

1925.  
NEW ZEALAND.

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# STORES CONTROL BOARD

(ANNUAL REPORT OF).

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*Presented to both Houses of the General Assembly by Leave.*

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SIR,—

Stores Control Board, Wellington, 24th July, 1925.

I have the honour to submit herewith the annual report of the Stores Control Board for the period ended 31st March, 1925.

I have, &c.,

F. J. BROOKER, Secretary.

The Hon. J. G. Coates, Chairman, Stores Control Board.

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## R E P O R T .

*Purchases.*—During the year ended the 31st March, 1925, the total expenditure on stores amounted to the sum of £4,416,833 1s. 11d. With the exception of a few instances in which the requirements were too urgent to allow of the usual procedure being followed, tenders or quotations were invited for the whole of the stores required. For the Requisitioning Department, 10,854 requisitions were dealt with and 488 contracts were arranged for daily supplies, mostly perishable foodstuffs, &c. These figures do not include the requisitions and contracts dealt with by the three purchasing Departments (Railways, Public Works, and Post and Telegraph) on account of their own Departments. General contracts covering the requirements of all Departments were arranged on favourable terms for the supply of cement, typewriters, motor-spirit, motor lubricating-oils, motor-tires, kerosene, "Ford" spare parts, and "Overland" spare parts.

*Central Bureaux.*—Central bureaux for the display of quotation schedules have been established at Auckland, Christchurch, and Dunedin. The schedules have proved a convenience to merchants and other suppliers. At the same time they have reduced the number of office inquiries and thus lessened the demands made on the Purchasing Officers' time.

*Inspection of Stores in the United Kingdom.*—The procedure followed relative to the inspection of stores and materials in the United Kingdom has been reviewed. On the retirement of Sir Duncan Elliott, who was for many years Inspecting Engineer to the New Zealand Government, temporary arrangements were made for inspection pending a full examination of the terms and conditions of the agreement. A committee consisting of the Chief Engineers of the Public Works, Railways, and Post and Telegraph Departments was appointed for the purpose. After the position had been fully investigated, Mr. R. J. Harvey was appointed. The scale of fees agreed upon and the terms and conditions of the appointment will result in a considerable saving to the Dominion.

*Preference to Local and British Industries.*—One of the first matters considered by the Board after its constitution was that of preference to local and British manufacturers when competing with foreign manufacturers. With the approval of Cabinet it was decided to grant local manufacturers preference over all competitors, and British manufacturers preference over foreign manufacturers. The degree of preference granted is substantial in each instance, being based generally on the Customs tariff.

Each case, however, is considered on its merits, and if the approved percentage of preference is deemed inadequate Cabinet is recommended to increase the percentage. There is no doubt that this policy has greatly benefited both the local and the British producer; indeed, except for certain special classes of stores which are not obtainable within the Empire, the amount expended abroad is negligible. The policy has not, however, been pursued without difficulties arising, some of which have caused serious concern to the Board. The privilege extended to Dominion and British manufacturers necessarily implies that there shall be unrestricted competition among the preferred tenderers. Any action taken by preferred manufacturers or other suppliers prior to the closing dates for tenders with the object of fixing prices is an obvious breach of the implied condition.

It has come to the knowledge of the Board that attempts have been made to establish trade combinations for the purpose of controlling prices. Such attempts, if successful, would necessitate action to protect the interests of the public. The Board trusts that the preferred manufacturers will themselves use every effort to discountenance a system which, if established, would render difficult the maintenance of a policy the Government desires to continue.

*Marine Insurance.*—The necessary legislation has been passed and arrangements completed for the Government to carry its own marine insurance risks. The system will come into operation as from the 1st July, 1925. Owing to the fact that considerable stores have hitherto been purchased on c.i.f. terms, it is difficult to form an estimate of the average annual saving that will result. It is safe to say, however, that it will exceed £4,000, and in all probability £5,000.

*Standardization.*—A special committee consisting of three trained Stores officers, representing respectively the Railway, Public Works, and Post and Telegraph Departments, has been appointed to deal with the standardization of all descriptions of stores required by Government Departments. The committee commenced its sittings in February last, and has already submitted reports covering a number of articles commonly used by all Departments. The work requires the examination of a great amount of data, and it will be some time before the Board can finally deal with the many matters requiring consideration. It may be said, however, that the information already obtained points to the advisability of the Board drawing up its own specifications for all classes of stores, and taking the precautions necessary to ensure that all contractors and other suppliers comply strictly with such specifications.

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