

20th April, 1939.

FINAL EDITION.

DEFENCE CONFERENCE, 1939.

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**SECRET.**

(FINAL EDITION).

NOTES OF PROCEEDINGS OF THE SECOND MEETING OF  
THE COMMITTEE ON SUPPLY HELD ON TUESDAY,  
18th APRIL, 1939.

Present: Hon. D.G. Sullivan Chairman.  
Mr. L.J. Schmitt  
Mr. J.R. Middleton  
Capt. W.D. McN. Graham  
Commander J.C.D. Esdaile R.A.N.  
Col. 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

Mr. H.G. Nicholls, Secretary.

1. The Supply Committee resumed at 9.30 a.m. on the 18th April, 1939.
2. WING-COMMANDER JONES attended the meeting and outlined the position re articles of equipment manufactured in Australia, either at the Munitions Supply Board establishments or by private enterprise (see list attached). He said that in regard to quantities available in peace and war, assuming that ships were available to send goods across, no assurance could be given. He said it would depend upon the orders placed by New Zealand and the building up of a war potential in regard to supplies of equipment. In reply to a question asked by Dr. Mackay, Wing-Commander Jones said they had been able to manufacture some lines a good deal cheaper, but taking the whole range, the costs would be a little more, but that fact is overridden when one considers the value of being able to work up a local supply.
3. MR. SCHMITT asked what notice would be required when supplies were ordered from Australia. Wing-Commander Jones said that all



the articles divided themselves into two categories, those which could be supplied from Government sources and those which would be available from ordinary commercial sources, and the question of supply would be a matter of arrangement between the Governments or between the New Zealand Government and the private firm concerned.

4. WING-COMMANDER NEVILL raised the question of Air Ministry inspection. Wing-Commander Jones said that perhaps some arrangement could be made whereby New Zealand requirements were ordered with Australia's requirements and the inspection organisation in Australia made use of. It was well organised and could cope with the work.

5. The question of standardising types of aircraft used in these waters was raised, and Mr. Schmitt said it seemed to be a matter that the Defence Department should consider, because in view of the fact that Britain was asking for machines to be made in Australia, it might be possible that they would be so short of machines that New Zealand would not be able to get supplies.

6. COMMANDER ESDAILE said that Australia was buying a large number of aircraft from America to fill in a gap between now and the period her own aircraft factories came into production.

7. COLONEL MEAD outlined the idea behind subsection (vi) Para.4 and in reply CAPTAIN GRAHAM said that maintenance in war might become the responsibility of the United Kingdom, provided a clear indication were given now as to the forces which would be available. He said that it was impractical at this moment to despatch the necessary equipment to Fiji or to establish the necessary reserves in the Southern Pacific.

8. COLONEL MEAD said it was not so much the maintenance of the forces as the initial equipping of the forces, but before any logical conclusion could be reached on this matter it would be necessary to know what forces would be required and where. Captain Graham agreed with this statement.

9. After considerable discussion it was agreed that this matter should be referred to the Strategical Committee for their suggestions or recommendations.



10. Dealing with para. (vii) CAPTAIN GRAHAM said it was obviously undesirable to purchase all requirements from the United States of America because of the question of replacements in war time when that source may be cut off, but against that there was the fact that immediate requirements can be provided in certain directions from the United States and it would be a pity to omit that possible source. He added that absolute uniformity of equipment within the Empire might prove impracticable at the present moment and that anything that could be done to relieve the pressure by buying through the United States was a good thing.

11. MR. SCHMITT said it would be advisable to have on record a list of equipment that would be available in the United States.

12. CAPTAIN GRAHAM said that available organizations in the United Kingdom could be used to get the most favourable terms from the United States.

13. Dealing with para. (viii) MR. SCHMITT said the problem of obtaining raw materials from neutral countries in time of war was a very important one.

14. MR. SULLIVAN again emphasized the financial problem involved, and suggested that attention should be given by Treasury to obtaining data and information from all service departments in order to get a complete picture of the whole financial problem.

15. MR. SCHMITT said that Australia was raising internal loans for defence purposes to the extent of 70 million pounds and that as a general rule New Zealand could base her requirements on a quarter of Australia's figures.

16. After a lengthy discussion it was decided that the following statement should be submitted to the full Conference:



The New Zealand Members of the Committee pointed out that a grave strain would be placed on New Zealand's sterling funds if adequate reserves of equipment and raw materials were to be procured in the immediate future.

The New Zealand members further pointed out that if any armament production capacity were to be inaugurated in New Zealand its creation must depend upon the provision of basic industries, such as an iron and steel industry.

New Zealand is totally lacking in supplies of certain commodities for use in war. These essential stocks, details of which are a matter for further investigation, should be built up in the near future. In this connection the New Zealand members of the Committee request the Conference to take note of the sterling position and state that without a solution of this basic problem it may be difficult to solve the problem of the provision of raw materials and equipment.

17. MR. MIDDLETON dealt with the matter of the United Kingdom's food problems in the event of war and stressed the necessity for New Zealand being acquainted with the kind of produce that would be required from here to enable organisation to proceed on the correct lines.

18. The following further sub-committees were set up to deal with matters arising in paras. (vi), (vii) and (viii) -- reports to be prepared and submitted to full Supply Committee for presentation later to full conference:

- Para. (vi) Four Service representatives and Captain Graham.
- (vii) Four Service representatives and Captain Graham.
- (viii) Messrs. Schmitt and Middleton, Captain Graham, Commander Esdaile, Commander Fanshawe.

19. The matter of having a statement as to the scale of reserves before subsection (2)(a) could be dealt with was raised, and Captain Graham agreed to prepare this.

20. Mr. Schmitt asked whether Paper D.C.6 should not be dealt with by this Committee -- The Economic Aspect of War, including probable effect on trade and shipping. Committee agreed that this matter would be included in any discussion on paragraph (viii) D.C.4.

21. The Committee adjourned at 12.45 p.m. to resume at 2.30 p.m. on Wednesday, 19th April, 1939.



APPENDIX TO D.C.C. (SUPPLY) 3.

ROYAL AUSTRALIAN AIR FORCE.

ARTICLES OF EQUIPMENT BEING MANUFACTURED OR PROPOSED  
TO BE MANUFACTURED.

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BOMBS: 250 G.P:  
250 S.A.P. can be filled with straight trotol.  
We expect they will be filled with T.N.T./B in  
six months' time.  
A.S. Bombs -- investigations being made.  
Annex will be set up by General Motors in six to  
twelve months - filling by M.S.B.  
No fuses can be made locally at present.  
Detonators - all old types have been made.  
Manufacture of new types being investigated.

S.A.A. All types can be made including ball, A.P.  
and tracer. Incendiary being investigated.  
Prideau links being made.

PYROTECHNICS:

Only limited ranges such as sig. cartridges.  
Wing-tip flares being made.  
Recon. flares, smoke floats, and rockets being  
investigated. Unlikely to be available under  
twelve months.  
All practice bombs made locally.  
Stannic chloride available from I.C.I.  
Tetranium chloride imported.

TIGER MOTH AIRCRAFT:

De Havillands making these less engines.  
Probable output 30 per year. Engines being  
made by Com. Aircraft Corp.

- AIR SCREWS: All wooden screws made locally. Prospects of Hamilton V.P. being progressively made by D.H.'s.
- TYRES AND TUBES: Made locally.
- PARACHUTES: Made locally. Contract let for 520. Type is a cross between Irvin and Q.T. types.
- W/T COMPONENTS: Wireless manufacturing in Australia highly developed. At least two firms in Sydney able to carry out any type of wireless construction. In addition there are a number of firms capable of manufacturing components and specialised equipment.
- These firms generally maintain qualified design staffs capable of dealing with all phases of work undertaken and in addition they have overseas affiliations which keep them in touch with latest development abroad.
- The P.M.G.'s Department maintains Research Laboratory capable of investigating problems as they arise.
- Manufacture of transmitters and receivers of all powers for ground sta. and ships is well established and on economical basis. Practically the whole of the aircraft equipment used in civil aircraft in Australia is made here and is of high standard.
- Manufacture of service aircraft equipment to local design to meet service requirements being investigated. No technical obstacles but cost of few items prohibitive.



W/T COMPONENTS:  
(cont'd)

Transmitting valves generally are not made in Australia. Only types made are American types in common use in Broadcast receivers - these have been successfully used in locally made D.F. receivers and receivers used in civil aircraft.

Plastic moulding industry highly developed. Batteries can be made - provision of special types matter of cost.

Porcelain industry well established.

VICKERS GUNS MARK V: 300 already made.

MACHINE TOOLS: Certain lathes made locally.

A.G.S. PARTS: Parts and streamline wires procurable locally. All parts can be made but some not economically.

M.T. All special bodies made including gun mounting for heavy tender.

BELLMAN HANGARS: Made locally, price £3,000.

FLYING CLOTHING: All the more important items now made locally.

AIRCRAFT INSTRUMENTS: Firms now investigating manufacture of Kollsman instruments - common flying instruments, but not gyro instruments.

SPARK PLUGS: Some made locally for aero engines.

PHOTOGRAPHIC: Film and material but not cameras made.

UNIFORMS: All kinds of clothing and uniforms including material made locally.

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