

PROVINCE OF BRITISH COLUMBIA

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Eighth Annual Report of the  
Purchasing Commission

January 1st, 1950, to December 31st, 1950



VICTORIA, B.C.  
Printed by DON McDIARMID, Printer to the King's Most Excellent Majesty  
1951

PROVINCIAL OFFICE, COLLEGE STREET, BIRMINGHAM

Report of the  
Purchasing Commission

January 1950 to December 1950



Printed and Published by the Stationery Office, London

Victoria, B.C., January 10th, 1951.

*To His Honour* CLARENCE WALLACE, C.B.E.,  
*Lieutenant-Governor of the Province of British Columbia.*

MAY IT PLEASE YOUR HONOUR:

Herewith I beg respectfully to submit the Annual Report of the Purchasing Commission of the Department of Finance for the period January 1st, 1950, to December 31st, 1950.

H. ANSCOMB,  
*Minister of Finance.*

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*The Honourable Herbert Anscomb,*  
*Minister of Finance, Victoria, B.C.*

SIR,—We have the honour to submit the Eighth Annual Report of the Purchasing Commission, covering the period January 1st, 1950, to December 31st, 1950.

R. H. SPECK,  
*Chairman.*

R. M. BURNS,  
*Member.*

C. D. CAMPBELL,  
*Member.*

London, B.C., January 10th, 1951

To His Honour, CLARENCE WALKER, C.B.E.,  
Chairman, Committee of the Province of British Columbia

Dear Sir:

I have the pleasure to acknowledge the receipt of your letter of the 10th inst. in relation to the purchase of the 1950-51 Annual Report of the Department of Finance for the period January 1st, 1950 to December 31st, 1950.

Yours faithfully,

H. ANNON

The Hon. Mr. Justice H. ANNON, B.C.  
Minister of Finance, Victoria, B.C.  
I have the pleasure to advise you that the 1950-51 Annual Report of the Department of Finance for the period January 1st, 1950 to December 31st, 1950 is available for sale at the following prices:

1/2 - \$1.00

1 - \$2.00

5 - \$9.00

10 - \$17.00

25 - \$39.00

50 - \$75.00

# Eighth Annual Report of the Purchasing Commission

*For the Year Ended December 31st, 1950*

Since the last Report, specifically since April 1st, 1950, a new Commission has assumed office. With the retirement of the former Chairman, C. B. Peterson, who had been in large measure responsible for the original organization of the Commission, the other members, E. W. Griffith and J. M. Stewart, submitted their resignations. The former Chief Buying Agent, R. H. Speck, was appointed Chairman, with the Assistant Deputy Minister of Finance, R. M. Burns, and the Chief Architect, C. D. Campbell, as members.

The Commission, realizing that in the stress of war and postwar conditions it had not been possible to give full attention to organizational detail, availed itself of the opportunity made available by the Minister of Finance to have a full survey made by a firm of management engineers—Stevenson & Kellogg, Ltd. This firm conducted a thorough investigation of all aspects of the Commission's activities and made several important recommendations, which have the effect of more fully implementing the statutory responsibilities of the Commission.

We consider the report a valuable contribution to the improvement of the Commission's organization, although it can logically be maintained that the survey at times does not perhaps give full weight to the difficulties of administering a widespread and loosely integrated organization of very diverse functions. We feel, however, that the general implementation of the report will go far in effecting a general saving to the Government through improved purchasing and reduced departmental clerical costs, although on the surface additional expenditures will be required in the Commission itself.

In summary, the recommendations in the report were:—

- (1) That the Commission assume full control of all Government purchasing as soon as properly organized, including that presently carried out more or less independently by the King's Printer, Text-book Branch, Provincial Library, and Public Library Commission.
- (2) That regular meetings of the Commission be held at least weekly.
- (3) That greater attention be given to encouraging planning and co-ordination of requirements in the departments.
- (4) That, where possible, all purchase orders be pre-priced, and that broadened purchasing activities be undertaken in Vancouver where a majority of the suppliers are located.
- (5) That greater attention be given to specifications and standards.
- (6) That the Purchasing Commission assume responsibility for shipping routes and shipping charges.
- (7) That unit price records be kept.
- (8) That stricter control of "emergency" purchasing be exercised.
- (9) That purchasing procedures be simplified, and that the Purchasing Commission undertake the preparation of all vouchers in payment of invoices.
- (10) That statistical reporting be simplified.
- (11) That Langford Warehouse be used as a "scarce supply" depot and for disposal of surplus material, but not as a general warehouse.
- (12) That greater control be exercised over departmental stores by the Commission.

- (13) That simplification of methods in inventory records be considered in future cases.
- (14) That the structural organization of the Commission be reconstructed and clarified.
- (15) That the Chairman assume full administrative responsibility.
- (16) That careful attention be given to staff selection and training.

These recommendations have, in large measure, had the approval of the Commission and the Honourable the Minister of Finance. Organizational and procedural changes of considerable importance have been effected or are in the planning stage. All changes affecting outside agencies have been discussed with the appropriate departmental officials, in order that the changes may cause as little disruption as possible. Changes are being introduced gradually and, we are sure, will soon be of very evident advantage to all concerned.

It has always been the aim of the Purchasing Commission to provide a service to operating departments which will enable them to receive greater value for each dollar spent. Every effort is made to satisfy the particular wants of the operating departments, but also it is necessary that the proper principles of centralized buying be followed. There is much to be done in educating departments to proper provision for their future requirements, and we hope to assist in this, as well as to aid by the development of standards and specifications which are sadly neglected at the present time.

We are by no means satisfied that inventory control in the departments is in a satisfactory state, nor are the responsible officials in the departments satisfied. It is our hope that, as our new organization develops, we will be able to extend further our efforts in this line. It is our feeling that large savings are available through this.

There is much to be done. We earnestly solicit, and feel sure we will receive, co-operation of all concerned in enabling a first-class purchasing organization to be maintained.

It appeared, during the first half of 1950, that the economic situation was beginning to stabilize, and that we could look for a levelling-off in inflationary tendencies. We are faced again, unfortunately, with actual and potential shortages in many lines, particularly in metal products, with consequent rising prices. We cannot escape the conclusion that many shortages and many price increases are artificially induced, both by panic buying and by hedging by suppliers against possible future price controls. It is a difficult task to assure a proper supply of goods and materials for Governmental purposes without being a contributor to these artificial shortages by stock-piling on our own account.

It would appear most probable that we are in for a period of high prices with controlled consumption, either by natural processes or by government control. In any event, the difficulties of operation appear likely to increase in the months to come.

The "Purchasing Commission Act" places very heavy powers and responsibilities upon the Purchasing Commission. Many of these, due to unavoidable circumstances, have not been assumed. It is now our hope to be able to undertake the requirements of the Act as fully and as rapidly as conditions logically will permit. The staff of the Commission has worked under definite handicaps, but with the organizational improvements and increased physical accommodation, we feel sure it will perform even more efficiently the duties so willingly undertaken in the past.

#### STATISTICAL RECORDS

Statistical records were maintained under the following headings, which, for information, are recited herewith:—

- A. *Competitive*.—On contract, quotation (written or verbal), or prices awarded on, and governed by, previous quotation.

- B. *Restrictive*.—Specified commodities sold exclusively by a particular manufacturer, wholesaler, jobber, or agent.
- C. *Controlled*.—Includes set prices where no advantage accrues in calling for competitive tenders on commodities sold at controlled prices.
- D. *Non-competitive*.—Requisitions issued without stated prices and controlled by checking or test-checking prices when invoices are submitted.
- E. *Retail*.—Includes semi-retail, or where prices are greater than might be secured from manufacturer or wholesale (local purchases).
- F. *Emergency*.—(1) Retail. (2) Wholesale.

Comparative figures for the fiscal years 1946-47, 1947-48, 1948-49, and 1949-50 are set forth hereunder:—

	1946-47	1947-48	1948-49	1949-50
A. Competitive.....	\$1,224,889.62	\$1,797,962.96	\$2,390,495.25	\$2,559,521.99
B. Restrictive.....	1,913,511.26	3,171,273.11	4,539,397.45	4,076,441.42
C. Controlled.....	697,980.71	1,017,470.76	1,976,647.61	879,601.05
D. Non-competitive.....	1,345,051.80	2,046,112.62	3,399,999.87	4,025,593.59
E. Retail.....	99,687.91	151,388.03	153,047.50	233,042.83
F. Emergency—				
(1) Retail.....	555,649.05	301,377.17	309,999.39	274,451.21
(2) Wholesale.....		472,359.06	620,584.50	788,211.38
War Assets Corporation.....	227,049.05	98,693.42	23,374.78	
Totals.....	\$6,063,819.40	\$9,056,637.13	\$13,413,546.35	\$12,836,863.47
Number of purchase orders issued.....	27,163	30,390	33,315	37,306

A study of these records indicates that some success has been achieved in increasing the amount of competitive bidding. However, it is desirable that the volume of orders, particularly relating to Items D, E, and F, be greatly reduced. It is our belief that steps presently being taken to provide and train additional staff and to reorganize procedures will have the necessary effect. It is also hoped that a saving will result with the increase of the local purchase limit to five dollars. The number of purchase orders will be reduced, with consequent administrative savings, as in these small purchases the amount that can be saved by the Commission in purchasing is far outweighed by the costs of processing the orders.

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REPORT ON THE WORK OF THE COMMITTEE

- B. *Industry*—specifies conditions and industry for a certain year.
- C. *Costs*—indicates for a certain year the amount of costs in certain items.
- D. *Production*—indicates for a certain year the amount of production in certain items.
- E. *Prices*—indicates for a certain year the amount of prices in certain items.
- F. *Investment*—indicates for a certain year the amount of investment in certain items.

Year	Industry	Costs	Production	Prices	Investment
1940	...	...	...	...	...
1941	...	...	...	...	...
1942	...	...	...	...	...
1943	...	...	...	...	...
1944	...	...	...	...	...
1945	...	...	...	...	...
1946	...	...	...	...	...
1947	...	...	...	...	...
1948	...	...	...	...	...
1949	...	...	...	...	...
1950	...	...	...	...	...

A study of these reports indicates that some progress has been achieved in increasing the amount of statistical data available to the public. However, it is essential that the statistical data be made available to the public in a form which is understandable and useful. This requires that the data be presented in a clear and concise manner, and that the data be organized in a way which is consistent with the needs of the public. The Committee has endeavored to meet these requirements, and it is hoped that the reports will be of some value to the public.