

1945
NEW ZEALAND

WAR ASSETS REALIZATION BOARD

(REPORT OF) FOR PERIOD ENDED 31st MAY, 1945

Presented to both Houses of the General Assembly by Command of His Excellency.

War Assets Realization Board, Wellington, 3rd July, 1945.

The Hon. the MINISTER OF FINANCE.

SIR,—

I have the honour to submit the following report for the period ended 31st May, 1945.

POWERS AND FUNCTIONS OF THE BOARD, COMPOSITION, POLICY, AND ORGANIZATION

1. *Powers and Functions of Board.*—The War Assets Realization Board was set up by the direction of the War and domestic Cabinets, dated 18th May, 1944, to undertake the orderly disposal of all buildings, materials, equipment, and stores, whether situated in the Dominion or elsewhere, which are declared by the Services and Government Departments to be surplus to their requirements.

2. *Composition of Board.*—The Board consists of the following:—

(a) The Hon. Minister of Finance (Chairman).

(b) Officers for the time being holding the following appointments:—

The Secretary to the Treasury.

The Quartermaster-General.

The Air Member for Supply.

The Commissioner of Works.

The Commissioner of Supply.

The Chairman of the Stores Control Board Advisory Committee.

The Under-Secretary, Public Works Department.

(c) An executive member.

(d) Such other members as the Minister of Finance may desire to appoint.

The additional members appointed to the Board as per (d) above are Messrs. D. A. Ewen ; E. P. Meachen, M.P. ; F. P. Walsh ; J. G. Young (Deputy Chairman).

Brigadier H. E. Avery was appointed General Manager (Executive member), and took up full-time duties with the Board as from 1st October, 1944.

The first meeting of the Board was held on 7th June, 1944, since which date meetings have been held at regular intervals, a total of twenty-four meetings for the period covered by this report.

3. *General Policy.*—The general policy of the Board has been laid down as follows:—

(i) To realize all assets to best advantage and by whatever methods the Board may determine from time to time as being in the best interests of the Dominion :

(ii) To transfer by sale or otherwise all surplus stores under its control, in the first instance to meet the requirements of Government Departments and the domestic requirements of New Zealand generally :

(iii) To make all surplus stores not required by the Government available for sale in lots of such size as to permit small business firms as well as large ones to participate in their purchase :

(iv) To investigate overseas markets with a view to sale of all stores which cannot be sold in the Dominion :

(v) To avoid the dumping on the market of surplus stores at bargain prices simply to get rid of them, without regard to the effect on normal trade, and also to avoid the other extreme of freezing or destruction of large stocks :

(vi) Subject to the provisions of clause (v), to dispose of the maximum quantity of stores, particularly of those items which are in short production, at the earliest possible date :

(vii) To determine selling prices of all assets under control of the Board, and to ensure that no special concessions in prices be made except by direction of the Government.

4. *Regulations.* The Board's regulations have been prepared and are now with the Crown Law Office for revision prior to being gazetted.

5. *Organization.* The head office of the Board is located at Wellington, and branch offices at Auckland and Christchurch, each in charge of a District Executive Officer. The activities of the Board are divided into three main sections—Buildings, &c., Motor-vehicles, General Stores, the latter being further divided into a number of subsections each dealing with a particular group of commodities.

6. *Advisory Committees.* Several Advisory Committees have been set up by the Board, the functions of such Committees being to report to the Board on all matters referred to them for investigation and to make recommendations to the Board in regard to the disposal of any stores coming within their scope. Advisory Committees are empowered, subject to the approval of the Board, to co-opt the services of representatives of trade organizations, business houses, and other bodies as may be deemed expedient.

The Advisory Committees which have been set up are (a) Buildings, (b) Motor-vehicles, (c) General Stores, (d) Mechanical Plant, (e) Radio Equipment and Materials, (f) Metals, and (g) District Committees at Auckland, Wellington, and Christchurch, each consisting of representatives of Treasury, Public Works, Army, and Air Departments.

ACCOMMODATION AND STAFF

7. *Office Accommodation.* With the expansion of the Board's activities, the present accommodation provided in the Defence Services Building is quite inadequate and some further provision must be made in the very near future. The office accommodation at Auckland and Christchurch is satisfactory.

8. *Storage Accommodation.*—It is not the policy of the Board to build up a large stores organization, the holding Departments being required to hold their own surpluses. However, certain storage space is required at various points to take charge of a variety of stores ex dismantled camps and other installations. As far as possible, Public Works Department stores are used for this purpose, but that is not possible at Auckland, Wellington, Christchurch, and Blenheim. At the last three places the Board is in possession of satisfactory storage for immediate needs, but provision of a suitable store at Auckland is an urgent necessity. As no vacant storage is available, arrangements have been made to use suitable buildings from dismantled camps and re-erect them on a vacant site.

9. *Staff.*—The work of the Board has been seriously hampered for want of suitable staff. The Board had to start from "scratch," and although we were fortunate in securing several senior officers from other Government Departments for executive positions, much difficulty has been encountered in securing staff with the requisite experience. It is essential that the Board's staff should include a certain number of highly trained men with a sound knowledge and wide experience in the handling of the many and varied commodities.

GENERAL

10. *Custody of Surplus Stores.*—Except for the purpose of housing materials from dismantled camps and buildings, &c., it is not the intention of the Board to set up a separate stores organization. As a general rule, and except by special arrangements, Government Departments will continue to hold, safeguard, and account for all stores which they declare to the Board as being surplus to requirements. They will receive disposal instructions from the Board, and will then effect delivery to the purchasers, receive the proceeds of sales, and account for them in accordance with a special Treasury instruction governing the matter.

11. (a) *Lend-lease Stores.*—The disposal of all surplus stores of lend-lease origin held by Government Departments is being carried out only after consultation and by agreement with the New Zealand representative of the United States Foreign Economic Administration.

(b) *United States Joint Purchasing Board.*—All stores, of whatever origin, which becomes surplus to the requirements of the United States Forces in New Zealand are declared to the Board through the United States Joint Purchasing Board, and then become available for disposal along with surpluses from New Zealand Government Departments.

12. *"Controlled" Stores: Delegation of Authority.*—The Board has delegated to the Service Departments authority to negotiate with the Admiralty, War Office, Air Ministry, Eastern Group Supply Council, and other Governments in respect to "controlled stores"—i.e., equipment, &c., peculiar to the Armed Services. In this connection a most satisfactory arrangement has been made with the War Office as to the basis on which charges are to be made against the United Kingdom Government for equipment supplied from New Zealand surplus holdings.

13. *Ministry of Supply: Disposal Functions.*—Stores held and being procured by the Ministry of Supply from time to time are not necessarily "surplus stores," but with certain exceptions are committed to or required to meet regular trade demands. It has therefore been agreed that the Ministry of Supply will continue to dispose of such stores, but if and when it should cease to function as the procurement agency for any particular commodity the responsibility for disposal of surplus holdings of such commodity will then pass to the Board.

14. *M.T. Parts and Tires.* Prior to the setting-up of the Board, arrangements had been concluded between the Ministry of Supply and Army Department whereby the disposal of surplus M.T. parts and tires was undertaken by the Commissioner of Supply. Responsibility for the disposal of such stores has not yet been transferred to the Board, but this will be done at an early date.

15. *Services' Vegetable Production Projects.*—Authority has been delegated to the Department of Agriculture to dispose of farm implements and equipment (other than motor vehicles and tractors and allied equipment) which are surplus on the closing-down of various S.V.P. projects. The results have been entirely satisfactory.

16. *Telecommunication Equipment*.—The disposal of surplus telecommunication assets, other than radio equipment not associated with the Post and Telegraph Department's telecommunication system, has been delegated to the Post and Telegraph Department in accordance with a detailed procedure approved by the Board.

17. *UNRRA*.—Negotiations have been entered into with UNRRA in respect to large quantities of uniform, clothing generally, and boots. Sales to UNRRA from 1st April up to 31st May amounted to approximately £124,500, and further negotiations are in hand.

18. *Netherlands East Indies*. The Netherlands East Indies Government is interested in the purchase of a wide range of surplus stores and has already placed orders for substantial quantities of clothing, &c., to the value of approximately £32,000. Negotiations are now proceeding in respect to clothing, boots, medical and dental stores, textiles, a variety of sundry stores, buildings, and building material.

19. *Ships*. Many vessels of various classes—launches, lighters, trawlers, and steamers—were acquired by the Government for the New Zealand Navy and the United States Forces, and are now gradually being declared surplus to requirements. The policy of the Board is to offer such vessels to their previous owners in the first instance, resales to be dependent on reasonable offers being made, failing which vessels are offered for sale by public tender.

20. *Proceeds of Realization*. As a general rule, and with certain exceptions only, the proceeds of sales are collected by the "holding" Departments and not by the Board.

With the exception of those assets which on acquisition were not a charge to War Expenses Account, the proceeds of all other realizations are paid to the credit of War Expenses Account (Disposal of Surplus Assets).

The total cash receipts to 31st March, 1945, as shown in War Expenses Account (Disposal of Surplus Assets) is £3,478,643. The analysis of this by commodity groups is as follows:—

	£
Aircraft and spares	98
Ammunition	59,468
Artillery and small-arms	2,826
Buildings	206,932
Building material	48,312
Camp and kitchen equipment	3,891
Chemicals and paints	2,377
Cordage, tents, and canvas	11,705
Drugs	9,523
Electrical and radio equipment	1,097
Foodstuffs	144,162
Furniture and office equipment	11,987
Machinery	12,048
Metals	11,339
M.T. vehicles and parts	2,862,621
Petroleum products	991
Plant, heating and lighting	2,397
Ships	15,893
Textiles, hessian, fabrics, and clothing	15,722
Tools, &c.	336
Miscellaneous	51,918
	<hr/>
	£3,478,643

The holding Departments concerned with sales as above are:—

	Department.	Amount. £
Agriculture	15,560
Air	74,390
Army	3,163,643
Housing Construction	2,725
Navy	17,732
National Service	42,348
Public Works	6,081
Railways	12,498
Other Departments	33,894
United States Joint Purchasing Board	109,772
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		£3,478,643

Outstanding debtors in respect to sales up to 31st March, 1945, chiefly other Government Departments, total £237,562.

21. *Salvage*.—There will be many items of stores, and in considerable quantities, for which in their existing form there is no market or, at the best, only a limited market. It is proposed to set up a Committee of specially qualified men to investigate and recommend to the Board as to the best means of disposal of such stores.

It must be recognized too, that there will be certain items which have no commercial value whatever and for which there is no demand. These may eventually have to be destroyed, but authority to do so will be given only after thorough investigation.

BUILDINGS SECTION

22. *General.*—The foundations for the operation of the Buildings Section were laid by the Buildings Utilization Board, which prior to its absorption by the War Assets Realization Board had disposed of a small number of buildings. On the inception of W.A.R.B. the former B.U.B. became an Advisory Committee to the War Assets Realization Board under the title of "Buildings Section Advisory Committee."

For some months after the setting-up of the War Assets Realization Board its activities were in the main confined to the Buildings Section. During this initial period many difficulties were met, not the least being the limited staff and office accommodation available and the scarcity of men with the requisite experience from whom to recruit the much needed additional assistance. On the one hand, the Services were rapidly passing over complete camps for disposal, while, on the other, requests for information and applications to purchase were received in embarrassingly large numbers from all over the Dominion.

Of necessity, the small nucleus of staff had to divide its attention between detailed work arising from the commencement of operations and the formidable task of organizing and systematizing, without precedent, such a huge and important undertaking. One of the most serious bottle-necks experienced at this time was caused by the very necessary and sound practice of requiring a pre-sale valuation of every asset. Until recently only two full-time valuing officers were employed, although the part-time assistance of several officers was made available by the Public Works Department. That disposals to the value of £425,398 up to 31st March, 1945, should have been effected without serious complaint from any quarter amply demonstrates the manner in which these difficulties have been overcome.

23. *Huts.*—The huts which have been passed to the Board are mainly of three standard types—namely, high-sided 10 by 8, high-sided 20 by 8, and low-sided 15 by 8. Most of the two high-sided types have been sold to, or reserved for, Government Departments. The Public Works and Lands and Survey Departments have acquired a large number; however, the greatest single demand came from the Housing Construction Department for providing farm accommodation for additional workers, this being one of the measures adopted by the Government in its endeavours to increase primary production. The low-sided 15 by 8 huts have been made available to the general public, and large numbers have been sold for use as tool-sheds, wood and coal storage, &c. For a time local authorities became somewhat perturbed concerning the uses to which these huts might be put and some misunderstanding arose. To clarify the position the Board's officers met in conference with representatives of both the Municipal Association and the Counties Association. The Boards' policy of warning all prospective purchasers of their obligation to apply for local-body permits prior to re-erection was explained, and it soon became evident that the local authorities did not desire to apply any complete prohibition upon the re-erection of huts, but were prepared to consider on its merits each application for a permit. The most serious objection was the use of low-sided huts as sleeping accommodation in urban areas.

24. *Buildings.*—In disposing of buildings every endeavour has been made to give priority to the requirements of Government Departments, the Armed Services being given a preference over Civil Departments. Buildings declared as surplus by one Service have in many instances been transferred to other Services for use in building up existing establishments, thereby obviating expenditure on new buildings. The Public Works Department has taken over a large number of buildings to be used either as workers' accommodation or for reconstruction as class-rooms, assembly halls, &c., on behalf of the Education Department. The majority of the recreation halls ex-surplus American camps have been taken over by the Education Department for re-erection as school assembly halls; one such hall, together with a number of other buildings, was transferred and re-erected at the Polish Refugee Camp in Pahiatua. The Housing Construction Department has, in addition to utilization of huts for additional farm workers' accommodation, taken over a number of Air Force hostels and also the Castor Bay Battery Camp for conversion into State housing units. The Lands and Survey Department has acquired a number of hutments and other buildings for temporary and permanent use on farms for rehabilitated ex-servicemen. The Land and Income Tax Department, in the execution of its decentralization policy, has purchased several of the higher-standard buildings for re-erection as office accommodation.

25. *Salvaged Equipment, Fittings, and Materials.*—Government Departments, in the exercise of their right of priority, have purchased considerable quantities of equipment, fittings, &c., and substantial sales have also been made to the general public. Prices have been based on valuations agreed upon by two independent Government valuers, generally one being an officer of the Board and the other a District Storekeeper of the Public Works Department.

In July, 1944, the building industry in the Wellington district was in a critical state on account of the acute shortage of timber. At the request of the Commissioner of Works and the Director of Housing Construction, the Board made a substantial contribution to the relief of the situation by demolishing tent decks and buildings at several surplus American camps and supplied to that industry for housing construction approximately 2,000,000 super. feet of timber. Although, owing to the high costs of demolition, this method of realization was found to be uneconomical, it is considered that this action was justified in that it served to avert a hold-up in the operations of the building industry.

26. *Wool Storage.*—The Board has co-operated to the maximum in making surplus buildings available to meet the urgent and unprecedented demand for wool storage throughout the country. In the Auckland area fifty concrete magazines at Motutapu Island and ten kitchen blocks at Cambria Park are actually in use for wool storage, and other buildings, including dormitories at Waikaraka Park, have been reserved for future requirements. In the Wellington area the R.N.Z.A.F. station

buildings at Rongotai have been set aside for this purpose. In the South Island seven buildings at the Omaka R.N.Z.A.F. station, two at the Seddon Linen-flax Factory, and hangars and buildings at Ashburton Aerodrome are already in use, and a number of buildings at the Westerfield and Delta Camps are reserved for similar use.

27. *Transit Housing, &c.*—Camps at Western Springs, Auckland, and Snake Gully, Hamilton, have been disposed of to the respective local authorities for conversion to temporary accommodation to meet the more urgent cases among the applicants for State houses. In Wellington the United States Naval Barracks at Oriental Bay have been made available to the City Council for conversion to a hostel, to be administered by the Y.M.C.A., for the provision of boarding accommodation for Government cadets and other youths.

28. *Salvage of Equipment and Fittings.*—As most of the buildings are sold without equipment, plumbing fittings, &c., it is necessary for the Board to arrange for the dismantling and storage of these items.

In August, 1944, the Commissioner of Works arranged with Army for three Salvage Troop Companies to be formed. These companies are used part time by Army for general maintenance purposes and part time by the Board for salvage work.

29. *Guarding of Camps and other Establishments.*—By arrangement with the vacating Services, the responsibility for guarding camps, &c., during the Board's disposal operations rests with those Services. Guarding is performed by wardens in residence or by travelling patrols, according to circumstances. In spite of these arrangements, a certain amount of loss has been occasioned by vandalism and theft. It is appreciated that the cost of guarding is considerable, and in some cases rentals are still being paid. Every effort is being made to clear up all camps as quickly as possible and thereby save the cost of guarding and rentals and enable claims for compensation to be finalized.

30. *Public Reserves.*—Some public reserves are still in occupation for military purposes, particularly in and around Auckland City. As soon as any of these reserves are vacated by the Services the Board will make every effort to clear and restore them.

31. *Disposals in lieu of Compensation.*—In many cases where the Crown is liable to restore sites to their original state, the Board co-operates with the Services, which are responsible for settling such claims, by making buildings available to the Services at valuation for transfer to owners in whole or part settlement of the costs of restoration. Such a settlement is of advantage both to the Crown and to the property-owner.

32. *Bulk Stores.*—To cope with the storage, classification, recording, and disposal of equipment, fittings, and materials salvaged from camps, bulk stores have been established at Gracefield in Wellington, at Blenheim Road in Christchurch, at Omaka in Blenheim, and a store is at present being constructed from salvaged materials at Glen Innes in Auckland. The construction of the store at Glen Innes was dictated firstly by the urgent necessity of a depot for salvaged items, and secondly by the unavailing efforts to acquire existing storage space.

33. *Scope of Buildings Section Operations.*—In addition to camps and buildings which are declared surplus by the three Armed Services, buildings and the salvaged items therefrom which become surplus to Civil Departments, irrespective of whether they were originally a charge on the War Expenses Account, are passed to the Board for disposal. Some of the establishments which have been declared by Civil Departments are as follows:—

- Linen-flax factories.
- Buildings from Services' vegetable projects.
- Emergency hospitals.
- Otago Iron-rolling Mills (duplication plant).

In addition, by arrangement with Treasury, the Mangaiti Flax-mill, which is nominally the property of New Zealand Woolpacks and Textiles, Ltd., has been passed to the Board for realization. The disposal of hospitals and camps in Fiji, New Caledonia, and other parts of the Pacific is the responsibility of the Board.

34. *Hospitals in New Zealand.*—Negotiations have been concluded with the Auckland Hospital Board in regard to the lease of No. 39 General Hospital at Auckland, which was vacated by the United States Forces in January, 1945. The hospital has been leased to the Hospital Board up to 31st December, 1950, on satisfactory terms.

The sale of a three-hundred-bed hospital at Middlemore to the Auckland Hospital Board is now being negotiated. It is expected that a sale will be completed at an early date.

35. *Camps and Buildings in Fiji.*—Satisfactory arrangements have been concluded with the United States authorities in respect to charges for the use by United States Forces of New Zealand camps and buildings at Fiji.

Arrangements are in hand for the disposal of a hospital at Sambeto and a camp at Namaka in which the Government of Fiji is not interested, and negotiations have been satisfactorily concluded with the Fiji Government for the sale to them of all other New Zealand Army camps and buildings in Fiji.

36. *Camps and Buildings in New Caledonia.*—When the 3rd New Zealand Division was withdrawn from the Pacific, all New Zealand camps and buildings with the exception of No. 4 General Hospital at Dumbéa and the Convalescent Hospital at Kalavere were transferred to the United States Forces under a satisfactory arrangement.

The No. 4 General Hospital, six hundred beds, was under offer to the Netherlands East Indies Government, but has now been taken over by the Admiralty at a price yet to be fixed.

As there were no prospects of disposal locally of the Kalavere Convalescent Hospital, the offer of the United States Forces to dismantle and ship to New Zealand was accepted. The materials are now in store in New Zealand, and have been sold to the Netherlands East Indies Government on satisfactory terms.

Arrangements are now well in hand for the transfer to New Zealand of buildings surplus to the United States Forces for use for wool storage and other purposes, and negotiations have been entered into with representatives of the Admiralty for the sale to them of huts and buildings for use of the British Pacific Fleet.

37. *Pricing Committee.*—Transfers to Government Departments as a general rule are effected at the Board's valuations. The Board has set up a Pricing Committee to adjudicate in the event of the Board's valuations being challenged. The personnel of this Committee comprises four members of the Board.

38. *Methods of Disposal.*—From experience to date the following conclusions have been drawn :—

- (a) That the net proceeds from the demolition of buildings and the sale of the salvaged timber and other materials do not justify this course being followed except as a last resort or to meet a national emergency :
- (b) That in the case of the majority of Phase 1 buildings, sale by tender does not produce results as favourable as sales arising from competitive offers based on upset prices quoted by the Board :
- (c) That in certain favourable circumstances, sale of small groups of buildings by auction results in a very favourable realization :
- (d) That sales of portable huts and standard lines of materials and fittings for which there is a steady demand can successfully be achieved by individual sales at fixed prices based on fair and reasonable valuations :
- (e) That unusual items of equipment for which there is a limited demand can be sold to best advantage by negotiation based on the Board's valuations :
- (f) That items damaged or of low or doubtful value, generally speaking, are best disposed of by auction :
- (g) Many items are obviously useless or their disposal value is less than the cost of salvage, and to avoid wasteful expense in handling and storage charges it has been found necessary to set up Boards of Survey to inspect and recommend writing-off in such cases.

39. *Disposal of Buildings : General.*—The schedule as set out below shows the position as at the 31st March in respect to (a) buildings declared surplus, (b) buildings sold, (c) buildings still to be disposed of :—

Surplus ex	Huts.			Other Buildings.		
	Total (a).	Sold (b).	Balance (c).	Total (a).	Sold (b).	Balance (c).
Army	9,200	4,788	4,412	2,584	1,441	1,143
Air	975	652	323	485	245	240
Navy	180	99	81	84	52	32
United States Forces	5,105	1,438	3,667	3,592	1,503	2,089
Other Departments	65	24	41	130	15	115
Total	15,525	7,001	8,524*	6,875	3,256	3,619

* 1,344 huts are " frozen " for use of other Government Departments.

The proceeds from sales as set out above were as follows :—

Surplus ex				Sales to Government Departments.	Other Sales.	Total Sales.
				£	£	£
Army .. .. .	..	..	..	122,819	73,509	196,328
Air .. .. .	..	..	..	53,515	27,406	80,921
Navy .. .. .	..	..	..	1,775	5,393	7,168
United States Forces .. .. .	..	..	..	53,078	75,481	128,559
Other Departments .. .. .	..	..	..	4,932	7,470	12,402
Total .. .. .	..	..	..	236,119	189,259	425,378*

* Buildings, £335,323 ; materials, £90,055.

The disposals as referred to above were spread as follows :—

						£
(a) Auckland District .. .. .	..	..	..	..	..	163,348
(b) Wellington District .. .. .	..	..	..	..	..	207,330
(c) Nelson and Marlborough District .. .. .	..	..	..	..	..	12,888
(d) South Island, less (c) .. .. .	..	..	..	..	..	41,812
						<u>£425,378</u>

(NOTE.—Total sales of £425,378 includes outstanding debtors as at 31st March, 1945, of £170,134.

MOTOR-VEHICLES SECTION

40. *General*.—The responsibility for the disposal of motor-vehicles was not taken over by the Board until 1st December, 1944, up to which date the work was carried out by the Motor-vehicles Section operating under jurisdiction of the Commissioner of Supply. There has been no necessity to alter the general policy then operating, except in one or two minor details. The work of disposal has been supervised by a Motor-vehicles Advisory Committee, which was set up by the Board for that purpose.

41. *Disposal Procedure*.—All trucks, cars, and motor-cycles which become surplus to the requirements of the three Services are declared by Army Department to the Board. They are then placed in vehicle-holding parks, where they are inspected and valued by a Board of Valuers appointed by the Board. All valuations are made on the basis of a formula approved by the Board. The requirements of Government Departments are first selected by the Government Inspector of Motor-vehicles and set aside for that purpose. From this stage the procedure is as follows :—

(a) *Trucks*.—Sale lists giving descriptions and valuations are circulated to accredited motor dealers. Sale days are arranged and details advertised in the press, the vehicle parks being opened for inspection of vehicles on the two days preceding sale. Trucks are allocated by the Transport Licensing Authority, who receives applications up to noon on the day immediately preceding the sale. The Transport Licensing Authority determines the order of priority on the basis of essentiality, and, all things being equal, preference is given to returned ex-servicemen :

(b) *Cars* have not been made available for sale to the public. After the requirements of Government Departments have been satisfied, cars are allocated to returned ex-servicemen on the recommendation of the Rehabilitation Department :

(c) *Motor-cycles* were allocated to motor-cycle dealers in lots of four machines, including two "good," one "fair," and one "poor." Returned ex-servicemen had the right of purchasing direct from the Board on the recommendation of the Rehabilitation Department. All motor-cycles still on hand—approximately two hundred—have been reserved to meet further applications from returned ex-servicemen.

42. *Discounts to Returned Ex-servicemen*.—The Government approved of returned servicemen from the present war being given priority in respect to the purchase of motor-vehicles direct from the disposal authority at a discount of 15 per cent. off approved valuations. At the outset the term "returned servicemen" was defined as meaning returned servicemen with overseas service. Amendments have been made from time to time, and the term "returned servicemen" now embraces in special cases home-service men and merchant seamen.

43. *Commissions to Dealers*.—All sales to the public of trucks and motor-cycles are made through accredited motor dealers and motor-cycle dealers respectively. The prices to the public are the prices as fixed by the Board, the dealers receiving commission on such prices at agreed rates.

44. *Wrecked Motor-vehicles*.—Included in the vehicles declared surplus from time to time there have been a number of damaged and unserviceable vehicles the reconditioning of which for sale as mobile units would not be economical. The Board therefore decided to sell such vehicles as "wrecks" by public tender. The sale of "wrecks" up to date has been entirely satisfactory.

45. *Disposals : General*.—Sales made by the Board since it took over from the Commissioner of Supply—i.e., for the period 1st December, 1944, to 31st May, 1945—are as follows :—

Trucks	..	..	..	..	..	..	..	1,052
Cars	..	..	..	..	..	..	..	98
Wrecks	..	..	..	..	..	..	..	35
								1,185
Motor-cycles	..	..	..	..	..	..	..	2,048
								3,233

The total revenue derived from such sales is £692,703.

The total sales since disposals commenced—May, 1943—right up to 31st May, 1945, are as follows :—

Trucks	..	..	..	..	..	..	..	9,665
Cars	..	..	..	..	..	..	..	1,069
Wrecks	..	..	..	..	..	..	..	48
								10,782
Motor-cycles	..	..	..	..	..	..	..	2,151
								12,933

and the total revenue from such sales is £3,461,949, as follows :—

							£
Government Departments	..	..	..	..	..	..	391,771
Returned ex-servicemen	..	..	..	..	..	..	338,056
Public	..	..	..	..	..	..	2,732,122
							£3,461,949

Schedules giving further details of disposals are set out below.

Apart from a number of War Department types of M.T. vehicles which may become surplus to Army requirements in the future, there are approximately only seven hundred commercial-type trucks of all classes still remaining for disposal.

Cars available for disposal at present number approximately eighty. These are insufficient to meet the requirements of Government Departments and applications from returned ex-servicemen. There is no prospect of any further substantial releases of cars from the Service Department for some time.

Sales of motor-cycles, except to returned ex-servicemen, were not commenced until late in January, 1945, since which date all surpluses have been disposed of with the exception of approximately two hundred which are held against anticipated applications from returned ex-servicemen.

MOTOR-VEHICLES AND MOTOR-CYCLES DISPOSED OF

—	Trucks.	Cars.	Wrecks.	Motor-cycles.	Total
<i>(a) By Periods</i>					
Disposed of up to 31st March, 1944..	4,652	131	1	3	4,787
Disposed of from 31st March, 1944, to 30th November, 1944	3,961	840	12	100	4,913
Total disposed of prior to operations passing to Board	8,613	971	13	103	9,700
Disposed of from 1st December, 1944, to 31st May, 1945	1,052	98	35	2,048	3,233
Total disposed of to 31st May, 1945	9,665	1,069	48	2,151	12,933
<i>(b) By Sources</i>					
To Government Departments ..	1,188	321	..	8	1,517
To returned ex-servicemen ..	729	725	1	611	2,066
To the public	7,748	23*	47	1,532	9,350
Total	9,665	1,069	48	2,151	12,933
<i>(c) Proceeds of Sales</i>					
	£	£	£	£	£
Government Departments (a) ..	293,098	37,355	..	278	330,731
Returned ex-servicemen	217,500	94,453	12	26,091	338,056
Public	2,664,004	3,678	4,023	60,417	2,732,122
Total	3,174,602	135,486	4,035	86,786	3,400,909
(a) Add for vehicles to Government Departments not yet costed, approximately	53,760	7,280	..	..	61,040
Total	3,228,362	142,766	4,035	86,786	3,461,949

* Local and patriotic bodies, &c.

GENERAL STORES SECTION

46. *General.*—The General Stores Section is designed to take charge of all disposals other than buildings and building materials ex camps, and therefore embraces a very wide range and variety of stores. It is assisted in its work by a General Advisory Committee and a number of other Advisory Committees, each dealing with specified groups of commodities.

For reasons stated elsewhere in this report, the General Stores Section did not commence operations until late in January, 1945, up to which date the work was carried out by the Stores Control Board. Since then the chief activity of the Section has been in connection with the collection of the requisite information from all Government Departments in respect to surplus holdings, and the proper recording of all such information with a view to future transactions.

47. *Declarations of Surpluses.*—The information required by the Board is considerably more than a plain statement of surpluses. Information is required as to the “holdings” of Departments and their requirements against such holdings so that an intelligent screening of applications for import licenses may be carried out to ensure that surplus holdings with Government Departments are used, where possible, in part satisfaction, at least, of such applications.

The information supplied must also distinguish between stores procured under lend-lease and those procured from other sources, and must also differentiate as between “new” and “used” stores.

In the case of the smaller Departments, the preparation of these returns presents no real difficulty and they were instructed to render one consolidated return. In the case of the large Departments, however, particularly the three Service Departments, the preparation of the returns involves a considerable volume of work. In such cases the returns have been called for by specified commodity groups in order to spread the work and to obtain the earliest information in regard to those commodities for which there is an urgent local demand. The rendering of returns by Government Departments has been satisfactory.

48. *Accounting for Stores.*—As pointed out elsewhere in this report, the Board does not propose to set up any stores organization in connection with the work of this Section. Government Departments must continue to hold, safeguard, and account for all stores which they declare to the Board

as being surplus to their requirements, and on instructions from the Board they will effect delivery to the purchasers, receive the proceeds of sales, and account for them in accordance with instructions which have been issued. Under certain circumstances, however, it may be necessary for the Board to arrange for purchasers to make payment direct to the Board and not to the Departments who actually supply the stores.

49. *Disposals*.—In effecting disposals the following order of priority is being carried out:—

- (a) Requirements of Government Departments:
- (b) Requirements of essential industries, &c.:
- (c) Eastern Group Supply Council, UNRRA, Netherlands East Indies Government, British Pacific Fleet, and similar organizations:
- (d) Allocations against import licenses:
- (e) Sales by tender, offer, and auctions.

Except in the case of a certain number of special items, neither the Board nor Government Departments are in a position to make retail sales of common user items direct to the public. In the meantime, until the position is clarified and an orderly method of disposal of such items is defined, the Board is endeavouring to meet the urgent demands of returned ex-servicemen for tools of trade, &c., and of Hospital Boards, Education Boards, and welfare organizations for other essential requirements.

The revenue from the sale of general stores up to 31st March, 1945, was £282,591.

50. *Mechanical Plant*.—A Mechanical Plant Advisory Committee has been set up to advise the Board *re* the disposal of tractors and allied equipment, construction plant generally, and major items of machinery. This Committee is also an advisory body to the Comptroller of Customs, through the Ministry of Supply, on matters pertaining to the importation of construction plant, allied equipment, and spares coming within its scope, and by arrangement with the Industries Committee and the Comptroller of Customs all applications for import licenses for construction plant, &c., are examined by the Committee.

Except in the case of Government Departments, sales are negotiated through normal trade channels, by using the accredited agents, at resale prices fixed by the Board, with a fixed rate of discount to the agent.

All applications for the purchase of plant and equipment are dealt with by the Committee and allocations made on the basis of essentiality of use.

51. *Radio Equipment and Materials*.—A Radio Equipment and Materials Advisory Committee has been set up to advise the Board *re* the disposal of all radio equipment and material. This Committee is also an advisory body to the Comptroller of Customs, through the Ministry of Supply, on matters pertaining to the importation of radio equipment and materials coming within its scope, and by arrangement with the Industries Committee and the Comptroller of Customs all applications for import licenses for radio equipment and materials are examined by the Committee.

The Committee is at present engaged in the work of scheduling and classifying the stocks of radio component parts which have already been declared surplus by various holding Departments. The intention is that, except in the case of Government Departments, sales will be negotiated through normal trade channels—radio traders and manufacturers approved by the Board—at prices fixed by the Board on the basis of replacement costs of similar commodities.

CONCLUSION

52. The Board has been faced with many difficulties in setting up an organization to efficiently handle a task of considerable magnitude. It feels, however, that a good foundation has been laid and that the results to date have been quite satisfactory. To ensure, however, that the work will be carried on and expanded efficiently necessitates the early provision of further trained and experienced staff.

53. The Board wishes to express its thanks to all Government Departments for their co-operation, and particularly to the Public Works Department, which has played a large part in connection with the disposal of camps; to all those gentlemen who have given their time and services as members of the Board and the various Advisory Committees; and finally to the staff for their loyalty and efficient work.

H. E. AVERY, General Manager.

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