

best method of taking an inventory. It was at once seen that to catalogue article by article was an impossibility, as it would have led to an entire stoppage of the work of the department. The invoices of all the stock purchased since the first stock-taking were therefore had recourse to, and the inventory completed by adding them to it. The difficulty was then encountered of obtaining a fair valuation. This was, of course, entirely out of my province, and it seemed unsatisfactory to take the estimate of the Government Printer. The authority of the Hon. the Colonial Secretary was therefore obtained to procure the professional aid of an expert in making the valuation, and to afford other incidental information. Mr. McKenzie, of the *Wellington Independent*, was applied to, and consented to give his assistance. Accordingly, Mr. McKenzie, accompanied by Mr. Didsbury and myself, went with great care over the whole stock and machinery, taking notes as to its condition, and, where it could be done without inconvenience, articles were counted and weighed, and during the whole inspection, close observation was kept up, and a large amount of information obtained as to the working of the department.

After the inspection, we proceeded to the valuation of the stock, which was effected by taking the trade lists of the principal manufacturers, supplied by Mr. McKenzie and the Government Printer, and examining them to see how they agreed with the rates as shown in the inventory taken from the invoices. These rates were in the first instance adjusted according to circumstances, so as to show a fair valuation of the articles when new, and then 5, 10, 15, and in some cases as much as 20 per cent., was taken off for depreciation. In a large number of cases, particularly as regards machinery, the original invoice price was allowed to remain, the apparatus being admitted to be quite equal to new. The inventory was thus gone over item by item, and after completion was taken away by Mr. McKenzie, who again revised the whole, and on returning it stated that he considered the valuation, in his opinion, was a fair one. As regards the buildings and furniture, the valuation has been made by the Colonial Architect; and the photographic materials estimated by Mr. Deveril, and set down at their actual value.

The inventory having been completed, by computing the values at the new rates, it was fair copied, the result showing the total value of the buildings and plant to be £7,780 4s. 9d., as stated in the Stock Account.

Mr. McKenzie's report on the subject will be found herewith (marked A).

After completion of the inventory, the next step was to prepare a balance-sheet, and Profit and Loss Account, and the following explanation is given of its construction:—

1. In the first account, the Government is credited with the stock as taken on 30th June, 1872, and with all sums paid on account of the department for wages, stock, paper, &c., as shown by the Treasury Accounts and the Storekeeper's Returns, herewith; also with a share of the expense of keeping the Government Store, with interest on the amount invested in permanent plant, and with the profit on the concern as shown in the Profit and Loss Account; and on the other hand, it is debited with the value of all work done by the department, as shown in the Printing Account. These items are all debits and credits of one or other of the closed subsidiary accounts; and the balance of this account, therefore, equals that of the Stock Account, the only other left open.

2. In the Stock Account, stock is debited with the total value of the plant on the 30th June, 1872, and the cost of the additions thereto, and credited with the value as found on 31st December, 1873. The difference between these entries should show the actual depreciation; but this is qualified on account of certain considerations as explained in a note at foot of the account itself.

3 and 4. The Working Expenses and Salaries Accounts speak for themselves. They show clearly the sums disbursed by the colony under the respective heads, the total of each account being carried to the debit of profit and loss.

5. The Printing or Work Account requires fuller explanation. On the debit side it shows the actual cost of the material issued to be worked up, and is credited with the work done. Great pains have been taken to obtain satisfactory data on which to estimate the value of the work; and it is considered that the results given may be trusted to as a fair approximation, and not in excess of what would have been charged had the work been done in private establishments.

The scale adopted by the Government Printer has been examined with similar scales obtained from the Government Printing Offices in New South Wales and Victoria, and also to a considerable extent compared with charges which have been made throughout the colony for printing done for Government. A list of prices charged for printing ballot papers, taken from Treasury vouchers, is attached (marked B), from which it will be seen that the rates charged by private printers are in all cases much in excess of, and in most of them more than double, those in the Government Printer's scale. I went over each item in the scale with Mr. McKenzie, who criticised very closely. He stated that it was hardly definite enough in its details; but on the whole he considered that the rates were fair "Master's" charges, and not in his opinion excessive, although, at the same time, he was of opinion that if the printing were open to tender, contracts would be taken at somewhat lower rates.

The following is the scale adopted; and I have added columns giving, as far as could be ascertained, a comparative view of the prices charged for similar work elsewhere. A number of the rates are considerably less, but all the more important items are charged for at a rate much higher than that adopted by the Government Printer.