

A copy of the conditions of sale is attached hereto for your information.

A number of tenders were received. These are set out on the attached schedule.

I recommend that the tender of Messrs. Archibalds Ltd. of 24 Oxford Terrace, Christchurch, should be accepted for Lot 2 (Dodge) and Lot 3 (Jeeps) at £63,252 and that the tender of Gillies Ltd. Thames Street, Oamaru, be accepted for Lot 1 (G.M.C.) at £21,010.

I further recommend that all offers for Lot 4 be declined and that we revert to our previous method of sale at a flat rate per ton. We were previously receiving £15 per ton.

Attached hereto is a statement showing the approximate financial position in respect to this transaction if my recommendations are approved.

I would be pleased to have your early decision so that the whole matter may be submitted to the next meeting of the Board to be held on the 12th instant.

H. E. AVERY, Brigadier,
General Manager.

Approved—W. NASH. 13/3/46.

With the letter was enclosed a copy of the schedule of tenders above and the tenders plus the statement for the information of the Minister showing the estimated realization for the whole transaction, if the recommendations contained in his memorandum were approved as under:—

ESTIMATED REALIZATION
Tenders—First Series

Cost: \$50,000	£15,600
Proceeds of sale by tender—	
(a) £63,252	} £84,262
(b) £21,010	
Proceeds of previous sales to P.W.D.	£5,055
	£89,317
Due to Customs Dept., viz.: 4½ per cent. on £84,262	£35,109
	£54,208
Add anticipated realization on 35 wrecked cars	£2,220
Approximate net realization	<u>£56,428</u>

At the Board's meeting on the 12th March, 1946, Minute No. 1637 sets out a full list of tenders:—

The General Manager reported that he had made a recommendation to the Minister that the offer of Archibalds Ltd. should be accepted for Lots 2 and 3 at £63,252, and that the tender of Gillies Ltd. should be accepted for Lot 1 at £21,010, and that all offers for Lot 4 should be declined and that the Board reverts to its previous method of sale of the scrap at a flat rate of £15 a ton.

It was resolved that the Board endorse the recommendations of the General Manager.

The General Manager recommended that, in view of the substantial amount of the tenders, the Board should place the park and store No. 13 at the disposal of the successful tenderers free of charge. It was resolved accordingly.

The Minister's approval was received on the 13th March, 1946, and the successful tenderers advised by telegram on the 14th March and confirmed by letter on the 15th March.

The above is an inverted procedure and tends to subordinate the Board to the General Manager. One would take it that the businesslike procedure would be for the Board to fully consider the General Manager's recommendation and then for the Board to make its recommendation to the Minister.

Would not the Board's sense of responsibility be stultified if the Minister had already approved of the General Manager's recommendation before the Board dealt with it, and what would be the Board's reaction in such case?

It must also be pointed out that the General Manager's recommendation to the Minister was of a purely formal nature amounting to nothing more than a recommendation to accept the highest tender in each case. Nothing was said of the apparent great discrepancy between the two tenders and nothing to put the Minister on the alert in this regard. In the event the Board actually dealt with the matter before the Minister's approval was received.