

1930.
NEW ZEALAND

STORES CONTROL BOARD

(ANNUAL REPORT OF).

Presented to both Houses of the General Assembly by Leave.

SIR,—

Stores Control Board, Wellington, 14th August, 1930.

I have the honour to submit herewith the annual report of the Stores Control Board for the period ended 31st March, 1930.

I have, &c.,

F. J. BROOKER, Secretary.

The Hon. W. B. Taverner, Chairman, Stores Control Board.

REPORT.

PURCHASES.

DURING the year ended 31st March, 1930, the total expenditure on stores amounted to the sum of £4,345,030 15s. 11d.

Department.	Amount.		
	£	s.	d.
Railways	1,990,700	17	2
Public Works	996,922	17	11
Post and Telegraph	519,040	9	4
Mental Hospitals	196,367	1	0
Naval	92,423	4	9
Defence	74,788	10	9
Health	61,414	6	11
Printing and Stationery	61,036	2	9
Prisons	51,090	6	3
Lands and Survey	40,362	15	6
Education	37,547	19	3
State Forest Service	35,087	3	10
Agriculture	33,380	17	10
Marine	25,428	16	9
Mines	22,546	6	7
Other Departments	106,892	19	4
Total	£4,345,030	15	11

With the exception of a few instances in which the circumstances were too urgent to allow of the usual procedure being followed, tenders or quotations were invited for the whole of the stores required. For the requisitioning Departments 11,491 purchase requisitions were dealt with, and 470 departmental contracts were arranged for daily supplies, mostly perishable foodstuffs, &c. These figures do not include the requisitions or contracts dealt with by the three purchasing Departments (Railways, Public Works, Post and Telegraph) on account of their own Departments. The number of items in a purchase requisition is often very considerable, sometimes exceeding one hundred, and they are additional to the purchases made by Departments under the general contracts arranged by the Board.

GENERAL CONTRACTS.

During the year the contract system has been further extended, and now includes practically all stores except those that are used by one Department only. The contracts let during the year reflect the general downward trend of prices.

DISCLOSING PRICES.

As a matter of policy the Board reserves the right to disclose or treat as confidential the prices paid for stores. In practice the great majority of prices are available to any person interested, but some tenderers stipulate that their quotations are to be treated as confidential. It is known that these stipulations are nearly always due to attempts by trade combinations to control prices to the disadvantage of the State. In such circumstances it is considered reasonable to afford genuine tenderers the protection asked for, and the effect on tender prices proves clearly that the Board's policy is justified. Large savings have resulted, and the fact that satisfactory tenders have been received for a number of years indicates that the prices paid are remunerative to the contractors.

PREFERENCE TO LOCAL AND BRITISH INDUSTRIES.

The Board has continued to grant preference to local manufacturers as against all competitors and to other British manufacturers as against foreigners. The great majority of quotations are for delivery ex store in New Zealand, and this provision ensures that the local manufacturer gets the full advantage of the Customs tariff. Provided quality and price are right, the local manufacturer can be sure of the business. Quality, however, implies something more than mere compliance or approximate compliance with a specification. It frequently happens that several brands of a particular item will comply with the relative specification and yet vary considerably as between themselves. In such cases the experience gained by use under actual service conditions is the deciding factor, and the brand which is estimated to give the most economical final cost is selected. Whilst the Board is extremely anxious to continue the policy of preference, certain happenings, not altogether dissociated with the reasons for treating some prices as confidential, have caused uneasiness. The policy of preference seems inseparable from one factor—viz., the tendency of traders to combine for the purpose of excluding legitimate competition as between themselves and extracting from buyers the last penny which the degree of preference makes possible. These tactics, if persisted in, will certainly be to the ultimate disadvantage of those promoting it, and will compel the Board to review the whole policy of preference.

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