

*General Comment on Personal Equipment.*

9. It will be remembered by those interested that the heavy orders for military goods placed with the New Zealand woollen-mills for delivery during the calendar year 1916 prevented the mills satisfying a large volume of their private trade, with the result that warehouse stocks in certain lines became depleted. In view of this, and of the fact that the storage accommodation at the disposal of the Defence Department was somewhat overtaxed, I arranged for deliveries of bulk goods under the 1917 contracts to commence during April last, thus giving the mills an opportunity to fulfil some of their private-trade orders in the early part of this year, and at the same time affording the Director of Equipment and Ordnance Stores temporary relief from the extensive task connected with receiving and examining woollen goods and uniform clothing.

For the year 1917 an improved quality of khaki-uniform cloth has been secured. A better-quality material for pantaloon-cloth for mounted men has been manufactured in the Dominion, and a decided improvement in the cut of the pantaloons has been effected; the latter being the result of an observation made in Egypt by one of our New Zealand officers, which was duly referred to my experts (Messrs. Kirkcaldie and Morrison). Overcoating-cloth has similarly been improved, and is now subjected to a proofing process which, while not rendering the overcoats waterproof, assists in turning the water. The putties now being secured are all woven ones, and are much more popular amongst both the officers and the men than the cloth putties issued under necessity during the year 1916. An effort has been made to adopt some standard colour for all uniform cloths and overcoatings, but, owing to the difficulties of the dye trade, the woollen-mills, while they have been successful in approaching the standard shade required, have not in all instances been able to get as near to the standard as could have been wished; but it will be observed that better results in this respect have been secured than during last year.

The size and weight of blankets have been revised for the 1917 supply. They now measure 64 in. by 94 in., and weigh 11 lb. per pair, this being the Imperial standard of weight.

Denim suits: In view of anticipated increases in raw cotton, it was deemed advisable early in October, 1916, to cover requirements for the year 1917. Contracts were accordingly placed with two of the largest British manufacturers for 300,000 yards of material, with spread deliveries throughout this year. The price paid for this material was 10½d. per yard, and the wisdom of placing orders so far ahead is shown by the fact that to-day's price is in the neighbourhood of 2s. per yard. Similarly, requirements for braces, material for kit-bags, towels, flannelettes for pull-throughs, and forfars for kitchen towels have all been indented at favourable prices.

*Storage Accommodation.*

10. The heavy deliveries of supplies necessary to maintain New Zealand commitments in men induces me to record the fact that the storage accommodation available for the Director of Equipment and Ordnance Stores at Buckle Street, Wellington, and at the camps, is insufficient for the heavy stocks he is now called upon to control. This is clearly illustrated by the fact that on the 6th ultimo delivery had been taken of some 1,011 cases or bales, valued at £100,370, the contents of which had not then been examined. This blockage has caused me to sanction an arrangement with the Department's contractors whereby reliable suppliers are given a progress-payment on delivery, and the balance held over subject to final adjustment upon examination of the goods.

*Centralization of Buying-activities.*

11. The results of the Department's activities since its inception, and during the last year in particular, reveal to me the advantages which follow the centralization of buying-operations under the control of one responsible Minister. It is satisfactory to note that such a system enables estimates to be made as far as possible of likely requirements, thus giving time to make the best use of expert advice in looking ahead into the position of the markets affected before purchasing. Again, the grouping-together of small orders from a variety of sources frequently results in one substantial quantity being purchased, with a corresponding reduction in price. Economy is further effected in so far as unnecessary competition is avoided when buying-operations are conducted from one centre, instead of several branches each buying for themselves the same sort of goods in the same market. It is further demonstrated to me that a wide field is open in the Government service to the practical application of the principle now generally followed by large manufacturing houses—namely, standardizing equipment, instead of sanctioning the employment of a variety of articles all different in themselves but utilized for similar purposes.

*Satisfactory System in Operation.*

12. In this connection it is also of interest to record that on the 7th ultimo I addressed a memorandum to the Controller and Auditor-General as follows:—

“*Re Silsby case:* I shall be obliged if you will kindly inform me whether it would be possible, under the system which I have inaugurated in respect of military supplies, for a case of misappropriation, such as the Silsby case exemplifies, to be conducted as was done in that instance.”

To which, on the 10th idem, the Controller and Auditor-General replied,—

“In reply to the reference of the Hon. the Minister (7681 of the 7th instant), I have to state that I am of opinion that it is hardly likely that the “Silsby” method could be