

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