

1946
NEW ZEALAND

WAR ASSETS REALIZATION BOARD

REPORT FOR YEAR ENDED 31ST MAY, 1946

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

Wellington, 10th July, 1946.

The Right Hon. the MINISTER OF FINANCE.

SIR,—

I have the honour to submit the following report for the year ended 31st May, 1946.

1. POWERS AND FUNCTIONS OF BOARD

The War Assets Realization Board was set up 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. ADVISORY COMMITTEES

Several Advisory Committees were 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. Since publication of the last report, additional Advisory Committees have been set up, the complete list now being as follows: (a) Buildings; (b) Motor-vehicles; (c) M.T. Parts and Accessories; (d) General Stores; (e) Mechanical Plant and Machinery; (f) Radio and Electrical Materials and Equipment; (g) Metals; (h) Aircraft and Aircraft Materials; (i) Chemicals.

3. STAFF

In my last report I made reference to the difficulty which had been experienced in obtaining staff with the requisite qualifications. The position has somewhat improved, but the Board still requires the services of experienced officers.

4. CUSTODY OF STORES

Except for the purpose of housing materials from dismantled camps and buildings, it was not originally the intention of the Board to set up a separate stores organization, all Government Departments being responsible for the holding, safeguarding, and accounting of the stores which they from time to time declare as surplus, but, consequent upon the purchase of the very large volume of stores from the United States Forces in New Zealand, it became necessary, and at short notice, to take over and staff a number of warehouses and stores at Auckland and Wellington.

5. UNITED STATES JOINT PURCHASING BOARD

Arrangements were made with the United States authorities whereby all stores which became surplus to the United States Joint Purchasing Board were to be disposed of through the War Assets Realization Board at a charge of 2 per cent. on proceeds. Disposals under this heading have been practically completed, the total realization being £230,862.

6. STORES EX UNITED KINGDOM GOVERNMENT

Arrangements have been completed whereby all United Kingdom surplus stores located in New Zealand will be disposed of through the Board at an administrative charge of 2 per cent. on proceeds. It is expected that disposals will commence at an early date.

7. M.T. PARTS AND TIRES

During the year the Board took over from the Ministry of Supply the responsibility for the disposal of M.T. parts and used tires. New tires remain with the Ministry of Supply.

8. SALES TO OVERSEAS ORGANIZATIONS

Negotiations with UNRRA, Netherlands East Indies, and other overseas organizations were continued throughout the year, the total sales to 31st March, 1946, being approximately as follows :—

						£
UNRRA	..	..	..	..	..	291,000
Netherlands East Indies	..	..	..	..	..	104,000
Others	..	..	..	..	..	25,000
						£420,000

9. SHIPS

The disposal of vessels has proceeded steadily. Up to 31st March, 1946, 97 vessels of various types have been disposed of, including the sale of several minesweepers to Australian interests, all through the agency of the Marine Department.

10. BUILDINGS : GENERAL

The operations of the Buildings Section over the last year have shown steady progress. There are fewer buildings available, but a steadily rising demand, more apparent in the North Island than in the South, has kept the staff fully engaged throughout the year.

The general policy of the Board to satisfy Government Departments, rehabilitated ex-servicemen, and various public organizations as a matter of priority before offering buildings to tender for public competition has done a great deal to have them applied in the right direction, with the greatest benefit to the community as a whole.

11. TRANSIT HOUSING

Substantial demands have been received from the many local bodies who are availing themselves of the Government's generous offer with regard to the provision of transit housing facilities. Every effort to meet requirements under this heading has been made, and many buildings, although attractive to individual buyers, have been incorporated in the local-body schemes.

12. STATE HOUSING

Buildings of attractive nature have been utilized by the Housing Construction Department, either for adaptation on their present sites or by removal to adjacent areas for re-erection as permanent units. Several blocks of buildings commenced during wartime for civilian purposes and diverted to military service have been reconverted to their original intended use. In particular, various blocks of flats such as at Hamilton, Waterloo, and Lower Hutt, and McLean Block, Wellington, can be mentioned. Although these conversions are at present going on, and in some cases have been completed, the final adjustment financially as between the two accounts—War Expenses and Housing Construction—has not been completed nor incorporated in the year's accounts. The transactions reach substantial figures and will be incorporated in the report for 1946-47.

13. BUILDINGS ERECTED ON BEHALF OF AMERICAN FORCES

The final adjustment of charges and allocation of credits to the Americans on account of their buildings have been the subject of conferences between officers of the Board, Ministry of Works, Treasury, and American representatives, and agreement has now been reached. The settlement recently signed in Washington by the Minister of Finance incorporates this mutual agreement. Several substantial buildings have already been sold. These include three large warehouses at Petone railway crossing, the dock-site warehouse in Auckland, and buildings, land, &c., at the former No. 6 Mobile Hospital at Avondale. In addition, realization of a number of former United States camps has been completed.

14. BUILDINGS EX THE PACIFIC

The buying commission which visited American bases in the Pacific towards the end of last year was successful in obtaining a large number of prefabricated steel buildings, used extensively by the Americans in the forward areas. These were of three types—Quonset, mobile hospital, and task Force. The buildings have now reached the Dominion, and the two latter types, under the direction of the Commissioner of Works, are being allocated to Government Departments for use as additional classrooms at schools, colleges, and Universities, and to the Public Works Department for office and store accommodation on numerous construction works. The Quonset huts were all taken over by the Public Works Department.

15. HUTS

The standard huts of three sizes, 10 by 8, 20 by 8, and 15 by 8, have met with ready disposal. Practically the whole of the surpluses of the first two groups have been transferred to Government Departments or made available to satisfy the transit schemes mentioned above. The 15 by 8 type, which was originally difficult to sell, is now being eagerly sought after and supplies in the main centres have been exhausted. Enterprising buyers are now going farther afield, a Wellington firm having recently completed negotiations for a block of over 200 of these from the R.N.Z.A.F. station at Delta, where the Board had expected some difficulty in disposal. The firm concerned is transferring these huts by scow to Wellington, and their distribution will help in a small way to alleviate the present timber shortage for the erection of small service outbuildings for metropolitan residences.

16. WOOL STORAGE

In my last report I mentioned that substantial floor space in the Board's buildings was occupied by wool held on behalf of the Marketing Department. This position has now eased in some areas and consequently some premises are being vacated of accumulated stocks as shipping becomes available.

17. ACCOMMODATION FOR DUTCH EVACUEES

Accommodation for Dutch evacuees from the Netherlands East Indies for recuperative treatment has been made available by the provision of No. 4 Hospital at Auckland and the W.A.A.C. camp at Miramar. It is anticipated that such camps will be vacated by the end of the year and made available for transit housing, &c.

18. MISCELLANEOUS FITTINGS

The materials salvaged from Service buildings still meet a ready sale, and a steady demand exists from Departments such as Public Works, Native, Forestry, Lands and Survey, and Housing. The value of material handled has justified the care exercised in recording and classifying in bulk stores, and, apart from sales to Government Departments, ready sales at valuation and by auction exist for these miscellaneous items.

19. METHOD OF DISPOSAL OF BUILDINGS

A further year's operations have convinced me that my comments and recommendations in last year's report were substantially correct, and I have nothing further to add in this connection.

20. DISPOSAL OF BUILDINGS: GENERAL

The schedule as set out below shows the position as at 31st March, 1946, in respect to (a) buildings declared surplus; (b) buildings sold; (c) buildings still to be disposed of:—

	Huts.	Other Buildings.	Total.
Total declared surplus to 31st March, 1946 ..	22,351	9,491	31,842
Sold—			
To 31st March, 1945.	7,001	3,256	10,257
Year ended 31st March, 1946	12,126	3,848	15,974
Total sales	19,127	7,104	26,231
On hand, 31st March, 1946	3,224	2,387	5,611

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

	To Government Departments.	Other Sales.	Total.
Sales—	£	£	£
To 31st March, 1945.	236,119	189,259	425,378
Year ended 31st March, 1946	334,108	1,173,815	1,507,923
Total sales	570,227	1,363,074	1,933,301*

* Buildings, £1,732,292; materials, £201,009.

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

	£
(a) Auckland District	1,074,916
(b) Wellington District	441,182
(c) Nelson and Marlborough District	76,712
(d) South Island, less (e)	156,549
(e) Fiji	183,942
	<u>£1,933,301</u>

21. MOTOR-VEHICLES : GENERAL

Sales of motor-vehicles have proceeded steadily during the year, all trucks sold being under allocation by the various Transport Licensing Authorities, returned ex-servicemen, on the recommendation of the Rehabilitation Department, receiving preference.

Having regard to the fact that 11,102 trucks have been sold since the inception of the scheme, there is a relatively small number of commercial-type vehicles now available for disposal. The majority of the vehicles available are special types, but it is not anticipated that any difficulty will be experienced in disposing of these, and consideration is now being given to the best means of placing them on the market.

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. Few cars are available at present, and the indications are that they will continue to be in short supply.

A large number of American vehicles which at VJ Day were in New Zealand awaiting reconditioning were purchased for approximately £15,500 and have since been sold by tender, the total realization being approximately £83,146.

22. MOTOR-VEHICLES : DISPOSALS

The following schedules give details of disposals from the inception of the scheme up to 31st May, 1946, but excluding American vehicles referred to in the immediately preceding paragraph:—

(a) Disposals by Classes

	Trucks.	Cars.	Wrecks.	Motor-cycles.	Total.
Sales—					
To 31st May, 1945	9,665	1,069	48	2,151	12,933
Year ended 31st May, 1946	1,578	255	1,469	155	3,452
Total sales	11,238	1,324	1,517	2,306	16,385

(b) Distribution of Sales

To Government Departments	2,296
To ex-servicemen	2,723
To public	11,366
	<u>16,385</u>

(c) Proceeds of Sales

	£
Sales—	
To 31st May, 1945	3,461,949
Year ended 31st May, 1946	727,357
Total sales	<u>£4,189,306</u>

23. PURCHASES OF UNITED STATES STORES

(a) General

Consequent upon the termination of hostilities in the Pacific area and the progressive withdrawal of United States Forces from New Zealand and the Pacific islands, the United States Government, through the Office of the Foreign Liquidation Commission, advised the New Zealand Government that much equipment and stores of value to New Zealand was available for purchase from surplus supplies of the United States Armed Forces. Much of the surplus available in the Pacific comprised heavy earth-moving equipment which it has been virtually impossible to obtain during the war and of which New Zealand lost a large part of its available supplies by war action. The Government accordingly entered into a contract with the United States Government to purchase stores and equipment which were in particularly short supply in this country and vital to our post-war economy. At the same time negotiations were undertaken for the purchase of all surplus United States property in New Zealand, and these negotiations were successfully concluded with advantage to both countries.

The purchase of equipment in the Pacific was made by departmental officers and the supplies selected were to meet Government requirements and urgent trade needs to the extent that suitable types of goods were available.

The Board has been charged with the responsibility of disposing of the surplus United States property purchased, and this work is now in hand. Practically all of the goods purchased in the Pacific have arrived in New Zealand, and as fast as possible these goods are being passed over to the Departments or into the hands of trade organizations.

The purchases include all types of earth-moving equipment, prefabricated steel buildings and hangers, carpenters' and engineers' hand-tools, spare parts for heavy equipment, small quantities of timber, miscellaneous vehicles including finger-lift trucks, tires, and miscellaneous supplies. The total cost to the Government of these supplies is in the vicinity of \$4,000,000.

The purchase will result in a financial gain to the Government, but its major advantage is undoubtedly the securing of much-needed supplies to supplement our war-reduced resources. Particularly is this the case with the heavy earth-moving equipment, the receipt of which will enable plans to go ahead on major construction and development works which are under way or contemplated for reconstruction and rehabilitation projects. The supplies of new equipment from overseas are not likely to be great for some time yet and the surplus United States plant purchased will go a long way to filling the gap.

(b) Foodstuffs

With the cessation of hostilities against Japan, all procurement of foodstuffs for the United States Forces in this area was discontinued, and it was found that the huge accumulations of food in the forward bases were sufficient for the immediate requirements of the Forces remaining in the area. As a consequence, the United States Joint Purchasing Board returned to the New Zealand Government for disposal the total stocks of foodstuffs held in store in New Zealand. The inventories of stores returned included heavy stocks of perishable goods such as carcass meats and edible offals, fats, dairy-produce, bacon and ham, and a wide range of dry stores.

The disposal of the perishable stores presented no problems, as they were diverted to the United Kingdom and were shipped as speedily as refrigerated shipping space could be obtained for them. The disposal of these items was arranged by the Export Division, Marketing Department.

The disposal of the dry stores was a very difficult matter, for the following reasons :

- (i) There were huge accumulations of items for which no local demand existed.
- (ii) There were huge accumulations of items for which a local demand existed but the disposal of which on the local market would have seriously dislocated current production of these goods.

The Food Controller undertook the responsibility of arranging for the disposal of all dry stores, as the agent of the Board, and through him an effort was made to interest overseas buyers in all the items which could not immediately be absorbed on the local market. Invitations for offers were circularized to all traders with overseas connections. Some useful responses had been received, and indications were that substantial sales would have been made to overseas interests when the Government decided to offer the unsold balance of goods as a gift to the British Ministry of Food. The gift was accepted, and shipment to destinations nominated by the British Ministry of Food is proceeding as ships are available.

All items which were in short supply on the New Zealand market were quickly taken up and disposals have been made to date to an approximate value of £150,000.

These local sales were made in all cases at prices approved by the Price Tribunal, through the agency of the New Zealand Wholesale Merchants' Federation, the New Zealand Tea Brokers' Association, Incorporated, and through individual traders who specialized in certain lines. These additional goods proved a most useful supplement to the stocks of processed goods available to local consumers.

24. PROCEEDS OF REALIZATION

The total cash receipts for the year ended 31st March, 1946, amounted to £11,269,753, as compared with sales to 31st March, 1945, £3,478,643; total realizations since the commencement of operations, £14,748,396.

The analysis by commodity groups is as follows :—

Commodity Groups.	To 31st March, 1945.	For Period 1st April, 1945, to 31st March, 1946.	Total to 31st March, 1946.
	£	£	£
Aircraft and spares	98	2,650	2,748
Ammunition	59,468	4,322,502	4,381,970
Artillery and small-arms	2,826	777,950	780,776
Buildings	296,932	1,304,759	1,511,691
Building-materials	48,312	275,820	324,132
Camp and kitchen equipment	3,891	63,202	67,093
Chemicals and paints	2,377	7,170	9,547
Cordage, tents, and canvas	11,705	32,354	44,059
Drugs	9,523	66,623	76,146
Electrical and radio equipment	1,097	242,931	244,028
Foodstuffs	144,162	148,482	292,644
Furniture and office equipment	11,987	132,880	144,867
Machinery	12,048	290,321	302,369
Metals	11,339	171,501	182,840
M.T. vehicles and parts	2,862,621	1,255,033	4,117,654
Petroleum products	991	9,920	10,911
Photo equipment; musical instruments	..	1,018	1,018
Plant, heating and lighting	2,397	42,900	45,297
Rent and hire charges	..	44,600	44,600
Ships	15,893	76,918	92,811
Tanks and other armoured vehicles	..	15,981	15,981
Textiles, hessian, fabrics, and clothing	15,722	1,851,716	1,867,438
Tools, &c.	336	32,124	32,460
Miscellaneous	54,918	100,398	155,316
Totals	3,478,643	11,269,753	14,748,396

The holding Departments concerned with sales as above are :—

	To 31st March, 1945.	For Period 1st April, 1945, to 31st March, 1946.	Total to 31st March, 1946.
	£	£	£
Agriculture	15,560	85,062	100,622
Air	75,068	681,036	756,104
Army	3,186,474	9,055,473	12,241,947
Education	3	1,515	1,518
Food Controller	..	178	178
Health	178	2,105	2,283
Housing	2,725	56,954	59,679
Lands and Survey	..	1	1
Marine	..	7	7
Mines	47	8,612	8,659
Munitions	14	33,894	33,908
Navy	18,087	53,075	71,162
National Service	42,348	48,163	90,511
Police	800	527	1,327
Public Works	6,081	6,115	12,196
Railways	12,498	5	12,503
Rehabilitation	659	628	1,287
Scientific and Industrial Research	135	40,541	40,676
Social Security	..	10	10
State Forest	1,492	1	1,493
Supply	219	74,955	75,174
Transport	209	6,008	6,217
United States Joint Purchasing Board	109,772	859,221	968,993
Sale of American stores purchased	..	198,273	198,273
Miscellaneous	6,274	57,394	63,668
Totals	3,478,643	11,269,753	14,748,396

Outstanding debtors as at 31st March, 1946, very largely other Government Departments, total £560,024.

25. CONCLUSION

The Board again wishes to express its thanks to all Government Departments for their continued co-operation, and also to all those gentlemen who have given their time and services as members of the various Advisory Committees.

The Minister in Charge of the Board also desires to convey his thanks to the members of the Board for their services during the year.

H. E. AVERY, General Manager.

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