

(Appendix, page 79), where the net balance available for appropriation was only £4,976, is more likely to occur in future years. With the cessation of work on behalf of American authorities and reduction of overtime work, the 2 per cent. may even prove insufficient.

At the 31st March, 1943, immediately prior to the formation of the National Pay Office Fund, the Accumulated Funds Account balance for all ports then stood at £25,983. In accordance with an undertaking given to shipping company representatives, the bulk of this amount (£25,000) was set aside in the year ended 31st March, 1944, as a Guaranteed Wage Reserve. The opportunity was also taken to allot £10,000 out of the exceptional surplus for 1943-44 as portion of a Building Reserve (see Section 9), and a further £5,000, making £15,000, in all was appropriated to this reserve during the year ended 31st March, 1945. Unallotted surpluses as at 31st March, 1945, stand at £9,780, it having been necessary during 1944-45 to transfer back £174 to Appropriation Account.

(5) GENERAL (ADMINISTRATION) FUND (SEE APPENDIX, PAGES 78 AND 83)

The Commission's administrative costs are divided into three groups:—

- (i) Expenses of the Commission as an administrative unit of the general structure of Government, and as such not directly chargeable to the industry. This portion is, covered under the heading Consolidated (Vote "Labour") Fund (see Section 2, above).
- (ii) Expenses of the Waterfront Labour Bureaux and Waterfront Central Pay Offices taken over or established by the Commission. These are local port organizations providing for the central engagement and paying of waterfront labour, and were previously operated through Shipowners' Co-operative Labour Employment Associations. The cost of this, the largest portion of the Commission's administrative costs, are therefore a direct charge on shipping companies (see Section 4—National Pay Office Fund).
- (iii) Expenses of preparation of Co-operative Contract Fund Accounts and collection and distribution of Co-operative Contract profits; also general Head Office expenses in connection with the operation of the various funds of the Commission, including at present the keeping of all statistical records and accounts and preparation of annual statements of accounts. It is this portion of the Commission's administrative costs which is met out of the income of the General (Administration) Fund.

The income of the General (Administration) Fund is fixed by the Commission by way of internal percentage assessment on the income of the other funds operated by the Commission (except Consolidated (Vote "Labour") Fund). Thus no direct charges for General (Administration) appear on Co-operative Contract or other accounts issued to shipping companies by the Commission. During the years ended 31st March, 1941 and 1942, the Co-operative Contract Fund was the only working fund operated through the Commission's Head Office in Wellington. Therefore, in preparing the annual statements of accounts for those years the need to distinguish between the two funds (General—Administration and Co-operative Contracts) did not arise and the balances of the General (Administration) Fund were treated as those of a separate port within the Co-operative Contracts Fund. An assessment of 0.75 per cent. was made on Co-operative Contracts income to cover purely Head Office expenses, and, in addition, local office costs were allocated direct to the ports concerned.

This position, however, was altered by the establishment of a Supervision Fund (see Section 6) during the year ended 31st March, 1943. With the projected establishment also of a National Pay Office Fund and possible further developments of the Commission's general activities, it was deemed desirable to segregate the income and expenditure, &c., on General (Administration) Fund work from the Co-operative Contracts Fund and to set up a separate fund under that name. For 1942-43 the same assessment was made on the Co-operative Contracts Fund as in previous years—i.e., 0.75 per cent. on Co-operative Contracts income to cover Head Office expenses, plus allocation of local office expenses. In view of the much lower volume of income in relation to the administrative work involved in operating Supervision Fund, an assessment of 2 per cent. on income was fixed for Head Office expenses, and again certain sundry local expenses were charged direct in addition.

With the establishment of the National Pay Office Fund as from 1st April, 1943, to cover all local port administration (except portion chargeable to Consolidated (Vote "Labour") Fund) and the reorganization of the Commission's general accounting procedure, it was decided to simplify the method of assessing General (Administration) charges by including local office as well as Head Office expenses of this nature in the general assessment. Thus the General (Administration) Fund assessment on Co-operative Contracts Funds was increased to 1 per cent. on all income (except American non-contracts at Auckland = £1,154,659) for the year ended 31st March, 1944, and the 2 per cent. assessment on Supervision Fund was deemed sufficient also to cover the minor local expenses not chargeable against National Pay Office Fund. A similar assessment of 2 per cent. was fixed for the National Pay Office Fund, the general accounting for which was centralized in Head Office as from 1st April, 1943 (see Section 4), and for the Industrial Rest Period Fund, which was also established during this financial year.

On 3rd August, 1944, the Waterfront Control Commission Emergency Regulations, Amendment No. 2, were gazetted, wherein provision was made (clause 5 (4)) for the appropriation by Parliament of a single annual "grant towards administrative expenses" in place of the previous annual detailed appropriations for salaries, &c. (NOTE.—Details of the grant are still embodied in a footnote to the parliamentary Estimates of Expenditure and are also shown in the table on page 85 of the Appendix to this report). The effect of this provision was to enable further simplification and consolidation of the Commission's accounting system to be carried out. It was now possible to group all local office expenses together under National Pay Office Fund, even though they primarily concerned Consolidated (Vote "Labour") Fund or General (Administration) Fund. In many instances in the past officers were called upon to carry out duties apportionable to all three sub-headings of Administration and the consequent allocation of costs was of necessity somewhat arbitrary in nature.

On the basis, therefore, of experience gained in assessing expenditure during the previous four years, one overall "reimbursement to National Pay Office Fund" was made as at 31st March, 1945, to cover local Co-operative Contracting and Consolidated (Vote "Labour") administrative expenses, which are now, for purposes of simplified accounting procedure, treated in first instance as charges against the National Pay Office Fund. As from 1st April, 1944, also, the annual parliamentary appropriation, which is now in the nature of a similar overall contribution, is incorporated as income in the General (Administration) Fund. Assessments on the other funds have been maintained for 1944-45 on the same basis as in 1943-44—i.e., 1 per cent. on Co-operative Contracts Fund income (again excluding American non-contracts at Auckland of £542,300) and 2 per cent. on income on other funds, which this year include two additional headings for Annual Holidays Act and Buildings,