

What I have said of the main Acts and their amendments applies equally to regulations made thereunder, and similarly amended from time to time. In the meantime, I have directed the consolidation, in proof form, of all regulations made under Acts administered by the Department. This consolidation, when completed, will form the basis from which revision may be effected.

As to the Acts themselves, I suggest that, though much amendment is necessary, a comprehensive survey of the existing position cannot be satisfactorily accomplished, nor the way cleared for amendment, until consolidation has been effected. To this end, I hope that the consolidation of the Shipping and Seamen Act, Inspection of Machinery Act, and Fisheries Act may be undertaken during the next parliamentary recess.

FINANCIAL.

In years past the Marine Department, in common with many other Government Departments performing public service, carried out its operations without particular regard to requiring the various sections of the community served to make direct and adequate recompense for the service rendered: in other words, certain inadequate charges were made for some services and no charge for others, while the deficiency was made up from general or indirect taxation. The demand for departmental balance-sheets, and the introduction of commercial methods so far as they can be made applicable to State Departments, which are debarred many of the remedies and resources of purely commercial undertakings, has resulted to a considerable extent in recovery direct from the interests served instead of from the general public by indirect taxation. It is interesting to note, however, that, while the demand for commercialization of State Departments came largely from organizations of business men, those business interests have, in many cases, shown very great resentment of any charges which have been increased to cover cost of services rendered.

For the year 1922-23 the operating loss, without debit of interest charges on capital and depreciation, amounted to £45,421 6s. 6d., but during the past financial year this was reduced to £1,747 9s. 5d. The application of interest charges on capital and depreciation, however, increased the loss for 1922-23 to £69,172 18s. 6d., which was brought down to £26,570 17s. 5d. for 1923-24.

The Income and Expenditure Account for the years 1922-23 and 1923-24 shows the following comparison.

Comparative Statement of Income and Expenditure.

	<i>Expenditure.</i>			<i>Income.</i>		
	1922-23.		1923-24.	1922-23.		1923-24.
	£	s. d.	£ s. d.	£	s. d.	£ s. d.
To Stock on hand ..	17,384	13 4	16,545 18 1	By Shipping and Seamen		
Head Office ..	9,612	2 8	8,574 3 2	Act ..	48,576 14 0	87,384 15 2
Harbours ..	4,826	13 2	3,739 17 5	Harbours Act ..	1,901 8 7	3,677 13 5
Lighthouses ..	26,995	19 5	25,302 19 4	Fisheries Act ..	2,870 19 0	3,238 3 10
Meteorological ..	5,374	0 3	5,572 6 2	Inspection of Ma-		
Mercantile marine ..	15,150	17 11	16,585 15 1	chinery Act ..	17,744 19 6	16,760 9 2
Inspection of machinery	27,015	0 0	25,802 1 2	Tramways Act ..	49 0 0	104 0 0
Fisheries ..	4,545	3 2	3,743 11 8	Miscellaneous ..	1,872 6 10	2,104 2 7
Government steamers	19,912	18 11	20,031 7 1	Stock on hand ..	16,545 18 1	15,720 13 0
Miscellaneous services	2,655	3 8	3,939 7 5	Excess expenditure		
Grants and subsidies	1,510	0 0	900 0 0	over income ..	45,421 6 6	1,747 9 5
	<u>£134,982</u>	<u>12 6</u>	<u>£130,737 6 7</u>		<u>£134,982 12 6</u>	<u>£130,737 6 7</u>

As to whether the capitalization of departmental assets is correct or not is open to some question. Generally speaking, the capital value represents recorded capital expenditure. Accounts in the past, however, were not so strictly kept, nor expenditure out of loan-money or Revenue Account so strictly regulated, as to ensure that recorded capital expenditure correctly represents the total capital expenditure. Furthermore, some assets are now of greater value than the expenditure thereon, whilst others are of less value. I mention this to show that, while at the end of the year the Department showed a total loss of £26,570 17s. 5d., after allowing for interest charges and depreciation, that figure is subject to a capital assessment which must be more closely figured as opportunity offers.

It may be mentioned that the income arising out of the Department's operations and credited to the Consolidated Fund is somewhat greater than the accounts show. That this is so arises from the fact that Treasury instructions require that all fines resultant upon breaches of statutes administered by the Department are to be credited to the Justice Department. This instruction applies in all cases, irrespective of the fact that the expenditure (with the exception of actual Court costs) incurred in obtaining such fines is a charge against the Marine Department.

Various sources of departmental revenue have already been explored with a view to making the Department self-supporting. Adjustments have been made in certain charges and fees, so that the resultant revenue is more nearly commensurate with cost of service, but even the increased charges are, in many cases, still below similar charges in other countries. Other sources of revenue are being investigated with a view to adjustment. The Inspection of Machinery is a branch of the Department's operations where it is obvious that increased charges are necessary. The present scale of fees was imposed at the beginning of the year 1915, when salaries and expenses of travelling were very considerably lower than they are now. It frequently occurs that a hard day's work by an Inspector will not produce an amount in fees to equal his salary and expenses.

Although during the year the expenditure on this branch was reduced by approximately £1,200 the deficit on the year's operations was approximately £9,000.

The Westport Harbour Account, a legacy inherited from the Westport Harbour Board, is another source of considerable loss to the Department. The working-expenses (excluding interest, sinking fund, and depreciation) in the last year of the Board's operations amounted to £33,154 7s. 10d., as compared with £16,830 10s. 11d. during the year 1923-24, yet fully efficient service was given.