

1947
NEW ZEALAND

WAR ASSETS REALIZATION BOARD

REPORT FOR YEAR ENDED 31st MAY, 1947

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

Wellington, 30th June, 1947.

The Right Hon. the MINISTER OF FINANCE.

SIR,—

I have the honour to submit the following report for the year ended 31st May, 1947.

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. COMPOSITION OF BOARD

Experience has shown that the Board as originally constituted and added to from time to time—a total of fourteen members—was too cumbersome a body for the effective discharge of its functions. It was therefore recently decided to considerably reduce the size of the Board, and as now constituted it consists of three members only, as follows :—

Mr. F. R. Picot, Chairman.

Mr. F. W. Furkert.

Mr. W. N. Pharazyn.

The General Manager ceases to be a member of the Board, but remains the chief executive officer.

Thanks are due to all ex-members of the Board who so willingly gave up their time in the interest of the Board.

3. STAFF

In my two last reports 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. Following on the realization of substantial stocks taken over from the United States Forces, much of the storage space has been, and is being, made available for other purposes.

5. STORES EX UNITED KINGDOM GOVERNMENT

Arrangements were completed whereby all United Kingdom surplus stores located in New Zealand were to be disposed of through the Board at an administrative charge on the proceeds. Negotiations are now in hand for the purchase by the Government of the remaining United Kingdom surplus stocks, as this will simplify disposal procedure.

6. SALES TO OVERSEAS ORGANIZATIONS

Although substantial sales have been made to UNRRA, Netherlands East Indies, and other overseas organizations, further sales are unlikely. Sales to date are as follows :—

						£
UNRRA	..	..	..	..	..	479,971
Netherlands East Indies (clothing and medical stores, &c.)	..	..	..	..	..	104,787
Others	..	..	..	..	..	37,976
						622,734

7. GERMAN REPARATIONS

Arrangements were completed some months ago for the acquisition by the Government of machinery, plant, and machine tools in accordance with the Reparations Agreement. The Board has been appointed the responsible agent for the reception and disposal. The first shipment is due to arrive in New Zealand at an early date.

After the requirements of Government Departments have been satisfied, applications to purchase reparations equipment will be called for from industry throughout New Zealand. An endeavour will be made to allocate the equipment on a fair and

equitable basis, as, due to the number of requests, it will not be possible to satisfy all applicants. Sale prices for equipment procured under Reparations Agreement will be arrived at by valuation based on current market values.

8. FUTURE ACTIVITIES

Although there are still substantial surpluses to dispose of and there is still considerable revenue to accrue from the final accounting and realization of buildings, it is anticipated that the revenue for the next and succeeding years will be considerably less than for the current year, such items as (a) weapons and ammunition, (b) textiles, (c) M.T. vehicles, (d) ships, and (e) foodstuffs having been considerably reduced in volume.

The Board's activities in the South Island are now reaching the stage where it is anticipated that the Dunedin and Blenheim offices should be closed down within the next two or three months and the Christchurch office about the end of the year.

In the near future it will be necessary for the Board to make more strenuous efforts to explore new markets for slow-moving lines and substitute alternative uses for much of the materials.

9. PROCEEDS OF REALIZATION

The total cash receipts for the year ended 31st March, 1947, amounted to £11,071,365, as compared with the two previous years, 31st March, 1945, £3,478,643, and 31st March, 1946, £11,269,753; total to March, 1947, £25,819,761.

The analysis by commodity groups is as follows:—

Commodity Groups.	To 31st March, 1946.	For Period 1st April, 1946, to 31st March, 1947.	Total to 31st March, 1947.
	£	£	£
Aircraft and spares	2,748	52,336	55,084
Ammunition	4,381,970	58,730	4,440,700
Artillery and small-arms	780,776	222,090	1,002,866
Buildings and land	1,511,691	1,091,164	2,602,855
Building-materials	324,132	332,681	656,813
Camp and kitchen equipment	67,093	56,580	123,673
Chemicals and paints	9,547	88,134	97,681
Cordage, tents, and canvas	44,059	79,336	123,395
Drugs	76,146	47,879	124,025
Electrical and radio equipment	244,028	1,105,071	1,349,099
Foodstuffs	292,644	3,586,046	3,878,690
Furniture and office equipment	144,867	191,293	336,160
Machinery	302,369	856,198	1,158,567
Metals	182,840	346,254	529,094
M.T. vehicles and parts	4,117,654	1,401,518	5,519,172
Petroleum products	10,911	203,815	214,726
Photo equipment: musical instruments	1,018	5,108	6,126
Plant, heating and lighting	45,297	27,749	73,046
Rent and hire charges	44,600	50,256	94,856
Ships	92,811	199,076	291,887
Tanks and other armoured vehicles	15,981	330,000	345,981
Textiles, hessian, fabrics, and clothing	1,867,438	461,397	2,328,835
Tools, &c.	32,460	39,031	71,491
Miscellaneous	155,316	149,433	304,749
On account United Kingdom Government	..	90,190	90,190
Totals	14,748,396	11,071,365	25,819,761

The holding Departments concerned with sales as above are:—

	To 31st March, 1946.	For Period 1st April, 1946, to 31st March, 1947.	Total to 31st March, 1947.
	£	£	£
Agriculture	100,622	67,460	168,082
Air	756,104	883,939	1,640,043
Army	12,290,132	2,818,859	15,108,991
Broadcasting	..	24	24
Education	1,518	..	1,518
Food Controller	178	18,095	18,273
Health	2,284	1,390	3,674
Housing	59,978	56,512	116,490
Industries and Commerce	..	1,010	1,010
Internal Marketing	..	6,118	6,118
Marine	18,526	86,358	104,884
Mines	8,701	7,337	16,038
Munitions	33,866	380,405	414,271
Navy	70,914	429,737	500,651
National Service	90,512	30,792	121,304
Police	1,327	1,303	2,630
Post and Telegraph	..	704,878	704,878
Public Works	12,196	4,134	16,330
Railways	12,504	..	12,504
Rehabilitation	1,288	1,340	2,628
Scientific and Industrial Research	40,677	36,971	77,648
Social Security	10	..	10
State Forest	1,492	2,441	3,933
Ministry of Supply	136,095	186,065	322,160
Transport	6,217	354	6,571
United States Joint Purchasing Board	141,656	Dr. 30,594	111,062
Salc of American stores purchased	198,273	2,371,038	2,569,311
Miscellaneous	763,326	3,005,399	3,768,725
Totals	14,748,396	11,071,365	25,819,761

10. BUILDINGS

(a) *General*

The Buildings Section has again recorded a substantial turnover for the year. New declarations of surplus buildings have tapered off considerably, but it is expected that small numbers will still be declared from time to time during the next twelve months. During the year there has been a complete reversal of the factors of supply and demand. In the earlier stages of the Board's operations, buildings and huts were available in very large numbers in various parts of the country and a considerable amount of advertising and salesmanship was required in order to quicken the demand. Latterly, as a result of the reduction in supply, the increased difficulty in obtaining new materials, and the proved usefulness of surplus buildings, available supplies are mostly absorbed by Government Departments, local authorities for transit housing, ex-servicemen, welfare organizations, &c., on the basis of relative priority. When selections by the above-mentioned priority applicants have been completed, only a few of the poorer and less useful types of buildings remain for sale to the general public. It will be appreciated that disposal of assets through a screen of varying degrees of priority is a lengthy process as compared with straightforward sales on the open market.

Very few buildings remain for disposal in the South Island, and it is particularly gratifying to report that at the Delta camps, near Blenheim, all buildings have been sold. In these camps there were 316 buildings of various sizes, 137 of the better type of accommodation huts, and 1,240 of the poorer type 15 x 8 accommodation hut. In addition, a large number of buildings and huts from an Army camp and four Air Force dispersal camps in the vicinity of Blenheim were completely cleared.

(b) *Clearance of Sites*

The need for the prompt clearance of buildings from sites so as to facilitate the termination of tenancies, restoration of properties, &c., is fully appreciated. For various reasons, chiefly labour shortages, Government Departments and other purchasers frequently meet with difficulty in removing buildings. The Board's officers are following up all transactions to ensure that removals are effected as quickly as possible.

(c) *Transit Housing*

In September, 1945, the Government inaugurated a scheme for the establishment of transit housing by local authorities. Under this scheme buildings are provided by the Board from surpluses declared free of cost to the local authorities. In cases where the local authority takes over an existing camp *in situ*, all existing fittings necessary for the scheme are included without charge. In cases where the buildings are removed to another site, the local body purchases the required fittings from the Board or from any other source. The initial negotiations with local bodies are carried out by the Commissioner of Works, and the Board provides buildings on his recommendation. Each scheme is subject to the approval of the Right Hon. the Minister of Finance.

Although no charge is made to local bodies, the removal value of all buildings and fittings supplied is credited to the Board's funds from a special subdivision of the War Expenses Account.

Up to the present negotiations have been finalized in respect of the transfer of sufficient buildings for the construction of 889 transit-housing units, and negotiations are proceeding in respect of an additional 245 units.

Details are as follows :—

(i) Negotiations finalized—						Units.
Auckland City Council	..	..	..	..	..	82
Auckland Local Bodies' Association	..	..	..	..	..	55
Ashburton Borough Council	..	..	..	..	..	1
Bluff Borough Council	..	..	..	..	..	19
Cambridge Borough Council	..	..	..	..	..	10
Christchurch City Council	..	..	..	..	..	140
Dunedin City Council	..	..	..	..	..	20
Eastbourne Borough Council	..	..	..	..	..	6
Gisborne Borough Council	..	..	..	..	..	25
Hastings Borough Council	..	..	..	..	..	16
Hamilton Borough Council	..	..	..	..	..	103
Masterton Borough Council	..	..	..	..	..	19
Morrinsville Borough Council	..	..	..	..	..	15
Otorohanga Borough Council	..	..	..	..	..	12
Napier Borough Council	..	..	..	..	..	20
New Plymouth Borough Council	..	..	..	..	..	14
Nelson City Council	..	..	..	..	..	8
Palmerston North City Council	..	..	..	..	..	35
Pukekohe Borough Council	..	..	..	..	..	20
Rotorua Borough Council	..	..	..	..	..	10
Taumarunui Borough Council	..	..	..	..	..	12
Tauranga Borough Council	..	..	..	..	..	25
Te Awamutu Borough Council	..	..	..	..	..	50
Timaru Borough Council	..	..	..	..	..	25
Tuakau Borough Council	..	..	..	..	..	1
Waipukurau Borough Council	..	..	..	..	..	10
Wainate Borough Council	..	..	..	..	..	25
Waipawa Borough Council	..	..	..	..	..	7
Wellington City Council	..	..	..	..	..	104
Total	..	..	..	..	..	889
(ii) Negotiations proceeding—						
Te Kuiti Borough Council	..	..	..	..	..	12
Christchurch City Council	..	..	..	..	..	30
Patea Borough Council	..	..	..	..	..	8
New Plymouth Borough Council	..	..	..	..	..	10
Hawera Borough Council	..	..	..	..	..	12
Devonport Borough Council	..	..	..	..	..	23
Upper Hutt Borough Council	..	..	..	..	..	150
Total	..	..	..	..	..	245

The total value of buildings, &c., provided by the Board to date is approximately £237,500.

In addition to the above, 126 units were provided by local bodies prior to the inception of the transit-housing scheme.

(d) Salvaged Equipment, Fittings, and Materials

Owing to the high cost of salvage, shortage of personnel, loss in breakages, storage difficulties, &c., salvage has been reduced to the minimum, and, wherever possible, buildings are being sold complete with fittings.

(e) Wool Storage

A number of buildings are still in use for wool storage.

(f) State Housing

Further buildings have been made available to the Housing Construction Department, but chiefly for the purpose of complete demolition and utilization of materials.

(g) Bulk Stores and other Major Buildings to be retained by the Crown

By arrangement with Treasury, all such buildings required for storage or office accommodation are to be transferred at valuation to the Public Works Department for the purposes of administration. These buildings include groups of large warehouses erected at Auckland and Wellington during the war as a charge to reverse lend-lease for use by the United States Forces.

Cabinet has recently vested the Ministry of Works with the responsibility for the allocation of Government-owned storage space, including the space provided in the above-mentioned warehouses. A proportion of the space is to be allocated to Government Departments, and the balance, per medium of the Department of Industries and Commerce, is to be made available to private industry.

(h) Linen-flax Factories

Linen-flax factories in operation during the war were financed jointly by the British and New Zealand Governments, the former having approximately a 90-per-cent. interest. Subsequent to the cessation of hostilities some of the factories have been acquired and are being operated by the Linen Flax Corporation, which is also the trustee for the British Government's interest in the proceeds of realization from the factories which have been wholly or partially closed down. The Board acts as the disposal agent for the Linen Flax Corporation. Briefly, the position regarding each factory passed for disposal is as follows :—

Blenheim.—Method of disposal under consideration.

Seddon.—Main factory and desceder-shed in use for wool storage. Houses and married quarters occupied by tenants under the supervision of the State Advances Corporation. Other buildings sold for removal.

Oxford.—Majority of buildings either sold or under offer to Public Works Department and State Forest Service.

Leeston.—Sold as a complete unit.

Fairlie.—The hostel, being the only surplus building, has been made available to the McKenzie County Council for transit housing for a period of ten years.

Glydevale.—Majority of buildings either sold or under offer to Public Works Department and State Forest Service.

Tapanui.—Majority of buildings either sold or under offer to Public Works Department and State Forest Service.

Finegand (near Balclutha).—Offered for sale by tender as complete unit. Tenders unsatisfactory. Buildings will now be offered to Government Departments for removal.

Gore.—The complete unit, except for the main factory building, has been taken over by the Scientific and Industrial Research Department. The factory building, at present used for wool storage, may yet be taken over by that Department.

Woodlands.—The main factory building and the desceder-shed being used for wool storage. Two permanent houses acquired *in situ* by Railways Department. Other buildings either sold or reserved for Government Departments.

Otautau.—Except for one small building, all buildings have been sold or taken over by the State Forest Service.

(i) Buildings Ex-Pacific

In my last report reference was made to the acquisition of a large number of prefabricated steel buildings used extensively by the United States Forces in the Pacific. These buildings have now arrived in New Zealand, and include 3 Butler hangars, 150 Quonset huts, 184 T.C.I. hospital-type buildings, and 61 T.C.I. Task Force type buildings. The Butler hangars and the Quonset huts have been taken over by the Public Works Department. The 245 T.C.I. buildings arrived in poor order and condition, but nevertheless have proved to be a valuable acquisition.

To ensure that these buildings are utilized to the best advantage in the national interests, allocation is made by the Commissioner of Works. Many have already been put into service as class-rooms and dormitories at schools and Universities, office accommodation for Government Departments, recreation rooms, &c., and one has been erected as a church.

(j) Fuel-oil Tanks

A large number of oil-tanks, mostly underground, have been declared surplus by Air Department and Public Works Department, ranging in capacity from 500 gallons to 750,000 gallons - 57 from 500 gallons to 11,000 gallons, and 10 over 11,000 gallons. The whole of the 57 smaller tanks have been disposed of, also one of 180,000 gallons, but all efforts to dispose of the balance have so far produced no results.

(k) R.N.Z.A.F. Bulk Fuel Installation, Fiji

With the assistance of the Ministry of Works and in consultation with the Chiefs of Staff, sale of the New Zealand Government's interest in this installation was negotiated with the Shell Company of Australia, Ltd. The installation consists of a number of large fuel-storage tanks, pipe lines, and equipment, together with a jetty and the equipment on the jetty. The sale was made subject to the completion of a form of agreement which, among other things, protects the interests of the Fijian Government which owns the site, and also provides for the holding and supplying of fuel-supplies satisfactory to the requirements of the R.N.Z.A.F. in the Pacific.

(l) Disposal of Buildings

The proceeds from the sale of buildings up to 31st March, 1947, are as follows : -

---				To Government Departments.	Other Sales.	Total.
Sales:-				£	£	£
To 31st March, 1946	..	..	..	570,227	1,363,074	1,933,301
For year ended 31st March, 1947	..	..	..	732,758	314,125	1,046,883
Total sales	..	..	..	1,302,985	1,677,199	2,980,184*

* Buildings, £2,634,918; materials, £345,266.

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

(a) Auckland District	..	..	..	..	1,508,245
(b) Wellington District	..	..	..	..	692,888
(c) Nelson and Marlborough District	..	..	..	..	192,899
(d) South Island (less (c))	..	..	..	..	402,210
(e) Fiji	..	..	..	..	183,942

£2,980,184

11. SHIPPING

One of the activities of the Board since its inception has been the disposal of a considerable amount of shipping, in the shape of steamships, motor-ships, launches of various types and sizes, lighters, barges, Naval ships, and other craft that have become surplus since the end of the war. About half of these had been requisitioned during the war from private owners for the use of the New Zealand Services, the American Forces, and some Civil Government Departments. The remainder consisted of ships which had been built in New Zealand for war purposes or had been acquired from overseas by lend-lease or other arrangements.

In the disposal of these assets the Board has acted through the agency of the Marine Department, which has conducted the negotiations for sale, and, for the most part, kept custody of the ships, the majority of which were located at Auckland.

Requisitioned ships have been sold under an arrangement whereby the former owners were given prior right of purchase at a price based on the amount paid by the Government for the ships. If, after negotiation, a former owner fails to buy, the ship is sold by public tender. Ships other than those purchased from private owners are disposed of by tender. Selling-prices are fixed by valuation made by the Surveyors of the Marine Department and by outside valuers experienced in the construction of the particular type under disposal.

Some of the ships that were requisitioned from private owners have been retained by the Services and by Government Departments. The disposal of those that have become surplus is now almost complete. The negotiations for the sale of these craft have in many cases been very protracted, and in some instances were rendered more difficult by the fact that vessels were of unsuitable type and were handed back by the United States authorities and the Service Departments in poor condition, and that some were located as far afield as Fiji and Australia.

The locally built ships and those from other sources, having been provided for special war purposes, were generally of types that were not easily adaptable to private or commercial use and were thus not easy of disposal. Of 9 Naval minesweepers sold, 5 went to Australian fishing interests and 1 to UNRRA, which also purchased 3 tugs and 8 tow-boats. The ships sold include the old cruiser "Philomel," the Naval oil-carrier "Nucula," the s.s. "Janie Seddon," and the former Wellington Harbour ferry steamers "Duchess" and "Muritai."

Up to date some 174 vessels, large and small, have been disposed of, the total realization being approximately £412,000. An analysis of the classes of vessels sold is as follows :—

Steamships	..	..	..	..	..	15
Motor-ships	..	..	..	..	..	9
Minesweepers	..	..	..	..	..	9
Tugs and tow-boats	..	..	..	..	..	16
Powered lighters	..	..	..	..	..	2
Fairmiles	..	..	..	..	..	10
Barges and lighters	..	..	..	..	..	15
Launches and other small vessels	..	..	..	..	..	98

174

There are now only a few vessels for disposal, and the Board desires to take this opportunity of expressing its thanks to the Marine Department for its valued co-operation.

12. MOTOR-VEHICLES

(a) *General*

The number of motor-vehicles disposed of during the year 1946-47 was 3,592, as compared with 3,452 for the year 1945-46, an increase of 140. An analysis of the figures shows that a lesser number of mobile trucks and cars was dealt with, whereas an increase was shown in motor-cycles and miscellaneous items.

The established procedure of giving release priorities to Government Departments, then to ex-servicemen, and finally to operators generally, has been continued. The allocation of trucks is made by the Transport Licensing Authority, who give preference to recommendations made by the Rehabilitation Department.

The supply of trucks from Army and other sources is now a diminishing quantity and during the last few months of the year very few commercial-type trucks have been available for disposal. It is understood that Army has no appreciable establishment of commercial-type vehicles, and any declared surpluses in future will be mainly War Department type vehicles.

In view of the decreasing number of vehicles becoming available, it is doubtful whether the existing set-up providing for the allocation and disposal of vehicles is necessary. Consideration will be given at a later stage to the question as to whether all vehicles should not be disposed of by public tender. This would obviate a great deal of work in so far as the Rehabilitation officers and Transport Licensing Authorities are concerned and would, moreover, have the advantage of enabling operators in all parts of the Dominion to participate, irrespective of where the vehicles were located.

During the year Army Department declared 1,800 Indian motor-cycles surplus. Some of the machines required reconditioning, and the necessary work is proceeding. Sales were made to ex-servicemen only, on recommendations received from the Rehabilitation Department.

On 12th December, 1946, 525 Bren-gun carriers were declared surplus by Army. The carriers were submitted for disposal by public tender and the tenders are at present under consideration.

(b) *Disposals*

The following schedules give details of disposals from the inception of the scheme up to 31st May, 1947 :—

(i) *Disposal by Classes*

—	Trucks.	Cars.	Wrecks, &c.	Motor- cycles.	Total.
Sales—					
To 31st May, 1946	11,238	1,324	1,517	2,306	16,385
Year ended 31st May, 1947	871	188	1,092	1,441	3,592
Total sales	12,109	1,512	2,609	3,747	19,977

(ii) *Distribution of Sales*

To Government Departments	..	..	..	2,852
To ex-servicemen	..	..	..	4,500
To public	..	..	..	12,625
				<u>19,977</u>

(iii) Proceeds of Sales

	£
Sales to 31st May, 1946	4,189,306
Sales for year ended 31st May, 1947	529,704
	£4,719,010

(c) Royal Commission

During the year a Royal Commission was set up to inquire into and report upon certain matters arising out of the acquisition and disposal of surplus assets by the Board. The report of the Commission, dated 23rd September, 1946, has already been before Parliament.

(d) M.T. Parts and Accessories : Tires

M.T. parts are disposed of by sale to the major distributing organizations at prices based on current landed costs. This system has worked smoothly and well. It has resulted in substantial clearances of surplus holdings and has ensured an equitable distribution throughout the trade as a whole. The sales to 31st March, 1947, total £226,566. However, there are still very large holdings of M.T. parts generally, including many "slow-moving" parts for which there is little or no demand.

The disposal of new tires is the function of the Ministry of Supply, but the Board has taken over the responsibility for the disposal of used and unserviceable tires and tubes. The method of disposal has been by tender. Considerable quantities have been disposed of with very satisfactory results.

13. GENERAL STORES SECTION

(a) General

The General Stores Section is designed to take charge of all disposals other than buildings and building-materials, and motor-vehicles, parts, accessories, and tires. It therefore embraces a very wide range and variety of stores. It is assisted in its work by a General Advisory Committee and several other Advisory Committees, each dealing with specified groups of commodities.

Except in the case of certain 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 fact, the Service Departments, particularly Army and Air, are experiencing the greatest difficulty, because of staff reductions, in effecting bulk deliveries in accordance with sales made by the Board. The general policy of the Board is to market surplus stocks of new goods through recognized trade channels, usually by tender, and to sell used goods by tender or auction. In all cases the requirements of Government Departments are satisfied before other disposal action is taken. Welfare organizations and community groups are given special consideration to enable them to obtain their requirements direct from the Board without having to compete with other consumer interests.

(b) Auctions

Sale by auction has proved most satisfactory for many classes of surplus stores. Up to 31st March, 1947, a total of 202 auction sales were held, the gross proceeds being £284,027.

(c) Stores ex United States Forces

In my last report reference was made to the purchase by the Government of all United States surplus stocks held in New Zealand. There have been substantial clearances of these stocks per medium of transfers to Government Departments, sales by tender through trade channels, and sales by auction. However, the remaining stocks are still considerable and include certain slow-moving lines which will be difficult to sell.

(d) Foodstuffs

With the exception of small quantities of odd lines, all foodstuffs, including large stocks taken over from the United States Forces, have been disposed of, chiefly through the agency of the Food Controller. The revenue under this heading up to 31st March, 1947, was £3,878,690.

(e) Textiles and Clothing

A complete clearance has been made of all cloth, sheeting, &c., but, although large stocks of used clothing have been disposed of to UNRRA and Netherlands East Indies, there are still substantial stocks of clothing, both new and used. Arrangements are in hand for the sale of these stocks by a series of auction sales to be held throughout the whole of the Dominion. The revenue from the disposal of textiles and clothing up to 31st March, 1947, was £2,328,835.

(f) Metals

A Metals Advisory Committee has been set up to deal with the disposal of very large stocks of metals, chiefly held by Air Department and the Munitions Controller. The Board's policy is to deal direct with manufacturers and trade groups at prices based on current market rates, allocations being made in consultation with the Department of Industries and Commerce. The revenue from the sale of metals up to 31st March, 1947, was £529,094.

(g) Mechanical Plant

All mechanical plant and machinery, other than M.T. vehicles, is handled by an Advisory Committee operating under the Board. In the case of tractors and construction plant generally, all applications to purchase are dealt with and allocations made on the basis of essentiality of use. All things being equal, preference is given to ex-servicemen. Except in the case of Government Departments, such sales are negotiated through normal trade channels by using the accredited agents of the respective trade-marks at resale prices fixed by the Board, with a fixed rate of commission to the agent. All other equipment is disposed of by tender or auction after priority applications have been dealt with.

The Munitions Controller was the largest holder of machine tools, and in the majority of instances these tools were used by firms engaged on war contracts. The tools had been set up in conjunction with others in the factories and it would not have been in the interests of industry to have them removed. Accordingly they were, in the majority of instances, disposed of to the present users at valuation based on replacement cost. Substantial holdings of machine tools held by Air Department have, in the main, been disposed of to ex-servicemen recommended by the Rehabilitation Department at prices fixed by valuation.

Prior to the Rehabilitation Department opening its own tool-store, all surplus garage equipment and tools were disposed of to ex-servicemen at prices based on valuation. Under the new arrangement the Rehabilitation Department purchases in bulk from the Board and deals direct with ex-servicemen.

During the year a large volume of construction plant was purchased from United States surpluses in the Pacific. Much of this was taken over by Government Departments, and the balance sold at valuation to the accredited agents for the respective trade-marks in part satisfaction of their approved applications for import licences. The revenue from the sale of mechanical plant and machinery to 31st March, 1947, was £1,158,567.

(h) *Radio and Electrical Materials*

The disposal of all radio and electrical equipment and stores is handled by an Advisory Committee operating under the Board. This Committee includes representatives of other Government Departments chiefly concerned—viz., Post and Telegraph Department, Department of Scientific and Industrial Research, and Ministry of Supply.

The revenue from disposal of radio and electrical equipment and stores up to 31st March, 1947, reached the substantial figure of £1,349,099.

Except in the case of a limited number of items which have been sold direct to the public at fixed prices, the normal method of disposal has been through trade channels, to traders and manufacturers approved by the Board, at prices based on replacement costs of similar commodities. The radio and electrical trades have worked in harmony with the Board. The policy has worked smoothly and well and has resulted in large quantities of materials being sold at a minimum of cost. There is no doubt that but for the speedy release of surplus radio parts and raw materials, the radio industry would have been in a serious position—the trade held very little stocks and importations were almost impossible to obtain. As it is, the trade has been in a position to market domestic radio receivers in reasonably large quantities and in many different makes.

As indicated in my report for the year ended 31st March, 1945, one of the functions of the Board has been to advise the Comptroller of Customs, through the Department of Industries and Commerce, regarding the importation of radio components, materials, and equipment. In many lines the surplus holdings were far in excess of the normal annual importations, and in such cases the Board recommended that the importation of those items should be prohibited. This policy has ensured not only the consumption of most of the surpluses within a reasonable period, but has also conserved overseas credits. The list of prohibited lines is kept under close review and amended from time to time as surpluses are disposed of.

Despite the fact that there is a considerable demand for radio equipment, there are many items which are held in such large quantities that their disposal presents a very difficult problem. Much of the Service equipment requires modification before it is suitable for civilian use, and, in any case, the use of radio transmitting-equipment is necessarily strictly controlled by the Post and Telegraph Department. That Department has co-operated with the Board to the fullest extent, but there are many cases where the Department is unable to grant licences to operate. Much of the Service equipment, too, is of little use in peacetime—*e.g.*, large radar sets—and will have to be disposed of at purely nominal prices.

(i) *Aircraft*

Substantial numbers of aircraft have been declared surplus by Air Department, including 159 Tiger Moths, 119 Oxfords, 491 combat types, and 24 various, a total of 793.

Tiger Moth aircraft, put into condition to warrant their being issued with certificates of air worthiness, have been made available to aero clubs at a flat price of £450 each. Up to date, 46 machines have been disposed of under this heading.

Previous owners of aircraft purchased by Air Department have been given an opportunity of repurchase of their machines. Up to date, 15 aircraft have been sold in this manner.

Tiger Moth and Oxford aircraft were offered for sale by tender, the former with reserve prices fixed, and the latter without reserve. The combat-type aircraft, chiefly located at Rukuhia, have not yet been offered for sale but disposal action is now in hand.

A summary of sales of aircraft to date is as follows :—

					£
Sales of reconditioned Tiger Moths to aero clubs	..	46			20,800
Sales to previous owners		15			4,945
Tiger Moths		79			7,712
Oxfords		119			1,190
Various		6			1,675
				265	£36,322

14. 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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