

INVESTMENT OF SURPLUS CASH BALANCES OF PUBLIC ACCOUNT.

As a result of the authority provided by section 28 of the Finance Act, 1920, which permits the investment of the surplus balances of the Public Account in London in Imperial Government securities and on fixed deposit with banks, interest amounting to £17,161 was earned and credited to the Consolidated Fund during the year.

BANK OF NEW ZEALAND.

The advantage to the Government of the banking legislation passed in 1920 is reflected in the dividends received from the Bank of New Zealand for the financial year 1921–22, which amounted to £112,500. On the £500,000 preference “A” shares the dividend is fixed at £50,000, or 10 per cent. On the £625,000 preference “B” shares the dividend received was £62,500. This was equal to the dividend of last year, and represents a return of $16\frac{2}{3}$ per cent. on the capital invested in these shares.

The total dividend, £112,500, is at the rate of 10 per cent. on the nominal value of the shares held by the Government, £1,125,000, or $12\frac{6}{7}$ per cent. on the total funds invested, £875,000.

DEPARTMENTAL ACCOUNTS.

I stated last year that the preparation of Departmental accounts in such a form as to express their operations on a commercial basis was well in hand, and a number of completed balance-sheets were duly laid before Parliament.

Further progress has been made, and the accounts to be presented this session will, with few exceptions, cover all activities of the State.

The importance and value of balance-sheets, setting out on commercial lines the activities of every branch of the Government service, have been reported to me from many quarters, and the reform effected in thus requiring each Department to disclose the results of its administration in this manner must be of lasting effect both in the interests of economy as well as of organization.

STORES AND SUPPLIES.

An important reform has been effected during the year by the establishment of a central system of control in connection with the purchase and issue of stores and supplies for State services. This control has been definitely vested in a Board consisting of the administrative officers of the principal purchasing Departments, under the chairmanship of the Hon. the Minister of Public Works. It will be the function of the Board to co-ordinate the purchasing, and to control the issues of stores and supplies, and as far as possible to arrange that the prices paid and the conditions imposed under Government contracts shall be upon uniform lines. The centralization of this service has been effected without any serious disturbance of the different departmental systems or of local conditions, but it has eliminated the waste of effort and unduly large expenditure associated with the independent purchasing by different Departments of supplies common to each.

Under this arrangement, instead of buying piecemeal, the smaller Departments will be guided and controlled by experts, and also enjoy the benefit of a system of bulk purchasing under which delivery at specified places can be arranged.

In addition to the administration of stores, it is anticipated that the Board will be able to secure economies in the use of technical staffs, such as contracting, accounting, costing, and inspection sections.

The Controller and Auditor-General has established a special branch in the Audit Office for the necessary and important work of stores audit, under which better control is assured, and the possibility of leakage or loss passing undetected has been reduced to a minimum. In this connection I propose to ask honourable members to amplify the existing law, to make it clear that stores and supplies are