

*Tentative System set up for New Zealand.*

2. After an exchange of correspondence with the High Commissioner during the year 1916 we were able to come to an arrangement in regard to supplying particulars which was satisfactory to the Ministry of Munitions and, judging from the beneficial activities of the High Commissioner in London, a very useful one to our New Zealand importers when regard is had to the war conditions which prevail.

*Definite System for New Zealand inaugurated.*

3. Early in the present year the Ministry of Munitions considered it desirable that its officials should have before them, when considering an application for a permit, some reliable opinion on the order from the local point of view of the dominion or dependency from which such order originated. Consequently the New Zealand Government, with other Governments within the British Empire, was requested to set up a local authority which would sift, survey, and comment from the local point of view on orders before they were despatched to the United Kingdom. At the same time the Ministry announced the intention of not giving consideration to any application for a permit unless the order in respect of which such application was made had been commented on from the local point of view as above indicated.

*Position To-day.*

4. Thus to-day the position is that if our importers desire to secure from the United Kingdom any goods of a nature controlled or likely to be needed by the Ministry of Munitions, it is advisable for them to make their orders out on the special forms provided by the Department, and to have my opinion in regard to such orders duly minuted thereon for the information of the Ministry of Munitions in London. The necessary comment will then be available on the order should it be found necessary for the Ministry in London to be approached in regard to a permit allowing manufacture or shipment. To enable me to consider a decision from the local point of view I have been supplied by the Ministry of Munitions with the necessary information, from which I and my advisers are enabled to judge the difficulties which present themselves to the Ministry when considering New Zealand orders, and I have been specially requested to have full regard to this information when commenting on orders from the local point of view of our Dominion.

*Certain Types of Orders to be discouraged.*

5. From this it will be gathered that it is the desire of the Ministry that certain types of applications should be discouraged, and I trust therefore that the commercial community will appreciate the fact that I have a duty to perform in this matter which, although sometimes unpleasant, is requisite in view of the conditions obtaining as a result of the war. However, recognizing it as unfair that enterprising persons should be permitted to embark on new ventures which would be impossible of fulfilment, owing to the policy which the Ministry of Munitions considers it wise to follow, I have endeavoured to warn business men of the lines in regard to which difficulty in procuring supplies might be encountered. The position is, roughly, that the Ministry of Munitions has taken a firm stand in regard to stocks of all commodities containing metals which are usually exported from the United Kingdom to New Zealand, and which are now wanted there for munitions and other national purposes. The attitude of the Ministry amounts to this: they refuse to grant a permit to manufacture in favour of "A" whilst his neighbour "B" in New Zealand holds stocks on the lines "A" desires to secure.

*Stocks of Engineering Supplies held in New Zealand.*

6. This matter is leading me to obtain particulars of stocks which are held in the Dominion in some of the important lines to which my attention has been specially directed. I trust the officials deputed to attend to the collection of the desired information will be fully assisted by the commercial community, so as to enable these particulars to be promptly and accurately compiled. Then, again, the Ministry of Munitions has given us to understand definitely that under no consideration can plant for the extension of businesses or ordinary commercial enterprises be favourably considered. The aim of the Ministry is to provide, from the limited quantity of some materials available, sufficient to maintain continuity of operations in essential industries—that is, apart altogether from materials for munitions. Precedence is, of course, taken by work directly necessary for the prosecution of the war, and only in this connection are developments permitted. I am informed the equipment of new works and extensions of existing works will receive scanty sympathy from the Ministry, and several notable instances of this ruling have been brought before my notice.

*Forwarding Doubtful Orders to London.*

7. I am somewhat concerned in having, under existing instructions, to discourage certain orders from going forward for execution—this means, to prevent them going forward favourably certified to from the local point of view. There are many small orders—say, under £100 value each—which, while I realize they may not be given ready attention, should, however, in my opinion, be forwarded duly certified to from the local point of view, so that in the event of conditions in the United Kingdom becoming easier these orders will be there on the spot ready for such action as is possible. I am consequently endeavouring to bring about a satisfactory arrangement in this direction, which will be helpful to the community generally.