

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.