

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.