

a twelvemonth's supply: Bread, 3,750,000 lb.; butter, 1,300,000 lb.; cheese, 650,000 lb.; coffee, 30,000 lb.; flour, 1,800,000 lb.; candles, 20,000; jam, 1,261,000 tins; fresh meat, 4,500,000 lb.; fresh milk, 180,000 gallons; oatmeal, 420,000 lb.; tea, 214,850 lb.

#### DRUGS.

Supplies of drugs for medical purposes were tendered for, for the period January to June, 1916, under the following conditions: The Department purchased quantities likely to be required during this period, and vendors were bound to hold same, covered by insurance, to the order of properly authorized officers, payment being made as goods were delivered. This method has proved satisfactory to the suppliers and profitable to the Department. In regard to drugs and other supplies for dental purposes, there are only two or three of these supply-houses available, each of which specializes in different lines. Therefore calling for tenders would have led to no advantageous results to the Department, and arrangements were consequently entered into with the houses concerned whereby supplies required can be secured by properly authorized officers on terms considerably better than those given by these wholesale houses to their ordinary customers. In regard to drugs for veterinary services, these supplies are purchased, under my control, by expert officers from wholesale houses. The amount involved is small, being estimated at about £30 per month for the present year.

#### MISCELLANEOUS HARDWARE.

No contract for these supplies has yet been arranged for, owing to the fact that the supplies required are so varied in character and frequently small in number, and it has hitherto been found impossible to estimate requirements. In addition to this there has been, up to recently, no accommodation at the Defence Stores in which such goods could be stored. Therefore the goods requisitioned for from camps, hospitals, Samoa, and troopships have been secured by experts, subject to my control, from wholesale merchants and manufacturers in the trade. However, this means of acquisition having been regarded as an emergency method, I have caused past purchases to be reviewed and future requirements to be anticipated. The result is that shortly hardware-merchants throughout the Dominion will be given an opportunity to tender for the goods likely to be required for military purposes for the balance of the year 1916.

#### BEDDING.

Anticipating a rising market in hessian, contracts were let early this year for the total quantities required for twelve months. This step has proved advantageous to the Department and satisfactory to suppliers.

#### FORAGE.

In the purchase of supplies of forage it was found towards the close of 1915, when stocks held were in small compass, that publication of Defence requirements adversely affected the market to the Department. This being the recognized position, satisfactory arrangements were made for the purchase of large supplies of forage without to any extent disturbing the market. When the quantities wanted are small and ample supplies on offer full advantage is taken of the benefit of competition.

#### RAW MATERIALS.

Difficulty was experienced under two heads in regard to raw materials necessary for the production in New Zealand of goods required here for our military purposes. The first matter arose in regard to raw wool. Experts estimated that the raw wool needed to produce the woollen goods requisite for 1916 amounted to about 12,000 bales, or approximately two-thirds of the wool consumed by our mills to execute the orders of their ordinary customers in a year of peace. It was patent, therefore, that it would be advantageous to the Department if the wool were purchased by one buyer. This was not an easy matter to provide for, as different millers desired to secure particular lots; but finally it was agreed to accept the patriotic offer of Mr. Walter Hill, of Christchurch, to purchase, without commission, the wool needed to execute the orders for military purposes, and 10,660 bales, containing 3,797,741 lb. of wool, were secured in this manner at an average cost of 12'2d. per pound, this price comparing very favourably with the average for the season.

The second matter of difficulty arose in connection with the sole leather for military boots. The boot experts and manufacturers in the trade concurred that the very best leather we could have put into our military boots was "butts of prime well-tanned sides." This leather is obtainable from ox-hides or hides of ox quality, usually weighing over 45 lb. each. At the beginning of this year it was apparent that the supplies of this class of hide in the Dominion were becoming low, owing principally to large exportations to Australia, and I conceived it my duty to devise some means of ensuring a sufficient supply being available in order that the military boots required by the Department for 1916 might be efficiently manufactured. The Australian Government had evidently experienced the same difficulty regarding the supply of suitable hides for the manufacture of heavy leather, for on the 31st December, 1915, they prohibited the export of hides weighing 45 lb. and over to all destinations except with Ministerial consent. Following on the action taken by the Commonwealth Government, on the 2nd February, 1916, the export of hides of the above-mentioned weights was prohibited also by the New Zealand Government except with the consent of the Minister of Customs. This embargo was kept on for about two months, at the end of which time the situation had considerably eased; and in view of this fact, as well as the strong representations which had been made by the Commonwealth Government also