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D.C. C (Supply) 1

DEFENCE CONFERENCE 1939.

Parliament Buildings,

WELLINGTON, C.1.

S E C R E T.

18th April, 1939.

MEMORANDUM for:-

NOTES OF PROCEEDING OF THE FIRST MEETING OF THE
COMMITTEE ON SUPPLY HELD ON MONDAY, 17TH APRIL, 1939.

With reference to the above paper which has
already been forwarded to you, I have to inform you that this has
been replaced by a final edition which is forwarded herewith.

I shall be glad, therefore, if you will destroy
the copy of the first edition in your possession.

W. J. Stevens
Secretary,
Defence Conference 1939.

FINAL EDITION.

18th April, 1939.

DEFENCE CONFERENCE, 1939.

It is requested that special care may be taken to ensure
the secrecy of this document.

SECRET.

NOTES OF PROCEEDING OF THE FIRST MEETING OF THE
COMMITTEE ON SUPPLY HELD ON MONDAY, 17th APRIL, 1939.

PRESENT:

Hon. D.G. Sullivan (Chairman)
L.J. Schmitt, Esq.
J.R. Middleton, Esq.
Capt. W.D. McN. Graham
N.E. Costar, Esq.
Commander J.C.D. Esdaille, R.A.N.
Colonel O.H. Mead, D.S.O.
Wing Commander A. de T. Nevill, R.N.Z.A.F.
Commander A.B. Fanshawe, R.N.
Dr. A.R.F. Mackay.

H.G. Nicholls (Secretary).

- (1) The Committee proceeded with a general discussion of the agenda as set out in the New Zealand paper D.C.4. Members outlined various supply problems which at present were under consideration by their respective departments and/or Governments.
- (2) After a consideration of the requirements of the New Zealand forces it was agreed that the stocks of munitions needed for mobilisation should be created in peace time and a definite "dormant" order be placed with the United Kingdom Government in order to secure continuity of supplies after the outbreak of war. The United Kingdom representative made it clear that at present no New Zealand requirements had been allowed for in estimating the United Kingdom manufacturing capacity after the outbreak of war. He further suggested that the initial reserve should cover the period after the outbreak of hostilities as set out in C.I.D. paper 460 (c). In the case of Singapore,

90 days was the period indicated and additional time should be allowed to cover the extra days involved in transport to New Zealand. Commander Esdaile stated that similarly Australia had not allowed for requirements other than for their own forces.

(3) Commander Esdaile stated that when Australia had completed her requisition of shipping, the whole of the Australian register of shipping would be required to keep the internal supply of Australia running. It is probable that the only ships available for transport to New Zealand would be those which are normally engaged in the Trans-Tasman trade in peace.

(4) Mr. Middleton asked that the annexes of factories in Australia for the supply of munitions would be capable of manufacturing any reserve stocks. In reply, Commander Esdaile stated that these annexes would not be ready until the middle of 1940. He read a statement to the effect that if the New Zealand Government wanted supplies from Australia it might consider meeting the capital cost of extending the Australian Government's workshops and annexes. Captain Graham suggested that as far as war time orders were concerned, educational orders might have to be placed with the United Kingdom Government, but to obtain immediate requirements New Zealand should consider looking to the United States of America. He further went on to state that the United Kingdom authorities could not get a clean picture of New Zealand war requirements until the New Zealand Government gave a definite statement as to the force which would require equipment, whether that force was for use in New Zealand or outside. It was essential that firm demands should be placed immediately.

(5) A general discussion ensued with regard to the establishment of a munitions industry in New Zealand in view of the possible commencement of the local iron and steel industry.

The alternative, namely buying reserves of munitions in peace time, was favoured by a number of the members. Mention was also made of the conversion of existing factories for the manufacture of munitions or aircraft accessories. Captain Graham outlined the extent of the inauguration of such industries in Canada, India, and South Africa. It was agreed that the New Zealand and Australian Governments should consider the possibility of reaching some agreement with regard to the allocation of the present Australian munition output. Captain Graham said that it was imperative that New Zealand should either build up reserves or build up manufacturing capacity in New Zealand. He quoted the following extract:- "The better provision that it can be found possible to make for the manufacture of equipment of all kinds in New Zealand, the more easily will their war time problems be solved."

- (6) In a discussion on item (ii) of the agenda, it was decided that it was desirable that a system of exchange of information should be instituted between the various Governments, especially in regard to information in connection with raw materials and the production of foodstuffs.
- (7) A discussion of section (v) of the agenda ensued and it was agreed that the interested members should co-operate in the production of the report on that section.
- (8) It was agreed that the report on the items of the agenda be prepared as follows:
- (i), (ii) and (iii) by Mr. Schmitt and Mr. Middleton;
 - (iv) by Captain Graham and Commander Esdaille;
 - (v) by the Service representatives, Mr. Schmitt and Mr. Middleton, with reference to Captain Graham in respect of V (b).
- (9) Consideration of sections (vi), (vii) and (viii) was deferred for general discussion on Tuesday, 18th April, 1939, at 9.30a.m.
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