

1898.
NEW ZEALAND.

THE ASSETS REALISATION BOARD

ANNUAL REPORT FOR THE YEAR ENDING 31st MARCH 1897.

Laid on the Table of the House of Representatives by Leave.

GENERAL MANAGER'S ANNUAL REPORT.

Wellington, 7th July, 1897.

I HAVE again the pleasure of submitting the balance-sheet and Profit and Loss Account for the half-year ending 31st March, 1897, and am much gratified to be able to report that, notwithstanding lower market prices for our staple products, the year's operations result in a balance to credit of Profit and Loss Account of £52,003 towards payment of debenture interest, as against last year's balance of £52,586—less reclamations, &c., £3,879 = £48,707. I should here, however, mention that a proportion of this surplus over expenditure is due to an enhanced market value, as compared with 31st March, 1896, of the stock on hand. Still, the enhancement is the result of an improved quality consequent on lighter stocking, heavier culling, and better selection.

In terms of the statute, a balance-sheet and profit and loss statement had to be made as at 30th September, 1896, and this was done. The statement, however, is really of no reliable service, and is practically no more than the balancing of the ledger accounts at that date, without any revaluation of stock. It is preferable that our balance should be annual, and that our books should be closed at the 31st March in each year, thus enabling the proper bringing to account of all revenue, stock-taking, &c.; and it would be desirable that, during the next coming session, Parliament should be asked to repeal this section of the statute in favour of the above suggestion.

Attached to the balance-sheet are full analytical statements of all accounts shown in same, and giving at a glance full particulars of contributing items.

(2.) STATUTORY CONTRIBUTION BY BANK OF NEW ZEALAND.

The profits of the bank for the year ending 31st March, 1896, were apparently insufficient for the payment to the Board of the full £50,000 as per statute, and we have only received £35,708, leaving £14,292 to be added to the £50,000 accrued due at the 31st March, 1897, or a total of £64,292, which, with our surplus of £52,003, will exceed debenture-interest requirements by £22,485, which will be carried forward.

(3.) REALISATIONS.

Attached is schedule of realisations for the year, aggregating £147,992, which, together with last year's sales (£63,219), total £211,211.

The special features are the sale to the Land Purchase Board of the Arowhenua Estate at £28,915, and the Albury Estate at £65,174. The latter I consider to be a good sale, but the former, as you will remember, was disposed of against my opinion and advice. Had the auction sale been allowed to go on I am positive that the Assets Board would have benefited to the tune of several thousand pounds. Bushy Park Estate has also been disposed of, and, considering its condition and the poor results we have for years had from its working, I look upon the arrangement as satisfactory. The Messrs. McKenzie are hardworking, conscientious, and economical, and I am very sanguine of their carrying through their engagements.

An auction sale of properties was held at Auckland in December. The sales totalled £8,948. Whilst, of course, leaving a heavy discrepancy on cost, it is generally considered the properties realised good values. It is, of course, impolitic to do more than feed the markets gradually, and only a proportion of the properties were offered. These were carefully valued in advance, and reserves fixed by the Board; such reserves were, to a large extent, fairly well covered. In the Auckland District the mining industry then booming gave considerable impetus to the sale, and there is still good inquiry for suburban sections, but hardly so good as was the case in December last. Special effort is being made to clear off sections of an undesirable nature—namely, such as have on them old dilapidated buildings, which not only produce little revenue, but are a continual cause of expenditure in repairs. Generally I think that the result of sales for the year may be considered satisfactory.

(4.) STATIONS AND THEIR WORKING.

The actual profits earned for the three years ended the 31st March, 1897, after allowing for reclamations on previous years' shipments, are as follows:—

1895.			1896.			1897.		
Net Profit.		Equal Per Cent. on Cost.			Equal Per Cent. on Mr. Foster's Valuation.			
£								
11,442	...	0.6	...		0.87	...		
54,312	...	2.97	...		4.44	...		
60,110	...	3.30	...		5.15	...		

NOTE.—Value of wool and frozen mutton at 31st March, 1897, is estimated.

The cost of operations for the same period (omitting Carnarvon, which has been sold) is as under:—

Particulars.	1895.	1896.	1897.
	£	£	£
Permanent improvements	12,015	3,802	5,542
Grassing, &c. (20 per cent. of which is charged to Profit and Loss Account each year)	17,068	11,826	11,144
Depreciation in implements	3,273	1,203	1,054
Turniping	19,487	17,999	16,170
General expenses, wages, &c., including feed *	59,827	41,614	45,888
Rent and interest	6,865	5,365	2,574
Rabbiting	2,072	2,517	2,342
Grain-growing for sale	5,584	3,275	1,759
Total cost of working	126,191	87,601	86,473

* Note re Cost of Feed, Waikato Estates.—At March, 1896, oaten sheaves, chaff, and hay were valued at 10s. per ton higher than the previous year, and in consequence the cost of feed for year ending 31st March, 1896, was £1,500 less than if the 1895 values had been taken. Feed to the value of £1,550 was not shown as a station asset at March, 1895, and the profit for the following year benefited by that amount.

It will be seen that the expenses of management are still kept well within the reduced amount of last year, and, notwithstanding the greater economy, the efficiency and value of the properties are well maintained.

(5.) SALES OF STOCK.

The following is a comparison of aggregate values obtained for the three years ending 31st March, 1897:—

Sheep.

Year.	Number sold.	Net Proceeds.	Average.	Number frozen.	Net Proceeds.	Average.	Total disposed of.	Net Proceeds.	Average.
		£	s. d.		£	s. d.		£	s. d.
1895	91,021	40,857	8 11	26,869	8,083	6 0	117,890	48,940	8 3
1896	98,281	25,733	5 2	37,402	21,488	11 5	135,683	47,221	6 11
1897	114,822	45,197	7 10	19,584*	7,490	7 7	134,406	52,687	7 10

* Value of frozen mutton unsold at 31st March, 1897, is estimated.

Cattle.

Year.	Number sold.	Net Proceeds.	Average.
		£	£ s. d.
1895	...	4,503	24,456
1896	...	3,953	22,538
1897	...	3,678	21,021

From the above it will be seen that, notwithstanding decline in general market rates, our sale prices for the past year show an improvement on the prices realised for the year ended the 31st March, 1896. This, with the exception of the Waikato properties, which in a measure have obtained the benefit of the mining boom, is due to the better class of stock we have to offer in consequence of reduction in number carried.

(6.) STOCK ON HAND AT 31ST MARCH AND VALUATIONS.

The following are statements of Sheep and Cattle Accounts, showing valuations as affecting Profit and Loss Account. The valuations are as made by the respective station-managers, and, whilst in individual cases I do not quite agree with them, in the aggregate advance of 8d. per head I fully concur, as representing a value derived from better selecting and grazing.

Valuation of Sheep on Hand.

	1895.			1896.			1897.		
	Number on Hand.	Manager's Valuation.	Average.	Number on Hand.	Manager's Valuation.	Average.	Number on Hand.	Manager's Valuation.	Average.
North Island	258,934	£ 115,415	s. d. 8 11	222,339	£ 80,877	s. d. 7 3	203,183	£ 87,793	s. d. 8 7
South Island*	212,336	56,150	5 3	188,510	65,025	6 10	149,071	48,798	6 7
	471,270	171,565	7 3	410,849	145,902	7 1	352,254	136,591	7 9

* South Island, 100,000 merinos are carried.

Valuation of Cattle on Hand.

1896.			1897.		
Number on Hand.	Manager's Valuation.	Average.	Number on Hand.	Manager's Valuation.	Average.
21,410	£ 71,421	£ s. d. 3 6 8	21,351	£ 71,039	£ s. d. 3 6 6

(7.) WOOL CLIP.

Year.	Sheep shorn.	Average per Fleece.	Net Weight Greasy.	Net Return at Port of Shipment.	Equal per Pound.	Net Weight Scoured.	Net Return at Port of Shipment.	Equal per Pound.
1896 ...	378,670	Lb. oz. 7 1	Lb. 2,222,043	£ 70,365	d. 7.60	Lb. 227,464	£ 9,273	d. 9.78
1897 ...	343,330	7 4	2,111,680	61,503	*7.0	199,785	7,483	*9.0

* Estimated.

From this it will be seen that, although our numbers have been reduced, our clip has not shrunk to any appreciable extent, and in fact on the average we have shorn earlier. This supports the higher valuation of sheep.

(8.) LAMBING.

1896.			1897.		
Ewes to Ram.	Lambs cut and tailed.	Percentage.	Ewes to Ram.	Lambs cut and tailed.	Percentage.
152,258	117,073	77	128,241	101,089	79

(9.) MORTALITY.

Sheep.				Cattle.			
1896.		1897.		1896.		1897.	
Dead and missing.	Per. Cent.	Dead and missing.	Per Cent.	Dead and missing.	Per Cent.	Dead and missing.	Per Cent.
39,892	8.44	27,183	6.61	1,205	5.39	787	3.67

(10.) COMPARISON OF OPERATIONS FOR YEARS ENDING 31ST MARCH, 1896, AND 31ST MARCH, 1897.

Year.			Turnips.	Grassing.		Oats.		Oaten Hay.		Draining.	Bushfelling.	Clearing.	Fencing.
				With Plough.	Surface-sown.	Acres.	Bush. per Acre.	Acres.	Tons per Acre.				
1896	Acres. 14,606	Acres. 14,867	Acres. 1,160	2,667	29	1,385	1½	Ch. 680	Acres. ...	Acres. 1,390	Ch. 1,947
1897	*13,750	13,465	2,023	1,425	20	1,312	1½	262	557	1,347	664

* Includes sown with grass, 3,283 acres.

(11.) PROSPECTS.

The prospects of the oversea produce markets, which control our profits, are certainly discouraging, and it is difficult to conceive the means to a better result. Steps, however, should be taken, and I propose to do so, to obtain reductions in freight on our wool and frozen meat or any other produce which can be carried at lower rates.

Dependent upon the possibility of revenue is of course the strength of inquiries for properties such as we have for disposal. I am sanguine that, with judicious cutting up and placing on the market, we shall shortly clear off some of our Waikato properties, for which so far demand has been limited. Arrangements are being made to offer Rangiuru, Rangiatea, Karapiro (part Fencourt), and Manawaru in farms by auction at early dates.

(12.) BALANCE-SHEET.

In addition to his statutory certificate, the Colonial Auditor has handed in a report upon the business of the year and the accounts. As regards the former, comment is unnecessary. As regards the latter, however, there is one point which cannot be allowed to pass without remark:

Permanent Improvement Account.

Having had a good many years experience both as a station-manager and as inspector of stations and properties, I may fairly lay claim to a knowledge of these matters which, possibly, is not the case with the Colonial Auditor, who merely throws out an obscure remark of a hearsay nature. As, however, in his concluding remarks he has not deemed it incumbent upon him to call for alteration, it is reasonable to assume that he concurs in our practice. I shall, however, now be glad of the Board's ruling as to the propriety of our system in this connection.

(13.) STAFF.

I must not conclude my report without referring to the efficient manner in which the work of the year has been carried on. My efforts have been very ably seconded, and the comparative success of the year's operations is in large measure due thereto.

WALTER G. FOSTER, General Manager.

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