
4. That the Government be asked if their proposal is meant to include all wool of every description.
5. That the Government be requested to take wool held by fellmongers, scourers, and dealers on the basis of present London prices less charges.
6. That in view of the limitation of shipping-space, and for the purpose of finding employment both for the fellmongery and scouring plants, and the labour connected therewith, this meeting recommends that sufficient sheep-skins, earthy wool, pieces, bellies, and locks be allotted to and treated on a fair remunerative basis by the various established fellmongery and scouring plants.
7. That the Minister be requested to utilize the services of the members of the New Zealand Wool-buyers' Association in valuing the wool for the purpose of fixing the prices to be paid.
8. That the Government be requested to prohibit the export of sheep-skins, and that the whole supply be commandeered by them, the State employing all fellmongers at present in business to manipulate the skins on its behalf.

## WOOL-BUYERS' MEETING.

Wellington, 15th November, 1916.

*Further Resolutions passed for submission to the Minister.*

1. That if wool and skins are to be taken over by the Government it be a suggestion to the Minister that for the purpose of buying the wool and skins the Dominion of New Zealand be divided into the following districts: Auckland; Gisborne; Napier; west coast of the North Island; Wellington; Marlborough; Christchurch and Timaru; Oamaru, Dunedin, and Invercargill—or eight districts in all.
2. That the following gentlemen—Messrs. Walter Hill, E. J. P. Denny, F. B. Clark, T. O. Price, F. Myers, R. Nettleton, J. A. Roberts, and H. T. Milnes—be appointed eight supervising buyers in connection with the above-mentioned districts, with twenty other assistant buyers for wool, and another twenty assistant buyers for skins.
3. That the commission to be paid for the assessing of the value of the whole of the wool be  $\frac{3}{4}$ d. per pound, and for skins  $1\frac{1}{2}$  per cent., the buyer paying his own expenses.
4. That in the event of fellmongers and scourers being required by the Government to fellmonger skins, cure pelts, or to scour wool, the following rates be asked for, viz.:—  
 Fellmongering: 2d. per pound on weight of wool, with 6d. per skin as minimum.  
 Scouring wool: 2d. per pound for fleece;  $2\frac{1}{4}$ d. per pound for pieces and bellies;  $2\frac{1}{2}$ d. per pound for locks, second pieces, and stained pieces, with  $\frac{1}{2}$ d. advance on each class for scouring merino.  
 Curing pelts: 3s. 6d. per dozen for sheep, casks extra; 3s. per dozen for lambs, casks extra; delivery to be taken and given at nearest railway-station or Government depot.  
 Rates to be subject to adjustment in the event of Arbitration Court proceedings varying present conditions of working or wages.

That all fellmongers and scourers throughout New Zealand be requested to furnish an estimate of the number of skins and weight of greasy wool they can handle per eight-hour day.

5. That all firms doing business in New Zealand and connected with the Wool-buyers' Association be requested to furnish an estimate of their financial loss consequent on the disorganization of business through the requisitioning of the wool and skins, the estimate to be based on the following lines: (1) Firm's standing expenses; (2) loss of commissions of any kind.

As a result of the resolutions submitted the proposals of the Wool-buyers' Association may be summed up as follows:—

The Wool-buyers' Association is prepared to assess the value of the whole of the wool taken by the Government on any basis which may be acceptable to those interested—i.e., the owner and Minister of Agriculture. The association will also assess the value of sheep-skins in any condition on the same basis. The remuneration for this work to be  $\frac{3}{4}$ d. per pound on wool and  $1\frac{1}{2}$  per cent. on sheep-skins.

The scourers and fellmongers' section of the association are prepared to take delivery of wool and skins at nearest railway-station or depot and manipulate the same, delivering again to rail or store at the prices set out in resolution No. 4 of the 15th November.

## WOOL-BROKERS' COMMITTEE.

The committee, after discussion, arrived at certain resolutions, which are, in effect, embodied in the following communication addressed to the Minister:—

Wellington, 15th November, 1916.

DEAR SIR,—

*Commandeering Wool-clip, 1916-17.*

Referring to the conference held in Wellington at your request, the wool-brokers of the Dominion have pleasure in placing at the disposal of the Government, in the event of the proposals being acceptable to the farming community, their respective organizations, premises, &c., for the proper conduct of the business.

We submit for the consideration of the Government that the valuation points shall be Auckland, Gisborne, Napier, Wellington, Christchurch, Timaru, Dunedin, and Invercargill; and we strongly urge that it should be confined to those centres alone, by reason of the fact that proper wool-stores for the display of wool, with the necessary lighting, are available. To obtain satisfactory results in the direction of valuing it is imperative that wool should only be shown in properly lighted stores.

*Valuing.*—The brokers will have available the officer upon whom the valuation devolves in ordinary seasons, and we suggest that the valuing be conducted by that officer in conjunction with a valuer appointed by the Government. Further, that an umpire be appointed in case of dispute. Should this commend itself to the Government we estimate the following valuers will be required; Auckland, 1; Gisborne, 1; Napier, 2; Wellington, 3; Christchurch, 3; Timaru, 1; Dunedin, 3; Invercargill, 1; together with 1 umpire for each centre, making a total of 23.

*Commission.*—The brokers offer to conduct the business in its entirety in consideration of the payment of a consolidated rate of  $\frac{1}{2}$ d. per pound, the services rendered to include commission and the following:—

*Store.*—Receiving, weighing, stacking, cataloguing, grouping, opening and displaying for valuers, valuing, resewing, rebranding, outweighing, delivering, and cartage to railway or port store, and fire insurance while in store until paid for.

*Office.*—All usual clerical work entailed in drawing up specifications and weight-slips, invoicing and account-saling, and settling with growers.

In centres such as Christchurch, Dunedin, and Invercargill railage from brokers' store to port to be paid by the Government.

*Extra Storage.*—Should the wool not be removed within fourteen days from date of valuing, storage to accrue at the rate of 4d. per bale per week.

*Repacking.*—On bags, bales, fadges, and lots of wool delivered to brokers' stores not in shipping condition, or bales of mixed description requiring repacking, the broker to be allowed to charge the grower  $\frac{1}{2}$ d. per pound for the extra work involved, plus cost of new packs, if supplied.

I take the opportunity of reiterating that the wool-brokers will be only too pleased to render you every assistance at all times to carry out the scheme, and we are confident that the business can be conducted to the satisfaction of all concerned.

I am, &c.,

W. S. BENNETT,

President, New Zealand Wool-brokers' Association.

The Hon. the Minister of Agriculture.

Telegram from the ACTING PRIME MINISTER, Wellington, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London.

Wellington, 15th November, 1916.

THE Minister in Charge of the Imperial Supply Department met representatives wool industry, including growers, buyers, brokers, and others, on the 14th and 15th November. Conference was representative. Minister placed terms of proposed requisition of Imperial Government before those present. Conference divided itself up into committees representing separate interests and has lasted two days.

Firstly, conference decided to accept the offer of Imperial Government for merino wool, but there is none likely to be available for export.

Secondly, conference declined to accept proposal of Imperial Government to pay 45 per cent. advance on average prices realized for each quality of wool, season 1913-14.

Thirdly, a resolution was unanimously adopted by the conference offering all fleece, piece, and lambs' wool of all classes to the Imperial Government at the January, 1916, sale prices in New Zealand. Resolution embodies the appointment of valuers to determine the value of the wool.

Fourthly, the average sale prices for January, 1916, for the different classes of wool are as follows: Super half-bred, 19 $\frac{1}{2}$ d.; medium to good half-bred, 17d.; inferior half-bred, 14d.; super crossbred, 18 $\frac{1}{2}$ d.; medium to good crossbred, 16 $\frac{1}{2}$ d.; inferior or crossbred, 13 $\frac{1}{2}$ d.; Lincoln and Leicester, 15 $\frac{1}{2}$ d.; lambs, good, 16 $\frac{3}{4}$ d.; lambs, medium, 13 $\frac{3}{4}$ d.

Fifthly, conference was unable to deal with fellmongers and slipe wool, and meetings will be held on 16th November to consider this matter.

Sixthly, considerable quantity of wool has already been purchased by wool-buyers, and if all sales are to be cancelled as advised it is represented that buyers will be entitled to consideration, and this will, I think, require to be taken into account when counter proposals are being dealt with. I anticipate no difficulty, and probably can be dealt with on lines adopted by Imperial Government in Great Britain.

Seventhly, arrangements can be made with brokers and merchants throughout the Dominion so that the business will be allowed to follow the ordinary channels. Brokers offer to conduct all business from store to f.o.b. at a consolidated rate of  $\frac{1}{2}$ d. per pound.

Eighthly, in so far as the valuation of the different classes of wool is concerned there is at present time about fifty accredited wool-buyers in the Dominion from whom a selection of valuers could be made.

Ninthly, it is urgently important that a decision should be furnished as speedily as possible, otherwise there will be serious congestion at railway-stations, wool-stores, &c.

Tenthly, in connection with the increase on crossbred wool appearing in the counter-proposal in comparison with proposal of Imperial Government, it will be remembered that pre-war rates on crossbred wool were very low, and that the importance placed upon them for military purposes is responsible for the increase.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

London, 16th November, 1916.

WOOL: Further conference with War Office, who now offer 55 per cent. advance on pre-war prices. Believe that this is better than 1916 prices for producer set out in your telegram. Arrangements not completed Australia. If they come in, no difficulty anticipated as to final agreement. Shipping going from bad to worse. From personal knowledge 10s. per bushel freight has been paid emergency shipment of wheat from Australia to London.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

London, 17th November, 1916.

With reference to your telegram 17th November, wool: Negotiations are proceeding between War Office and Australian Government. Until finality arrived at we cannot decide definitely with regard to New Zealand. Think you should convene conference and recommend acceptance 55 per cent. advance on pre-war prices if Australia decides in same direction. Do not think there is much difference financially either way.

SECOND CONFERENCE OF REPRESENTATIVES OF THE WOOL-GROWERS, WOOL-BUYERS, AND WOOL-BROKERS OF THE DOMINION WITH THE HON. MINISTER OF AGRICULTURE.

WELLINGTON, 22ND NOVEMBER, 1916.

THE delegates having assembled,—

The Hon. Mr. MACDONALD (Minister of Agriculture) explained that the first business to be dealt with that day concerned only the wool-growers, and he would therefore ask the buyers and the brokers to retire to the separate rooms they had occupied when considering in committee the proposals placed before them at the first conference.

The representatives of the wool-buyers and wool-brokers having retired,—

The Hon. Mr. MACDONALD (addressing the wool-growers) said: I do not think, gentlemen, that I need add very much to what I have already said at the previous conference, but I think it would be as well for me first to read the resolution passed by the last conference and the cable I forwarded to the Prime Minister conveying the terms of that resolution, and then I will read the reply I have received to that cable. [Resolution and cablegrams to and from the Prime Minister read.]

Mr. PEARCE: Why could they not have accepted our offer?

Hon. Mr. MACDONALD: Well, this is Mr. Massey's opinion. As a matter of fact, the Imperial Board of Trade are dealing with Australia, also with Ireland and England, on the percentage basis, and I suppose the Imperial authorities do not want to depart from the percentage basis. That is the only reason I know of. You are now in the possession of all the information I have on the subject. The Imperial Government has increased its offer by 10 per cent., and it is now for the conference to decide whether it will accept it or not. I do not think it is necessary for me to traverse the whole position again, but as there are gentlemen here to-day who were not present at the last conference I might repeat that amongst the reasons put forward by the Imperial Government for acquiring the Australian and New Zealand clips was this dominant reason from their point of view: that owing to the outcry all over the world for wools, and the fact that neutral countries were buying in all directions, prices were being rushed up. If the Imperial Government had simply asked Australia and New Zealand to prohibit the export of wool to any country except the United Kingdom, as you will agree, it would have created a very unsatisfactory position both in Australia and New Zealand, and it would be far better to come to an agreement to sell outright than to have the wool held up in New Zealand on the owner's account, for there is no question that the shipping difficulty is going to be a serious one. I have said this before, not with the object of influencing the members of the conference in any way nor in any sense as a threat, but as a mere statement of opinion that if the Imperial Government required the whole of the wool of New Zealand, and asked the New Zealand Government to prohibit export to any country except the United Kingdom, it would mean that a large quantity of wool would have to be stored in New Zealand at the owners' expense for a lengthy period. Under the present proposals the Imperial Government will purchase the whole of the clip, pay cash for it here, get it away as fast as possible, and in the event of any large quantity being left in New Zealand or in Australia the burden will fall upon the Imperial Government and not upon the wool-growers of those countries. There is just one other phase of the question as regards prices to which I should refer, and it is this: The first offer to the wool-growers of New Zealand was 45 per cent. increase on 1913-14 prices, with the condition that all surplus wool not required by the Imperial Government or our Allies was to be submitted to public competition in London; then, if after paying expenses there should be any profits, one-half of those profits should be returned by the Imperial Government to New Zealand for distribution amongst the wool-growers according as each was entitled. I take it, therefore, that this present offer of a 55-per-cent. increase on the 1913-14 prices carries with it the same agreement, and that if there is any surplus of wool not required by Great Britain or her Allies it will be submitted to public competition in England, and any profits there may be will be shared equally with New Zealand. If, on the other hand, there is any loss, the loss will be borne by the Imperial Government. I would only say further that Mr. Massey and Sir Joseph Ward, who are on the spot, have made it clear to the Imperial authorities that, so far as the requisitioning of wool was concerned, New Zealand did not desire any differential treatment, but insisted on being placed on the same footing with other countries. I sent a cable to the Common-

wealth Prime Minister asking whether the wool-growers there had come to any decision, and I received a reply yesterday that the matter was still under consideration. In Australia they are therefore practically in the same position as we are here. I think, gentlemen, you understand the whole position. You will gather from the cables I have read that Mr. Massey and Sir Joseph Ward are of opinion that, taking all the circumstances into consideration, you should accept this offer of a 55-per-cent. increase on the 1913-14 prices. I shall be pleased now to hear anything you have to say about it.

A DELEGATE: When shall we be paid for the wool?

Hon. Mr. MACDONALD: As soon as the wool has been valued and declared to be up to average condition you will be paid in cash. You deliver your wool to a store to be named—to whatever mercantile firm you have been in the habit of consigning it in the past—and then it is valued. As soon as the valuation is complete you will be paid.

A DELEGATE: Have we a voice in the valuation?

Hon. Mr. MACDONALD: That is a point for consideration. Probably the farmers, for their own protection, may consider the advisability of setting up a committee to go into that matter.

Mr. KINROSS WHITE: I move, That the offer of the Imperial Government be accepted. There is no doubt the Imperial Government have very good reasons for making their offer on a percentage basis, and I do not think they should be handicapped in any way. The price is more than a fair one, and I think it ought to be accepted without demur. There is no use haggling over it. Haggling can only lead to unpleasantness, and already some feeling has been created throughout the Dominion in the minds of people who are not concerned in wool.

A DELEGATE: I beg to second the motion.

Mr. PEARCE: It seems to me the motion is entirely out of order. I thought we were here simply to ask questions and gain all the information we could before coming to a decision. It will be remembered that at the first conference the Minister retired and left us to talk it over amongst ourselves.

Hon. Mr. MACDONALD: There is nothing against the moving and seconding of a motion now; but still, if the conference wish to go into committee, elect their own chairman, and consider these proposals, I shall be very pleased to give you all the information I can now and retire. It is for the conference to decide. I may say I have here a table worked out by the Department showing approximately how the prices that will be obtained if the present offer is accepted will compare with the prices offered by the last conference and with the January, 1914, prices. [Copies of table distributed.]

Mr. PEARCE: When I spoke I simply had in mind the procedure you adopted, sir, the other day. I quite understood that this was a continuation of the other conference, and we have already a chairman of the conference. I have no objection to your remaining in the room, but the other day you decided to retire. Now, there is one question I should like to ask. You will remember that at the last conference the committee, amongst its resolutions, passed the following unanimously: "That this committee is against the principle suggested of an addition of 55 per cent. as being very unfair to some classes of wool." That resolution of the committee was afterwards adopted unanimously by the whole conference. Did you, sir, inform Mr. Massey to that effect?

Hon. Mr. MACDONALD: I have read to you the cablegram I sent to the Prime Minister. In it I stated distinctly that the farmers were absolutely against the percentage basis.

Mr. ACTON-ADAMS: It seems to me we are drifting into a false position. I think the conference should affirm the principle that it is acting merely in an advisory capacity to the Minister. We have no mandate from anybody to deal with their wool. We are only here to advise. I move accordingly.

Mr. VAVASOUR: I agree with Mr. Acton-Adams that we should be placing ourselves in a very invidious position if we were to assume that we had a mandate from the wool-growers. We only represent certain numbers of wool-growers, and it would, I think, be a mistake for us to assume any responsibility in the matter. At the same time I think it will be plain to the Minister that we are willing and anxious to give him all the assistance and advice we possibly can.

Sir W. C. BUCHANAN: I think the question now being raised is one which is not before the meeting. We all know we have no mandate so far as the Imperial Government or the New Zealand Government are concerned. We are here to express the opinion of the wool-growers in those parts of the Dominion from which we come.

A DELEGATE: The resolution moved means an offer of the wool.

Sir W. C. BUCHANAN: No, I take it that the resolution means that this conference is of opinion that the offer of the Imperial Government as detailed by the Minister should be accepted; and I for one do hope that the conference, in view of the information it has obtained from the previous meeting and now from the Minister, will now without delay unanimously accept the proposals. I am quite as strongly as Mr. Pearce against the percentage principle, as under it it is impossible to make it fair to all concerned; but we are not here to dictate—we are here merely to do the best we can as representing the wool-growers in all parts of the Dominion. But apart from the percentage there is no doubt that the proposal of the Imperial Government gives an unfair advantage to certain classes of wool as against other classes. Well, the Imperial Government is responsible for the proposal, and if it thinks it is fair on the average we are not to blame for that. And while the fine wools grown in some parts have an undoubted advantage, there is this to be said: that the fine wool grown is a very small percentage of the total wool grown in the Dominion. I think, therefore, that we should do well to sink any difference we may have in our minds in regard to that and let it go. I strongly favour the resolution now before the Chair, and I hope the conference will pass it unanimously.

A DELEGATE: With regard to the table of comparative values just handed round, I would like to ask the Minister what they really represent. At the last conference we were furnished with

different figures for 1913-14. Take superior half-breds, for instance: in this table the price for January, 1914, is given as from 12d. to 14d., whereas at the last meeting the price was given as 11½d. Unless we know exactly what the 1913-14 figures are it is impossible for us to say whether the offer is a good one or a bad one.

Hon. Mr. MACDONALD: These figures were worked out by the officers of the Department after conferring with the brokers throughout the Dominion. The figures were not prepared for this conference at all, as they were in the possession of the Department long before this matter of requisitioning the wool came up at all. I cannot vouch for the absolute accuracy of all the figures, but they are quite near enough for comparative purposes, and I think the average sheep-farmer will have a very fair idea of what 55 per cent. on the price he got for his wool in 1914 will mean. These figures are worked out on the total values of the clip, and I do not think much can be gained by going into details now.

Mr. PEARCE: There are a number of delegates present here to-day who were not present at the first conference, and as they did not hear the discussion the other day they may possibly vote for this motion under a misapprehension. I am glad to hear Sir Walter Buchanan say to-day that he is strongly against the percentage principle. He was not against it at the opening of the first conference, and I am glad the sound arguments that have been used against it have converted him. Now, I want to point out the absolute unfairness that is going to be done to many of the smaller sheep-farmers in the country if you pass this resolution. In 1913-14 there was a great demand for superior crossbreds and the other finer wools, and at that time the markets would not buy the inferior wools. Consequently for the superior wools superior prices were obtained, while the prices for the inferior wools were very poor indeed. As we all know, the prices for these inferior wools have gone up considerably since 1914, and if this proposal is carried, while the grower of the superior crossbreds will be getting practically full market price for his wool, the grower of inferior crossbreds will have to take 2d. a pound less for his wool than it is worth in the market at the present time. I do not see how any one who takes that fact into consideration can possibly vote for the resolution as proposed. We are supposed to be here to represent the whole of the sheep-farmers of the country, and I hope we shall do so in fairness and equity. I am certain in my own mind that the majority of the growers will be injuriously affected by this resolution if carried. I recognize the amount of weight that is always attached to precedent, and I recognize that we are now up against the precedent of the percentage system that has been established in England and Ireland, but I do hope we shall endeavour to free ourselves from it, because it is precedent that is ruining the Old Country. I do hope we shall adopt a fair system, and I am afraid the principle proposed in this resolution will not be fair. I hope all the members of this conference will consider very carefully before voting for a resolution that is going to penalize half the wool-growers of this country for the benefit of the other half.

Mr. H. M. CAMPBELL: We came to a certain resolution at the last conference. There is no necessity to elaborate the arguments which Mr. Pearce has used, but the first proposal that was made to us worked out most unfairly. I propose the following amendment to the resolution: "That this conference is of opinion that it has made the Government a very fair offer by offering the wool of the Dominion at the January, 1916, prices, and does not see any valid reason to depart from that offer." The man who will suffer under the offer that has been made to us is the backblocks man, whose arrangements last year and this year have been such that he is looking to good times to pull him through. The man who hesitated to buy stock when there was a discussion about commandeering wool in June—is that man to be penalized now? He will be penalized by accepting the 1916 offer, but not to the same extent as the original percentage proposal penalized him. I hope, as Mr. Pearce has said, that the conference will think seriously before going back upon its decision.

Mr. G. KELLY: I have much pleasure in seconding the amendment. Figures have been quoted in regard to the prices of 1913-14 and 1915-16. I have taken out the values—the total number of bales sent for the two consecutive seasons—the total gross values as compiled by Dalgety's. In 1913-14 264,834 bales were sold; gross return, £3,407,943; 1915-16, 364,000 bales; gross value, £7,715,970. The return per bale calculated on those figures works out at £21 0s. 8d. for 1916, and £12 12s. 4d. for 1913-14—a difference in favour of last season of £8 3s. 4d., or 60 per cent. The proposal made by the Imperial Government on that basis leaves a deficiency of £1,466,034 to the Dominion. The second proposal made by the Imperial Government, and now before the meeting, practically halves that; so that they are asking the growers of the Dominion to accept three-quarters of a million less than what the clip is worth on a percentage basis on last year's values.

Sir J. G. WILSON: I had the opportunity of examining the figures Mr. Kelly has placed before us, and I noticed there was a discrepancy in this respect that the figures he has taken for his basis he has regarded as a certainty, whereas there must be a margin in the valuation of the wool. The difference amounts to 2d. per pound on the same wool of the 44/46's, and in that respect those figures are somewhat misleading. Various speakers have urged that the settler in the backblocks would suffer if this proposal were carried, but the figures adduced do not bear out that contention. There is but little difference on what was submitted in the previous offer of the Imperial Government, and I think that the present proposal may now be fairly accepted. In these times we have to consider more than the business aspect. I admit that there is a slight difference in the amended prices in favour of the British Government, but not anything like what Mr. Pearce would lead one to suppose. Why should we stand out for the last penny?

Mr. PEARCE: We are not asking for the full price, but for a fair one.

Sir J. G. WILSON: I am afraid you are asking for a fuller price than others are getting elsewhere. But supposing that the New Zealand wool-growers get a little more out of the British Government; they now have to pay 45 per cent. war profits to the Government, and may not our Minister of Finance then wish to take a little more out of them? The meat question was settled under the same conditions. We held a conference, and although the matter was also somewhat hurried, and we



had no authority from the growers to accept the prices offered, yet finally the matter was fixed up satisfactorily. I urge the meeting to accept what is a fair and reasonable proposal.

Mr. KELLY: Sir James Wilson has unwittingly misrepresented me. The figures he perused last night referred to some 12,000 bales of different wools, and the difference, taking the whole series, was 2d. per pound. The Government's offer of 45 per cent. on the 1913-14 values was 2d. short of what last year's values would yield. For 44/46's the difference is 2½d.; 44's, 2¼d.; 40's, 1¾d. 36/40's, 1½d. There is a reduction of 1d. per pound in the case of the 36/40's; and therefore the proposal does not work out equitably on the basis of the last year's values.

Mr. ADAMS: I do not propose to remain in the conference to vote one way or another on the main proposal. I think many delegates have the same intention. We want to ascertain, however, what position we are in, and therefore we should affirm what principle we are sent here on.

Hon. Mr. MACDONALD: There was not a great deal of time to convene the conference, but I sent out telegrams in the direction of merely affirming the principle of the proposal, and then I communicated with the sheep-breeders asking them to select delegates to attend this meeting to finally decide the question.

A DELEGATE: Have they done so?

Hon. Mr. MACDONALD: Yes, in many places. The position has changed since we met last, in regard to the Imperial Government's offer, and the industry is well represented here to-day. If, therefore, you are not prepared to come to any definite resolution for or against the proposal I do not see any use in sitting here any longer. Mr. Adams has taken up a wrong position, seeing that the new prices are known and are an improvement on the previous offer. This is a representative gathering, and we should be able to vote on the subject. It is not a matter of one man being compelled to sell his wool at an unfair price. There are a great many things bearing on the subject I could tell you that I do not want to mention at present. When I did explain one or two matters the other day I was told I was threatening the conference; but there are questions connected with shipping and freight that have a material bearing on the main subject. However, if this conference merely desires to act as an advisory board, then all I can say is that I do not want any advice. I ask for a resolution from the conference accepting or rejecting this amended proposal.

Mr. ADAMS: You should not put us in a wrong position.

Hon. Mr. MACDONALD: I am prepared to accept my responsibility as to the principle of the proposal.

Mr. POLSON: I have had some experience of a question of this nature at a prior conference of freezing companies, when they fixed the prices of meat for the New Zealand farmer without consulting him, and also fixed the price of meat-storage in a manner quite satisfactory to themselves. I am a farmer as well as having something to do with the freezing companies, and speak without prejudice. But I do not wish to see the state of affairs which occurred then take place again. What happened then was that New Zealand for twelve months accepted prices for its meat very much lower than the prices ruling in Australia.

Hon. Mr. MACDONALD: I would ask you to stick to the wool question.

Mr. POLSON: As Sir James Wilson referred to the point I wished to combat his contention. The matter touches the question of representation, because we are not in any way representative of the farmers—certainly not of my part of the Dominion. Only to a bare extent do some of us here represent the farmers, the bulk of whom are not even aware of this meeting taking place. Certainly, the backblocks farmer does not know about it. In connection with the meat question statements have been made regarding our patriotism in comparison with other parts of the Empire—during the last twelve months—and I do not wish to see a similar position arising in regard to the wool. Mr. Adams is right in the attitude he has taken up. We are here to give you our advice as a body of men; but, having heard that advice, it is for you, naturally, of course, to take the responsibility. If we proceed on those lines we can carry out the business there is to do quite well and reasonably. We can advise you as a body, and Mr. Adams can stay here without consulting any of his fellow sheep-breeders. You can then act on our advice, or not, as you choose.

Mr. PERRETT: Some delegates did consult others interested in wool-growing, by telegraph.

Hon. Mr. MACDONALD: In my opinion we are quite representative of the farmers; but if some districts are not represented and you wish to wait until they do send delegates here you will do nothing. We are perfectly entitled and able to decide what action we ought to take, and we must keep away from side issues.

Mr. FIELD, M.P.: The question of side issues has been raised, and as to whether we are representative of the farmers; but it is impossible to get such representation as can be considered thorough and complete for the purpose of conveying to a conference the expressed wishes of that body of our settlers. We ought to be all the more careful, therefore, in assuming that responsibility lest we make mistakes and not do the right thing.

Hon. Mr. MACDONALD: I am afraid you are not speaking to the resolution before the meeting. The amendment is that this conference is not coming to any decision with regard to the wool, but that the delegates have just come here to advise me. I do not know what they are going to advise me on; but I am here to submit proposals from the Imperial Government to purchase the New Zealand wool-clip, and if Mr. Adams thinks this is not a representative conference, or that any resolution passed should not be binding on the sheep-farmers, he can vote for the amendment.

Mr. FIELD, M.P.: I am against the amendment.

Hon. Mr. MACDONALD: And the conference is against it. Why therefore beat the air by talking further about it?

Mr. McQUEEN: I was under the impression when I left Invercargill that this conference was for the purpose of hearing possibly another offer from the Imperial authorities, and of deciding

whether we would accept it or not. If, therefore, any delegate reckons that we do not represent the growers he should retire from the meeting. I regard myself as a representative of the growers—I am one myself—and we should at once decide the question. I support the original motion. I am against Mr. Adams's amendment entirely.

Mr. Adams's amendment negatived.

Mr. FIELD, M.P.: I do not think that we can do better than follow the excellent practice of setting up a committee—probably the same committee as before would do—to report at a later day. They would digest the figures, and ascertain whether the 55 per cent. is good value for all classes of wool. I represent many backblock settlers, many of whom will lose from 1d. to 2d. per pound for their lower-class crossbreds if they accept the present offer.

Hon. Mr. MACDONALD: We set up a committee at the last conference, and they worked out some figures, but afterwards came back and asked the Government for their figures. Every man has got a set of figures of his own manufacture, but he cannot vouch for them. Therefore, what is the good of humbugging the conference in this connection? No man can submit absolutely accurate figures for the whole wool-clip of New Zealand. I have obtained returns from all possible sources, and they all differ from one another. I can give the conference our own official figures; but I am confident that the whole of the sheep-growers know the position, and that the majority of those here represent the feelings and aspirations of the people concerned. But there are one or two men in this meeting who do not voice the opinion of the sheep-farmers. I would like you to settle down to business, stop wrangling, and see if we cannot arrive at a reasonable decision, because the longer we talk the more intricate the position will become.

Mr. LYSNAR, M.P.: I think the present offer is a satisfactory one, but the basis of working is what we require to consider, and the mover and seconder of the first resolution should seriously consider that aspect before committing themselves too far. I have some figures here—not my own—that indicate that there is very little difference between what the last conference offered and what the Imperial authorities desire us to accept now. They are based on the January values. I suggest that the Minister of Agriculture should give us a set of figures that we can accept as a basis, because it is impossible to expect every farmer to tell from his records what he obtained for his clip in 1913-14. The difference amounts to, on a working basis, 2d. per pound on the prices we are giving in New Zealand. The last conference's offer, and the mean of the present offer, are as follows:—

Superior half-bred	..	..	..	..	19½d. in each case.
Medium to good half-bred	..	..	..	..	17d. and 16½d.
Inferior half-bred	..	..	..	..	14d. in each case.
Superior crossbred	..	..	..	..	18½d. and 16½d.
Medium to good crossbred	..	..	..	..	16½d. and 15d.
Inferior crossbred	..	..	..	..	13½d. and 12¾d.
Lincoln and Leicester	..	..	..	..	15¾d. and 14¾d.
Lambs, good	..	..	..	..	16¾d. and 17¾d.
Lambs, medium	..	..	..	..	13¾d. and 14½d.

There is therefore a distinct gain taking the whole range of prices, but it is a question of what basis we should work on. I think we should take the Government's values and proceed accordingly. The cry naturally is being made, and will be made by socialists and labour organizations, that we are getting 55 per cent. on pre-war prices, and therefore they can readily claim the same percentage of increase in the case of wages. It has even been hinted that the wharf lumpers will not handle our wool if we do not agree to the Imperial Government's proposal, and I give the rumour for what it is worth. But it matters very little to the Imperial authorities so long as we accept the proposal on their figures. The Hon. Mr. MacDonald read the telegram from Mr. Massey, in which reference was made to the 55 per cent. basis. But what does the Prime Minister actually say—I took the words down from his cablegram—"he does not think there is much difference financially one way or the other." Let us settle down to work, favourably consider the Imperial offer, and then set up a committee to ascertain how it will work out having regard to to-day's values. A man who sold fine wool in 1913-14 at a certain price might realize more for it to-day, and *vice versa*. The committee could fix the prices and take the responsibility of saying to the people here, "The value of your wool to-day is so-and-so; and this committee has recommended the conference to accept so-much below its value." Then it goes forth to the labour and other organizations accordingly. Will the Minister give us a basis of working of what he considers fair average values for 1913-14? We could then appoint a committee to find out the present values, work from that point up to the 55 per cent., and then take that margin and work downwards, and it might mean that we shall be making a concession of from 12 to 20 per cent. on to-day's values. The offer being made to-day is better than the previous one. Sir James Wilson is anxious that the 55 per cent. offer should be accepted, and I think it is generally recognized that it is a good offer. It is only a question of how the matter should be handled.

Sir W. C. BUCHANAN: This is the second proposal of the Imperial Government. We must all realize that the Hon. Mr. MacDonald is merely an agent—he is not able to decide; it is the Imperial Government that is going to decide. But it must come home to every one at this conference that if we depart materially from the second proposal that has come from the Imperial Government there will be no further appeal to us. It is quite useless for Mr. MacDonald to send another proposal back: I feel absolutely sure of that. I have already expressed my opinion with regard to the percentage; but we have the fact that the percentage is being applied to the Australian clip—

DELEGATES: No, no.

Hon. Mr. MACDONALD: Yes; that is the position.

Sir W. C. BUCHANAN: And it is hopeless to expect any departure from the percentage basis, much as we should all like that it should be altered.

Mr. LYSNAR: We will work on the percentage basis, but downwards instead of upwards. Mr. Massey says that it makes no difference. Why cannot we accept his assurance?

Sir W. C. BUCHANAN: I think we should accept a fair price and adopt the proposal of Mr. Kinross White.

Hon. Mr. MACDONALD: There was a chorus of voices that the Imperial Government's offer to Australia was not on a percentage basis. I have here a cable message from Mr. Bonar Law, Secretary of State for the Colonies. In his message he says: "Having regard to this fact and to the probability that it would be impossible to ship large proportion of Australia and New Zealand clips, His Majesty's Government suggest that prices to be paid for the crossbred and merino wool, Australia and New Zealand, should be average of prices obtained by growers in years 1913-14, with addition of 55 per cent." There is the plain statement that Australia has got. I have already supplied the conference with all the figures on that basis. I have also pointed out that it is impossible to vouch for the accuracy of any particular set of figures under the present circumstances. You could not have the work of analysis of the figures done under three months, and you would probably have to go over the figures of every warehouse in New Zealand and also in London. It is almost impossible to get the exact figures for 1913-14 and average all the different wools. I have given the figures as approximately correct. I may say that they were compiled from information received from all sources, and the figures and averages have been carefully worked out by experts. The conference may appoint committees and may take a week to go into the matter, but you will not, I think, arrive at any other decision or conclusion than that which I have indicated. I do not see that in that respect there can be much benefit in delay. I ask you to look at the matter in a fair and impartial way. Every man knows the price he got for his wool, and he knows that he is getting more than half as much again as in 1913-14. The extract I have read from Mr. Bonar Law's cable message shows that the Imperial Government say that it will probably be impossible to remove large quantities of the Australian and New Zealand wool-clip. I may say that I am a wool-grower myself, and I know the position of the backblocks settler. I suppose I represent the largest district in the Dominion; and I am prepared to stake my political reputation that I could convince my constituents from end to end of my constituency that they are getting a good proposal in this 55 per cent.

Mr. CHAPMAN: In the document submitted by the Minister to the conference there is a column—the first column—giving the prices for 1913-14. Will the Minister take that as the basis of values that will be accepted?

Hon. Mr. MACDONALD: Yes, that is the nearest we can get.

Mr. D. JONES, M.P.: If those figures are accepted as the basis of valuation we have got a long way forward.

Hon. Mr. MACDONALD: If the conference is prepared to accept those figures I have submitted as the basis I am prepared to stand by them.

Mr. D. JONES.—I think it might be as well for the conference to say Yes or No on those figures; and I think the conference will immediately agree to the proposal.

DELEGATES: Aye.

Mr. D. JONES: I think we may take it as agreed that the conference accepts the Minister's assurance that that is the basis on which we are working. Having reached that point, I think we have got a long way to a conclusion on this matter. The other point we want to discuss is as to removing inequalities between the various classes of wool. If those inequalities are removed I feel certain that this conference can come to a decision. But if those inequalities are not removed, there is going to be a great deal of heartburning when the conference breaks up; and nobody wants that. I think a committee might be set up to consider and deal with that question.

Hon. Mr. MACDONALD: The figures defining the position as accurately as is possible are worked out in the document, copies of which have been handed round to members of the conference.

Mr. D. JONES: Yes; but if we set up a committee they might arrange to put some of these classes at 57 or 58 instead of one straight 55 per cent.

Hon. Mr. MACDONALD: Once you start that you will be in trouble.

Mr. D. JONES: If the conference is going on that, and is not prepared to accept a readjustment of different grades of wool, there is only one thing we can do to be rational, and that is to forward the offer as made previously. Is there one man who has supported the motion who has been able to support it by argument? Not one. Every one who has supported it has begun by saying that it is fair to some people and it is unfair to other people. Sir Walter Bechman says that if we send back a counter-proposal it will not be accepted.

Sir W. C. BUCHANAN: They must come to a conclusion.

Mr. D. JONES: Yes; but we want to come to a conclusion based on facts that will work out equitably. The whole question before the conference is, are we going to deal fairly with the wool-growers of this country? And I submit that we have not realized that we are dealing with eleven millions' worth of wool. That is the problem in front of us. And there are men in this room and out of this room who are going to lose very heavily indeed on the proposals we sent forward before, and they are going to lose very heavily on the proposals we are sending now. The rise in wool is estimated at from 64 per cent. to 70 per cent.—that is the basis—and we are asked to accept 54 per cent., which will be fair to some but manifestly unfair to others. It has been pointed out that some growers are going to get a fair price, and that others will suffer from 2d. to 3d. per pound.

Hon. Mr. MACDONALD : Nothing of the kind.

Mr. D. JONES : That statement can be borne out. The Government figures do not get over the inequalities, and every man who has supported the motion has admitted that. While we want to meet the Imperial Government, we do not want to do anything that is unfair to some of the wool-growers in this country. Mr. Massey promised before he went Home that nothing would be done with our wool, and some wool-growers acted on that assumption. If we do not fix the percentage basis on the figures we sent forward, I think very strongly indeed that we ought to agree to the amendment as the only satisfactory solution of the difficulty ; and if the Government decline to accept that as the basis, then let the responsibility rest upon them.

Mr. BOOTH : I do not think we realize that we are at war with Germany. We all know perfectly well how it is going to end, but we do not know when it is going to end. I think it would be a good thing if the amendment were withdrawn and the resolution were carried unanimously ; and let it go forth to the world what we have done, and I am certain the world would say that we have done the fit and proper thing.

Mr. TRIPP : I do not think there is anything to growl about in accepting the Imperial Government's offer. I think it is a very fair offer that the Government has made. I think, when accepting it, it should be intimated through the Press that the buyers are losing 2d. per pound on the present price in England.

Mr. KINROSS WHITE : I have every confidence in the figures as set out, and I hope the conference will adopt them.

Mr. EWEN A. CAMPBELL : Are bellies and crutchings included in these prices ?

Hon. Mr. MACDONALD : The cable message says " the whole of the New Zealand wool-clip " ; and there is only one differentiation which has been made up to the present time, and that is that freezing companies and dealers in slipe wools desire that these wools should go Home to be valued there, but they will be valued on the same basis. The Imperial Government offer 55 per cent. increase on every grade of wool, which includes bellies, pieces, locks, and everything else.

Mr. JOHN CLARK : I think the offer we have got is a remarkably good one. I come from a district that has got probably as much rough wool as any in New Zealand. I myself have a large quantity of this rough wool. I think the prices are remarkable, and I think that the man who wants more wants what is unreasonable. If anybody had said three years ago that we would get these prices we would have laughed at him.

Hon. Mr. MACDONALD : I have here a draft resolution setting forth our formal acceptance of the offer. [Resolution read.]

Mr. ENSOR : Will you attach this schedule to the resolution ?

Hon. Mr. MACDONALD : Yes ; I am agreeable.

A DELEGATE : What are the ports referred to ?

Hon. Mr. MACDONALD : I have stated that it is not my intention to interfere with any of the channels previously in existence ; whatever may have been the previous destination will be accepted as the place of delivery in the future.

A DELEGATE : Is this offer for all grades of wool, from locks upwards ?

Hon. Mr. MACDONALD : It takes in the whole clip.

Mr. TALBOT : The 1913-14 value for fleece wool is from 15 per cent. to 20 per cent. below to-day's value.

Mr. ACLAND : I have here some figures regarding a great many North Island clips, showing that the 45 per cent. offer is 23 per cent. below last year's prices. If the figures are correct—I know nothing about them—they have been put into my hands—the 55 per cent. offer is about 13 per cent. below last year's prices.

Mr. KELLY : Those figures are not correct.

Mr. ACLAND : Considering all things, the high prices and other circumstances, you cannot compare the prices of last year with those of to-day. There is a vessel in the Wellington roadstead now, and wool is being placed on board——

Hon. Mr. MACDONALD : Yes, under conditions.

Mr. ACLAND : If this conference decides to sell the wool to the Imperial Government all the wool going on board now becomes the property of the New Zealand Government—under what terms ? Shall we be paid for that wool ?

Hon. Mr. MACDONALD : We will pay up to a reasonable amount for all grades.

Mr. KINROSS-WHITE : I move the following motion : That this conference has pleasure in accepting the Imperial authorities' offer of 55 per cent. in excess of the 1913-14 valuation, it being based on the Government value submitted to the conference as for January, 1914, which is admitted to be about 2d. per pound below present-day values. All other terms as suggested by the New Zealand Government are accepted.

Mr. Campbell's amendment withdrawn.

Mr. CANNING : I was not at the last conference, and I came here to-day to support the amendment moved by Mr. Campbell, but since hearing the various arguments I think it would be a graceful act to carry Mr. Kinross-White's motion absolutely unanimously.

Mr. Kinross-White's motion agreed to, as follows : " That this conference has pleasure in accepting the Imperial Government's offer of 55 per cent. in excess of the 1913-14 valuation, it being based on the Government value submitted to the conference as for January, 1914, which is admitted to be considerably less than present-day values. All other terms as suggested by the New Zealand Government are accepted."

Hon. Mr. MACDONALD : Do you wish to set up any Appeal Board in connection with values ?

A DELEGATE : Will you accept the following values of wool as in January, 1914, as correct : Superior merino combings, 12d. to 14½d. ; medium to good merino, 9½d. to 11½d. ; inferior merino, 8½d. to 9½d. ; superior half-bred, 12d. to 14d. ; medium to good half-bred, 9½d. to 12d. ; inferior half-

bred, 9d. to 10d. ; superior crossbred, 10½d. to 12d. ; medium to good crossbred, 9d. to 11d. ; inferior crossbred, 7¾d. to 9d. ; Lincoln and Leicester, 8¾d. to 10½d. ; lambs, good, 11d. to 13d. ; lambs, medium, 9d. to 10¾d. ?

Hon. Mr. MACDONALD : Yes.

The following resolutions were agreed to by the conference :—

“ That this conference suggests that in each centre of delivery a committee of six—representative of the local Sheepowners’ Union, Farmers’ Union, and Agricultural and Pastoral Associations, shall be set up to deal with all questions arising locally affecting the purchase by the Government of the wool-clip ; further, that a central executive committee formed of three delegates from each Island, appointed by the local committees, shall sit in Wellington to confer with the Government on all other questions that may arise.”

“ That the Government be asked to forego the practice of deducting 1 lb. per hundredweight as draught on the wool-clip now purchased, and to pay for the full weight of wool delivered.”

“ That the Sheepowners’ Unions for Otago and Southland, Canterbury, Marlborough, Hawke’s Bay, and Poverty Bay, and the Farmers’ Unions for Auckland and Wellington, be appointed the conveners of the conferences to elect the local committees at the ports of delivery.”

Telegram from the ACTING PRIME MINISTER, Wellington, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London.

Wellington, 22nd November, 1916.

MACDONALD met large conference of wool-growers to-day. Conference unanimously decided to accept offer of Imperial Government for wool—55 per cent. advance 1913–14 prices on all grades of wool.

#### THE NEW ZEALAND GAZETTE EXTRAORDINARY.

WELLINGTON, THURSDAY, 21ST DECEMBER, 1916.

#### *Requisition of New Zealand Wool.*

[L.S.]

LIVERPOOL, Governor.

#### A PROCLAMATION.

WHEREAS by reason of the exigencies created by the present war it is necessary that further supplies of wool should be obtained by His Majesty for the clothing and equipment of His Majesty’s Forces and for other purposes of the war : And whereas by Order in Council of the eighteenth day of November, one thousand nine hundred and sixteen, the export of wool from New Zealand to any destination is prohibited, save with the consent of the Minister of Customs :

Now, therefore, I, Arthur William de Brito Savile, Earl of Liverpool, the Governor of the Dominion of New Zealand, in exercise of the prerogative right possessed by His Majesty in that behalf in time of war, and acting by and with the advice and consent of the Executive Council of that Dominion, do hereby proclaim that all wool of this present season’s clip in New Zealand is hereby requisitioned by and on behalf of His Majesty for the necessary purposes aforesaid in the manner and subject to the terms and conditions set out in the Schedule hereto.

#### THE SCHEDULE.

1. THE persons, firms, and companies mentioned in the Appendix I hereto, and hereinafter referred to as Government wool-brokers, will act as the agents of the Government of New Zealand in respect of the aforesaid requisition of wool.

2. All owners of wool shall, as soon as practicable, deliver their wool at the wool-store of a Government wool-broker at one of the following ports—namely, Auckland, Tokomaru Bay, Gisborne, Napier, Wanganui, Wellington, Nelson, Blenheim, Christchurch, Timaru, Oamaru, Dunedin, and Invercargill.

3. All wool so delivered, and also all wool already in the wool-store of a Government wool-broker on the day of the making of this Proclamation, shall be examined, classified, and valued before shipment by two expert valuers, one of whom will be appointed by the Government, and the other of whom will be employed by the Government wool-broker in whose possession the wool is held.

4. If the two valuers are unable to agree as to the classification and valuation of any wool, it will be examined, classified, and valued by a supervising valuer to be appointed by the Government.

5. All such wool shall be classified and valued in accordance with the scale set forth in the Appendix II hereto, which shall be taken as representing the average prices of the various classes of wool as sold by auction in New Zealand in the month of January, 1914.

6. The Government will pay for all wool so valued a sum equal to the value so placed upon it, with the addition of 55 per cent. thereof.

7. Such payment will be made, free from exchange, on the fourteenth day after the date of valuation, to the wool-broker in whose possession the wool is held, and such wool-broker shall receive and account for the same as the agent and on behalf of the wool-owner.

8. On the receipt of such payment by the wool-broker he shall take possession on behalf of the Government of the wool so paid for, and such wool will thereupon become the property of His Majesty. Prior to such payment the wool shall remain the property of and at the risk of the wool-owner, but shall be kept insured against fire in its full insurable value by the wool-broker on behalf of the wool-owner at all times while in the possession of the wool-broker until payment as aforesaid.

9. Any wool may before payment therefor be rejected by the valuers, or, in case of their disagreement, by the supervising valuer, as being unmerchantable or not of the nature or quality required by the Government. Wool so rejected will not be taken by the Government.

10. In the case of all bales or packages of wool delivered in a wool-broker's store otherwise than in good condition for shipment, and in the case of bales or packages of mixed description requiring repacking, the broker shall be at liberty to charge the owner a sum not exceeding one farthing per pound for the additional work so involved, in addition to the cost of new packs, if supplied.

11. No Government wool-broker shall, in respect of any services rendered or charges incurred in pursuance of his employment by the Government as aforesaid, charge the owner of any wool with any brokerage commission or other remuneration or reimbursement, save so far as hereinbefore expressly authorized in respect of repacking, the intention being that the amount payable by the Government in accordance with the foregoing provisions shall constitute the net return to the owner for the wool so delivered into the broker's store.

12. In all of the matters herein set forth the Minister of Agriculture will act on behalf of the Government, either by himself or by such officer or officers of the Public Service as he may nominate in that behalf.

13. Sliped wool and any other quality of wool notified from time to time by the Government to the wool-brokers will not be subject to requisition under the provisions herein contained.

14. The delivery of wool by the owner to a Government wool-broker at his wool-store at any of the ports aforesaid, or the acceptance of payment from the Government in the case of wool already in any such store, shall constitute a contract between the owner and the Crown for the sale and purchase of the wool on the terms herein set forth, subject, however, to the right of rejection hereinbefore provided.

15. If any owner of wool fails or refuses to deliver such wool to a wool-broker in accordance with the foregoing provisions, or to accept payment for such wool in pursuance of these provisions, the wool will be subject to seizure in the exercise of His Majesty's prerogative in time of war and will be disposed of in such manner as the necessities of His Majesty in respect of the present war may require.

16. All wool already shipped for export under a permit issued by the Minister of Customs in pursuance of the hereinbefore-recited Order in Council of the 18th day of November, 1916, together with all other wool theretofore shipped by or on behalf of the same owner upon the same ship, will be purchased by the Government on terms equivalent, as regards the seller, to those on which wool requisitioned under the foregoing provisions is paid for, and in accordance with valuations to be made by His Majesty's Government in the United Kingdom. In default of any such agreement for sale and purchase, such wool shall be subject to seizure on behalf of His Majesty in the manner and for the purposes aforesaid.

#### APPENDIX I. WOOL-BROKERS.

Abraham and Williams (Limited).	J. R. Mills and Son.
A. Buckland and Sons.	L. A. Nolan and Co.
Bennett and Sherratt.	Levin and Co. (Limited).
Canterbury Farmers' Co-operative Association (Limited).	Murray, Roberts, and Co. (Limited).
Common, Shelton, and Co. (Limited).	National Mortgage and Agency Company (Limited).
Dalgely and Co. (Limited).	Newton King.
De Pelichet, McLeod, and Co. (Limited).	New Zealand Farmers' Co-operative Association (Limited).
Donald Reid and Co. (Limited).	New Zealand Farmers' Distributing Company (Limited).
Freeman R. Jackson and Co.	New Zealand Loan and Mercantile Agency Company (Limited).
Friedlander Bros. (Limited).	North Auckland Farmers' Co-operative (Limited).
Guinness and Le Cren.	Otago Farmers' Co-operative Association (Limited).
G. W. Binney and Sons.	Pyne and Co.
Hawke's Bay Farmers' Co-operative Association (Limited).	Southland Farmers' Co-operative Association (Limited).
Henderson and Co. (Limited).	Stronach, Morris, and Co. (Limited).
H. Matson and Co.	United Farmers' Co-operative Association.
Hugh Roberts.	Wairarapa Farmers' Co-operative Association.
J. E. Watson and Co. (Limited).	W. E. Clouston and Co.
J. G. Ward and Co. (Limited).	Williams and Kettle (Limited).
J. J. Corry and Co.	Wright, Stephenson, and Co. (Limited).
Johnston and Co. (Limited).	

#### APPENDIX II.

SCALE OF QUALITIES AND VALUES REPRESENTING THE AVERAGE RETURNS FOR NEW ZEALAND WOOL SOLD DURING THE SEASON 1913-1914.

Description of Wool.	Range of Values per Pound according to Quality.	Description of Wool.	Range of Values per Pound according to Quality.
	d. d.		d. d.
Superior merino combings	From 12 to 14½	Superior crossbred ..	From 10½ to 12
Medium to good merino ..	„ 9¾ „ 11½	Medium to good crossbred ..	„ 9 „ 11
Inferior merino ..	„ 8½ „ 9¾	Inferior crossbred ..	„ 7¾ „ 9
Superior half-bred ..	„ 12 „ 14	Lincoln and Leicester ..	„ 8¾ „ 10½
Medium to good half-bred ..	„ 9¾ „ 12	Lambs, good ..	„ 11 „ 13
Inferior half-bred ..	„ 9 „ 10	Lambs, medium ..	„ 9 „ 10¾

Given under the hand of His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Member of the Royal Victorian Order, Governor and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies; and issued under the Seal of the said Dominion, at the Government House at Wellington, this twenty-first day of December, in the year of our Lord one thousand nine hundred and sixteen.

W. D. S. MacDONALD,  
Minister of Agriculture.

Approved in Council.

F. W. FURBY,  
Acting Clerk of the Executive Council.

God save the King!

## CORRESPONDENCE RELATING TO THE 1917-18 WOOL-CLIP.

Letter from the WAR OFFICE, London, to the HIGH COMMISSIONER FOR NEW ZEALAND.

SIR,—

War Office, London S.W., May, 1917.

I am commanded by the Army Council to refer to recent discussion between Mr. Massey, yourself, and the Financial Secretary of the War Office on the subject of the purchase of the 1917-18 New Zealand wool-clips, and to enclose herewith copy of a memorandum setting forth the offer of His Majesty's Government.

I am to request you to transmit the contents of this memorandum to the Dominion Government, and to urge the desirability of arriving at a decision as early as possible.

I am, &c.,

B. B. ANTILL.

The High Commissioner for New Zealand, 13 Victoria Street, S.W.

## MEMORANDUM.

HIS Majesty's Government offers to acquire the whole of the Australian and New Zealand wool-clips for next season. A similar offer is being made to the South African Government in respect of the South African clip.

The reasons advanced in September, 1916, for Imperial purchase still hold good. Since that date several new factors have been introduced making continuation of wool-purchase more desirable both from the point of view of British and Allied military requirements and, as it appears to the Imperial Government, of the producers concerned. The main reasons are as follows:—

1. The reduction of shipping facilities renders it necessary to ensure that priority of such tonnage as may be available in the future is given to wool required for Government purposes.

2. British and Allied military demands are steadily increasing, and the clothing for a large army next winter must be provided. Supplies of crossbred wool are insufficient to meet total military requirements; it has therefore become necessary considerably to increase the proportion of merino used for this purpose.

3. The entry of the United States of America into the war will increase the military demand for wool, and renders even more desirable the conservation of existing supplies, which is only possible if a system of control is applied.

4. In view of the increasing military demands and decreasing shipping facilities, the Army Council is anxious that a considerable reserve of wool shall be built up in the United Kingdom as soon as possible to meet all contingencies. The total available supplies at present under the control of Imperial Government are insufficient to put such a proposal into effect, in spite of drastic steps which are now being taken to restrict production of woollen goods for civilian consumption in the United Kingdom. The advantages of Government purchase already effected have been—

- (1.) It has enabled the British Government to obtain supplies necessary for clothing British and Allied armies at a reasonable cost, by limiting speculation in the raw materials and by rendering it possible to fix prices from the several stages of production up to the finished article. The whole production of army material is now organized on this basis, and any alteration in system of purchase and distribution of raw materials would seriously interfere with maintenance of a steady output of cloth, &c., for British and Allied armies.
- (2.) It has replaced the clumsy method of export under license, which in the past has proved ineffective in conserving supplies owing to the intermittent nature of embargo. Government purchase has rendered it possible to ensure that raw material is used for essential national purposes, instead of being distributed to the highest bidder to be used for less essential purposes or for speculation.
- (3.) The central organization already set up in the colonies and United Kingdom has considerably simplified the collection and distribution of raw wool. The saving in man-power by concentrating handling in a small central staff and by arranging for direct distribution to consumers without the intervention of middlemen is of considerable importance at the present time.
- (4.) Producers in the colonies have been guarded against all shipping risks. Shortage of shipping facilities means a low level of prices in the country of production, and a high level in consuming countries. In South Africa, where Government purchase is not in operation, it has been found impossible to ship a considerable proportion of wool already bought, with the result that present holders of the wool are faced with serious financial difficulties. There is every indication that the seriousness of the shipping position will become much accentuated in the future, in which case producers will probably find it very difficult to dispose of a large bulk of next season's clip. This would inevitably result in a slump in prices in producing countries, which might be very serious for many growers.
- (5.) Purchasing of colonial wool on enemy account has been prevented. In previous seasons a certain amount of colonial wool was purchased through neutrals for enemy account. German economic policy has been increasingly directed to acquisition of raw materials for her post-war trade.

In considering what should be a fair price for next clip, it is important to bear in mind that shipping facilities will become increasingly inadequate to lift the clips, and in any case a considerable quantity of wool will almost certainly remain in Australasia until after the war.



The free-market price of wool in consuming-centres is no criterion whatever as to what the prices would be if a free market were assured in primary markets. With the present state of shipping, in fact, the higher the price in the country of consumption the lower is the price in the country of production.

In view of the increased probability that wool will not be shipped, the Imperial Government considers that the price of the clip should not exceed the price paid last year, but is prepared to pay for the whole clip on the level of 1916-17 prices, undertaking all risks of shipping, and paying for wool as last year, whether ships are available or not, and continuing last year's arrangement whereby any profit made from wool sold for other than military purposes is divided equally between the Imperial Government and the colonial Governments, after administrative and other expenses have been met.

May, 1917.

Letter from the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER, Wellington.

SIR,—

High Commissioner's Office, Strand, London W.C., 17th May, 1917.

I have the honour to attach hereto copy of a communication which I have received from the Contracts Department of the War Office. This, as you will see, makes an offer on behalf of the Imperial Government for the entire wool-clip of the 1917-18 season, at the same price and on the same conditions which govern the contract now in existence.

As you will notice, the covering letter urges the desirability of an early decision, and I should be glad if this matter could be considered and your decision transmitted to me, so that I may inform the War Office as to whether or not their offer is accepted.

I have, &c.,

The Hon. the Prime Minister, Wellington, New Zealand.

T. MACKENZIE.

THE NEW ZEALAND GAZETTE EXTRAORDINARY.

WELLINGTON, MONDAY, 15TH OCTOBER, 1917.

*Requisition of New Zealand Wool.*

[L.S.]

LIVERPOOL, Governor-General.

A PROCLAMATION.

WHEREAS by reason of the exigencies of the present war it is necessary that further supplies of wool should be obtained by His Majesty for the clothing and equipment of His Majesty's Forces and for other purposes of the war: And whereas by Order in Council of the eighteenth day of November, one thousand nine hundred and sixteen, the export of wool from New Zealand to any destination is prohibited, save with the consent of the Minister of Customs: And whereas by an Order in Council made on the tenth day of August, one thousand nine hundred and seventeen, under the War Regulations Act, 1914, the sale of New Zealand wool otherwise than to His Majesty has been prohibited: And whereas by a Proclamation made on the twenty-first day of December, one thousand nine hundred and sixteen, all New Zealand wool of the then present season's clip was requisitioned for the use of His Majesty on the terms and conditions set out in that Proclamation: And whereas His Majesty's necessities in respect of the war require that all New Zealand wool of the now next ensuing season's clip be also requisitioned on similar terms and conditions: And whereas by a Proclamation made on the twenty-fifth day of August, one thousand nine hundred and seventeen, all New Zealand wool for the now next ensuing season's clip was requisitioned by and on behalf of His Majesty for the necessary purposes of the war: And whereas it is deemed expedient to revoke the said Proclamation made on the twenty-fifth day of August, one thousand nine hundred and seventeen, and to make the following Proclamation in the place thereof:

Now, therefore, I, Arthur William de Brito Savile, Earl of Liverpool, the Governor-General of the Dominion of New Zealand, in exercise of the prerogative right possessed by His Majesty in that behalf in time of war, and acting by and with the advice and consent of the Executive Council of that Dominion, do hereby proclaim that all wool of the next ensuing season's clip in New Zealand is hereby requisitioned by and on behalf of His Majesty for the necessary purposes of the war in the manner and subject to the terms and conditions set out in the Schedule hereto; and do hereby further proclaim that nothing herein contained shall in any manner affect the requisition of the wool of last season's clip in accordance with the aforesaid Proclamation of the twenty-first day of December, one thousand nine hundred and sixteen, which requisition shall proceed and be completed in pursuance of that Proclamation accordingly.

THE SCHEDULE.

1. The persons, firms, and companies mentioned in Appendix I hereto, together with such other persons, firms, or companies as the Government may from time to time appoint, hereinafter referred to as Government wool-brokers, will act as the agents of the Government of New Zealand in respect of the aforesaid requisition of wool.

2. All owners of wool shall, as soon as practicable, deliver their wool at the wool-store of a Government wool-broker at one of the following ports—namely, Auckland, Tolaga Bay, Tokomaru Bay, Gisborne, Napier, Waitara, Wanganui, Wellington, Nelson, Blenheim, Christchurch, Timaru, Oamaru, Dunedin, and Invercargill.

3. Each bale of the wool shall bear on one end and on one flat side only the squatter's or country brand, the letters and figures of such brand being not less than 3 inches in height. If the branding has not been properly effected by the owner it shall be carried out by the broker, who shall be at liberty to charge the owner a reasonable sum for the services so rendered.

4. All wool so delivered shall be examined, classified, and valued before shipment by two expert valuers, one of whom will be appointed by the Government, and the other of whom will be employed by the Government wool-broker in whose possession the wool is held.

5. If the two valuers are unable to agree as to the classification and valuation of any wool, it will be examined, classified, and valued by a supervising valuer to be appointed by the Government.

6. If the owner of the wool is dissatisfied with the value assigned by the supervising valuer he may, at any time within forty-eight hours after the date of valuation, give to the Government a written notice of appeal from that valuation, and such appeal shall, on payment by the appellant of such fee as the Government shall fix, be determined by an umpire appointed by the Government; provided that in cases where reasonable cause for the delay is shown an appeal may be lodged at any time up to seventy-two hours after valuation. The decision of such umpire shall be final. The broker shall be at liberty to charge the owner of the wool a reasonable sum, not exceeding 2s. per bale, for the services rendered in submitting wool to an umpire for adjudication in accordance with the provisions of this clause.

7. All such wool shall be classified and valued in accordance with the scale set forth in Appendix II hereto, which shall be taken as representing the average prices of the various classes of wool as sold by auction in New Zealand in the month of January, 1914.

8. The Government will pay for all wool so valued a sum equal to the value so placed upon it, with the addition of 55 per cent. thereof.

9. Such payment will be made, free from exchange, on the fourteenth day after the date of valuation, to the wool-broker in whose possession the wool is held, and such wool-broker shall receive and account for the same as the agent and on behalf of the wool-owner.

10. On the receipt of such payment by the wool-broker he shall take possession on behalf of the Government of the wool so paid for, and such wool will thereupon become the property of His Majesty. Prior to such payment the wool shall remain the property of and at the risk of the wool-owner, but shall be kept insured against fire in its full insurable value by the wool-broker on behalf of the wool-owner at all times while in the possession of the wool-broker until payment as aforesaid.

11. The wool-broker shall provide storage free of charge for the wool for a period of twenty-eight days after the date of valuation. After the expiration of that period the Government will pay storage at a rate to be arranged between the Government and the wool-broker.

12. Any wool may before payment therefor be rejected by the valuers, or, in case of their disagreement, by the supervising valuer, as being unmerchantable or not of the nature or quality required by the Government. Wool so rejected will not to be taken by the Government. The broker shall be at liberty to charge the owner a reasonable sum for services rendered in respect of any wool so rejected, and also in respect of all wool which for any other reason does not become the property of His Majesty pursuant to the foregoing provisions of this Proclamation.

13. In the case of all bales or packages of wool delivered in a wool-broker's store otherwise than in good condition for shipment, and in the case of bales or packages of mixed description requiring repacking, the broker shall be at liberty to charge the owner a sum not exceeding one farthing per pound for the additional work so involved, in addition to the cost of new packs, if supplied.

14. No Government wool-broker shall, in respect of any services rendered or charges incurred in pursuance of his employment by the Government as aforesaid, charge the owner of any wool with any brokerage commission or other remuneration or reimbursement, save so far as hereinbefore expressly authorized in respect of repacking, or of correcting faulty branding, or in respect of wool which becomes the subject of an appeal, or in respect of wool that has been rejected by valuers or the supervising valuer, or in respect of the wool that does not become the property of His Majesty pursuant to this Proclamation, the intention being that the amount payable by the Government in accordance with the foregoing provisions shall constitute the net return to the owner for the wool as delivered into the broker's store.

15. In all of the matters herein set forth the Controller of the Department of Imperial Government Supplies will act on behalf of the Government.

16. Slips of wool produced at freezing-works and any other quality of wool notified from time to time by the Government to the wool-brokers will not be subject to requisition under the provisions herein contained.

17. The delivery of wool by the owner to a Government wool-broker at his wool-store at any of the ports aforesaid shall constitute a contract between the owner and the Crown for the sale and purchase of the wool on the terms herein set forth, subject, however, to the right of rejection hereinbefore provided.

18. If any owner of wool fails or refuses to deliver such wool to a wool-broker in accordance with the foregoing provisions, the wool will be subject to seizure in the exercise of His Majesty's prerogative in time of war, and will be disposed of in such manner as the necessities of His Majesty in respect of the present war may require.

## APPENDIX I.

## WOOL-BROKERS.

Abraham and Williams (Limited).	Levin and Co. (Limited).
A. Buckland and Sons.	Murray, Roberts, and Co. (Limited).
A. Moritzson and Co.	National Mortgage and Agency Company (Limited).
Bennett and Sherratt.	Newton King.
Bisley Bros. and Co.	New Zealand Farmers' Co-operative Association of Canterbury (Limited).
Canterbury Farmers' Co-operative Association (Limited).	New Zealand Farmers' Co-operative Distributing Company (Limited).
Common, Shelton, and Co. (Limited).	New Zealand Loan and Mercantile Agency Company (Limited).
Corry and Co.	North Auckland Farmers' Co-operative Association (Limited).
Dalgety and Co. (Limited).	North Otago Farmers' Co-operative Association (Limited).
Darling and McDowell.	Otago Farmers' Co-operative Association of New Zealand (Limited).
David Friedlander.	Pyne and Co.
De Pelichet, McLeod, and Co. (Limited).	Southland Farmers' Co-operative Association (Limited).
Donald Reid and Co. (Limited).	Stronach, Morris, and Co. (Limited).
E. Buxton and Co. (Limited).	Tokomaru Farmers' Co-operative Company (Limited).
Freeman R. Jackson and Co. (Limited).	Tolaga Bay Trading Company (Limited).
Gisborne Farmers' Co-operative Company (Limited).	United Farmers' Co-operative Association (Limited).
Guinness and Le Cren (Limited).	Wairarapa Farmers' Co-operative Association (Limited).
G. W. Binney and Sons.	Waters, Ritchie, and Co.
Hawke's Bay Farmers' Co-operative Association (Limited).	W. E. Clouston and Co.
Henderson and Co. (Limited).	Williams and Kettle (Limited).
H. Matson and Co.	Wright, Stephenson, and Co. (Limited).
Hugh Roberts.	
J. E. Watson and Co (Limited).	
J. G. Ward and Co. (Limited).	
Johnston and Co. (Limited).	
J. R. Mills and Son.	
L. A. Nolan and Co.	

## APPENDIX II.

SCALE OF QUALITIES AND VALUES REPRESENTING THE AVERAGE RETURNS FOR NEW ZEALAND WOOL SOLD DURING THE SEASON 1913-14.

Description of Wool.	Range of Values per Pound according to Quality.		Description of Wool.	Range of Values per Pound according to Quality.	
	d.	d.		d.	d.
Superior merino combings	.. From 12	to 14½	Superior crossbred	.. From 10½	to 12
Medium to good merino	.. „ 9½	„ 11½	Medium to good crossbred	.. „ 9	„ 11
Inferior merino	.. „ 8½	„ 9½	Inferior crossbred	.. „ 7½	„ 9
Superior half-bred	.. „ 12	„ 14	Lincoln and Leicester	.. „ 8½	„ 10½
Medium to good half-bred	.. „ 9½	„ 12	Lambs, good	.. „ 11	„ 13
Inferior half-bred	.. „ 9	„ 10	Lambs, medium	.. „ 9	„ 10½

NOTE.—All inferior classes of wool such as inferior lambs' wool, black wool, dead wool, pieces, bellies, locks, crutchings, seedy, or other faulty wool, shall be valued at prices proportionate to those shown above.

Given under the hand of His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Member of the Royal Victorian Order, Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies; and issued under the seal of the said Dominion, at the Government House at Wellington, this fifteenth day of October, in the year of our Lord one thousand nine hundred and seventeen.

Approved in Council.

F. D. THOMSON,  
Acting Clerk of the Executive Council.

God save the King!

W. F. MASSEY,  
Prime Minister.

### CORRESPONDENCE RELATING TO THE 1918-19 AND SUBSEQUENT WOOL-CLIPS, FOR THE PERIOD OF THE WAR AND FOR ONE YEAR THEREAFTER.

Telegram from the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND.

6th June, 1918.

FOLLOWING telegram sent to Governor-General of Australia to-day: As the existing arrangements for the purchase of wool are coming to an end, His Majesty's Government are anxious to enter into negotiations to extend them on a basis suitable to both Governments. His Majesty's Government are willing to purchase the Australian clip for the period of the war and for one full wool-year commencing 30th June after the termination of hostilities. We propose that appraisement prices averaging 1s. 3½d. shall be continued on present system. We are willing to pay slight increase for handling charges if rendered necessary by the increased cost. We propose that the basis price shall be final as regards wool used for British Government purposes. We propose that as regards wool sold for other purposes Australia should receive half of any excess which might be obtained over basis prices. We are prepared to make same offer to New Zealand subject to substitution of following for third sentence: "We propose that the present prices, based on 55 per cent. over 1913-14 basis shall be continued without any change." But we think it desirable that matter should be discussed with your Prime Minister and Sir J. Ward. Presume that this course will be acceptable to your Ministers. Will telegraph again as soon as possible.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to the Hon. the ACTING PRIME MINISTER, Wellington.

28th July, 1918.

WOOL: With reference to your telegram of 18th June, after conference on several occasions with representatives of Imperial Government: In addition to offer contained in telegram from Secretary of State for the Colonies of 6th June, modified in accordance with New Zealand conditions and to meet objections which I raised, representatives of Imperial Government now suggest that it may be acceptable to Imperial Government to agree that instead of receiving half-profit actually realized New Zealand wool bonus to New Zealand should be calculated on basis of profits realized on Australian purchase, so that in effect New Zealand will receive bonus exactly at the same rate per pound wool delivered under new contract as is paid to Australia. I think that this is improvement on previous arrangement. Please submit to representatives of producers and telegraph reply with least possible delay.

Telegram from the ACTING PRIME MINISTER, Wellington, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London.

2nd August, 1918.

WOOL: With reference your telegram 28th July, I met Dominion Wool-growers' Committee to-day with reference basis for calculation of wool profits, and committee passed following resolution: "That this committee, not having definite information of the position in Australia, is satisfied to leave matter in hands of Prime Minister to do best he can in interests of wool-growers."

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

8th August, 1918.

WOOL: Propose to send following letter to Director-General Supply, representing Imperial Government: "With reference to our recent conference respecting arrangements for purchase New Zealand wool, desire on behalf of New Zealand Government inform you that we are willing to dispose of New Zealand wool-clip to His Majesty's Government for the duration of the war and for one full year commencing 30th June after the termination of hostilities, present prices based on 55 per cent. over 1913-14 basis, to be continued without any change. Imperial Government to pay any increase due to handling charges if rendered necessary. Basis price to be final with regard to wool used for British Government purposes, but with regard to wool sold for other purposes the bonus per pound to be paid New Zealand resulting from the profits actually realized to be calculated on basis of profits realized on the Australian purchase." New Zealand concurrence desired.

Letter from the CONTROLLER OF IMPERIAL GOVERNMENT SUPPLIES, Wellington, to the DIRECTOR OF ARMY CONTRACTS, London.

10th August, 1918.

DEAR SIR,—

*Profits on Wool.*

I have pleasure in acknowledging the receipt of your letter dated 3rd June, 124/Wool/33/R.M.I.A., and am greatly obliged to you for the information you have been so good as to furnish on the above subject.

The difficulties experienced in arriving at a settlement of the matter and the necessity for proceeding with discretion are quite appreciated, and I shall look forward with much interest to receiving in due course particulars of the procedure to be adopted in ascertaining the amount returnable to the New Zealand growers.

The question of the method of distributing to growers the amount which may become available has not yet been very closely considered by this Department, as it is possible the growers themselves as a whole may have some request to make as to the disposal of the money; but at the moment a *pro rata* distribution on the basis of the value of wool purchased from growers under the requisition would appear to be an equitable and convenient plan to apply to the wool purchased to the end of the present season.

From the negotiations which are now approaching finality with regard to further purchases of wool it would appear that the profit-sharing arrangements are to be on a more generous scale than hitherto. Consequently it would seem desirable that if possible the profits realized on the purchases to the end of this season should be shown distinct from those to be realized on future purchases.

Yours, &c.,

R. TRIGGS, Controller.

The Director of Army Contracts, War Office, Imperial House,  
Tothill Street, Westminster, London.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to ANDREW WEIR, Esq.,  
Surveyor-General of Supply, War Office.

Prime Minister's Office, Savoy Hotel, W.C. 2, 13th August, 1918.

DEAR SIR,—

With reference to our recent conference respecting arrangements for the purchase of New Zealand wool, I desire, on behalf of the New Zealand Government, to inform you that we are willing to dispose of the New Zealand wool-clip to His Majesty's Government for the period of the war, and

for one full wool-year commencing 30th June after the termination of hostilities; present prices, based on 55 per cent. over 1913-14 basis, to be continued without any change; the Imperial Government to pay any increase for handling-charges if rendered necessary; the basis price to be final as regards wool used for British Government purposes, but in regard to wool sold for other purposes the bonus per pound to be paid New Zealand resulting from the profits actually realized to be calculated on the basis of the profits realized on the Australian purchase.

Yours, &c.,  
W. F. MASSEY.

Letter from ANDREW WEIR, Esq., Surveyor-General of Supply, War Office, to the Right Hon. the  
PRIME MINISTER OF NEW ZEALAND.

DEAR SIR,—

14th August, 1918.

I have pleasure in acknowledging receipt of your letter of 13th August, in which you inform me that the New Zealand Government is willing to dispose of the New Zealand wool-clips to His Majesty's Government for the period of the war and for one full wool-year, commencing 30th June, after the termination of hostilities, on terms which I understand to be those fully set forth in the annexed copy of a telegram sent to the Governor-General by the Secretary of State for the Colonies on the 6th June, with the exception that the conditions as to profit-sharing are to be modified as hereafter stated.

I attach a note of the conference held on the 15th July, in which it is suggested that instead of New Zealand receiving half the profit actually realised on New Zealand wool, the share of the profits so realised to be paid to New Zealand shall be calculated at the same rate per pound of wool delivered under the new contract as is paid to the Government of Australia under the new Australian contract; the reason for this modification being that it was feared that otherwise the New Zealand bonus might be materially lower than the Australian, owing to the larger proportion of crossbred wool used for military purposes, on which no profit would accrue.

I have much pleasure in stating that His Majesty's Government are prepared to accept the modification referred to in the preceding paragraph, and in view of your letter I understand the transaction is now closed on the terms of the telegram of the 6th June with the single modification referred to.

I have also to enclose copy of a telegram from the Commonwealth of Australia, dated the 12th June, accepting the offer of the 6th June. You will note that Australia has stipulated that the rate for handling-charges shall be raised from  $\frac{5}{8}$ d. per pound to  $\frac{3}{4}$ d. per pound. It is extremely desirable that so far as possible the arrangements with both Dominions shall be identical, and I shall be glad therefore to receive your confirmation that the handling-charge in New Zealand also shall be  $\frac{3}{4}$ d. per pound.

Yours, &c.,  
A. WEIR.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to ANDREW WEIR, Esq.,  
Surveyor-General of Supply, War Office.

Prime Minister's Office, Savoy Hotel, W.C. 2, 16th August, 1918.

DEAR SIR,—

I have to acknowledge the receipt of your letter of the 14th instant, in connection with the New Zealand wool-clips which the New Zealand Government is willing to dispose of to His Majesty's Government for the period of the war and for one full wool-year commencing the 30th June after the termination of hostilities.

I am pleased to hear from you that His Majesty's Government are prepared to accept the modification referred to in the second paragraph of your letter now under reply, and the transaction can therefore be regarded as closed on the terms of the telegram sent to the Governor-General of New Zealand by the Secretary of State for the Colonies of the 6th June with the modification herein referred to.

On behalf of the New Zealand Government, I confirm the handling-charge in New Zealand shall be at the rate of  $\frac{3}{4}$ d. per pound.

Yours, &c.,  
W. F. MASSEY.

Andrew Weir, Esq., Surveyor-General of Supply, War Office, S.W. 1.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING  
PRIME MINISTER, Wellington.

22nd August, 1918.

WOOL: With reference to my telegram, 18th August, agreed with Imperial Government handling-charges New Zealand shall be at rate of  $\frac{3}{4}$ d. per pound, same as Australia.

## THE NEW ZEALAND GAZETTE EXTRAORDINARY.

WELLINGTON, MONDAY, 2ND DECEMBER, 1918.

*Requisition of New Zealand Wool.*

[L.S.]

LIVERPOOL, Governor-General.

## A PROCLAMATION.

WHEREAS by reason of the exigencies of the present war and by reason of the conditions created thereby it is necessary that further supplies of wool should be obtained by His Majesty: And whereas by Order in Council of the eighteenth day of November, one thousand nine hundred and sixteen, the export of wool from New Zealand to any destination is prohibited, save with the consent of the Minister of Customs: And whereas by an Order in Council made on the eighth day of October, one thousand nine hundred and eighteen, under the War Regulations Act, 1914, the sale of New Zealand wool otherwise than to His Majesty has been prohibited: And whereas by a Proclamation made on the fifteenth day of October, one thousand nine hundred and seventeen, all New Zealand wool of the then present season's clip was requisitioned for the use of His Majesty on the terms and conditions set out in that Proclamation: And whereas His Majesty's necessities require that all New Zealand wool of the now continuing season's clip, and also all other wool hereafter clipped in New Zealand during the period hereinafter specified, be also requisitioned on similar terms and conditions:

Now, therefore, I, Arthur William de Brito Savile, Earl of Liverpool, the Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of that Dominion, do hereby proclaim that all wool of the now continuing season's clip in New Zealand, and also all other wool hereafter clipped in New Zealand during the continuance of the war, or thereafter clipped in New Zealand at any time not later than one year after the thirtieth day of June, one thousand nine hundred and nineteen, is hereby requisitioned by and on behalf of His Majesty in the manner and subject to the terms and conditions set out in the Schedule hereto; and do hereby further proclaim that nothing herein contained shall in any manner affect the requisition of the wool of last season's clip in accordance with the aforesaid Proclamation of the fifteenth day of October, one thousand nine hundred and seventeen, which requisition shall proceed and be completed in pursuance of that Proclamation accordingly.

## THE SCHEDULE.

1. The persons, firms, and companies mentioned in Appendix I hereto, together with such other persons, firms, or companies as the Government of New Zealand may from time to time appoint, hereinafter referred to as Government wool-brokers, will, during the pleasure of the Government act as the agents of the Government in respect of the aforesaid requisition of wool.

2. All owners of wool shall, as soon as practicable, deliver their wool at the wool-store of a Government wool-broker at one of the following ports—namely, Auckland, Tolaga Bay, Tokomaru Bay, Gisborne, Napier, Waitara, Wanganui, Wellington, Nelson, Blenheim, Christchurch, Timaru, Oamaru, Dunedin, and Invercargill.

3. Each bale of the wool shall bear on one end and on one flat side only the sheep-farmers' or country brand, the letters and figures of such brand being not less than 3 inches in height. If the branding has not been properly effected by the owner it shall be carried out by the broker, who shall be at liberty to charge the owner a reasonable sum for the services so rendered.

4. All wool so delivered shall be examined, classified, and valued before shipment by two expert valuers, one of whom will be appointed by the Government, and the other of whom will be employed by the Government wool-broker in whose possession the wool is held.

5. If the two valuers are unable to agree as to the classification and valuation of any wool, it will be examined, classified, and valued by a supervising valuer to be appointed by the Government.

6. If the owner of the wool is dissatisfied with the value assigned by the supervising valuer he may, at any time within forty-eight hours after the date of valuation, give to the Government a written notice of appeal from that valuation, and such appeal shall, on payment by the appellant of such fee as the Government shall fix, be determined by an umpire appointed by the Government; provided that in cases where reasonable cause for the delay is shown an appeal may be lodged at any time up to seventy-two hours after valuation. The decision of such umpire shall be final. The broker shall be at liberty to charge the owner of the wool a reasonable sum, not exceeding 2s. per bale, for the services rendered in submitting wool to an umpire for adjudication in accordance with the provisions of this clause.

7. All such wool shall be classified and valued in accordance with the scale set forth in Appendix II hereto, which shall be taken as representing the average prices of the various classes of wool as sold by auction in New Zealand in the month of January, 1914.

8. The Government will pay for all wool so valued a sum equal to the value so placed upon it, with the addition of 55 per cent. thereof.

9. Such payment will be made, free from exchange, on the fourteenth day after the date of valuation, to the wool-broker in whose possession the wool is held, and such wool-broker shall receive and account for the same as the agent and on behalf of the wool-owner.

10. At two o'clock in the afternoon of the fourteenth day after the date of valuation the wool so valued shall become the property of His Majesty, and the wool-broker shall thereupon take and hold possession thereof on account of His Majesty accordingly. Until the said hour on the said fourteenth day the wool shall remain the property of and at the risk of the wool-owner, but shall be kept insured against fire in its full insurable value by the wool-broker on behalf of the wool-owner at all times while in the possession of the wool-broker until payment as aforesaid.

11. The wool-broker shall provide storage free of charge for the wool for a period of twenty-eight days after the date of valuation. After the expiration of that period the Government will pay storage at a rate to be arranged between the Government and the wool-broker.

12. Any wool may before payment therefor be rejected by the valuers, or, in case of their disagreement, by the supervising valuer, as being unmerchantable or not of the nature or quality required by the Government. Wool so rejected will not be taken by the Government. The broker shall be at liberty to charge the owner a reasonable sum for services rendered in respect of any wool so rejected, and also in respect of all wool which for any other reason does not become the property of His Majesty pursuant to the foregoing provisions of this Proclamation.

13. In the case of all bales or packages of wool delivered in a wool-broker's store otherwise than in good condition for shipment and in the case of bales or packages of mixed description requiring repacking, the broker shall be at liberty to charge the owner a sum not exceeding one farthing per pound for the additional work so involved, in addition to the cost of new packs, if supplied.

14. No Government wool-broker shall, in respect of any services rendered or charges incurred in pursuance of his employment by the Government as aforesaid, charge the owner of any wool with any brokerage commission or other remuneration or reimbursement, save so far as hereinbefore expressly authorized in respect of repacking, or of correcting faulty branding, or in respect of wool which becomes the subject of an appeal, or in respect of wool that has been rejected by valuers or the supervising valuer, or in respect of wool that does not become the property of His Majesty pursuant to this Proclamation, the intention being that the amount payable by the Government in accordance with the foregoing provisions shall constitute the net return to the owner for the wool as delivered into the broker's store.

15. In all of the matters herein set forth the Controller of the Department of Imperial Government Supplies will act on behalf of the Government.

16. Slips of wool produced at freezing-works, and any other quality of wool notified from time to time by the Government to the wool-brokers, will not be subject to requisition under the provisions herein contained.

17. The delivery of wool by the owner to a Government wool-broker at his wool-store at any of the ports aforesaid shall constitute a contract between the owner and the Crown for the sale and purchase of the wool on the terms herein set forth, subject, however, to the right of rejection hereinbefore provided.

18. The term "date of valuation" means the day of the date of a certificate of valuation signed by the valuers or in the event of their disagreement by the supervising valuer.

19. If any owner of wool fails or refuses to deliver such wool to a wool-broker in accordance with the foregoing provisions, the wool will be subject to seizure in the exercise of His Majesty's authority in that behalf, and will be disposed of in such manner as the necessities of His Majesty may require.

20. In addition to the purchase-money hereinbefore specified a bonus in accordance with the following provisions will, on the termination of this scheme of requisition and purchase, be distributable among all persons who have sold wool to the Government under such scheme and shall be divided between them in proportion to the aggregate amounts paid to each of them by way of purchase-money under the scheme. The amount of such bonus shall be determined by His Majesty's Government of the United Kingdom, and the determination of that Government will be final and conclusive. The intent of this provision, however, is that the bonus shall be equivalent to one-half of the net profits derived by His Majesty's Government from the resale of any wool that is not required for the uses of that Government, and His Majesty's Government will in determining the amount of the bonus compute the same in such manner as to give effect to this intent as nearly as may be deemed practicable by that Government.

#### APPENDIX I. WOOL-BROKERS.

Abraham and Williams (Limited).  
A. Buckland and Sons.  
A. Moritzson and Co.  
Bennett and Sherratt.  
Bisley Bros. and Co.  
Canterbury Farmers' Co-operative Association (Limited).  
Common, Shelton, and Co. (Limited).  
Corry and Co.  
Dalgety and Co. (Limited).  
Darling and McDowell.  
David Friedlander.  
De Pelichet, McLeod, and Co. (Limited).  
Donald Reid and Co. (Limited).  
E. Buxton and Co. (Limited).  
Farmers' Co-operative Organization Society of New Zealand (Limited).  
Freeman R. Jackson and Co. (Limited).  
Gisborne Farmers' Co-operative Company (Limited).  
Gisborne Sheep-farmers' Frozen Meat Company (Limited).  
Guinness and Le Cren (Limited).  
G. W. Binney and Sons.  
Hawke's Bay Farmers' Co-operative Association (Limited).  
Henderson and Co. (Limited).  
H. Matson and Co.  
Hugh Roberts.  
J. E. Watson and Co. (Limited).  
J. G. Ward and Co. (Limited).  
Johnston and Co. (Limited).

J. R. Mills and Son.  
L. A. Nolan and Co.  
Levin and Co. (Limited).  
Murray, Roberts, and Co. (Limited).  
National Mortgage and Agency Company (Limited).  
Newton King.  
New Zealand Farmers' Co-operative Association of Canterbury (Limited).  
New Zealand Farmers' Co-operative Distributing Company (Limited).  
New Zealand Loan and Mercantile Agency Company (Limited).  
North Auckland Farmers' Co-operative Association (Limited).  
North Otago Farmers' Co-operative Association (Limited).  
Otago Farmers' Co-operative Association of New Zealand (Limited).  
Pyne and Co.  
Southland Farmers' Co-operative Association (Limited).  
Stronach, Morris, and Co. (Limited).  
Tokomaru Farmers' Co-operative Company (Limited).  
Tolaga Bay Trading Company (Limited).  
United Farmers' Co-operative Association (Limited).  
Wairarapa Farmers' Co-operative Association (Limited).  
Waters, Ritchie, and Co.  
W. E. Clouston and Co.  
Williams and Kettle (Limited).  
Wright, Stephenson, and Co. (Limited).



APPENDIX II.

SCALE OF QUALITIES AND VALUES REPRESENTING THE AVERAGE RETURNS FOR NEW ZEALAND WOOL SOLD DURING THE SEASON 1913-1914.

Description of Wool.	Range of Values per Pound according to Quality.		Description of Wool.	Range of Values per Pound according to Quality.	
	d.	d.		d.	d.
Superior merino combings	..	From 12 to 14½	Superior crossbred	..	From 10½ to 12
Medium to good merino	..	9¾ .. 11½	Medium to good crossbred	..	9 .. 11
Inferior merino	..	8½ .. 9½	Inferior crossbred	..	7¾ .. 9
Superior half-bred	..	12 .. 14	Lincoln and Leicester	..	8¾ .. 10½
Medium to good half-bred	..	9¾ .. 12	Lambs, good	..	11 .. 13
Inferior half-bred	..	9 .. 10	Lambs, medium	..	9 .. 10¾

NOTE.—All inferior classes of wool, such as inferior lambs' wool, black wool, dead wool, pieces, bellies, locks, crutchings, seedy or other faulty wool, shall be valued at prices proportionately to those shown above.

Given under the hand of His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Most Excellent Order of the British Empire, Member of the Royal Victorian Order, Knight of Grace of the Order of Saint John of Jerusalem, Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies; and issued under the Seal of the said Dominion, at the Government House at Wellington, this second day of December, in the year of our Lord one thousand nine hundred and eighteen.

W. F. MASSEY, Prime Minister.

Approved in Council.  
J. F. ANDREWS,  
Clerk of the Executive Council.

God save the King!

CORRESPONDENCE DURING YEAR 1919.

Letter from N. L. T. WEST, Esq., War Office, to the CONTROLLER OF IMPERIAL GOVERNMENT SUPPLIES, Wellington.

War Office (Raw Materials Department),  
Imperial House, Tothill Street, Westminster S.W. 1,  
7th January, 1919.

SIR,—  
*Profits on Wool.*

I am directed to refer to your letter of the 10th August last (No. 618).  
It will not be possible to show the profits earned on the 1916-17 and 1917-18 clips separately from those earned on subsequent clips, but a reasonable estimate based on averages can ultimately be made.

Owing to the magnitude and complexity of the Imperial Government's transactions in wool the accounts for the year to the 31st March are not yet complete.

I am to say that a further letter will be addressed to you as soon as these are available.  
Yours, &c.,  
N. L. T. WEST.

The Controller, Department of Imperial Government Supplies, Wellington, New Zealand.

CORRESPONDENCE DURING YEAR 1920.

Letter from the DIRECTOR-GENERAL OF RAW MATERIALS, London, to the DEPARTMENT OF IMPERIAL GOVERNMENT SUPPLIES, Wellington.

Imperial House, Tothill Street, Westminster, S.W. 1,  
1st March, 1920.

DEAR SIR,—  
I have the pleasure to refer to my letter of the 21st June, 1919, enclosing the preliminary wool accounts for the period ending 31st March, 1918, and I have now to direct your attention to the final accounts as follows: (1) Report by Messrs. J. A. Heselton, Son, and Butterfield on the rebates to Allies on military purchases, and profit-sharing for the Commonwealth of Australia and the Dominion of New Zealand; (2) statements accompanying the auditors' report.

In my letter of the 21st June I pointed out to you that the estimate of rebates on military wools and the division of the remaining profits then sent you was framed on admittedly incomplete data and would require through-going revision. A great deal of time has since been spent by the auditors and this Department upon minute investigation of the whole subject. I am now glad to be able to inform you that the figures now set forth are recommended by the auditors for final acceptance, and that you will be perfectly justified in asking the Government of New Zealand to accept them. Owing to the immense complexity of the business, many points were bound to arise, and did arise, which offered room for a certain amount of legitimate doubt, but under directions from this Department all such questions were settled in a manner favourable to the dominions.

I have particularly to draw your attention to the distribution of the underwriting profit. It was made clear at your end that the dominions desired to be fully covered against marine loss, and

were in fact not prepared to accept any share of such losses in excess of the provision made beforehand. Owing to good fortune, the losses turned out after a period of very great anxiety to be substantially less than the provision made to cover them. It would have been perfectly proper to retain for the exclusive benefit of His Majesty's Treasury this surplus, as the Treasury would have had to bear the entire loss if there had been any. It has been decided, however, by His Majesty's Government to distribute the underwriting profit in exactly the same proportions as the other items of profit, and we hope that this substantial concession will be appreciated by the interested parties.

I draw your special attention to paragraph 7 of the auditors' report in regard to slipe wool. The provisional settlement is undoubtedly very favourable to New Zealand, but in later accounts it will be necessary to ascertain with greater accuracy the profit realized out of slipes, which is not subject to division with New Zealand.

I am, &c.,

A. H. GOLDFINCH,  
Director-General of Raw Materials.

The Department of Imperial Supplies, Wellington, N.Z.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London.

16th March, 1920.

WOOL-PROFITS: In August, 1918, when matters reached finality with regard to extension of the purchasing wool by the Imperial Government to the 30th June, 1920, it was arranged that bonus per pound to be paid New Zealand resulting from the sale of wool other than for British Government purposes was to be calculated on basis of profits realized on Australian purchases. Would be glad to have assurance that this is not being overlooked and will be given effect to. I should be glad if you would make necessary inquiries, and please telegraph reply with the least possible delay.

Letter from the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND.

MY LORD,—

Downing Street, 25th March, 1920.

With reference to my telegram of the 5th February, I have the honour to transmit to Your Excellency, to be laid before your Ministers, a copy of each of the following documents: (1) The auditors' report, dated the 23rd February, 1920, on the rebates to Allies on military purchases and profit-sharing with the Commonwealth of Australia and the Dominion of New Zealand up to the 31st March, 1918; (2) statements accompanying the auditors' report.

2. I understand from the Minister of Munitions that the Department of Imperial Government Supplies received in the middle of last year from the Director of Raw Materials the preliminary papers referred to in the first paragraph of the auditors' report.

3. The Minister of Munitions trusts that after the very thorough investigation by the independent auditors on every doubtful point, your Government will be prepared to accept the division of profits set forth in the accounts now submitted.

4. The Minister of Munitions hopes that during the month of April it will be possible to close the accounts for the period ended the 31st March, 1919; these will no doubt also show a moderate divisible profit. The Minister observes that until the 31st December 1919, the large stocks of Australian and New Zealand wool carried under the Imperial Purchase Accounts kept that account in a very large debit. No funds, therefore, have up to the present existed out of which any payment could be paid by His Majesty's Treasury to account of the profits which on a final liquidation are expected to be due to the Commonwealth and the Dominion under the wool-purchase contract. Although, in the opinion of the Minister, no such payment is actually due under a strict interpretation of the contracts until each of the wool-clips is completely sold out and liquidated, he will, however, be glad at a later date, when a cash surplus has actually accrued under the Wool Account, to submit to the Treasury the question whether payments shall be made to the Commonwealth and New Zealand Governments approximating to their share of the profits provisionally shown to have been made in the periods up to the 31st March, 1919.

5. A despatch in similar terms is being sent to the Governor-General of the Commonwealth of Australia.

I have, &c.,

For the Secretary of State,  
J. S. AMERY.

Governor-General His Excellency the Right Hon. The Earl of Liverpool, P.C., G.C.M.G., G.B.E., M.V.O., &c.

Telegram from the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington.

30th March, 1920.

WOOL-PROFITS: Ministry of Munitions has been approached with reference to points mentioned in your telegram of the 13th March, 16th March. Regarding firstly—Dirawmat states that very careful calculations require to be made; promises further communication as soon as accurate results can be obtained. Regarding secondly—Dirawmat requests me telegraph you as follows: "British Government carefully bearing in mind letter from Prime Minister, 14th August, 1918, in which he fixes as a condition for selling New Zealand wool-clips from the 30th June, 1918, to the 30th June, 1920, that the bonus per pound to be paid New Zealand resulting from the profits actually realized

are to be calculated on basis of profits realized on the Australasian purchase. To this, War Office replied accepting arrangements whereby out of the profits actually realized on New Zealand wool share should be paid New Zealand calculated at same rate per pound wool delivered under new contract as is paid to the Commonwealth of Australia. British Government intend to give effect to this stipulation, but of course it is quite clear in no case can bonus paid New Zealand exceed 100 per cent. of the profit actually realized on the two last clips New Zealand wool."

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Telegram from the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND.

3rd July, 1920.

My telegram of 5th February: His Majesty's Government have given recently very full consideration to question of interim payments to be made to account of profits arising under Imperial wool-purchase accounts. Up to beginning of May last amount at credit of the wool accounts insufficient to pay interest due to Treasury, but since then credit balance has accrued, which will steadily increase in proportion to sales effected month by month. After consultation with Australian Government His Majesty's Government have offered to pay Commonwealth about 30th June their share of profits ascertained from commencement of purchase scheme up to 31st March, 1919, provided that the auditors' certificate relating to such profits accepted as final. His Majesty's Government are prepared at once to make a similar arrangement with Government of New Zealand. Accounts just completed for the year ended 31st March, 1919, show that New Zealand share of profits for that year £991,644, which, added to sum accruing up to 31st March, 1918 (*vide* accounts forwarded in my despatch, secret, of 25th March) make total of £1,619,069, which His Majesty's Government now prepared to pay Government of New Zealand, provided that accounts as certified by auditors accepted as final, and provided that dividend thus distributed shall be regarded as interim dividend, and final dividends shall be based on ascertained profits over whole of clips purchased. In computing New Zealand share of profits on wool shorn after 30th June, 1918, effect will be given to arrangement made between Minister Munitions and your Prime Minister by letters exchanged London, August, 1918 (see my despatch of 19th September, 1918, No. 176), which arrangements were confirmed through High Commissioner 26th March last—viz., that for wool shorn during that period a share of profit actually realized should be paid to New Zealand calculated at same rate per pound of wool delivered as is paid to Commonwealth Government for wool delivered during same period; always provided that in no case can bonus paid to New Zealand exceed 100 per cent. of the profit actually realized on two last clips of New Zealand wool. Included in £991,644 mentioned above is sum of £22,318 added to New Zealand share of profits in accordance with this arrangement in respect of small portion of 1918-19 clip marketed before 31st March, 1919.

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Telegram from His Excellency the ADMINISTRATOR OF THE GOVERNMENT OF NEW ZEALAND to the SECRETARY OF STATE FOR THE COLONIES.

13th July, 1920.

FIRSTLY: The information afforded in your cipher telegram of 3rd July has been received by Prime Minister with great satisfaction.

Secondly: Terms proposed for the payment to New Zealand producers of the share of profits derived from wool up to 31st March, 1919, are acceptable to the Government of New Zealand.

Thirdly: Government of New Zealand notes with satisfaction that effect will be given to the arrangements made between the Minister of Munitions and the Prime Minister of New Zealand regarding the share of profits to be paid to New Zealand on the last two clips of New Zealand wool.

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Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London.

1st November, 1920.

It will be of great assistance to me if you can obtain from the Director of Raw Materials, through Ministry of Munitions, an approximate estimate of surplus profits on wool to be returned to New Zealand for the year ending 31st March, 1920. Annual stock-taking cable supplying full particulars of stock-taking at 31st March, 1920, was forwarded by Department of Imperial Government Supplies to Director of Raw Materials on 21st August, 1920, and supporting documents with Audit certificates were posted 23rd September, 1920. Please telegraph reply.

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Telegram from the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND Wellington.

10th November, 1920.

With reference to your telegram of 1st November, wool-profits: Dirawmat states that there is no reason to expect that transaction in New Zealand wool subsequently to accounts closed 31st March, 1919, will in the aggregate show any profit whatever. There will be very large profit on the accounts for the year ending 31st March, 1920, but since then very little profit has been earned on wool actually sold, and market position to-day renders it probable that losses to be faced from now onwards will not only wipe out profits for last financial year, but also those on the two preceding years, of which New Zealand share already distributed.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington, to the HIGH COMMISSIONER for NEW ZEALAND, London.

15th November, 1920.

WITH reference to your cable of 10th November regarding profits on wool, it is necessary to emphasize that arrangements for the purchase of New Zealand clips have been under separate contracts, and New Zealand producers will be entitled to any profits made on early clips without deduction for possible loss on later clips. I shall be glad if you will strongly impress my views on Imperial authorities as above.

Telegram from the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington.

9th December, 1920.

WITH reference to your telegram of the 16th November, wool-profits, I at once represented your views to the Ministry of Munitions, who in reply states that three successive arrangements were entered into with the Government of New Zealand—first covering clip up to 30th June, 1917; second, clip up to 30th June, 1918; third, clips up to 30th June, 1920. Dirawmat surprised you appear to expect each successive transaction liquidated separately. Ministry's accounts for period ending 31st March, 1918 and 1919, have for a long time been in possession of Impsupply, and no comment hitherto has been made on the fundamental point that all the wool has been accounted for indiscriminately without regard to division of clips. To meet possibility of question arising where stations changed hands during period of control, question was discussed with Australia, and it was decided definitely that it was impracticable to render account for each clip separately, and that dividends distributed among individual growers should be on percentage rate calculated on appraisement value their wool without regard to date of delivery. To put matter beyond dispute with regard to New Zealand, Colonial Office cabled Governor-General, 3rd July, referring to Australian consultation, and detailing conditions under which Imperial Government prepared to pay interim dividends to both dominions. These conditions accepted by Government of New Zealand, 13th July, and in distributing dividend already paid discrimination various clips has not been possible.

#### CORRESPONDENCE DURING YEAR 1921.

Telegram from His Excellency the GOVERNOR-GENERAL OF NEW ZEALAND to SECRETARY OF STATE FOR THE COLONIES.

8th January, 1921.

NEGOTIATIONS between the Imperial Government and Australia concerning wool: With reference to your cipher telegram of 4th January, the Prime Minister requests me to inform you that the Government of New Zealand does not concur in the interpretation which the telegram above quoted seems to place upon the agreements relating to New Zealand wool arrived at between the New Zealand Government and His Majesty's Government. It is clear that there were three successive arrangements with the Government of New Zealand, the first covering the clip up to 30th June, 1917, the second covering the clip to 30th June, 1918, and the third covering all subsequent clips up to twelve months after the cessation of hostilities, which now means 30th June, 1920. There is no misunderstanding on this point, as is clear from the communications between the New Zealand High Commissioner and the Director of Raw Materials in December last. The agreement as to clips after the clip of 30th June, 1918, arrived at in August, 1918, between the Prime Minister and the Director in London, contains specific provisions for those subsequent clips—namely, that the profits per pound to be paid to New Zealand should be calculated on the basis of profits realized on the Australian purchase and should not be less. Therefore the arrangement as to all clips subsequent to June, 1918, contained a term wholly differing from the antecedent arrangements, which were confined to percentage of the actual profit realized on the two previous clips. It is fully conceded by the Government of New Zealand that the agreement constituted by your telegram to the Governor-General of New Zealand of 3rd July, 1920, and the reply of the Administrator of the New Zealand Government, dated 13th July, 1920, is binding upon the New Zealand Government, and according to its tenor modifies and controls the previous arrangements. The apparent difference between His Majesty's Government and the Government of New Zealand arises upon the interpretation of the two cablegrams last referred to. The Government of New Zealand did not and could not understand the telegram of 3rd July as a request for their concurrence in combining the two clips ending June, 1917 and 1918 respectively, with regard to which a simple percentage of profits has been agreed upon in one mass with the clips subsequent to June, 1918, in respect of which special definite and separate terms of an entirely different nature had been arrived at. The New Zealand Government understood the telegram of 3rd July to mean that with regard to *all* clips *after* June, 1918, there should be no differentiation between clips, and that the basis of divisible profit, if any, should be arrived at upon the whole output of the years subsequent to June, 1918, without differentiation of clips. But the Government of New Zealand never anticipated nor understood that such a confusion as must necessarily arise if the exactly ascertained or ascertainable profits of the two previous years were mixed with the hypothetical profits or deficiency on clips of the subsequent years was suggested, and therefore the New Zealand Government understood the proposal to them to be that the two clips ending June, 1917, and June, 1918, should be dealt with and accounted for separately, and that the profit on all subsequent clips should be arrived at without reference to the year of clip or possible difference of ownership of the several clips. The Government of New Zealand, having again

carefully considered the two telegrams of 3rd July and 13th July, can see no grounds for contention that the telegram of 3rd July is reasonably capable of an interpretation other than that which they then placed upon it, and upon which they have acted and to which they still adhere. The New Zealand Government had then and has still to consider not only the arrangements which would be most convenient to the two Governments, but also the fact that they had made different arrangements on behalf of the owners of the wool of the first two clips, and they could not have agreed to disregard the accrued profits to the owners of the wool of the first two clips and throw those profits into an account leading to ultimate extinction without the consent of the owners of the clips who were entitled to the profits. The Prime Minister considers that this must be manifest to the Imperial Government, and therefore that it will understand that the Dominion Government cannot accept an interpretation of the arrangement expressed in the telegrams referred to other than that upon which they acted and have since assumed to be the intention.

Secondly, and separately, the Dominion Government is prepared to favourably consider the request of His Majesty's Government that wool of the clips subsequent to June, 1918, should be dealt with under the control of the proposed association, if it can be conveniently arranged that New Zealand shall be adequately represented in that control, though, for the reasons above stated, they cannot agree to wool of the clips of June, 1917 and 1918 respectively, being so dealt with, or in any manner confused with the wool of the subsequent clips. Australian wool generally differs so largely in quality and description from New Zealand wool that it is hardly possible for Australian control alone to determine conditions for both countries.

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Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington, to the HIGH COMMISSIONER FOR NEW ZEALAND, London.

11th January, 1921.

WITH reference to your cable of 9th December, profits on wool: I cabled on 8th January to Secretary of State for the Colonies stating fully my views on this matter, and I shall be glad if you will obtain copy of the communication.

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Telegram from the HIGH COMMISSIONER FOR NEW ZEALAND, London, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington.

24th January, 1921.

WITH reference to your telegram of 12th January, wool profits: Have heard from Director of Raw Materials with reference to your message through Governor-General to Colonial Office, 8th January, and am arranging personal interview for this week, when whole position will be fully discussed. Will telegraph further as soon as possible.

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Telegram from the HIGH COMMISSIONER FOR NEW ZEALAND, London, to Right Hon. the PRIME MINISTER OF NEW ZEALAND, Wellington.

24th March, 1921.

Wool profits: Have received from Goldfinch estimated results final liquidation of New Zealand wools under each of three alternative methods of settlement. Stocks of No. 1 and No. 2 clip wools on hand about 75,000 bales, which nominally valued at £5 per bale. Stock consists of sediment those clips, so that this value probably too sanguine. Moreover, Ministry are fighting very serious claims for damage, &c., on 100,000 bales, on which allowance might have to be made. Subject to these reservations, under first method, and accepting your interpretation, it is estimated that further sum due to New Zealand as half-share profits first two clips will be £685,000, leaving Imperial Government bear loss on last two clips about £5,400,000. Under second method, if telegrams of 3rd July last adhered to, New Zealand will have to refund £1,600,000 already paid, and Imperial Government's net loss will be over £3,000,000. Under third method, if compromise agreed to, New Zealand would retain £1,600,000 already paid, and Imperial Government's net loss would be about £4,750,000. In the last two estimates remaining stocks third and fourth clips valued at 60 per cent. below cost, but even at that figure stock could scarcely be disposed of to-day. Goldfinch expresses hope that, seeing how heavy Imperial Government's loss must necessarily be, and how small a sum would be due to New Zealand even if your extreme interpretation accepted, you will be able without much difficulty to agree to compromise.

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Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to LORD INVERFORTH.

DEAR LORD INVERFORTH,—

Hotel Cecil, Strand, London, 6th June, 1921.

With reference to our conversation of last Wednesday regarding the difficulty that has arisen in connection with the further distribution of wool profits due to New Zealand wool-growers, may I briefly set out the position from the Dominion's point of view:—

1. I quote the following extracts from a telegram the Secretary of State for the Colonies sent to the Governor-General of New Zealand, dated 3rd July, 1920, which stated, *inter alia*:—

(a.) "Up to beginning of May last (1920) amount of credit of the Wool Accounts insufficient to pay interest due to Treasury."

(b.) "Accounts just completed for the year ended 31st March, 1919, show that New Zealand's share of profits for that year £991,644, which added to sum accruing up to 31st March, 1918—*vide* accounts forwarded in my despatch (secret) of 25th March—make a total of £1,619,069, which His Majesty's Government now prepared to pay Government of New Zealand, provided that dividend thus distributed shall be regarded as interim dividend and final dividends shall be based on ascertained profits over whole of clips purchased."

(c.) "In computing New Zealand's share of profits on wool shorn after 30th June, 1918, effect will be given to arrangement made between Minister of Munitions and your Prime Minister—viz., that for wool shorn during that period a share of profit actually realized should be paid to New Zealand, calculated at same rate per pound of wool delivered as is paid to Commonwealth Government for wool delivered during same period, always provided that in no case can bonus paid to New Zealand exceed 100 per cent. of the profit actually realized on two last clips of New Zealand."

2. A subsequent telegram from Lord Milner, dated 4th January, 1921, to the Governor-General of New Zealand, says, *inter alia*: "Undistributed profits on New Zealand wool estimated at a little under £8,000,000 before writing down stocks, but loss on present stocks estimated to cost approximately £22,000,000 will, it is feared, substantially exceed undistributed profits on wool since 31st March, 1919."

3. The important points in the telegrams quoted above are quite clear with the exception of the inconsistency of the two paragraphs in the same telegram, in regard to which I cannot suggest an explanation. The New Zealand producers were induced to agree to the proposals contained in the cable of July, 1920, by the promises that the payment of £1,619,069 would be made forthwith and that other dividends would be forthcoming later; also that effect would be given to the arrangement with regard to the New Zealand profits being calculated on the same price as that for which New Zealand wool was sold. The effect of this would be, in cases of a division of profits at present, that practically the whole of the profits in hand would come to New Zealand. I am not asking for this, but I do think that in equity the New Zealand wool-grower is entitled to a substantial share of the undistributed profits.

4. I need hardly say that the New Zealand sheep-farmers are very dissatisfied with the turn matters have taken in this connection. Most of them have lost heavily by the recent drop in prices; they played the game during and after the war. As an instance, the wool-growers in New Zealand have handed over to trustees nearly £200,000 towards the establishment of a home for sailors, or those in any way dependent upon them, of the Royal Navy and Mercantile Marine who are in need of relief as the result of wounds or injuries sustained or illness contracted whilst engaged in service during the war.

I shall be glad, therefore, of your kindly co-operation in assisting towards a satisfactory settlement.

Yours, &c.,

W. F. MASSEY.

The Right Hon. Lord Inverforth, Arncliffe Grove, Southgate, Middlesex.

Extract from the *Daily Telegraph* of 10th June, 1921.

#### NEW ZEALAND WOOL: MR. MASSEY'S STATEMENT.

THE position of affairs in regard to the purchase of New Zealand wool by the British Government was explained yesterday by the Right Hon. W. F. Massey, Prime Minister of New Zealand, in an interview with a representative of the *Daily Telegraph*. Mr. Massey said at the outset that the paragraph contributed by a correspondent which appeared in the *Daily Telegraph* on Tuesday under the heading "Government Wool Deal—£15,000,000 in Dispute," was very far from correct.

The purchase (Mr. Massey continued), in the first instance, was made at the same time and in the same way that the Australian wool purchase was made. The Imperial Government wanted the wool, and both the Commonwealth and Dominion Governments sold at what was considered a fair price, though a price not equal to the value which free wool was fetching in the open market. Consideration, however, was given to the fact that most of the wool was wanted for Army purposes, and that the necessary shipping to carry it was being provided by the purchasers. The arrangement was that wool used for Army purposes should stand at the price for which it was purchased, but if wool was used for civilian purposes, and realized a profit when sold, then half the profit went to the country where the wool was produced—that is, to the producers.

That the wool was sold well within its value was proved by the fact that until recently every time New Zealand wool was placed on the open market it realized considerably more than was paid for it by the authorities in the United Kingdom. The arrangement worked very well until July of last year, when a telegram was received by the New Zealand Government indicating that there was approximately a million and a half sterling of profits belonging to the New Zealand sheep-farmers (which the Department here was prepared to hand over), and stating explicitly that further dividends would be forthcoming. In a telegram from the Secretary of State for the Colonies it was stated that the dividend thus distributed was to be "regarded as an interim dividend, and final dividends shall be based on ascertained profits over the whole of the clips purchased." The wool-growers in the Dominion were asking for their money, and the New Zealand Government agreed to the suggestion from here. On the 4th January, 1921, a telegram was received from the Secretary of State for the Colonies, of which the following is an extract: "Undistributed profits on New Zealand wool estimated at a little under £8,000,000 before writing down stocks, but loss on present stocks estimated to cost

approximately £22,000,000 will, it is feared, substantially exceed undistributed profits on sales since 31st March, 1919."

This meant that the whole of the £8,000,000 was being held for the purpose of meeting any possible loss that might be made on the wool now in stock. The wool on which, as the telegram says, there has been £8,000,000 undistributed profits was all sold for civilian purposes, and therefore, according to the last arrangement made—viz., that the share of profits actually realized should be paid to New Zealand calculated at same rate per pound of wool delivered as was paid to the Commonwealth Government—a very large proportion, if not the whole, of the £8,000,000 may be claimed to belong to the New Zealand producers. They are not, however, asking for that. They are only asking for what is reasonable. They claim that what the representatives of the Imperial Government propose is not carrying out the spirit of the agreement, and I must say I agree with them.

So far as the "serious friction" referred to in the paragraph is concerned, I know nothing of it. Right through the war period the business relations between the two Governments have been of the pleasantest character, and I regret exceedingly that any attempt should now be made to make trouble out of what has taken place in this connection. I have confidence, however, that the difficulty will be settled satisfactorily.

Letter from LORD INVERFORTH to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Arnos Grove, Southgate, Middlesex, 13th June, 1921.

I have before me your letter of the 6th June, and very much sympathize with you in your difficulties about wool matters. As you know, I have been obliged to withdraw from official business owing to the breakdown of my health, and the responsibility for giving advice to the Government on these matters now lies with Sir Howard Frank. I am bound to say, however, that if I were still in office I should not be able to recommend the British Government to add to their already enormous losses in New Zealand wool by paying to the New Zealand growers a bonus which most certainly has not been earned. It is true that, when the provisional dividend on the 3rd July was arranged, we all expected that further dividends would be forthcoming, but the New Zealand growers by their own experience with the new clip know as well as any one that from July onwards the situation rapidly developed for the worse, and that ever since it has been a question not of making profits, but of trying vainly to get rid of wool somehow at a very heavy loss. When the slump came we held wool out of all four clips, making up in all the equivalent of more than a clip and a half purchased at 15½d., and so soon as the New Zealand growers got the new clip ready for market they proceeded to press it for sale at less than half that price. How, therefore, can they be surprised to know that the total purchases made by the Imperial Government are likely to show on balance an enormous loss, and how can they expect bonuses to be paid out of losses?

In your third paragraph you say the effect of this would be, in case of a division of profits at present, that practically the whole of the profits in hand would come to New Zealand. I can only reply that in my business experience the profits on part of a venture can never be taken separately from the losses to be expected on the unliquidated portion of the venture. There are no undistributed profits on New Zealand wool; on the contrary, there was a premature distribution on an interim balance-sheet. The next balance-sheet—in which the unsold stock was still estimated at an unduly high valuation—showed a heavy loss. When the balance-sheet up to the 31st March, 1921, is made up a still heavier loss will be shown, and in spite of the small improvement in wool during the last few weeks there is no hope whatever of the venture being finally closed except with a loss of many millions sterling. Therefore I am bound to tell you that there are no undistributed profits out of which the New Zealand wool-grower can receive a share; and I think he can only be regarded as fortunate in a distribution having been made in July last, before it was realized that the profits on the wool sold were to be totally swallowed up by losses on the wool then unsold.

I am giving a copy of this letter to Sir Howard Frank, who consented to take over my official responsibilities when it became necessary for me to resign.

Yours, &c.,

INVERFORTH.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to LORD INVERFORTH.

DEAR LORD INVERFORTH,—

Hotel Cecil, W.C., 15th June, 1921.

Many thanks for your letter of the 13th instant in regard to New Zealand wool. I shall not trouble you further about this matter except to make one or two observations on some of the points referred to in your letter.

The New Zealand growers say that the Department here was aware of the slump prior to the sending of the telegram of the 3rd July, 1920, and they refer to the transaction in terms which I am not going to use in this note. They say a definite promise regarding further profits was made in order to induce them to accept the proposal, which should never have been made. You say "When the slump came we held wool out of all four clips, making up in all the equivalent of more than a clip and a half purchased at 15½d., and so soon as the New Zealand growers got the new clip ready for market they proceeded to press it for sale at less than half that price." This statement of the position is not accurate. Instead of pushing for sale I arranged with the bankers in New Zealand to make an advance to all those who were willing to hold their wool; but, of course, like other classes of the community, some of the growers found it necessary to realize in order to pay current expenses, wages, interest on mortgages, &c., and one of our troubles in the Dominion to-day is that the sheep-farmers have had to dismiss a large proportion of their hands, who are now applying to the Government for employment on public works.



You also say there are no undistributed profits on New Zealand wool. We have the definite statement from the Department that the undistributed profits amount to £8,000,000.

I shall, of course, write to your successor, because it is impossible for me to allow the matter to remain where it is; and, while I think the New Zealand sheep-farmers have a very serious grievance, I have no intention of asking for anything more than what is right and just and fair.

Yours, &c.,

The Right Hon. Lord Inverforth, Arncliffe Grove, Southgate.

W. F. MASSEY.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to Sir HOWARD FRANK.

DEAR SIR HOWARD,—

Hotel Cecil, W.C., 15th June, 1921.

I have heard from Lord Inverforth that you have succeeded him as head of the Department which is dealing with the balance of wool left over from the purchase made by the Imperial Government during the war. He also informs me that he has forwarded to you a copy of a letter he has recently written to me on the subject of New Zealand wool, and I take it that you are acquainted with the position and the attitude of the wool-growers in the Dominion.

Up to a certain point, and not so very long ago, matters in connection with the wool transaction between New Zealand and the Imperial Government worked very smoothly. The first trouble arose from the telegram of the 3rd July, 1920, from the Secretary of State for the Colonies, which stated that the Department here was willing to hand over to the sheep-farmers £1,600,000 profits in hand which belong to the growers on condition—and this is the extraordinary part—that they consented to pool the balance remaining in hand. In the opinion of the growers this condition should never have been made. Either the money was theirs or it was not. However, the Department in New Zealand agreed to the proposal.

This was followed up by a further telegram from the Secretary of State for the Colonies stating that, so far as New Zealand wool was concerned, there were £8,000,000 of undistributed profits on hand, but that it was decided to hold the amount in case of further losses being incurred. Since then it has been made abundantly clear that the Department here has no intention of doing anything more except to wind up the business, irrespective of the interests of the men who produced the wool and who sold it on the conditions of which you are aware, but at prices which were considerably below the market prices ruling at the time.

The whole transaction has left a feeling of soreness in New Zealand which is very much to be regretted, and which no one regrets more than I, seeing that I was entrusted with the handling of this business from the commencement when I was in London in 1916, as well as on the occasion of my subsequent visits to the United Kingdom in connection with the sittings of the War Cabinet. In New Zealand the work, of course, has been handled by the Imperial Government Supplies Department.

I shall be glad to learn what you propose to do with the wool now in hand, or whether you have any proposal to make. Let me assure you, as I have assured Lord Inverforth, that I want nothing for the New Zealand producers except what is fair, just, and right. I was sorry to notice that some one interested in this business has already been "wire-pulling" here, as witness an inspired paragraph which appeared in the columns of the *Daily Telegraph* about a week ago. However, that sort of thing does not affect me in the very slightest.

Yours, &c.,

W. F. MASSEY.

Sir Howard Frank, K.B.E., Disposal Board, Caxton House, S.W. 1.

Letter from LORD INVERFORTH to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Arncliffe Grove, Southgate, Middlesex, 17th June, 1922.

I have before me your letter of the 15th June, and am indeed sorry to hear that your sheep-farmers consider they have serious grievances against the British Government and that you to some extent share that view. Sir Howard Frank is writing you at considerable length on these matters, and I do not wish to carry on a separate discussion of the same matter. I do feel, however, that I ought to tell you that I have watched these transactions from first to last with the greatest personal interest, and that I am convinced that it would have been impossible to deal with them in a more sympathetic and liberal spirit than has been done on behalf of the British Government by the Department of which I was lately at the head. The first part of the purchase turned out favourably for the British Government; the latter part was a splendid bargain for the sheep-farmers, as results show; but, quite apart from the course of the market, there always was and still is the greatest desire on the part of the British Government to settle everything in a fair and liberal spirit. If your sheep-farmers do not recognize this it is a great pity that they have not been kept better informed.

Yours, &c.,

INVERFORTH.

Letter from Sir HOWARD FRANK to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Caxton House West, Westminster, S.W. 1., 20th June, 1921.

I have before me a copy of the correspondence between you and Lord Inverforth, ending with your letter of the 15th June.

I regret that you should apparently have formed an impression that this Department is in some way less anxious than before to work the New Zealand wool business to the best advantage of all

concerned, and to recognize the good will which was shown by the New Zealand sheep-farmers during the war period. I am glad to be able to assure you that the impression is wholly mistaken, and that not only up to July, 1920, but ever since, our anxiety has been to preserve the harmony which has existed throughout and to ensure as profitable results as possible in the circumstances. It has been a bitter disappointment for those in charge of the business that the collapse of the wool-market in the second half of last year has changed very satisfactory profits into disastrous losses. If you will allow me to say so, I do not think you are justified in stating that after July, 1920, this Department had no intention of doing anything beyond winding up the business irrespective of the interests of the men who produced the wool. You will remember, on the contrary, that the Ministry of Munitions pressed you to appoint representatives of the wool-growers to advise us as to the best method of dealing with the terribly difficult conditions of the market. Your wool-growers therefore appointed Messrs. Hunt and Wilson, and between August and October of last year these gentlemen were in constant consultation with Sir Arthur Goldfinch, and recognized in the report which they presented that exceptional efforts had been made by the Wool Department of the Ministry of Munitions to save the New Zealand sheep-farmers from the loss with which they were threatened not only in the matter of the carry-over wool, but also in respect of the new clip which was coming along. You will also remember that the Wool Department here was bitterly criticized in Bradford for holding back wool for higher prices than the market would give, a course which was adopted in response to strong representations from your Government and your wool-growers. It seems to me to be a great pity that the discussion of this matter should be made more difficult by your suggesting that the troubles which have arisen are due to indifference or lack of good will on the part of the Department, when all the discussions during the second half of last year show the exact contrary.

You have put a mistaken interpretation on the telegram of the 3rd July, 1920, and the state of affairs which existed prior thereto. The position adopted by the Treasury up to that point, which beyond doubt was technically the correct one, was that there were no profits to be divided until the contracts were totally liquidated and a balance of cash in hand resulted. The great profits made on Australian wool in 1919-20, however, brought about a curious situation. The proceeds of the Australian wool actually sold became more than sufficient to cover the total cost of the Australian wool plus charges, and there was therefore a clear cash surplus in addition to an enormous quantity of wool which stood free of charge in the books. It was therefore not possible to refuse the Australian wool-growers the interim dividend which their Government had been demanding for a long time back. This Department, out of its anxiety to save your Government any embarrassment or your wool-growers any disappointment, pressed the Treasury to allow an interim dividend to be paid to the New Zealand wool-growers, and this in spite of the fact that the New Zealand position was totally different from the Australian position. The profits made on New Zealand wool during the boom period were quite insufficient to wipe out the cost of the large quantity of unsold wool which had to stand the risk of the slump in prices which was bound to follow the boom. The Treasury finally agreed to the payment in the case of New Zealand, as in the case of Australia, of their share of the profits shown in the balance-sheets up to the 31st March, 1919, subject to a condition which was communicated to the Australian and New Zealand Governments in identical words, the telegram in your case being dated 3rd July, 1920. In the case of Australia the condition was not of much practical importance in view of the state of the accounts. In the case of New Zealand it was important, though we all hoped that the market might hold up long enough to allow of the wool in hand on the 31st March, 1919, and the wool received thereafter, being sold at prices which would at least cover cost, so that the profits made before the 31st March, 1919, might remain intact. Unfortunately, the slump came sooner and was much more severe than even the most cautious observers had expected. Whether or not it would have been better to meet the markets more freely during the second half of 1920 will always remain a matter of dispute, but it is sufficient to say that your Government and your wool-growers were pressing the Ministry of Munitions very strongly to show a firm front to buyers and to attempt by every possible means to arrest the fall in the market.

You have now the accounts in your hands, and they speak for themselves. You have, moreover, been shown estimates of the final result, which can, of course, be little more than a guess, seeing that it will take at least two years to sell the wool, and all sorts of market changes may occur in that time. It would not, however, be reasonable to expect that any improvement in the market could be sufficient to wipe out the very heavy loss on the present stocks of wool which the British Government will have to bear. It may therefore be confidently assumed that the wool in hand on the 31st March, 1919, and the wool received thereafter, will on a final liquidation show a loss substantially greater than the profits realized on the wool sold before the 31st March, 1919, and we must resign ourselves to the practical certainty that the purchases of New Zealand wool by the Imperial Government taken as a whole will show a very heavy loss to the Treasury, to which the sum of £1,600,000 paid to you is a net addition.

On an impartial examination of all the facts, it appears that the disappointment of your wool-growers is due simply and solely to their unfortunate failure to foresee that there was a heavy risk of the market falling suddenly, with the result that profits in an earlier period might be swamped by losses at a later period. Apart from this, you have a technical argument on your side to the effect that each wool-clip must stand by itself, and that if two of the wool-clips showed a profit your wool-growers are entitled to their full share of those profits, leaving the British Government to bear 100 per cent. of the losses of the two last periods. It seems quite clear from your statements in the Press that you have enormously overestimated your claim upon the British Government even if your theory were admitted. You have forgotten apparently that a substantial quantity of the No. 1 clip and a large proportion of the No. 2 clip were sold at a heavy loss or still remain unsold, so that even if the No. 1 and No. 2 clips were liquidated separately there would be substantial losses to set against the

profits on the wool sold when the market was good. You have also apparently forgotten that out of the £8,000,000 of profit of which you speak a substantial portion represented profits of wool of the No. 3 clip, of which no share could go to New Zealand, since it would be entirely swamped by losses on the No. 3 clip. You are, moreover, aware that the Treasury do not admit that you are entitled to take the No. 1 and No. 2 clips separately from the No. 3 and No. 4 clips. The Treasury interpret the arrangements made in 1917 and 1918 not as separate contracts but as extensions of the first contract, and the telegram of the 3rd July, 1920, from the Treasury point of view did not involve a new stipulation, but merely laid down what in their view was the only correct interpretation of the existing arrangements. Moreover, the Treasury maintain that both New Zealand and Great Britain consistently acted on the interpretation that the four clips were to be treated as one in the accounts. No discrimination was made between the clips in the accounts rendered to you, and no discrimination so far as we are aware has been made in New Zealand in the distribution of dividends. I think your position would be made more clear if you definitely made a statement on this latter point. Are we to understand that the claim you are making is on behalf of sheep-farmers who delivered wool sold before the 31st March, 1918, or are you making a claim on behalf of the whole body of New Zealand sheep-farmers some of whom only entered into possession of their farms after the 31st March, 1918, and did not deliver a single bale of wool out of the first two clips purchased by the Imperial Government?

I can assure you that we are all most anxious to clear up any misunderstanding and make an arrangement which you can conscientiously tell your sheep-farmers is a right and proper one. You must, however, in all fairness abandon the contention that the surplus net proceeds of certain quantities of wool over the cost of that wool are a final profit. No surpluses of this character on part of a venture are anything more than interim and provisional profits until the rest of the venture is liquidated and a final balance is struck. Your argument would almost seem to imply that the New Zealand sheep-farmers were entitled to have every single bale of wool considered separately, so that of every bale that earned a profit they should receive one-half of the profit, while of every bale that was sold at a loss Great Britain should bear the whole loss. Such an arrangement would have been so grossly unfair to Great Britain and so unbusinesslike that no Minister could ever have put his hand to it, and there is in fact nothing whatever in the communications exchanged between the two Governments which suggests it. We could not do otherwise than advise you from time to time of the profits which we reckoned that we had made on the particular bales sold, but obviously the Treasury was bound from first to last to make proper reservations against losses which would have to be set against the profits if the market went wrong. So far from our being open to the charge of having been severe or ungenerous to New Zealand, we might much more rightly be charged with having been unduly liberal with British money in making the distribution referred to in the telegram of the 3rd July, 1920. This at least should be clearly understood: that if your growers had said in 1920 what you now say, and had objected to the condition laid down in the telegram of the 3rd July, the distribution would not have been made then, and in all probability it never would have been made, so that your growers would have been poorer to the extent of £1,600,000.

Yours, &c.,

HOWARD FRANK.

The Right Hon. W. F. Massey, Offices of the New Zealand Prime Minister, Hotel Cecil, Strand.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to Sir HOWARD FRANK.

DEAR SIR HOWARD,—

London, Hotel Cecil, 27th June, 1921.

I have to thank you for your letter of the 20th instant with reference to the question of New Zealand wool profits, but I am sorry to notice that it does not carry us further towards a solution of the New Zealand difficulty.

There is one sentence in your letter which induces me to continue the correspondence just a little longer. It is where you say, "I can assure you that we are all most anxious to clear up any misunderstanding and make an arrangement which you can conscientiously tell your sheep-farmers is the right and proper one." We have not reached that stage yet, and I am afraid that the story I will have to tell our sheep-farmers will be neither satisfactory to them nor to many others who have taken an interest in what has been going on.

You make reference also in your letter to my "statements in the Press." The only occasion on which I have troubled the Press in regard to wool matters was when I corrected a grossly incorrect paragraph which appeared in the *Daily Telegraph* on the 7th June, and which bore every evidence of having been inspired.

As to the estimates of the final result to which you refer, I have never seen them, but I should certainly like to have a look at what your Department thinks will be the position when the whole of the wool has been disposed of.

With regard to the arrangements which were made between the New Zealand and the Imperial Governments, may I take you back to the 6th November, 1916, when negotiations were nearly completed for the purchase of the New Zealand wool by the Imperial Government? I quote from a letter of that date written to me by Sir Reginald Brade, Secretary to the War Office, following a conference which took place in the afternoon of the same day in Lord Derby's room. I refer to—"It may, however, be desirable to dispose of a portion of the wool for other than military purposes, and in this case it will be sold at the prices available for the particular purposes for which it is to be used having regard to war conditions. It is suggested that any profit which results from such transactions should be shared equally between the Imperial Government and

the colonial Governments concerned. It is, of course, understood that any loss will fall upon the Imperial Government."

This was the basis upon which we have been working, though it may be necessary to call your attention to the alterations made in 1918 with regard to the prices of New Zealand wool on which the profit was intended to be regulated not being less than Australian wool. I call attention particularly to the last sentence of Sir Reginald Brade's letter, although I know well enough it may possibly be said that it does not bear the interpretation placed upon it in New Zealand.

The intention at the time was perfectly clear: the New Zealand wool for military purpose had been sold below its real market value, and it was thought to be a fair arrangement that in the event of wool for civilian purposes being sold at a profit the producers should share in the profit, but that if a loss was made the Imperial Government should bear the loss. This was the underlying idea, and I am of opinion that the interpretation should be in keeping with the paragraph I have quoted above.

I must admit that I am disappointed over what has taken place. It is the first detail in respect of the whole arrangement made between the two Governments where I have not been able to defend the actions of the Imperial Government or their agents to my people in New Zealand.

On Saturday last I was waited upon by a strong deputation of persons interested in the disposal of New Zealand wool, and I promised to put their views before you.

They expressed the opinion that in disposing of the wool on the English market there should not be more than one bale of old wool against two bales of new clipped wool, and they pointed out that this would help very materially towards a better price being obtained for the new wool. I agree with their views.

You ask me whether I am acting on behalf of sheep-farmers who delivered wool sold before the 31st March, 1918, or am making a claim on behalf of the whole body of New Zealand sheep-farmers? My answer is that I am acting on behalf of the whole body of New Zealand sheep-farmers in proportion to the amount of wool they delivered to the Imperial Government.

Just one more point: I desire to call your attention to the following paragraph in the much-discussed telegram of the 3rd July, 1920, where it is said, through the Secretary of State for the Colonies, in reference to the payment of £1,619,069, that "the dividend thus distributed shall be regarded as an interim dividend, and final *dividends* shall be based on ascertained profits for the whole of the clips purchased." This seems to me to be altogether contrary to the idea which was afterwards circulated, and which your Department still holds, that the wool remaining after the 3rd July, 1920, should be pooled, and payment made accordingly.

I am pleased to note that the wool-market is still firm, and I believe that, with careful handling, the New Zealand wool in stock may be disposed of at a price which will leave a considerable profit to the producer, as was originally intended.

Yours &c.,

W. F. MASSEY.

Sir Howard Frank, K.B.E.,

Liquidation and Disposal Commission, Caxton House West, Westminster, S.W. 1.

Letter from Sir HOWARD FRANK to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Caxton House West, Westminster, S.W. 1, 30th June, 1921.

I am in receipt of your letter of the 27th instant, and am sorry that apparently we are unable, at present, to arrive at a solution of our differences.

With regard to the quotation from Sir Reginald Brade's letter of the 6th November, 1916, we stand by every word of it, and the arrangements we have proposed are strictly in accordance with that letter, and with all other subsequent communications. It was stated therein that if there was a profit on wool sold for civilian purposes it would be shared equally between the Imperial Government and the Colonial Government concerned, and that if there was a loss it would fall upon the Imperial Government. Unfortunately, in the case of New Zealand wool, unless some miracle happens there will be a very heavy loss upon the total realization, and it is not proposed that the New Zealand Government or the sheep-farmers should bear any part of that loss. On the contrary, we have increased the loss falling upon the Imperial Government by paying £1,600,000 on account of profits which unfortunately will never be realized.

Your argument presumably is that the clips must be taken separately, and that the two earlier clips will probably show a net profit after the last bale is sold. This is true; but our answer, as you know, is that each contract was an extension of the preceding one, and that by joint accord no discrimination was made between one clip and another. This is confirmed by your letter under reply, in which you say that your claim is not on behalf of the sheep-farmers who delivered wool sold before the 31st March, 1918, but on behalf of the whole body of New Zealand sheep-farmers in proportion to the amount of wool they delivered to the Imperial Government. This is in agreement with our understanding of the matter throughout—viz., that in New Zealand you acted as we did here—that is, rolled all the four clips into one for accountancy purposes, without discrimination between one clip and another. This is the clear meaning of the paragraph in the telegram of the 3rd July, 1920, which you quote. I am altogether unable to understand how you consider that the sentence quoted is contrary to our proposal to treat the ascertained profits on the New Zealand venture as the actual profits, if any, on all the four clips, when the last bale is sold. Unfortunately, the change in the market since the middle of last

year has made it extremely improbable that anything but a very heavy loss can result when the venture is liquidated by the sale of the stock.

I note that a deputation of persons interested in the disposal of New Zealand wool urged that not more than one bale of old wool should be sold in the English market against two bales of new-clip wool. You are aware that we are not selling any old wool in New Zealand, and that it is reckoned that about half the New Zealand wool is sold in the Dominion. If the proposal to which you refer were accepted, we should therefore sell one bale of old wool against five bales of new wool. It is to be feared that if this method were adopted the sale of our present stocks might take eight to ten years, and long before that period came to an end the remainder of our stocks would be so much out of condition that they would probably have no value at all. We could not possibly justify to Parliament throwing away national property in that manner. We should have to explain to Parliament that we had already lost many millions sterling through having purchased the last two clips of New Zealand wool at what has turned out to be very much above its true value. We should be unable to defend an increase to such a grievous loss by holding back our stock while it was rapidly deteriorating in value.

We incurred considerable criticism last year through the efforts we made to please your Government by putting high reserve prices on our wool and thus attempting to withstand the fall in the market. Our efforts were unsuccessful, and we apparently did not even receive any appreciation of this sacrifice from your growers.

We cannot ask the Treasury to depart from the present arrangement, whereby, taking New Zealand and England together, one bale of old wool is put up against two bales of new wool. Even this involves slow liquidation, and we could not think of going further.

I note that you do not remember having seen an approximate estimate of the final result. Sir Arthur Goldfinch informs me that he handed such an estimate to Sir James Allen a few months ago, and that the main figures were telegraphed by the High Commissioner to you. I am also told by Sir James Cooper that he showed you the latest estimate when he had the pleasure of an interview with you at the Savoy Hotel. I enclose a copy of this estimate, which, of course, like all estimates of this nature, must be dependent for its accuracy upon how far the sale of the wool now in stock approximates to the figure at which it has been valued in our calculations. You will note that if your *extreme contention were accepted* and the British Government bore the whole loss on clips 3 and 4, and New Zealand received one-half share of the profit on the first and second clips, New Zealand would receive a further sum of about £900,000, making the total profits paid to your sheep-farmers about two and a half million pounds, while the net loss to the British Government would be seven and a half million pounds on the profit-sharing wools, plus about one million pounds on the non-profit-sharing wools.

It is impossible on the facts as stated above to accept such a contention when your sheep-farmers have already been overpaid to the extent of £1,600,000.

Yours, &c.,

HOWARD FRANK.

The Right Hon. W. F. Massey,

New Zealand Prime Minister's Office, Hotel Cecil, Strand, W.C. 2.

[Enclosure.]

#### NEW ZEALAND WOOL.

*Rough Approximation of Division of Profits into Clips (after Deduction of Profit or Loss on Non-profit-sharing Wool) at 31st December, 1920.*

The value of stocks on the 31st March, 1920, was written down by 35 per cent. of the cost plus charges. The part of those stocks still on hand at the 31st December, 1920, is now written down by a further 35 per cent. of cost plus charges. Wool arriving between the 31st March, 1920, and the 31st December, 1920, is written down by 70 per cent. of cost plus charges. Account has also been taken of allowances, and any outstanding liabilities so far as can be foreseen.

	1917-18. Profit shared, £1,254,850.		1918-19. Profit shared, £1,938,652.		1919-20. Net Loss, £1,210,234.	Nine Months to 31st December, 1920. Net Loss, £6,900,000 (Approx.).	Total Profit or Loss as at 31st December, 1920.
	British Govern- ment.	New Zealand.	British Govern- ment.	New Zealand.	Total Approx- imate Profit and Loss.	Total Approximate Loss.	
	£	£	£	£	£	£	£
No. 1 clip ..	603,297	603,297	285,874	285,874	280,000	2,000	2,056,343
No. 2 clip ..	24,128	24,128	613,398	613,398	1,980,000	260,000	2,995,052
Nos. 3 and 4 clips	..	..	47,736	92,371	3,470,234	6,638,000	9,968,127

Accepting the above figures, the relative results would be as follows:—

(a.) If New Zealand's interpretation was accepted and the British Government paid them half-share of profit on 1 and 2 clips and accepted the whole of the loss on 3 and 4 clips, New Zealand would receive a further sum of £906,628, making, with the sum of £1,619,069 already paid, £2,525,697, and the British Government would have a loss of £9,016,862, less £1,574,433 already paid to the Treasury—a net loss of £7,442,429.

(b.) If the cable of the 3rd July, 1920, be adhered to—viz., that final dividend be based on ascertained profit over whole of clips purchased—New Zealand would have to refund the British Government £1,619,069, and the British Government would be left with a net loss of £4,916,732.

(c.) If compromise be agreed to—viz., that New Zealand accept as final the payment already made, New Zealand would have received £1,619,069, and the British Government would have a loss of £8,110,234, less £1,574,433 already paid to the Treasury: net loss, £6,535,801.

NOTE.—The British Government will have in addition to bear the net loss on non-profit-sharing wools, which will probably be over £1,000,000.

Letter from Sir HOWARD FRANK to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Caxton House West, Westminster, 29th July, 1921.

In confirmation of the interview which I had with you to-day, I write to say that if in the future the price of New Zealand wool should so improve as to enable us eventually to make a profit on the whole transaction, that profit will be shared with New Zealand in accordance with the arrangement originally made and as subsequently modified by Lord Inverforth in his correspondence with you in August, 1918. The Government is not, however, prepared to consider further claims from New Zealand on account of profits except as mentioned above.

The Government has, as I explained, carried out to the letter all that it agreed to, and New Zealand should consider herself fortunate in having been paid the £1,600,000 to which she was not really entitled.

The Government will, as it always intended to, bear the total loss upon the purchases of New Zealand wool as a whole.

Sir James Cooper has prepared a statement showing the classes of New Zealand wool held by this Department at the 30th June last, and the quantities of each quality, and where the same are at present stored, copy of which I enclose. I also attach particulars of the New Zealand wool sold by this Department at public auctions in the United Kingdom, commencing from April, 1920. This will give you the number of bales, the net weight of wool sold, the amount realized for the same, and the average price per pound obtained at each sale.

You will observe that since I showed you these figures to-day I have had the corresponding figures added for the month of June, and you will notice that it was not until December, 1920, that we were selling New Zealand wool at less than it cost us, and the selling-price to-day is only approximately half the December price.

With reference to future sales, it is obvious, for the reasons I explained, that the Government cannot indefinitely hold up its stocks of New Zealand wool.

In regard to your suggestion that a representative should be appointed in this country to watch the interests of New Zealand growers, we should only be too pleased to fall in with this arrangement, and we should welcome the co-operation of a representative of the growers to keep in touch with us in regard to our future selling arrangements.

No doubt you will kindly let me hear from you in due course with definite proposals in this respect.

Yours, &c.,

HOWARD FRANK.

The Right Hon. W. F. Massey, New Zealand Prime Minister's Office, Hotel Cecil, Strand, W.C. 2.

[Enclosure.]

NEW ZEALAND WOOL SOLD AT PUBLIC AUCTION IN THE UNITED KINGDOM.

Series.	Bales.	Net Weight.	Amount realized.	Average Pence per Pound.
1920.		lb.	£ s. d.	d.
April—L 21 to L 24 .. ..	17,385	5,832,971	725,279 1 3	29·84
April/May—M 1 to M 35 ..	41,916	13,986,929	1,723,777 10 6	29·57
May/June—N 1 to N 24 ..	10,768	3,521,580	402,423 17 4	27·42
July 6/August 18—O 1 to O 21 ..	8,889	2,859,037	313,459 2 2	26·31
August/September—P 1 to P 20 ..	14,702	4,959,695	501,010 7 0	24·24
September/October—Q 1 to Q 19 ..	6,517	2,053,801	210,593 17 9	24·61
November—R 1 to R 18 ..	9,025	2,822,899	221,460 7 11	18·82
December—S 1 to S 14 ..	2,894	961,681	64,371 16 4	16·06
1921.				
January—T 1 to T 18 .. ..	9,903	3,322,019	158,965 17 1	11·48
February/March—U 1 to U 15 ..	8,321	2,691,891	111,489 4 11	9·94
May—W 1 to W 10 .. ..	6,469	2,198,862	79,523 13 5	8·68
June—X 1 to X 12 .. ..	12,584	4,345,007	152,311 11 8	8·41*

\* 8·92d. in London, 7·35d. in Liverpool.

NOTE.—We have not yet got the figures for the London auctions for July, which ended on the 28th, but a small quantity was sold by auction at Hull on the 8th July—i.e., 63 bales = 22,351 lb.—for £503 6s. 1d., being an average of 5·4d. per pound.

Telegram from the ACTING PRIME MINISTER, Wellington, to the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London.

Wellington, 4th August, 1921.

FOLLOWING from Minister of Agriculture, in which I concur :—

Wool: Authoritative figures compiled by B.A.W.R.A. and the New Zealand Wool Committee show sale of Australian, New Zealand, and Cape wools from January to end of June as follows :—

Submitted to auction in England and Continent: B.A.W.R.A.—Australian, 353,530 bales; New Zealand, 80,622 bales: Free—Australian, 205,793 bales; New Zealand, 74,171 bales; Cape, 16,797 bales.

Submitted to auction in Australia: Free—Australian—589,000 bales.

Total auctioned, England, Continent, and Australia, 1,319,913 bales, of which it is estimated 75 per cent. have been actually sold, equal to 989,935 bales.

Actual sales in New Zealand: Free wool—160,000 bales.

Total actual sales, six months of B.A.W.R.A. and free Australian, New Zealand, and Cape wools, about 1,150,000 bales.

This is considerably less than average production during same period. At least 300,000 bales New Zealand current seasons clip remain unsold at 30th June. London Board of B.A.W.R.A. have telegraphed that we must face fact that accumulation instead of steadily diminishing tends to increase, and extremely cheap prices have had no tendency to increase demand.

I would refer you to my telegram of 13th May, in which it is suggested that British Government should be asked to withhold Imperial wool from sale for fixed period. In view of the position now disclosed, and owing to the fact that the prices realized for Imperial crossbred wool in London will barely repay the charges incurred and would necessitate the writing-off of the whole of the initial purchase cost, opinion is very strongly held that all Imperial stocks of crossbred wool should be definitely taken off the market and an announcement made that it would be withheld for a fixed period of, say, two years, in order to enable the consumption to overtake the demand [supply].

The financial position of the majority of holders of the current clip is such that they must realize even at present disastrous prices. I am in full accord with these opinions, and would add further that it is probable that such action by the Imperial Government, besides enormously advantaging the producers of His Majesty's dominions, would result in benefit to His Majesty's Treasury in the ultimate realization of the Imperial stocks of wool.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to Sir HOWARD FRANK.

DEAR SIR HOWARD,—

Hotel Cecil, W.C., 6th August, 1921.

I beg to enclose for your information a copy of a cable which I have received from the Minister of Agriculture at Wellington in regard to the wool position, and particularly expressing the opinion that all Imperial stocks of crossbred wool should be definitely taken off the market, and an announcement that it would be withheld for a fixed period of, say, two years, in order to enable the consumption to overtake the supply.

The Acting Prime Minister has also cabled to me expressing his accord with the opinions of his colleague, and adding that it is probable that such action by the Imperial Government, besides greatly advantaging the producers of the overseas dominions, would result in benefit to His Majesty's Treasury in the ultimate realization of the Imperial stocks of wool.

In considering the figures set out in the cablegram it is well to remember that practically the whole of the New Zealand wool and a very large proportion of the Australian clip come in during the period January to June. Personally, I am inclined to favour the suggestion made by the New Zealand Government, and in any case it is worthy of consideration.

May I ask you to be so good as to favour me with an expression of your views concerning it?

Yours, &c.,

W. F. MASSEY.

Sir Howard Frank, K.B.E., Caxton House West, Westminster.

Letter from Sir HOWARD FRANK to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

Caxton House West, Westminster, S.W. 1, 15th August, 1921.

DEAR MR. MASSEY,—

I have to thank you for your letter of the 6th ultimo. The proposals contained therein go considerably further than the suggestions made by you in your previous correspondence, and you now ask that all Imperial stocks of crossbred wool should be held off the market for two years.

I do not think there is any probability of the Chancellor of the Exchequer accepting the policy which you suggest. As you are well aware, the financial position is now weighing very seriously upon the Treasury and upon public opinion, and deliberately to postpone the realization of assets paid for out of borrowed money would be very difficult to defend.

The figures you give are familiar to us, and when completed by adding the figures of wool sold in New Zealand they would no doubt prove, as you suggest, that crossbred wool is going into consumption in less quantity than the new growth, so that the accumulations, instead of decreasing, are slightly increasing. So long as this lasts the market prices for New Zealand wool are likely to be

very low, and the B.A.W.R.A. method of regulating the quantity sold and agreeing upon price-limits appears to furnish the only means of preventing an even greater fall than has occurred up to the present.

I find it very difficult to believe that the withdrawal of Imperial stocks for two years would remedy this unfortunate position. On the present figures consumption is less than the crossbred wool being grown, even if all accumulations were destroyed, and so long as the Imperial wool remains in existence it will affect the market almost as much as if it were offered.

You are aware that the British Australian Wool Realization Association (Limited), which is entrusted with the sale of all carry-over wool, is ready to co-operate in any way with the New Zealand and Australian growers in maintaining prices in relation to the cost of production, and in order to help the wool-growers it has been decided to offer only one bale of old wool to two bales of new, and old wool has been repeatedly withdrawn from the auctions in an attempt to sustain the market even when sellers of new wool refused to co-operate. I am afraid that we cannot go further than this, for public opinion in this country, especially in Yorkshire, would be bitterly opposed to the total withdrawal of the Imperial stocks of wool from the market, more especially as it is well known that deterioration in condition is going on, and that to prolong the period of liquidation for several years might mean arriving at a point when the wool was valueless.

I am indeed sorry not to be able to recommend the acceptance of a policy which I can quite understand appears attractive to the New Zealand wool-growers in the extremely difficult state of affairs which they have to face. Similar proposals were considered before, and the Government, after careful consideration, felt it necessary to decline to accept the proposed policy. It could only be accepted by the special decision of the Cabinet, and I must warn you that I see no prospect of the Cabinet altering its decision of a year ago.

Yours, &c.,

HOWARD FRANK.

The Right Hon. W. F. Massey, Prime Minister of New Zealand, Hotel Cecil, W.C. 2.

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## WOOL—1916-17, 1917-18, 1918-19, AND 1919-20 CLIPS.

## STATEMENT SHOWING PARTICULARS OF PURCHASES ON IMPERIAL GOVERNMENT ACCOUNT DURING ABOVE YEARS ENDED 30TH JUNE, AND AVERAGE VALUES IN EACH VALUING CENTRE.

	Auckland.	Tokomaru Bay.	Tolaga Bay.	Gisborne.	Napier.	Wairara.	Wanganui.	Wellington.
Number of bales valued—1916-17 ..	34,871	4,584	3,969	36,349	87,947	6,586	24,945	114,261
1917-18 ..	42,563	7,799	6,934	40,816	84,157	8,221	34,389	114,717
1918-19 ..	40,043	7,779	6,350	42,133	84,906	8,330	40,418	110,375
1919-20 ..	36,711	5,515	5,646	37,103	69,732	8,937	41,724	98,315
Weight in pounds—								
1916-17 ..	12,238,489	1,792,508	1,483,856	13,685,819	33,467,148	2,370,527	9,641,697	44,235,643
1917-18 ..	15,210,941	3,235,486	2,575,937	15,499,303	32,034,484	3,101,635	13,369,531	44,548,682
1918-19 ..	14,495,275	3,215,217	2,351,052	15,644,606	32,569,111	3,243,214	15,900,283	43,135,776
1919-20 ..	13,070,262	2,211,993	2,033,714	13,707,039	24,980,579	3,463,744	16,337,571	37,468,435
Value—								
1916-17 ..	£745,221	£110,412	£88,966	£809,667	£2,011,281	£132,063	£560,018	£2,722,347
1917-18 ..	£904,596	£191,531	£155,477	£913,089	£1,932,519	£179,592	£791,328	£2,755,057
1918-19 ..	£875,945	£189,812	£142,812	£945,599	£1,993,749	£194,965	£972,240	£2,693,583
1919-20 ..	£788,556	£134,814	£123,964	£829,297	£1,545,470	£210,942	£1,009,498	£2,357,457
Average value per pound—1916-17 ..	14-61d.	14-78d.	14-39d.	14-20d.	14-42d.	13-37d.	13-94d.	14-77d.
1917-18 ..	14-27d.	14-21d.	14-48d.	14-14d.	14-47d.	13-90d.	14-20d.	14-84d.
1918-19 ..	14-50d.	14-16d.	14-58d.	14-50d.	14-69d.	14-43d.	14-67d.	14-99d.
1919-20 ..	14-48d.	14-63d.	14-63d.	14-52d.	14-84d.	14-61d.	14-83d.	15-10d.
Average value per bale—								
1916-17 ..	£21 7 5	£24 1 9	£22 8 4	£22 5 6	£22 17 5	£20 1 0	£22 9 0	£23 16 6
1917-18 ..	£21 5 0	£24 11 2	£22 8 5	£22 7 5	£22 19 3	£21 16 11	£23 0 0	£24 0 4
1918-19 ..	£21 17 6	£24 8 0	£22 9 9	£22 8 1	£23 9 7	£23 8 1	£24 1 1	£24 8 1
1919-20 ..	£21 9 7	£24 8 8	£21 19 1	£22 7 0	£22 3 3	£23 12 1	£24 3 11	£23 19 7
Average weight per bale, in pounds—								
1916-17 ..	351	391	374	377	380	360	386	387
1917-18 ..	357	415	371	380	380	377	389	388
1918-19 ..	362	413	370	371	383	389	390	388
1919-20 ..	356	401	360	369	358	388	392	381

  

	Marlborough.	Nelson.	Christchurch.	Timaru.	Oamaru.	Dunedin.	Invercargill.	Total (Dominion).
Number of bales valued—1916-17 ..	7,878	6,130	59,746	24,139	9,820	44,961	30,035	496,221
1917-18 ..	14,794	7,644	65,366	26,917	11,673	46,755	33,045	545,790
1918-19 ..	16,038	7,818	65,241	30,707	11,222	46,018	31,180	548,558
1919-20 ..	13,371	7,214	62,490	27,863	11,330	44,113	26,318	496,382
Weight in pounds—								
1916-17 ..	2,619,519	2,064,103	20,465,800	8,285,467	3,438,868	14,554,925	9,292,473	179,636,842
1917-18 ..	4,892,032	2,539,155	21,839,388	9,223,335	3,951,117	15,666,880	10,626,145	198,314,051
1918-19 ..	5,281,265	2,619,688	21,796,762	10,611,537	3,725,853	15,117,917	9,242,691	198,950,247
1919-20 ..	4,394,024	2,333,832	20,938,857	9,777,776	3,728,602	14,787,382	8,291,561	177,525,371
Value—								
1916-17 ..	£171,022	£124,247	£1,340,929	£537,302	£204,267	£922,807	£575,707	£11,056,256
1917-18 ..	£333,266	£154,427	£1,493,926	£617,608	£248,558	£987,493	£673,808	£12,332,275
1918-19 ..	£360,929	£164,164	£1,510,545	£726,096	£237,779	£979,427	£618,681	£12,606,326
1919-20 ..	£298,067	£147,566	£1,471,510	£678,859	£247,399	£965,635	£530,116	£11,339,150
Average value per pound—1916-17 ..	15-67d.	14-45d.	15-73d.	15-56d.	14-25d.	15-22d.	14-87d.	14-77d.
1917-18 ..	16-35d.	14-59d.	16-42d.	16-07d.	15-11d.	15-13d.	14-92d.	14-92d.
1918-19 ..	16-40d.	15-04d.	16-63d.	16-42d.	15-32d.	15-55d.	16-06d.	15-21d.
1919-20 ..	16-28d.	15-18d.	16-86d.	16-66d.	15-92d.	15-67d.	15-34d.	15-32d.
Average value per bale—								
1916-17 ..	£21 14 2	£20 5 4	£22 8 11	£22 5 2	£20 16 0	£20 10 6	£19 3 4	£22 5 7
1917-18 ..	£22 10 6	£20 4 0	£22 17 1	£22 18 11	£21 5 10	£21 2 5	£20 7 9	£22 11 11
1918-19 ..	£22 10 1	£20 19 11	£23 3 1	£23 12 11	£21 3 10	£21 5 8	£19 16 10	£22 19 7
1919-20 ..	£22 5 11	£20 9 1	£23 10 8	£24 7 3	£21 16 9	£21 17 9	£20 2 10	£22 16 10
Average weight per bale, in pounds—								
1916-17 ..	333	337	343	343	350	324	309	362
1917-18 ..	331	332	324	342	338	335	321	363
1918-19 ..	329	335	334	345	332	328	296	363
1919-20 ..	329	323	335	351	329	335	315	357

N.B.—Freezing companies' slupe wool is not included in above return.

In respect of the last season (1919-20 clip) payments made to the termination of purchase have been included

FREEZING COMPANIES SLIPE WOOL—1916-17, 1917-18, 1918-19, AND 1919-20 SEASONS.

STATEMENT SHOWING PARTICULARS OF TOTAL WOOL PURCHASED (EITHER BY THE IMPERIAL GOVERNMENT OR LOCAL WOOLLEN-MILLS) DURING ABOVE YEARS ENDED 30TH JUNE, AND AVERAGE VALUES IN EACH VALUING CENTRE.

		Auckland.	Tokomaru Bay.	Gisborne.	Napier.	Waitara.	Wanganui.	Wellington.
Number of bales valued—	1916-17..	1,333	635	1,529	4,476	621	2,987	11,976
	1917-18..	2,851	1,187	4,784	4,411	1,298	4,366	11,749
	1918-19..	3,709	859	5,058	6,976	1,017	4,887	13,702
	1919-20..	5,443	1,652	7,680	8,056	2,279	7,125	16,148
Weight in pounds—	1916-17..	471,247	220,897	540,323	1,638,171	236,616	1,049,728	4,276,512
	1917-18..	1,035,788	420,017	1,626,456	1,644,691	506,121	1,509,841	4,305,602
	1918-19..	1,409,423	308,022	1,708,079	2,569,330	429,206	1,687,715	4,815,521
	1919-20..	2,048,243	626,830	2,539,994	2,970,689	899,530	2,536,049	5,693,584
Value—	1916-17..	£39,189	£16,217	£38,451	£122,660	£17,499	£75,115	£331,472
	1917-18..	£79,598	£30,533	£116,260	£125,648	£37,043	£107,283	£329,880
	1918-19..	£101,749	£21,607	£122,157	£182,536	£31,819	£121,292	£369,532
	1919-20..	£151,591	£44,434	£186,215	£216,161	£67,215	£184,299	£434,503
Average value per pound—	1916-17..	19-95d.	17-62d.	17-08d.	17-91d.	17-78d.	17-19d.	18-60d.
	1917-18..	18-45d.	17-44d.	17-15d.	18-34d.	17-56d.	17-05d.	18-38d.
	1918-19..	17-32d.	16-84d.	17-16d.	17-05d.	17-79d.	17-25d.	18-42d.
	1919-20..	17-76d.	17-01d.	17-59d.	17-46d.	17-94d.	17-40d.	18-31d.
Average value per bale—	1916-17..	£29 7 11	£25 10 9	£25 3 0	£27 6 3	£28 3 7	£25 3 7	£27 13 6
	1917-18..	£27 18 4	£25 14 6	£24 6 0	£28 9 8	£24 10 4	£24 11 5	£28 1 6
	1918-19..	£27 8 8	£25 3 1	£24 3 0	£26 3 4	£31 5 9	£24 16 5	£26 19 5
	1919-20..	£27 17 0	£26 17 11	£24 4 11	£26 16 8	£29 9 10	£25 17 3	£26 18 2
Average weight per bale, in pounds—	1916-17..	353	348	353	366	381	351	357
	1917-18..	363	354	340	373	390	346	367
	1918-19..	380	359	338	368	422	345	351
	1919-20..	376	383	331	369	394	356	352
								Total (Dominion).
Number of bales valued—	1916-17	501	10,103	3,638	4,061	926	2,680	45,466
	1917-18	719	9,930	3,472	2,801	2,307	3,257	53,132
	1918-19	444	13,225	7,229	3,692	3,570	4,015	68,413
	1919-20	914	22,085	8,594	3,481	4,378	6,652	94,518
Weight in pounds—	1916-17	178,421	3,720,612	1,409,602	1,342,160	337,239	918,834	16,340,362
	1917-18	273,048	3,587,694	1,325,950	943,526	799,533	1,137,698	19,115,965
	1918-19	189,736	4,716,344	2,659,877	1,232,193	1,245,881	1,408,348	24,420,702
	1919-20	376,831	7,690,389	3,084,008	1,237,804	1,455,520	2,270,718	33,443,098
Value—	1916-17	£12,996	£330,399	£121,059	£110,856	£30,039	£84,503	£1,330,455
	1917-18	£19,333	£305,398	£107,806	£79,373	£62,983	£95,578	£1,496,719
	1918-19	£13,739	£400,481	£218,118	£98,468	£97,404	£109,716	£1,889,184
	1919-20	£27,695	£668,038	£262,026	£100,174	£115,276	£180,172	£2,638,352
Average value per pound—	1916-17	17-48d.	21-31d.	20-61d.	19-82d.	21-38d.	22-07d.	19-54d.
	1917-18	17-00d.	20-42d.	19-51d.	20-19d.	18-90d.	20-16d.	18-78d.
	1918-19	17-37d.	20-38d.	19-46d.	19-18d.	18-76d.	18-66d.	18-56d.
	1919-20	17-64d.	20-84d.	20-39d.	19-42d.	19-01d.	19-04d.	18-93d.
Average value p.r bale—	1916-17	£25 18 9	£32 14 0	£33 5 6	£27 5 10	£32 8 9	£31 10 7	£29 5 3
	1917-18	£26 17 9	£30 15 1	£31 1 0	£28 6 9	£27 6 0	£29 6 11	£28 3 5
	1918-19	£30 18 11	£30 5 8	£30 3 5	£26 13 5	£27 5 8	£27 6 8	£27 12 3
	1919-20	£30 6 0	£30 4 11	£30 9 9	£28 15 7	£26 6 7	£27 1 8	£27 18 3
Average weight per bale, in pounds—	1916-17	356	368	387	330	364	343	359
	1917-18	380	361	381	337	345	349	360
	1918-19	427	357	372	333	349	351	357
	1919-20	413	348	359	356	332	341	354

N.B.—The wool purchased by local woollen-mills and included in above return totals 337 bales drawn from Oamaru and Dunedin.

# ACCOUNTS FURNISHED BY IMPERIAL GOVERNMENT IN RELATION TO THE PURCHASE AND DISTRIBUTION OF NEW ZEALAND WOOL.

NEW ZEALAND CASH ACCOUNT FOR THE FIFTEEN MONTHS ENDING 31ST MARCH, 1918.

Audited by Messrs. J. A. Heselton, Son, and Butterfield, Chartered Accountants, Bradford.

<i>Received in New Zealand.</i>				<i>Paid in New Zealand.</i>			
	£	s.	d.		£	s.	d.
To Remittances from War Office ..	26,750,000	0	0	By Brokers' wool ..	22,065,004	14	4
(Note.—Local receipts have been deducted from the payments to which they correspond.)				Slips wool ..	1,595,667	11	1
				Sheep-skins ..	643,405	10	8
					24,304,077	16	1
				Fellmongering and scouring charges	302,304	14	0
				Expenses of collection, valuation, and storage in New Zealand ..	1,093,649	5	10
				Balance unexpended ..	1,049,968	4	1
					£26,750,000	0	0
To Balance unexpended ..	£1,049,968	4	1				

## NEW ZEALAND WOOL AND SHEEP-SKINS STOCK ACCOUNT FOR THE FIFTEEN MONTHS ENDING 31ST MARCH, 1918.

<i>Purchases.</i>			<i>Shipments and Stock.</i>		
	lb.	£		lb.	£
To Wool purchased (greasy, scoured, slips, and skin wool) ..	387,200,208	24,304,078	By Wool shipped and landed, at appraised values plus charges in New Zealand	195,014,245	13,722,855
Balance unpaid on slips wool purchased ..		254,571	Wool shipped and lost by enemy action, at appraised values plus charges in New Zealand	3,413,675	230,254
Fellmongering and scouring charges ..		348,634	Wool burnt in New Zealand, at appraised values plus charges thereon ..	115,632	8,988
Expenses of collection, valuation, &c., in New Zealand ..		1,189,210	Pelts and skins sold ..		136,542
			Stock in New Zealand, at appraised values plus charges thereon—		
			Wool ..	168,796,777	11,835,933
			Pelts ..		101,958
			Differences in valuing ..		59,963
			Loss in scouring (estimated) ..	18,876,385	
			Unexplained difference in weight ..	983,494	
	387,200,208	£26,096,493		387,200,208	£26,096,493
To Stock remaining in New Zealand or afloat—	lb.	£			
Wool ..	168,796,777	11,835,933			
Pelts ..		101,958			

## NEW ZEALAND WOOL AND SHEEP-SKINS PURCHASE ACCOUNT FOR THE FIFTEEN MONTHS ENDING 31ST MARCH, 1918.

	lb.	£		lb.	£
To Purchases landed, at appraised prices plus charges in New Zealand	195,014,245	13,722,855	By Sales ..	31,693,405	3,673,446
Difference in valuing scoured products and stock ..		59,963	Transfers estimated by the Department to be at cost—		
Loss, wool burnt in New Zealand, at appraised prices plus charges thereon ..	115,632	8,988	Colonial-top distribution department ..	97,811,600	8,816,005
Freight, and port dues, and warehousing ..		2,013,648	Blending and scouring department ..	9,750,665	842,649
Railway carriage, estimated cost of free transit ..		136,790	Carbonizing department	210,459	20,170
Administrative expenses, including remuneration of committee of London woolbrokers, valuation fees, loss in exchange, salaries, and other general expenses ..		121,686	Interest received on overdue accounts ..		434
Interest for the use of Government capital employed ..		612,700	Sale of bagging and hooping ..		23,778
Provision for war and marine risk, at 2d. per pound on wool shipped ..		1,653,566	War and marine risk, estimated sea-water damage to wools landed ..		1,750
Gain in weight ..	641,771		Stock, at estimated cost in England, including charges ..	56,305,519	5,341,005
Trading profit ..		389,041			
	195,771,648	£18,719,237		195,771,648	£18,719,237

## STATEMENT LINKING UP TRADING ACCOUNT PROFITS WITH "ADJUSTED PROFITS" AT 31ST MARCH, 1918.

<i>New Zealand Wool and Sheep-skins—</i>							£
Trading Account profits .. .. .	..	..	..	..	..	..	389,041
Overcharge on transfers to—							
Top-distribution .. .. .	..	..	..	..	..	£202,000	
Blending and scouring .. .. .	..	..	..	..	..	£18,000	
Total adjustment to profits as shown in Trading Accounts (deduct)							220,000
Adjusted profits .. .. .	..	..	..	..	..	..	£29,893
							£139,148
							£169,041
							£169,041

## ESTIMATE OF REBATE ON MILITARY WOOLS AND DIVISION OF REMAINING PROFITS FOR THE PERIOD ENDING 31ST MARCH, 1918.

Trading Accounts.	Adjusted Profits.	Rebates intended to restore the Prices charged on Military Wools to Cost	New Zealand's Share of Profits.
	£	£	£
New Zealand wool and sheep-skins .. .. .	29,893	28,612	577
New Zealand wool and sheep-skins (direct shipments) .. .. .	139,148	..	62,617
Top-distribution and merchant noils .. .. .	..	..	193,940
Blending and scouring .. .. .	..	..	637
Carbonizing .. .. .	..	..	400
Overcharge on provision for war and marine risk .. .. .	..	..	32,618
Underwriting profit .. .. .	..	..	336,636
Total amount due .. .. .	..	..	£627,425

## ANALYSIS OF SALES FOR THE PERIOD ENDING 31ST MARCH, 1918.

Showing the Invoice-weights and Values sold for Military and Civil Purposes respectively.

	New Zealand Wool.	
	lb.	£
Wool sold for military purposes—		
France .. .. .	1,947,818	206,530
Italy .. .. .	324,716	31,453
United Kingdom .. .. .	21,406,358	2,624,953
	23,678,892	2,862,936
Wools sold for civil purposes .. .. .	1,211,349	128,152
	24,890,241	2,991,088
Special U.S.A. sales (not subject to rebate) .. .. .	6,803,164	682,358
	31,693,405	£3,673,446

On sales of £2,991,088 divisible profits were made of £29,893, or 1 per cent. of the sales.

ACCOUNTS FOR THE YEAR ENDING 31st MARCH, 1919.  
NEW ZEALAND CASH ACCOUNT.

Comparative Figures, 31st March, 1918.	<i>Received in New Zealand.</i>			Comparative Figures, 31st March, 1918.	<i>Paid in New Zealand.</i>		
£	1918, Mar. 31—	£	s. d.	£	1919, Mar. 31—	£	s. d.
..	To Balance brought forward ..	1,049,968	4 1	22,065,005	By Brokers' wool ..	12,365,565	3 5
26,750,000	1919, Mar. 31—			1,595,668	Slipi wool ..	1,782,761	14 8
	To Remittances from War Office..	16,045,000	0 0	643,405	Sheep-skins ..	679,678	5 7
	(N.B.—Local receipts have been deducted from the payments to which they correspond.)			24,304,078		14,828,005	3 8
					Payment of balance outstanding at 31st March, 1918, on slipi wool finally appraised in London ..	254,571	0 5
				302,305	Fellmongery and scouring charges ..	495,850	5. 0
				1,093,649	Expenses of collection, valua- tion, and storage in New Zealand ..	736,822	17 9
				1,049,968	Balance unexpended ..	779,718	17 3
26,750,000		£17,094,968	4 1	26,750,000		£17,094,968	4 1
£	1919, Mar. 31—	£	s. d.				
1,049,968	To Balance unexpended ..	779,718	17 3				

NEW ZEALAND WOOL AND SHEEP-SKINS STOCK ACCOUNT.

Comparative Figures, 31st March, 1918.	<i>Purchases.</i>			Comparative Figures, 31st March, 1918.	<i>Shipments and Stock.</i>		
£	1918, Mar. 31—	lb.	£	£	1919, Mar. 31—	lb.	£
..	To Stock in New Zealand at appraised values plus charges thereon—			13,722,855	By Wool shipped and landed, at appraised values plus charges in New Zealand	99,702,044	7,218,305
..	Wool .. ..	168,796,777	11,835,933	230,254	Wool shipped and lost by enemy action, at ap- praised values plus charges in New Zealand	..	..
..	Pelts .. ..	..	101,958		Loss of wool by fire in New Zealand, at ap- praised values plus charges thereon	79,448	5,672
..	Stock omitted at this date	800,183	54,209	8,988	Pelts and skins sold ..	..	188,522
..	Error in weight of stock of slipi wool	602,664	..		Stock in New Zealand or afloat, at appraised values plus charges thereon—		
..		170,199,624	11,992,100		Wool .. ..	285,628,083	20,372,033
24,304,078	1919, Mar. 31—			136,542	Pelts .. ..	..	136,951
	To Wool purchased (greasy, scoured slipes, and skin wool)	228,241,430	14,828,005		Differences in valuing ..	..	..
254,571	Balance unpaid on slipi wool purchased	..	73,327	11,835,933	Loss in scouring (esti- mated)	13,105,823	..
1,189,210	Expenses of collection, valuation, &c., in New Zealand	..	709,663	101,958	Net loss on revaluation after scouring and fell- mongering	..	193,281
348,634	Fellmongering and scour- ing charges	..	511,669	59,963			
..	Surplus in weight ..	74,344	..				
26,096,493		398,515,398	28,114,764	26,096,493		398,515,398	28,114,764
£	1919, Mar. 31—	lb.	£				
11,835,933	To Stock remaining in New Zealand or afloat—						
101,958	Wool .. ..	285,628,083	20,372,033				
	Pelts .. ..	..	136,951				

**NEW ZEALAND WOOL AND SHEEP-SKINS PURCHASE TRADING ACCOUNT FOR THE TWELVE MONTHS ENDING  
31ST MARCH, 1919.**

Comparative Figures, 31st March, 1918.				Comparative Figures, 31st March, 1918.			
	1918. Mar. 31—	lb.	£		1919. Mar. 31—	lb.	£
	To Stock at estimated cost	56,305,519	5,341,005	3,673,446	By Sales	61,121,122	7,927,501
	in England, including				Transfers, at estimated		
	charges				cost prices—		
13,722,855	1919. Mar. 31—			8,816,005	Top-distribution	59,389,136	5,409,770
	To Purchases landed, at ap-	99,702,044	7,218,305	842,649	Blending and scouring	12,308,438	1,102,663
	praised prices plus			20,170	Carbonizing	82,724	6,734
59,963	charges in New Zealand			..	Auction	31,621	2,503
	Net loss on revaluation	..	193,281	434	Interest received on over-	..	1,170
	after scouring and fell-				due accounts		
8,988	mongering	..	5,672	23,778	Sale of bagging and	..	26,605
	Loss on wool by fire in			1,750	hooping		
	New Zealand, at ap-				War and marine risk	..	13,000
	praised prices plus				(estimated sea - water		
2,013,648	charges thereon	..	904,716	..	damage to wools landed)	..	205,711
136,790	Freight, port dues, and				Adjustment of com-		
	warehousing	..			mencing stock due to		
	Railway carriage (esti-	..	100,520	..	overestimate of pro-		
	mated cost of free				vision for war and		
47,062	transit)	..	58,000	..	marine risk at 31st		
74,624	Loss in exchange on re-				March, 1918	..	54,209
	mittances	..	41,670	..	Difference in valuing,		
	Administrative expenses,			5,341,005	31st March, 1918, over-		
	including remuneration				stated		
	of Committee of				Stock, at estimated cost	23,546,556	2,374,350
	London Wool-brokers,				in England, including		
	valuation fees, salaries,				charges		
	and other general ex-						
	penses	..	256,758				
1,653,566	Provision for war and						
	marine risk on wool	..					
	shipped at current						
612,700	commercial rates	..	703,400				
	Interest for the use of						
	Government capital						
	employed						
..	Gain in weight	472,034	..				
389,041	Trading profit	..	2,300,889				
18,719,237		156,479,597	£17,124,216	£18,719,237		156,479,597	£17,124,216

**ESTIMATE OF REBATES ON MILITARY WOOLS AND DIVISION OF REMAINING PROFITS FOR THE  
YEAR ENDING 31ST MARCH, 1919.**

	Adjusted Profits.	Estimated Maximum Rebates on Wools sold for Military Purposes.	New Zealand's Share of Profits on Wools sold for Civil Purposes.
	£	£	£
New Zealand wool and sheep-skins .. .. .	1,524,042	1,434,241	34,529
New Zealand wool (direct shipments), Nos. 1 and 2 clips	517,740	..	199,071
New Zealand wool (direct shipments), No. 3 clip ..	140,107	..	70,054
Top-distribution and merchant noils .. .. .	..	..	574,618
Blending and scouring .. .. .	..	..	5,697
Carbonizing .. .. .	..	..	2,041
Underwriting profit .. .. .	..	..	83,316
Special allowance to New Zealand for wool sold of 1918-19 clip on basis of rate of profits paid Australia	..	..	22,318
	..	..	£991,644

**ANALYSIS OF SALES FOR THE YEAR ENDING 31ST MARCH, 1919.**

Showing the Invoice Weights and Values sold for Military and Civil Purposes respectively.

	New Zealand Wool.	
Wool sold for military purposes—	lb.	£
France .. .. .	15,444,257	1,912,762
Italy .. .. .	226,646	30,188
United Kingdom .. .. .	21,651,352	3,300,668
	37,322,255	5,243,618
Wool sold for civil purposes .. .. .	2,135,131	328,314
	39,457,386	5,571,932
Special direct shipments (not subject to rebate) ..	21,663,736	2,355,569
	61,121,122	£7,927,501

On sales of £5,571,932 divisible profits were made of £1,524,042, or 27·35 per cent. of the sales.

## ACCOUNTS FOR THE YEAR ENDING 31st MARCH, 1920.

## NEW ZEALAND CASH ACCOUNT.

Comparative Figures, 31st March, 1919.	<i>Received in New Zealand.</i>			Comparative Figures, 31st March, 1919.	<i>Paid in New Zealand.</i>		
£	1919, Mar. 31—	£	s. d.	£	1920, Mar. 31—	£	s. d.
1,049,968	To Balance brought forward ..	779,718	17 3	12,365,565	By Brokers' wool .. ..	11,714,910	11 11
	1920, Mar. 31—			1,782,762	Slips wool .. ..	2,085,575	19 1
16,045,000	To Remittances from the Ministry	15,610,000	0 0	679,678	Sheep-skins .. ..	788,122	17 9
	(N.B.—Local receipts have been deducted from the pay- ments to which they corre- spond).			14,828,005		14,588,609	8 9
				254,571	Payment of balance outstand- ing at 31st March, 1919, on slips wool finally appraised in London .. ..	73,326	17 9
				495,850	Fellmongering and scouring charges .. ..	585,428	8 8
				736,823	Expenses of collection, valua- tion, and storage in New Zealand .. ..	699,111	4 7
				779,719	Balance unexpended .. ..	443,242	17 6
17,094,968		£16,389,718	17 3	17,094,968		£16,389,718	17 3
£	1920, Mar. 31—	£	s. d.				
779,719	To Balance unexpended ..	443,242	17 6				

## NEW ZEALAND WOOL AND SHEEP-SKINS STOCK ACCOUNT.

Comparative Figures, 31st March, 1919.	<i>Purchases.</i>			Comparative Figures, 31st March, 1919.	<i>Shipments and Stock.</i>		
£	1919, Mar. 31—	lb.	£	£	1920, Mar. 31—	lb.	£
	To Stock in New Zealand, at appraised values plus charges thereon—			7,406,827	By Wool shipped and landed, at appraised values plus charges in New Zealand, and pelts shipped and landed	272,925,669	20,112,141
11,835,933	Wool .. ..	285,628,083	20,372,033		Loss of wool by fire in New Zealand, at ap- praised values plus charges thereon	3,337	411
101,958	Pelts .. ..	..	136,951	5,672	Stock in New Zealand and afloat, at ap- praised values plus charges thereon—		
54,209	Stock omitted at this date	..	..		Wool .. ..	216,168,719	15,850,944
11,992,100		285,628,083	20,508,984		Pelts .. ..	..	211,667
14,828,005	1920, Mar. 31—				Net loss on revaluation after scouring and fell- mongering	16,928,798	176,428
	To Wool purchased (greasy, scoured, slips, and skin wool)	220,392,040	14,588,609	20,372,033			
73,327	Balance unpaid on slips wool purchased	..	952	136,951			
709,663	Expenses of collection, valuation, &c., in New Zealand	..	670,040	193,281			
511,669	Fellmongering and scour- ing charges	..	583,006				
..	Surplus in weight ..	6,400	..				
28,114,764		506,026,523	36,351,591	28,114,764		506,026,523	36,351,591
£	1920, Mar. 31—	lb.	£		1920, Mar. 31—	lb.	£
20,508,984	To Stock in New Zealand and afloat—Wool and pelts, at appraised values in New Zea- land plus charges thereon	216,168,719	16,062,611		By Reserve of 35 per cent. for depreciation in value of stock (see par. 8 of our report accompanying)	..	5,621,914
					Stock in New Zealand and afloat, at market prices ruling in De- cember, 1920	216,168,719	10,440,697
		216,168,719	16,062,611			216,168,719	16,062,611
	1920, Mar. 31—	lb.	£				
..	To Stock in New Zealand and afloat	216,168,719	10,440,697				

NEW ZEALAND WOOL AND SHEEP-SKINS PURCHASE TRADING ACCOUNT FOR THE TWELVE MONTHS ENDING 31ST MARCH, 1920.

Comparative Figures, 31st March, 1919.				Comparative Figures, 31st March, 1919.			
£		lb.	£	£		lb.	£
5,341,005	1919, Mar. 31— To Stock, at estimated cost in England including charges	23,546,556	2,374,350	7,927,501	1920, Mar. 31— By Sales .. ..	203,676,627	24,582,847
7,218,305	1920, Mar. 31— To Purchases landed, at ap- praised prices plus charges in New Zealand	272,925,669	20,112,141	5,409,770	Transfers, at estimated cost prices—		
193,281	Net loss on revaluation after scouring and fell- mongering	..	176,428	1,102,663	Top-distribution ..	3,263,564	262,533
5,672	Loss on wool by fire in New Zealand, at ap- praised prices plus charges thereon	..	411	6,734	Blending and scouring ..	357,710	31,453
904,716	Freight, port dues, and warehousing	..	2,448,366	2,503	Carbonizing ..	138,413	7,677
100,520	Railway carriage (esti- mated cost of free transit)	..	..	1,170	Auction ..	70,422	6,469
58,000	Loss in exchange in re- mittances	..	71,063	26,605	Interest received on ac- counts overdue	..	25,713
41,670	Administrative expenses, including remuneration of Committee of London Wool-brokers, valua- tion fees, salaries, and other general expenses	..	165,782	13,000	Sale of bagging and hooping	..	11,592
256,758	Provision for marine risk on wool shipped at current commercial rates	..	219,608	205,711	Marine risk (estimated sea-water damage to wools landed)	..	55,500
703,400	Interest for use of Go- vernment capital em- ployed	..	1,037,174	..	Adjustment of com- mencing stock due to overestimate of pro- vision for marine risk at 31st March, 1918	..	..
..	Reserve of 35 per cent. for depreciation in value of stock in Do- minion and afloat, by the instructions of the Minister	..	5,621,914	2,374,350	Difference in valuing, 31st March, 1918 ..	..	..
2,300,889	Gain in weight ..	551,437	..	..	Stock, at estimated cost in England including charges £7,660,323	89,516,926	..
17,124,216	Trading profit ..	..	..	..	Less Reserve of 35 per cent. for depreciation in value of wool, by the instructions of the Minister £2,675,863	..	4,984,460
					Trading loss .. ..	..	2,258,993
		297,023,662	32,227,237	17,124,216		297,023,662	32,227,237

STATEMENT OF PROFITS, AND INTEREST THEREON, TO 31ST MARCH, 1920..

1918, Mar. 31—	£
By Share of net profits to date .. .. .	627,425
1919, Mar. 31—	
By Share of net profit to date .. .. .	991,644
Paid, July, 1920 .. .. .	1,619,069
1920, Mar. 31—	
By Interest on profits .. .. .	31,400
	1,650,469
Interest on profits .. .. .	82,523
	1,732,992
Share of net loss to date (deduct) .. .. .	605,117
	£1,127,875

ESTIMATE OF REBATES ON MILITARY WOOLS AND DIVISION OF REMAINING PROFITS FOR THE YEAR ENDING 31ST MARCH, 1920.

	Trading Accounts.	New Zealand's Share of Profits (or Loss) on Wools sold for Civil Purposes.	Invoice Weights and Value of Wools sold.	
	£	£	lb.	£
New Zealand wool (all sold for civil purposes)	2,297,301 (loss)	934,197 (loss)	202,187,906	24,430,787
New Zealand wool (direct shipments) ..	38,308 (profit)	15,578 (profit)	1,488,721	152,060
			203,676,627	£24,582,847
Top-distribution and merchant noils ..	..	221,736 ..		
Blending and scouring .. ..	..	17,884 ..		
Carbonizing .. ..	..	8,462 ..		
Underwriting profit .. ..	..	65,420 ..		
		605,117 (loss)		



## ACCOUNTS FOR THE NINE MONTHS ENDING 31st DECEMBER, 1920.

## NEW ZEALAND CASH ACCOUNT.

Comparative Figures, 31st March, 1920.	<i>Received in New Zealand.</i>			Comparative Figures, 31st March, 1920.	<i>Paid in New Zealand.</i>		
£		£	s. d.	£		£	s. d.
779,719	1920, Mar. 31—			11,714,911	1920, Dec. 31—		
15,610,000	To Balance brought forward ..	443,242	17 6	2,085,576	By Brokers' wool .. ..	1,153,210	18 2
	1920, Dec. 31—			73,327	Slip wool .. ..	1,551,625	12 1
	To Remittances from Ministry ..	3,490,000	0 0		Payment of balance outstanding		
	(N.B.—Local receipts have				at 31st March, 1919, on slip		
	been deducted from the pay-				wool finally reappraised in		
	ments to which they corre-				London		
	spond.)			788,123	Sheep-skins .. ..	537,320	8 11
				585,428	Fellmongering and scouring	356,752	3 3
				699,111	charges .. ..		
					Expenses of collection, valua-	290,986	7 3
					tion, and storage in New		
					Zealand		
				443,243	Balance unexpended ..	43,347	7 10
16,389,719		£3,933,242	17 6	16,389,719		£3,933,242	17 6
£	1920, Dec. 31—	£	s. d.				
443,243	To Balance unexpended ..	43,347	7 10				

## NEW ZEALAND WOOL AND SHEEP-SKINS STOCK ACCOUNT.

Comparative Figures, 31st March, 1920.	<i>Purchases.</i>			Comparative Figures, 31st March, 1920.	<i>Shipments and Stock.</i>		
£		lb.	£	£		lb.	£
	1920, Mar. 31—			20,112,141	1920, Dec. 31—		
	To Stock in New Zealand, at				By Wool shipped and landed,	118,219,721	9,092,865
	estimated market value				at appraised values		
	ruling in December,				plus charges in New		
	1920—				Zealand, and pelts		
	Wool .. ..	216,168,719	10,303,113	411	shipped and landed		
	Pelts .. ..		137,584		Loss of wool by fire in	418,601	48,154
	Reserve of 35 per cent.		5,621,914		New Zealand, at ap-		
	on commencing stock				praised values plus		
	for depreciation in value				charges thereon		
20,508,984	Value of stock in New		16,062,611		Stock in New Zealand		
	Zealand, at appraised				and afloat, at appraised		
	prices plus charges				values plus charges		
	thereon				thereon—		
14,588,609	1920, Dec. 31—			15,850,944	Wool .. ..	136,238,332	10,428,925
	Wool purchased (greasy,	44,881,118	3,241,204	211,667	Pelts and skins ..		108,189
	scoured, slipes, and				Loss in scouring ..	6,236,289	
	skin wool)			176,428	Net loss on revaluation		218,753
952	Balance unpaid on slip				after scouring and fell-		
	wool purchased				mongering		
670,040	Expenses of collection,		274,653				
	valuation, &c., in New						
	Zealand						
583,006	Fellmongering and scour-		318,418				
	ing charges						
	Surplus in weight ..	63,106					
36,351,591		261,112,943	19,896,886	36,351,591		261,112,943	19,896,886
£	1920, Dec. 31—	lb.	£	£	1920, Dec. 31—	lb.	£
16,062,611	To Stock in New Zealand and	136,238,332	10,537,114	5,621,914	By Reserve of 65 per cent.		6,849,124
	afloat—Wool and pelts			10,440,697	for depreciation in value		
					of stock ..		
					Stock in New Zealand	136,238,332	3,687,990
					and afloat at approxi-		
					mate market prices		
					ruling in June, 1921		
16,062,611		136,238,332	10,537,114	16,062,611		136,238,332	10,537,114
£	1920, Dec. 31—	lb.	£				
10,440,697	To Stock in New Zealand	136,238,332	3,687,990				
	and afloat						

NEW ZEALAND WOOL AND SHEEP-SKINS PURCHASE TRADING ACCOUNT FOR THE NINE MONTHS ENDING  
31ST DECEMBER, 1920.

Comparative Figures, 31st March, 1920.				Comparative Figures, 31st March, 1920.			
£		lb.	£	£		lb.	£
2,374,350	1920, Mar. 31— To Stock, at estimated market value ruling in December, 1920	89,516,926	4,984,460	24,582,847	1920, Dec. 31— By Sales .. ..	78,682,684	7,609,585
20,112,141	1920, Dec. 31— Purchase landed, at ap- praised prices plus charges in New Zealand	118,219,721	9,092,865	262,533	Transfers, at estimated cost prices—		
176,428	Net loss on revaluation after scouring and fell- mongering	..	218,753	31,453	Top-distribution ..	..	..
411	Loss on wool by fire in New Zealand, at ap- praised prices plus charges thereon	..	48,154	7,677	Blending and scouring ..	..	..
2,448,366	Freight, port dues, and warehousing	..	1,251,270	6,469	Carbonizing ..	..	..
..	Loss on reconditioning wool damaged by water in England	..	30,318	25,713	Auction ..	..	..
71,063	Loss in exchange in re- mittances	..	23,870	11,592	Interest received on ac- counts overdue	..	12,681
165,782	Administrative expenses, including remuneration of Committee of London Wool-brokers, valuation fees, salaries, and other general ex- penses	..	70,800	55,500	Sale of bagging and hoop- ing	..	451
219,608	Provision for marine risk on wool shipped and landed	..	99,331	4,984,460	Marine risk (estimated sea-water damage to wools landed)	..	19,188
1,037,174	Interest for use of capital employed	..	465,981	2,258,993	Stock, at estimated cost in England including charges £10,970,461		
5,621,914	Reserve of 65 per cent. for depreciation in value of stock in Dominion and afloat, by the in- structions of the Ministry £6,849,124	..	1,227,210		Less reserve of 60 per cent. for depreciation in value, by the in- structions of the Ministry £6,582,277	129,629,988	4,388,184
..	Less reserve of 35 per cent. provided at 31st March, 1920 £5,621,914	..	..		Trading loss ..	..	5,482,923
..	Gain in weight	576,025	..				
32,227,237		208,312,672	17,513,012	32,227,237		208,312,672	17,513,012

## STATEMENT OF PROFITS, AND INTEREST THEREON, TO 31ST DECEMBER, 1920.

1920, July 29—	£	1918, Mar. 31—	£
To cash .. .. .	1,619,069	By Share of net profits to date ..	627,425
1920, Dec. 31—		1919, Mar. 31—	
To Share of net loss for nine months, to date.. .. .	1,913,052	By Share of net profits to date ..	991,644
Adjustment of profits on slipes, 1916-17 to 1919-20 .. .. .	27,019		1,619,069
Special allowance on 1918-19 wools not realized and now cancelled ..	22,318	1920, Mar. 31—	
Allied Government rebates: Adjustment of rebates .. .. .	353	By Interest for one year, to date, on profits of £627,425 .. .. .	31,400
			1,650,469
		Interest for one year, to date, on profits of £1,650,469 .. .. .	82,523
			1,732,992
		Less one-half net loss for year, to date (See Accounts to 31st March, 1920)	605,117
			1,127,875
		Interest to date, on profits to 31st March, 1920, less interest on payments on account .. .. .	5,195
		Home and Allied Government rebates: Interest provided in former accounts and now cancelled ..	73,055
		Proportion of reserve for contingencies made at 31st March, 1918, and not required ..	16,010
		Home Government: Transfer of balance of net loss, to date, on New Zealand profit-sharing wools charged in this account ..	740,607
		Balance .. .. .	1,619,069
	<u>£3,581,811</u>		<u>£3,581,811</u>
1920, Dec. 31—	£		
To Balance .. .. .	1,619,069		

## DIVISION OF REMAINING PROFITS AND LOSSES FOR THE NINE MONTHS ENDING 31ST DECEMBER, 1920.

	<i>New Zealand Wool and Sheep-skins.</i>							£
Losses divisible .. .. .	..	..	..	..	..	..	..	5,482,923
								<u>£</u>
New Zealand's share of losses .. .. .	..	..	..	..	..	..	..	1,941,909
Less underwriting profit .. .. .	..	..	..	..	..	..	..	28,857
								<u>£1,913,052</u>
Loss .. .. .	..	..	..	..	..	..	..	

By Authority: MARCUS F. MARKS, Government Printer, Wellington.—1922.

