

Complementary to Trading, Profit and Loss, and Revenue Accounts and balance-sheets is the principle of unit costing. Different characters of work are performed by the majority of Departments, and it is desirable that systems of costing for the more important activities be introduced where these do not now exist. There is no reason why this principle should not be developed in respect of commercial, industrial, manufacturing, and farming activities.

Since the war the desirability of adopting a better form of accounts for State enterprises is becoming more recognized by leading authorities on national finance. I would mention that those who have opposed any change in the system in the past appear to have done so largely because of an impression that a necessary concomitant to placing the Department's accounts on a commercial basis is that the undertaking, like a private concern, should be run solely with the idea for profit. It should be stressed that, however desirable such a feature may be, it is a secondary object to that of ascertaining the true results of the undertaking, whether such be a profit or a loss.

During the past year a system of costing was introduced into one Department—a reform which had been resisted by responsible officers for some considerable time—and in a few months it revealed important weaknesses that were not previously known to the administration.

Immediately the whole of the departmental balance-sheets are organized on a reasonably efficient basis it is hoped that the compilation of a Dominion balance-sheet will be put in hand by the Treasury.

Before departing from this subject it is desired to emphasize the fact that a departmental accountant should not be satisfied with the mere tabulation in prescribed form of accounts of certain figures. It should be his aim to analyse step by step the figures for the various processes leading up to the final result. Comparisons of the cost of processes should be made wherever possible, and attention called to whatever appear, from the financial standpoint, weak links in the chain.

Consideration is being given to the advisability of each departmental accountant being a Treasury official.

WAR ACCOUNTS AND RECORDS.

The closing-down of this office has been delayed principally by the difficulties met with in the finalizing of the Transport Accounts Section. A considerable amount of negotiation with the Imperial authorities was involved. This work is now practically completed, and the remaining work is in course of transfer to the Treasury and Defence Headquarters respectively. The disposition of the staff is also in course of settlement.

MARINE DEPARTMENT.

During the past two years special attention has been publicly directed to the reorganization of the Marine Department and to improvement of its financial position. In the latter connection the following figures, supplied by the Department, will no doubt be of interest as evidencing the consolidation of the Department's finances, and reduction of the deficiency in the Revenue Account, during the past three years:—

Financial Year.						Debit Balance in Revenue Account. £
1921-22	..	..	..	..	..	74,146
1922-23	..	..	..	..	..	53,456
1923-24	..	..	..	..	..	9,759

NOTE.—Interest not included.

STORES.

Considerable progress has been made in the matter of reorganization throughout the Service in connection with stores and departmental property.

The system of centralized purchasing, which was adopted and put into operation some two years ago, is making steady progress, and the machinery regulations relating to the Stores Control Board and the purchasing Departments are now in good working-order.